CREDIT CARNIVAL

Ride the Rollercoaster to Financial Success

June 2024 Wellness Workshop

FPG Wellness

eMoney

Agenda

- Credit, Credit Scores
- Debt Management
- Resources

WHAT IS CREDIT?

Commonly known as a contractual agreement where a borrower receives money or something of value and agrees to repay the lender, usually with interest, at a later date.

BENEFITS AND PITFALLS OF CREDIT

Benefits

- Avoid utility deposits
- Lower insurance rates
- Fraud prevention
- Built your credit score

Pitfalls

- Overspending
- Revolving debt
- Keeping financial secrets

Answers are:

Yes

No

Only if....

Would you:

Use a credit card to pay for big-name concert tickets?

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Would you:

Borrow money from a relative or friend for a cruise?

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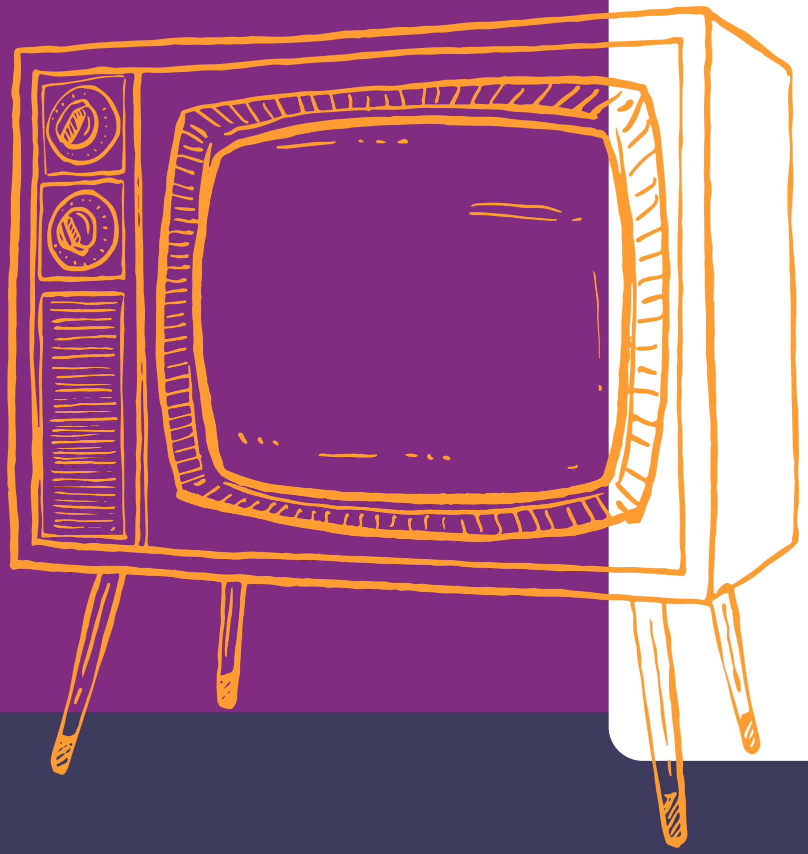
Would you:

Use credit even if you could pay cash?

