

REPUBLIC BANK

Financial Literacy



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RBCAA
NASDAQ
LISTED



It's just easier here.®



Credit Report

Your Credit Score is:

765



Excellent:	700
Good:	500
Fair:	350
Uncertain:	301
Poor:	200

Report Summary

Trad



The Four “Cs” of Credit

Collateral — something of value pledged by a borrower to secure a loan or other credit and subject to seizure in the event of default, also called security.

Capital (Cash) — Wealth in the form of money or assets, taken as a sign of the financial strength of an individual.

Capacity — Ability to repay the debt; normally reviewed as Debt to Income ratio.

Credit or Character — A full review of the borrower’s credit history, credit report and credit score

Types of Credit

- Revolving- open ended credit. There is no begin and end date.
- Installment- closed ended. There is a begin date and end date. Payments are made over a term time

Language of Credit

- Credit History- record of your behavior related to borrowing and repaying loans
- Credit Report- a snapshot in time that shows a detailed record of personal credit and financial transactions
- Credit Score- a rating used by credit reporting companies to help lender determine how much risk you present to lenders as a borrow

Basic Guidelines for Credit Scores

Excellent Credit 750 and up

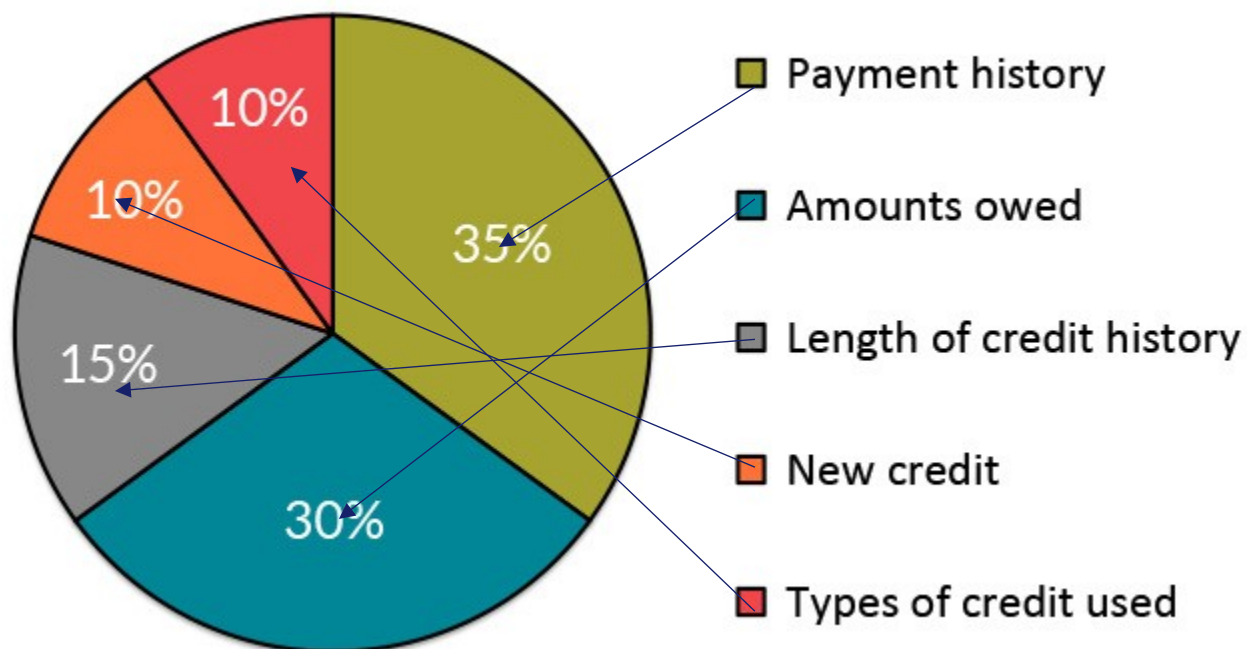
Good Credit 700 – 749

Fair Credit 620 – 699

Poor Credit 619 – Below

Most lenders (not all) like to see at least a 620 or higher.

CREDIT SCORE IMPACT



How to Protect Your Credit

Do not be a co-signer

Guard your personal information and check your credit scores/reports often

Pay your bills on time

📖 Cell phone, car insurance, medical bills etc. show up on your credit report if you do not pay them on time

Do not open credit cards you know you will not use

If you open one you should only be using 30% of utilization.

📖 Ex: Credit Limit is \$500 times that by 30% gives you \$150. Spend less than \$150 then pay off the card.

