



Introduction into Your Financial Journey

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For educational purposes only

Welcome to Your Financial Wellness Journey

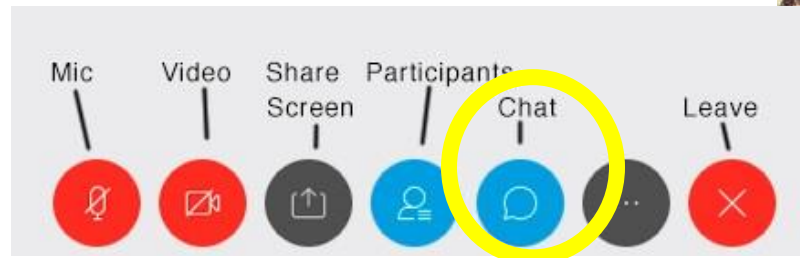
Question:

Assuming that you can vacation anywhere in the world, where would you like to go?



Please use the chat function in WebEx to answer. (See below to open chat)

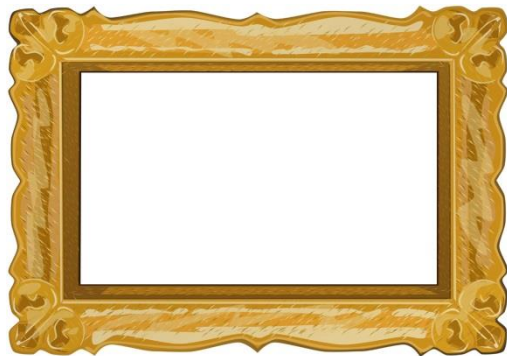
Once all answers are in, we will begin the presentation



Presentation Overview

- What do you want to get out of this class?
- What makes up your financial picture?
- Keys to a successful financial life.
- Tools and additional resources.
- Questions & Answers

Please place your phones on mute, unless you have a question.



Do you need a banker?

- Yes you do! Why?
- You may rarely walk into a bank, regardless you need a strong financial partner. They should be easily accessible, helps you for the big picture, short or long term goals, and gives you tools and solutions.
- Your partner should help you build a financial plan, and periodically check in with you to see if the plan is still helping you meet your goals, and adjust the plan as life changes.
- Your partner should help you take action on the plan that the two of you created, without change your outcome may never reach your goals.
- Simple way to remember it; **Partner + Plan + Action = Financial Wellness**

What makes up your financial picture?

- Checking / Savings
 - Receive/send monies, tracking, checks, debit card, direct deposit, overdraft protection
- Credit / Loans
 - Credit history, credit cards, closed end loans, and lines of credit
- Retirement / Savings
 - Savings, CD's, IRA, 401K, 403B, Stocks, bonds, and annuities
- Insurance
 - Renters, home owners, car, life, ADD, umbrella
- Major life changes
 - Graduation, marriage, divorce, death, children, aging, large purchases, medical emergencies

Checking and Savings

- How do you use your account(s)?
 - Pay bills
 - Paper checks
 - ACH (auto debits)
 - Debit Card for day to day purchases

- How do you keep track of your account(s)?
 - Paper check register
 - An app or electronic register
 - Online banking, with alerts

- Why do you need a savings?
 - Rainy day?
 - Emergencies?
 - Special purchase?
 - Retirement?

- What is overdraft protection?
 - Do you need it? What forms does it come in?



CHECK NO.	DATE	DESCRIPTION	TRANSACTION AMOUNT	SPEND AMOUNT	BALANCE
161	6/14	Sound Out nose tape deck	216.30		216.30
ATM	6/18	Withdrawal	35.00		181.30
CHQ#	6/18	Spending money			146.30
CHQ#	6/18	Check Card	50.00		96.30
ATM	6/23	Deposit		1200.00	1296.30
ATM	6/24	Transfer from savings	82.87		1213.43
ATM	6/25	New clothes			1130.56
ATM	6/25	Withdrawal	20.00		1110.56
ATM	6/26	Maria & pizza			1090.56
CHQ#	6/26	Woodland Appt. Rent for everyone	1000.00		90.56
CHQ#	6/26	E-Z Shoppe	54.11		36.45
CHQ#	6/26	Ernie's			18.34
ATM	7/5	CD Payer	26.31		7.03