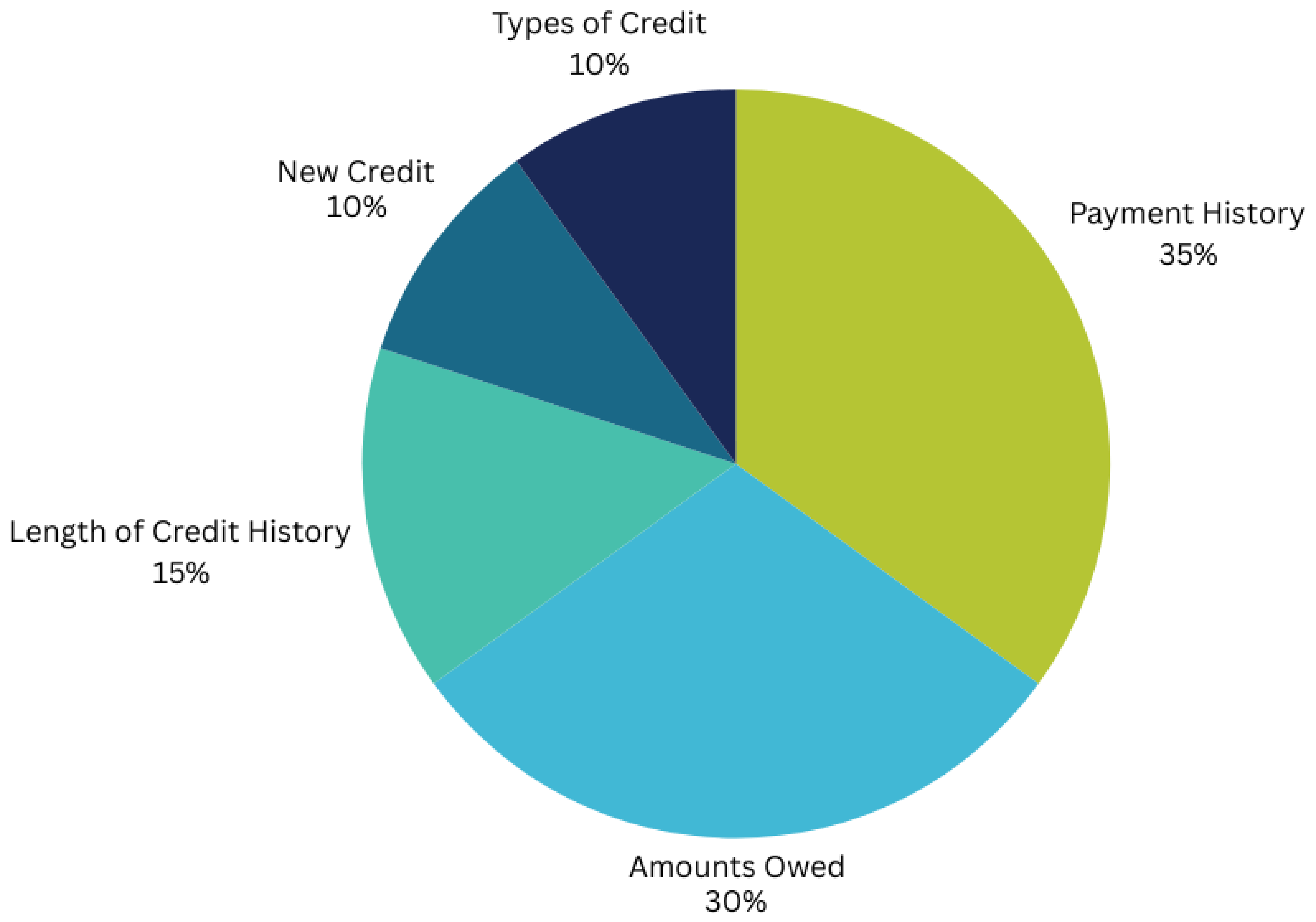


Would you:
Pawn your TV to pay your rent/mortgage?

How much is it worth if you use credit?

	Minimum Payment	Higher Payment
Credit Card Balance	$5,000	$5,000
Interest Rate	20%	20%
Payment Per Month	$150	$300
Payoff Time	50 Months	20 months
Interest Paid	$2,359.09	$906.81
Total Amt Paid	$7,359.09	$5,906.81
Amount saved	$0	$1,452.28

HOW YOUR CREDIT HISTORY IMPACTS THE RIDE WITH FICO SCORES



FICO CREDIT SCORES

FICO credit scores are used by 90% of top US lenders

< 580 is rated poor, considered a risky borrower

580-669 is rated fair, many lenders approve with this score

670-739 is rated good, lenders consider this a good score

740-799 is rated very good, lenders consider you a dependable borrower

800+ is rated exceptional, lenders consider you an exceptional borrower

More info? Head to myfico.com

CURRENT STATE OF US DEBT

Type of debt	Total owed by an average U.S. household with this debt	Total owed in the U.S.	Percentage change for total owed between 2023 and 2024
Any type of debt*	$173,031	$17.7 trillion	+3.75%
Credit cards (total)**	$21,083	$1.25 trillion	+12.28%
Mortgages	$229,191	$12.44 trillion	+3.3%
Auto loans	$36,309	$1.62 trillion	+3.46%
Student loans	$55,573	$1.6 trillion	-0.56%

** This debt can include mortgages, home equity lines of credit, auto loans, credit cards, student loans and other household debt, according to the Federal Reserve Bank of New York. **Total U.S. credit card outstanding debt includes revolving (carried month to month) and transacting (paid in full each month) balances.*

CREDIT TIPS

Pay bills on time

- 30 days until delinquency is reported to credit bureaus
- utility bills and fico score are not included in your FICO score

Review your credit report

- Study shows that 1 out of 4 credit reports has erroneous info
- Contact the agency to dispute the erroneous item

