



UNITED STATES
SENATE FEDERAL
CREDIT UNION

Steps to Financial Freedom

Wednesday, April 12



Today's Agenda

01 Understand your Money Personality

02 Set Financial Goals

03 Create a Budget

04 Use Credit Wisely

05 Prepare Before Buying a Home

06 Invest for Your Future

07 Insure your Assets

08 Reevaluate Regularly

Step 1: Understand your Money Personality



Step 1: Understand your Money Personality

Money Personalities:

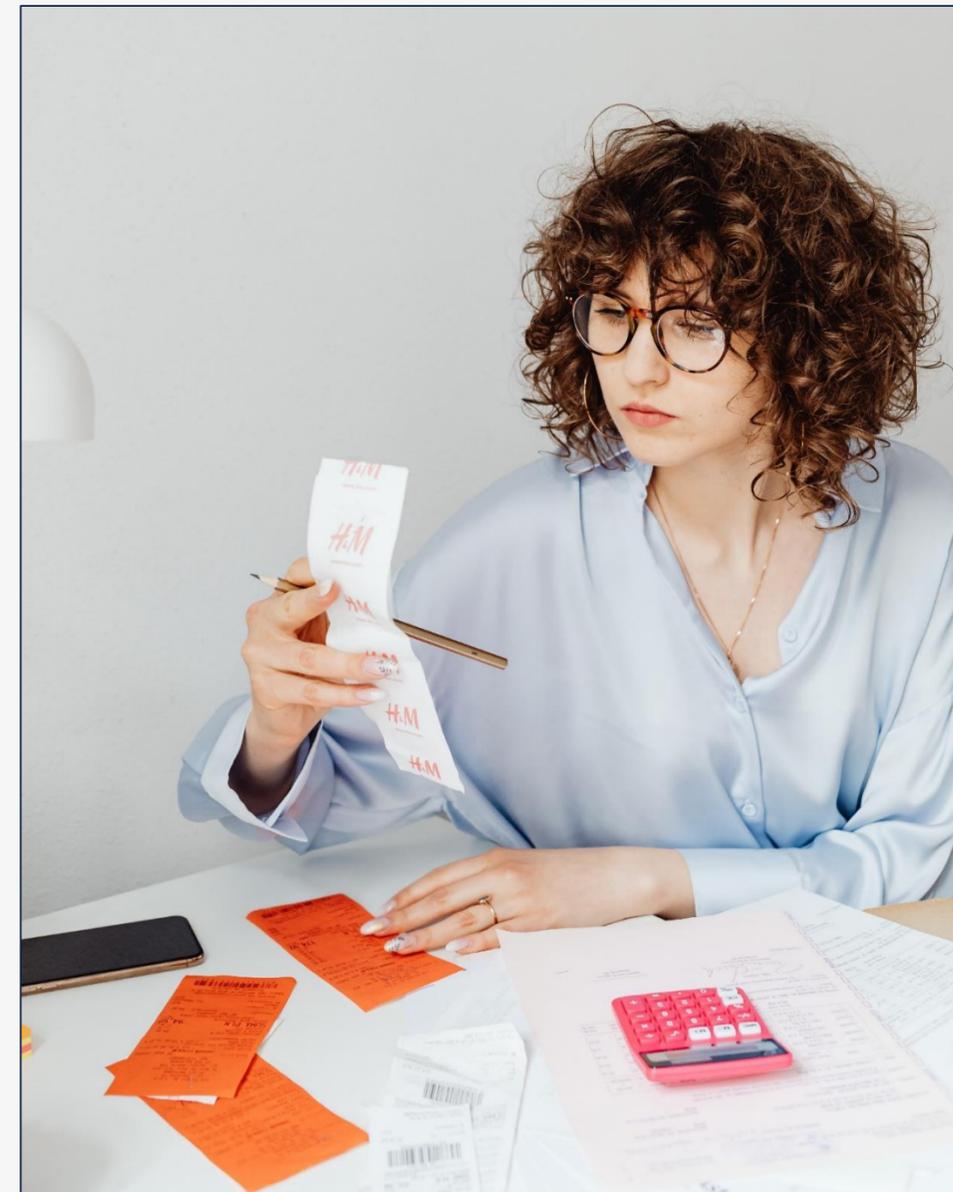
- **Hoarder:** save, budget, prioritize
- **Spender:** spend
- **Planner:** one step at a time
- **Dreamer:** big ideas, unsure how to make them happen
- **Risk taker:** adventurous with money for potential gain
- **Risk avoider:** tends to go with what's for certain
- **Separatist:** wants at least some money for oneself
- **Merger:** wants to pool shared money together



Step 1: Understand your Money Personality

How to determine your money personality:

- List the products and services you enjoy spending your money on.
- What spending habits do you feel good about?
- What changes would you like to make to your spending habits?