Overdraft examples:

#1:

Checking account available balance:

\$250

-\$40 – BB&T check

-\$100 – debit card purchase

-\$100 – debit card purchase

-\$340 – ACH car loan

-\$330.00

\$342.50

\$12.50 transfer charge (on some account, others get it for free)

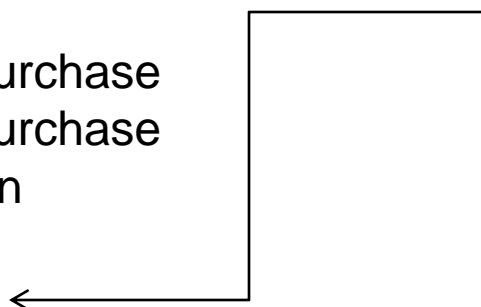
\$0.00 – new balance

Savings account available balance

\$1000

-\$342.50

\$675.50 new balance



If no o/d protection

-\$330.00

-36.00 over draft fee (per item)

-\$366.00 new balance

The bank also have the ability to return the item, and not pay it. Depends on your history. Overdrafts can snowball into something out of control.

Credit and Loans

■ Why would you need to build a good credit score?

- Cell phone (purchase/contract)
- Utilities (water, cable, electric)
- Rent or purchase a home
- Car
- Insurance
- Employment



■ What are the names of the three agencies?

- Equifax 1-800-525-6285
- Trans Union 1-800-680-7289
- Experian 1-800-680-7289

■ How do you monitor your credit?

- Life Lock
- Credit Karma
- Online banking / or credit card company
- Annual FREE Credit Report from www.annualcreditreport.com
 - By phone: 1-877-322-8228
 - By mail: Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281

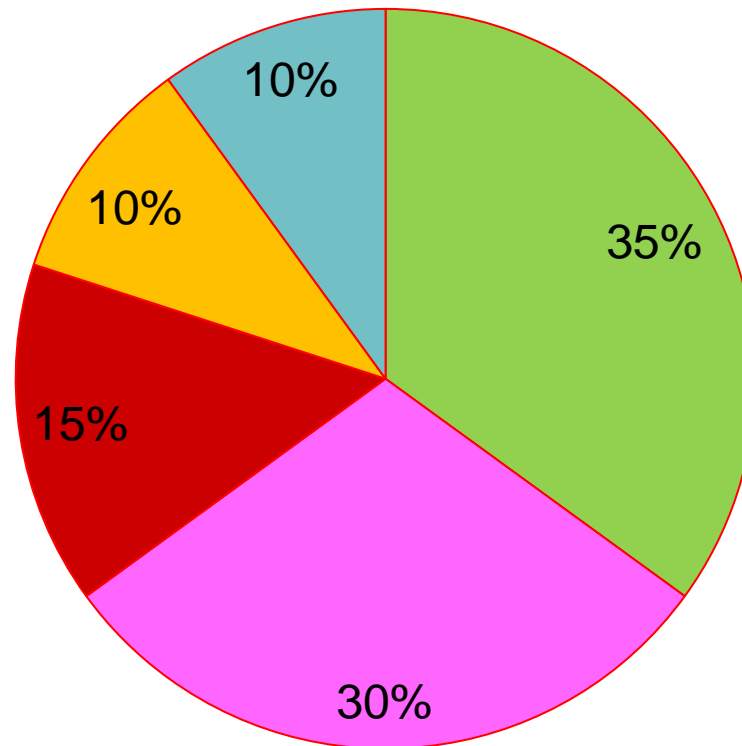
Credit and Loans Continued

- What makes up your credit score?
 - Payment History
 - Amounts Owed (Credit Utilization)
 - Length of History
 - Types of Credit
 - New Credit Inquires

It is a delicate dance that takes some time to learn all the steps to.



Credit Score



- Payment History
- Amounts Owed
- Length of History
- Types of Credit
- New Account Inquiries

Credit and Loans Continued

- Different Types of Loans
 - Closed End – House, Car, Boat, Savings Account / Certificate of Deposit (CD)
 - Set amount, set term, fixed interest rate, collateralized or unsecured.
 - Lines of Credit – HELOC, Overdraft Protection, Credit Cards, Unsecured Lines of Credit
 - Set loan amount, can take it in pieces or in whole, variable rate, can be secured or unsecured.

