



MONEY MANAGEMENT 101

INTRODUCTION TO PERSONAL FINANCE

November 2022



OVERVIEW

INTRODUCTION TO PERSONAL FINANCE

- Chapter 1: Budgeting
- Chapter 2: Saving
- Chapter 3: Managing Credit and Debt Management
- Chapter 4: Avoiding Financial Scams





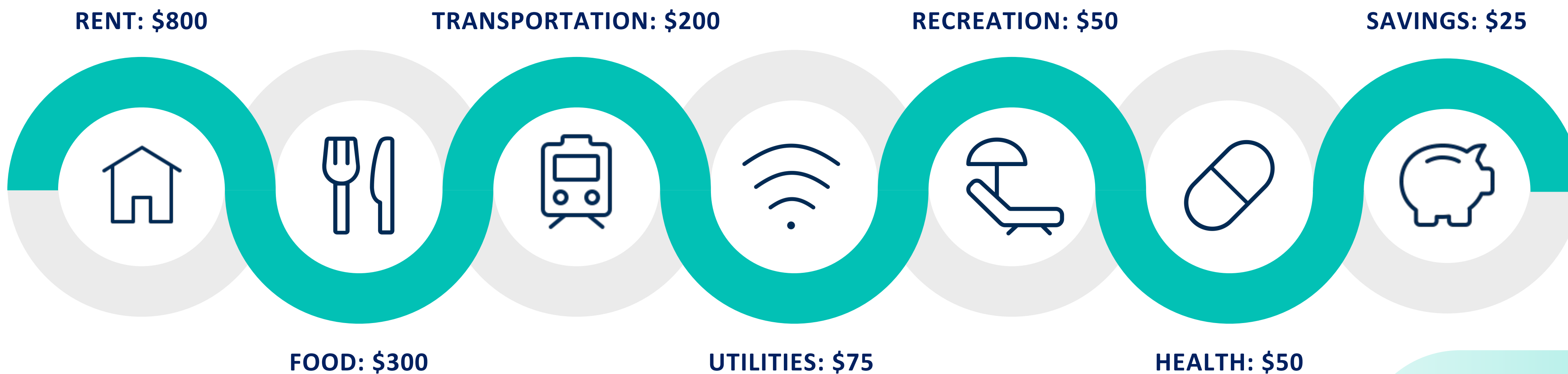
CHAPTER 1: BUDGETING

→ What is a budget?

Think of a budget as a map with clear directions that may help you reach your financial destination.

A budget gives you a clear plan to live within your means, not overspend and achieve goals.

Map out your expenses



ILLUSTRATIVE ONLY

Total Monthly Budget: \$1,500

→ Define your goals:



Short term goals might be something that you hope to achieve within the next year or so:

- New phone or computer.
- Vacation or weekend getaway.
- Leasing or purchasing a car – this may require a more aggressive savings strategy.



Long term goals stretch further into the future — saving for a home, college or retirement:

- Saving for your education.
- Saving for your retirement.
- Purchasing a home and/or moving — this will require a longer, more consistent strategy.

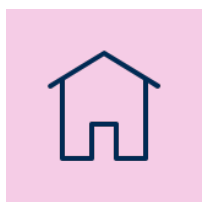
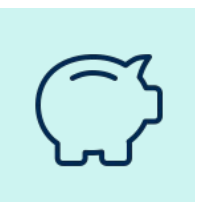

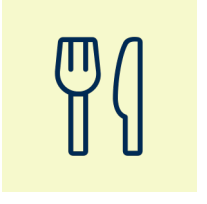

Make adjustments to your budget and recalibrate

- Once a budget is in place, you can't just set it and forget it. Check in regularly to ensure you're on track to meet your budget goal and make adjustments as needed.
- Following your budget can help you better understand the sacrifices needed to meet a goal and clarify how much it really means to you.
- A budget helps establish a mindset — and good habits — that put you in charge of your money and on the path to spending that's in line with your goals.



Creating a budget can help you track expenses

BUDGET		WEEK 1	WEEK 2	WEEK 3	WEEK 4
	RENT	\$800	-	-	-
	TRANSPORTATION	\$50	\$50	\$50	\$50
	FOOD	\$100	\$100	\$50	\$50
	UTILITIES	\$0	\$25	\$50	\$0
	SAVINGS	\$5	\$10	\$5	\$5
	RECREATION	\$25	\$25	\$0	\$0
	HEALTH	\$10	\$10	\$10	\$20

CALENDAR						
1	2	3	4	5	6	7
						
8	9	10	11	12	13	14
						
15	16	17	18	19	20	21
						
22	23	24	25	26	27	28
						
29	30	31				

**Total Monthly Budget:
\$1,500**

ILLUSTRATIVE ONLY

A photograph of a man in a brown shirt on the left, looking towards an older man with a grey beard on the right. The older man is holding a baby in a white outfit. They are in a modern living room with a white brick wall, a wooden shelf with plants, and a painting on the wall. A semi-transparent white banner is overlaid across the middle of the image.

