Are You Financially Healthy?
What is Financial Health?
Definition of Financial Health

• Being in control of day-to-day and month-to-month finances
• Having enough of a financial cushion or savings to absorb any unexpected expenses
• On track to meet personal financial goals
• Enjoying financial freedom without constantly worrying about money
Core Aspects of Financial Health

• Knowledge of resources that will help fund education and living expenses
• The ability to maintain a balanced budget
• Preparedness for all expenses, including short-term, long-term, and emergencies
Does Financial Health Translate Into Physical and Mental Well-Being?
Four Core Components of Financial Health

- Spend
- Save
- Borrow
- Plan

Components of Financial Health
Ready to Uncover Your Financial Health Score?
Improving Your Financial Health
You are financially healthy when you …

- Spend less than income
- Pay bills on time and in full
You are financially healthy when you …

- Have sufficient living expenses in liquid savings
- Have sufficient long term savings or assets

Save
You are financially healthy when you …

• Have a sustainable debt load
• Have a prime credit score
Breaking Down Prime Credit

- **Excellent**: 800-850
  - Expect the lowest possible interest rates and best terms.

- **Very Good**: 750-799
  - You will be eligible for most loans with good rates.

- **Good**: 700-749

- **Fair**: 650-699

- **Poor**: 600-649
  - Only secured loans are given for people in this range.

- **Very Bad**: 300-599
How Is Your Credit Score Calculated?

How much of your available credit is new? (10%)

What is your mix of credit cards, retail credit, student loans, mortgages, etc.? (15%)

How long have you been using credit? (10%)

How much do you owe and how much of your available credit have you used? (30%)

Have you paid your past credit accounts on time? (35%)
• Keep balances low on credit cards
• Pay off debt rather than moving it around
• Don't close unused credit cards as a short-term strategy to raise your scores
• Don't open a number of new credit cards that you don't need, just to increase your available credit
Tips to Getting Out of Debt

• Make a List
• Lower Your Rates
• Know How Much You Owe
• Plan Your Strategy
• Monitor and Adjust
You are financially healthy when you ...

- Have appropriate insurance
- Plan ahead for expenses
You are financially healthy when you …

• You spend less money than you make.
• You have enough savings to cover 3 to 6 months’ worth of expenses.
• You can come up with $3000 to cover emergency expenses. This money could come from your savings, interest-free borrowing or the sale of assets.
• You feel confident that you are on track to retire when you plan to.
• You are paying no more than 30 percent of your monthly income towards outstanding debts.
• Your credit score is good or you are actively taking steps to improve it.
• Your financial planning horizon is longer than 1 year.
• Your insurance policies provide you with enough cover in case of an emergency.
Free Consumer Resources:

Consumer Financial Protection Bureau:
www.consumerfinance.gov

Free Credit Report:
www.annualcreditreport.com
Coaching from BALANCE

BALANCE is a financial education and counseling service. Services include money management counseling, debt repayment options, credit report review, and more.

Call toll-free 888.456.2227 or visit www.balancepro.org

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