Maintain credit card balances low

- Try to keep your credit utilization rate at 30% or lower

Rate shop within short window

- Hard inquiries affect your credit
- Agencies will see different inquiries as one as long as it is within 14-45 days


DEBT
MANAGEMENT
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TYPES OF DEBT

Secured Loans

Mortgage Loan
HELOC
Auto Loan
Boat Loan
Recreational Vehicle

Unsecured Loans

Credit Cards
Personal Loan
Student Loan*
Some Home Improvement

Good Debt

EDUCATION

MORTGAGE

BUSINESS LOAN

Bad Debt

CAR LOANS

CREDIT CARDS

STORE CREDIT CARDS

DODGING THE DEBT MONSTERS

- DEBT CONSOLIDATION
- BUDGETING
- SNOWBALL METHOD
- AVALANCHE METHOD
- DEBT NEGOTIATION
- CREDIT COUNSELING
- INCREASE INCOME
- REDUCE EXPENSES
- EMERGENCY FUND
- BEHAVIORAL CHANGES

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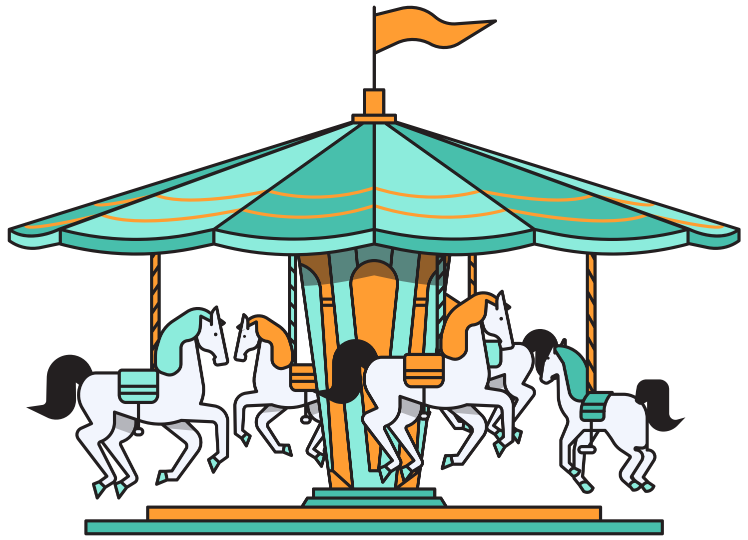
HOW CAN EMONEY HELP?



Save for the future

- eMoney's 401k match
- HSA employer match

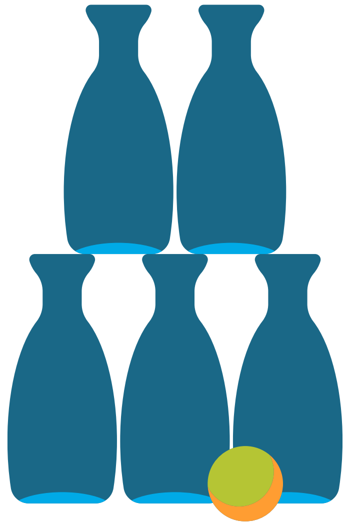
CONTRIBUTION LIMITS

	Employee Only Coverage	Employee + Dependents
EMPLOYEE MAX*	$3,850	$7,750
EMPLOYER MAX	$900/year	$1,200/year

*Employees age 55 and over may contribute an additional $1,000 annually as a "Catch-Up" contribution

Address debt effectively

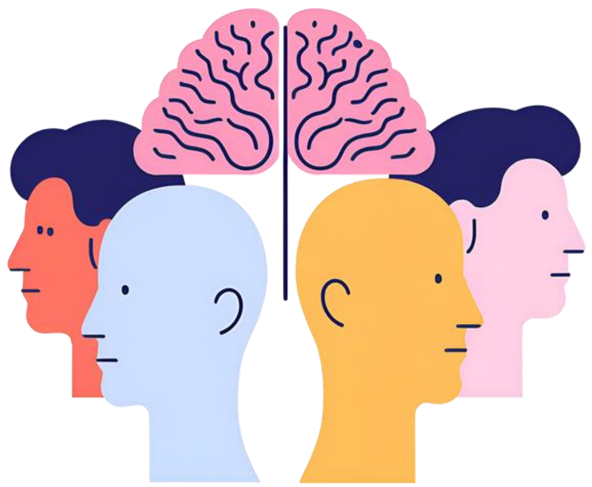
- Employee Assistance Program (EAP): provides **free** counseling sessions and other professional support for a variety of work and life-related issues.