📖 The moment you go over the 30% your score will drop

Three Primary Credit Bureaus



Fair Credit Reporting Act Time Limits

How long does items stay on your credit report?

- Basic Negative Information – 7 years
- Foreclosures- 10 years
- Judgements- 7 years
- Inquires- 2 years
- Bankruptcy
 - Chapter 7- 10 years
 - Chapter 13- 7 years

Please note that depending on what chapter of bankruptcy you file you may have to wait 2 to 4 years from your discharge date before you can purchase a home

Preparing to Repair Your Credit

- Get a copy of your free credit report – www.annualcreditreport.com
- Examine it thoroughly.
- If you find something that is incorrect, write a letter & ask the credit bureau to investigate the information.
- If that doesn't resolve the issue, attach a short statement to your credit report.



Gain Control of

Your Money

SMART Goals & Budgeting

Short-Term Goals

Within 1 year

Intermediate-Term Goals

1 to 2 years

Long-Term Goals

More than 2 years

SMART Goals

Specific

Buy a red Chevy Malibu with tinted windows

Measurable

\$2,000 for down payment and \$235 monthly payment

Attainable

If I work 20 hours a week making \$15.00 an hour and save \$170 a month

Realistic

I still will have enough money to live on while I work toward this goal

Time-Limited ...

I need to have all the money in 12 months

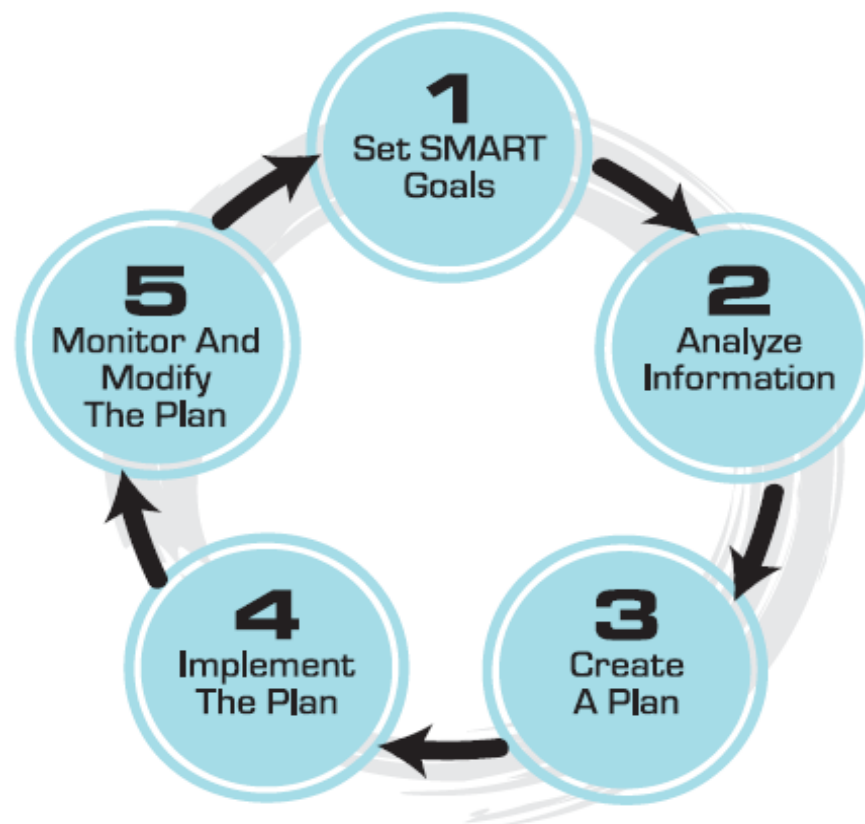
“What doesn’t get measured, doesn’t get done”.

What are your SMART Goals?

- **S**pecific.....
- **M**easurable...
- **A**ttainable.....
- **R**ealistic.....
- **T**ime-Limited

SMART Goals and Budgeting

Five-Step Process for Financial Planning





DID YOU KNOW?

52% of Kentuckians are liquid asset poor-they cannot cover basic household expenses for 3 months if they suffer a loss of stable income! In other words, there is “no slack” in the family budget!

Many have high incomes, have attended college and are employed full-time!

Almost twice as many households of color are liquid asset poor compared to other races!

This is why budgeting is important!!!!!!

Questions

- 1. Does it make sense to create and live within a budget when you don't have a lot of money?**
- 2. What if you find that you are consistently spending more in one area than you had planned?**
- 3. What if you find that you can't live within your budget?**

People Without a Budget...