Moral to the story, always pay every bill on time!



The three legged lending stool:

Your Loan – House/car/credit card/boat



Retirement Savings

- When do you start your retirement savings?
 - As soon as possible, but it is NEVER too late?
- Different types of retirement savings
 - Basic Savings
 - Pension
 - 401K
 - 403B
 - IRAs (Roth and Traditional)
 - Annuities
 - Stocks
- What do you look for in a retirement savings
 - Employer – do they give a match, when am I vested, when can I start contributing?
 - Term, rate of return, risk, does it change as I age, is it tax free, taxable or tax deferred?



Insurance

Why do you need it?

Protection for what you hold dear to you

Types of Insurance



- Homeowners or Renters
 - Homeowners protects the house and contents if you are buying or own
 - Renters protects only your contents
- Auto
 - Can repair, replace, and assist when the unforeseen happens
- Life
 - Protects your loved ones and can replace some of your income
- Short Term and Long Term Disability
 - This protects your paycheck when medical emergencies arise
- Umbrella
 - Gives you added protection, and does just what it says it does, it is an umbrella over all your other policies
- Malpractice Insurance
 - Is a type of errors and omissions (E&O) coverage. It protects physicians and other healthcare professionals against claims alleging their negligent acts caused injury to patients.

All Life's Major Changes

- What is a major life change?
 - Graduation
 - Marriage
 - Divorce
 - Birth
 - Death
 - Major Illness

Life happens, Murphy's Law is out there, but being prepared is the key to success.

Life throws you two types of pitches; ones with happy faces and ones with sad – common denominator is that they both come with price tags.

Budget

Why Should I have a budget?

Benefits to living by a budget;

- Reveals waste
- Provides direction
- Educates
- Creates new habits
- Reduces Stress



Needs vs Wants – “I want it now father!” Veruca Salt

What breaks my budget?

What is a bad habit of yours? (this is subjective)



Where does your money come from?

- Work, School loans, Savings, or Family (this can change many times over your lifetime).

Budgeting rule – 50/30/20

Next Step of creating a budget

Set aside time to do your budget

- List all of your expenses
- Do the math
- Regularly track your spending (did it change, a bill go up/down)
- Be patient with the process

Debt management: reality is, you may sit down and you figure out that you have to make some major changes. This could be now or sometime down the road.

What do I pay off?

Debt snowball – smallest balance first

Debt avalanche – highest interest rate first

One survey says that approximately 47% of Americans are living paycheck to paycheck, **regardless of their income.**

What do I pay off first:

Snowball – smallest balance first (example)

1st month: balance/monthly pymt	Payments 1 st month:	2 nd :	3 rd :
Doc bill - \$30/\$30	\$30	\$0	\$0
Doc bill - \$100/\$30	\$30	\$60	\$10
Visa - \$2500/\$75	\$75	\$75	\$125
School loan \$100K/\$120	\$120	\$120	\$120

As so on – a lot of people like this method because as humans we love instant gratification!

Avalanche – highest interest rate first (example)

1st month: balance/monthly min.	Pymt 1st month:	2nd:	3rd:	4 th :	5 th :
Doc bill - \$30/0%	\$30	\$0	\$0	\$0	\$0
Doc bill - \$100/\$30/0%	\$30	\$30	\$30	\$10	\$0
Visa - \$2500/\$75/10%	\$75	\$105	\$105	\$125	\$135
School loan \$100K/\$120/6%	\$120	\$120	\$120	\$120	\$120

Keys to a Successful Financial Life

- Budget – live by it, don't stuff it in drawer, or save it to your hard drive and forget about it. Keep it front of mind.
- Strong Financial Partner (Ha, you already have that, I am here!)
- Create a financial plan with your financial partner
- Investment Counselor
- Wealth Advisor
- CPA
- Lawyer
- Have those tough conversations with who you share your financial life with, money doesn't have to cause arguments.

Additional resources

Financial Foundations – www.bbt.com/student

www.bbt.com/financialfoundations



Questions & Answers