Step 2: Set Financial Goals



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Goals should be:

- Specific
- Measurable
- Reasonable & Realistic



Step 2: Set Financial Goals

How long will it take to achieve?

- **Short term:** 2 years or less
- **Mid term:** 2 to 5 years
- **Long term:** 5 years or more



Step 2: Set Financial Goals

What are *your* goals?

- For the next 1-2 years?
- For the next 2-5 years?
- For the next 5+ years?



Step 3: Create a Budget



Step 3: Create a Budget

What does a budget include?

- Income
- Expenses (fixed, variable, and periodic)
- Debt payments



Step 3: Create a Budget

What might a budget look like?

RECOMMENDED MONTHLY EXPENDITURES	
Category	Percent of Monthly Take-Home Pay
Housing	25-35%
Food	18-23%
Debt payments	10-20%
Savings	7-10%
Other expenses	12-40%

Step 4: Use Credit Wisely



Step 4: Use Credit Wisely

Tips for healthy credit use:

- Remember: credit is a tool, not extra money.
- Know your strengths and weaknesses, and plan accordingly.
- Bulk up your emergency savings to avoid having to turn to credit to cover unexpected expenses.
- Keep balances manageable and prioritize making all payments on time.
- Keep an eye on your credit report for errors.



Step 5: Prepare Before Buying a Home



Step 5: Prepare Before Buying a Home

How much can I afford?

- Just because you are approved for a certain amount does not mean you can afford it!
- Prepare for down payment, closing costs, and other up-front expenses
- Qualifying Ratios lenders use:
 - Housing: 28% or less of gross income
 - Debt: 36% or less of gross income
 - These may vary based on lender or loan type



Step 6: Invest for Your Future



Step 6: Invest for Your Future

Types of Investments

- **Stocks** – partial ownership in a company
- **Bonds** – you are the lender with a promise of repayment with interest
- **Mutual funds** – pool your money & diversify
- **Retirement plans** – IRA, 401(k), 403(b)



Step 7: Insure your Assets



Step 7: Insure your Assets

Types of Insurance to Consider:

- Auto
- Renters/Homeowners
- Health/Dental/Vision
- Life
- Disability/Long Term Care



Step 8: Reevaluate Regularly



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Reevaluation Cadence:

- Quarterly
 - Budget
 - Savings contributions



Step 10: Reevaluate Regularly

Reevaluation Cadence:

- Annually
 - Credit Report
 - Financial Goals
 - Investments
 - Insurance policies
 - Records





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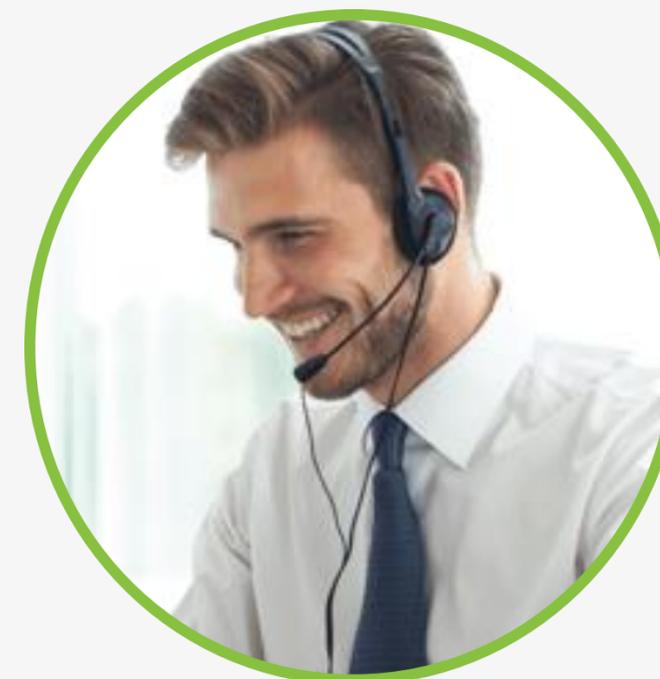
- Goal-Based Financial Planning
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- Financial Counseling
- Debt Management Plan
- Credit Report Review
- Housing Services
- Student Loan Debt Counseling
- Personalized Action Plans
- Step-By-Step Support



Speak to a certified
GreenPath counselor at
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