1. ...Are less likely to know what they have.
2. ...Often come up short before their next paycheck or allowance.
3. ...Are almost certain not to have a plan to save for more expensive items.
4. Always re-act to life's crises – car and house repairs, unexpected medical expenses, etc.

Wants vs Needs

- Every basic budget has two categories: needs & wants
- How to differentiate? If you can't afford to live without something (food) or if it's a means to helping you function in society, (clothes) it's a need. If you can shrug it off, it's a want. (fancy vacation)

Need

Want



How to Build a Budget

1. Decide on a timeframe for tracking expenses (weekly, bi-weekly, monthly)
2. List all income sources & amounts (paycheck, child support)
3. Make categories for all expenses (rent, food, transportation, utilities, savings)
4. Subtract total expenses from income
5. Study your budget and financial plan and make adjustments that allow you to reach your SMART Goal



Budgeting



Personal Monthly Budget

Projected Monthly Income	
Income 1	\$4,300.00
Extra income	\$300.00
Total monthly income	\$4,600.00

Actual Monthly Income	
Income 1	\$4,000.00
Extra income	\$300.00
Total monthly income	\$4,300.00

Projected Balance (Projected income minus expenses)	\$3,405.00
Actual Balance (Actual income minus expenses)	\$3,064.00
Difference (Actual minus projected)	(\$341.00)

HOUSING	Projected Cost	Actual Cost	Difference
Mortgage or rent	\$1,000.00	\$1,000.00	\$0.00
Phone	\$54.00	\$100.00	-\$46.00
Electricity	\$44.00	\$56.00	-\$12.00
Gas	\$22.00	\$28.00	-\$6.00
Water and sewer	\$8.00	\$8.00	\$0.00
Cable	\$34.00	\$34.00	\$0.00
Waste removal	\$10.00	\$10.00	\$0.00
Maintenance or repairs	\$23.00	\$0.00	\$23.00
Supplies	\$0.00	\$0.00	\$0.00
Other	\$0.00	\$0.00	\$0.00
Subtotal			-\$41.00

TRANSPORTATION	Projected Cost	Actual Cost	Difference
Vehicle payment			\$0.00
Bus/taxi fare			\$0.00
Insurance			\$0.00
Licensing			\$0.00
Fuel			\$0.00
Maintenance			\$0.00
Other			\$0.00
Subtotal			\$0.00

INSURANCE	Projected Cost	Actual Cost	Difference
Home			\$0.00
Health			\$0.00
Life			\$0.00
Other			\$0.00

ENTERTAINMENT	Projected Cost	Actual Cost	Difference
Video/DVD			\$0.00
CDs			\$0.00
Movies			\$0.00
Concerts			\$0.00
Sporting events			\$0.00
Live theater			\$0.00
Other			\$0.00
Other			\$0.00
Other			\$0.00
Subtotal			\$0.00

LOANS	Projected Cost	Actual Cost	Difference
Personal			\$0.00
Student			\$0.00
Credit card			\$0.00
Credit card			\$0.00
Credit card			\$0.00
Other			\$0.00
Subtotal			\$0.00

TAXES	Projected Cost	Actual Cost	Difference
Federal			\$0.00
State			\$0.00
Local			\$0.00
Other			\$0.00
Subtotal			\$0.00

Avoid the Pitfalls of Spending and start saving....

- Going to the grocery store multiple times per week.
- Putting small amounts of gas in the tank instead of a fill-up.
- “Lending” money to others when you need the funds for yourself.
- Shopping when you don’t have money!

Saving is a BIG part of Budgeting



Start saving....

1. ...Helps you determine where you are spending your money.
2. ...Helps you decide where to spend your money in the future.
3. ...You have an organized way to save for things that cost more.
4. ...Puts you in control of your financial future, beginning NOW.

S.A.V.E

S- Setting aside money for “big ticket items”

A- Avoid borrowing, which cost you a lot!

V- it is Very wise to do because

E- Every time you do this, you are developing a **saving habit** that leaves you with more money to spend later for things that are really important you!

Ways to Save Money and Budget



DIGIT.COM

MINT.COM



EVERYDOLLAR.COM

DAVE.COM

ALBERT.COM

The logo for Digit, featuring the word "digit" in a large, lowercase, rounded sans-serif font. To the right of the word is a green square icon containing a white plus sign and a minus sign. A thin white line is positioned below the word "digit".



Budgeting and saving
helps you get **ALL** of
your ***needs***, plus
SOME of your
wants!

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