Improve your well-being

- Headspace access is free for eMoney employees
- Utilize eMoney's FPG Office Hours

THINGS TO KEEP IN MIND:

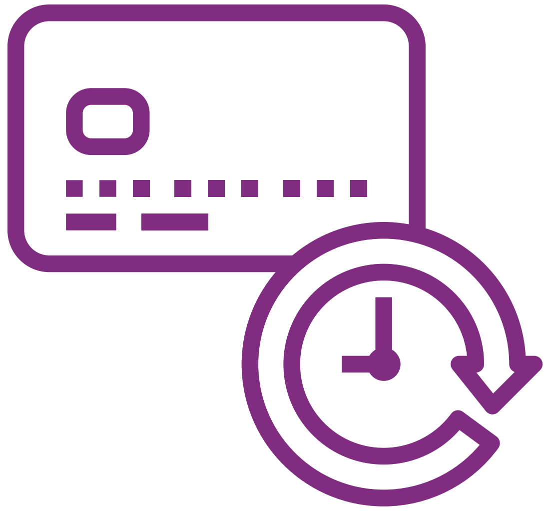


Behavioral Bias

- **Hyperbolic Discounting**
  - Immediate rewards over future rewards
- **Herd Mentality**
  - Follow the actions of others
- **Loss Aversion**
  - Stronger response to losses than gains

Debt Settlement Scams

- BBB received 12,700 complaints resulting in $2.4M lost to debt scams 2020-2023
- **Lookout for:**
  - Upfront fees
  - Lack of transparency
  - Insist to pay right now
  - Use of intimidation or harassment
  - Ask for untraceable methods



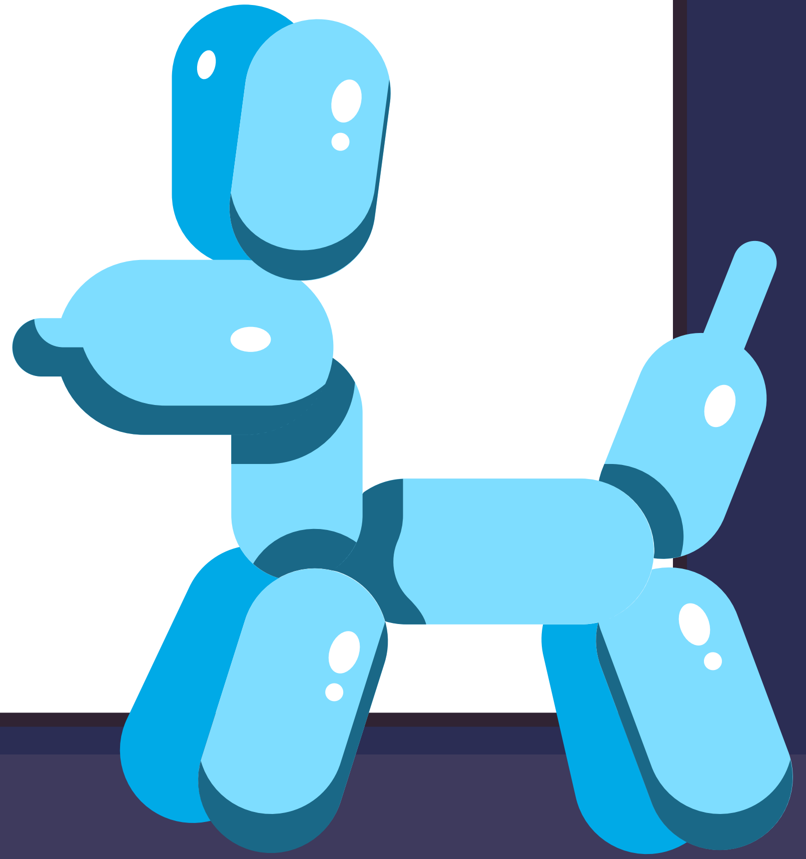
Buy Now, Pay Later

- Can increase spending and debt
- Can amplify impulsive and compulsive buying behaviors
- **Behavioral changes to make:**
  - Wait 24 hours before purchasing
  - Delete credit card info from retailers/digital wallet

RESOURCES

- **FPG Office Hours:** 101 confidential session with a financial professional at eMoney!

- https://www.creditkarma.com/
- https://www/myfico.com



THANK YOU