CHAPTER 2: SAVING

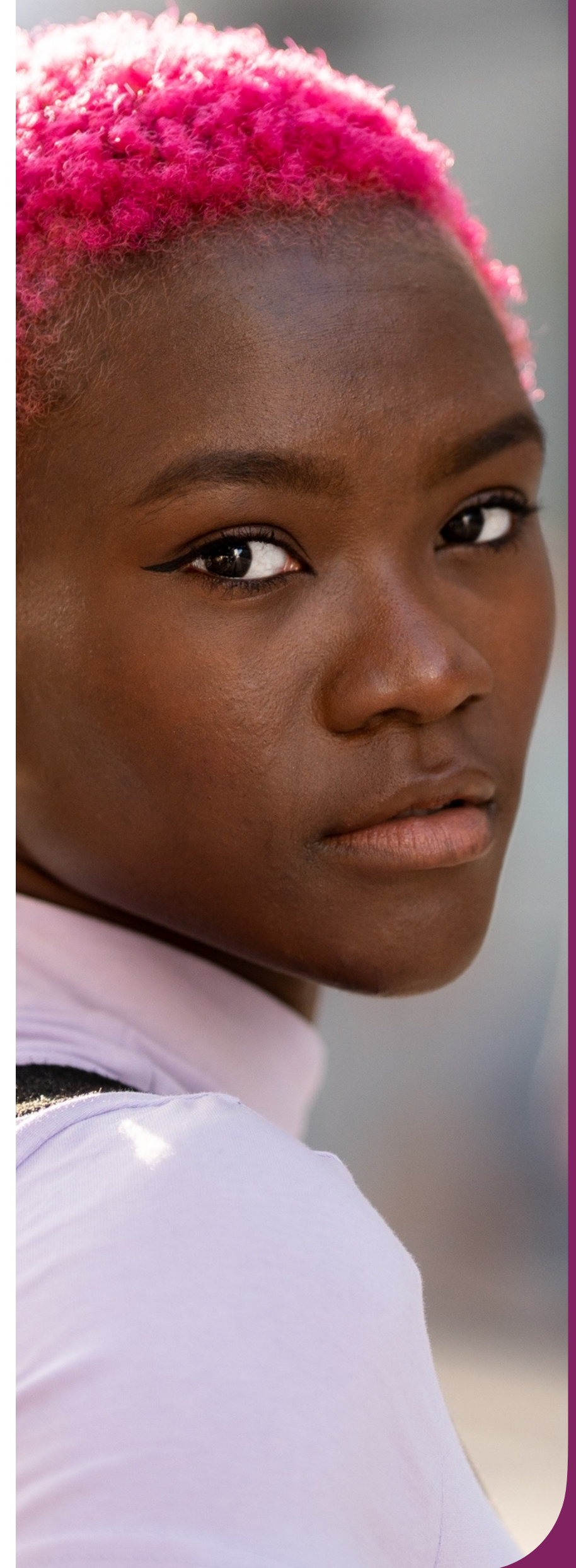
→ Establishing financial wellness

Saving your money now will help you with two things:

- **Security** – Helps you take care of financial obligations.
- **Financial Freedom** – Helps you live the life you want.

Get organized: Think it, plan it, dream it, live it

- Manifest the life you want to live.
- Set appropriate savings goals.



➔ Money mindsets: abundance vs scarcity

How you think and feel about money shapes how you spend or save. Understanding whether you are more inclined to an outlook framed by abundance or scarcity — and how to strike a balance between the two — is instrumental in creating the financial life you most desire.



Scarcity mindset

- Believing there's never enough money or that if there's enough, you're not deserving of it.
- Desiring more money but feeling frustrated because you don't know how to attract or create it.
- Lacking confidence in your decisions about saving and spending.



Abundance mindset

- Believing you have the exact amount of money you need.
- Feeling you can earn the money you need.
- Being confident in the decisions and choices you make with your money.

→ Bank accounts: Checking



Setting up a checking account is your first step to saving money

Benefits of a checking account:

- Can set up a direct deposit through your employer.
- Ability to auto pay your bills – removes the need to manually pay bills, establishing on-time payments.
- Develop a relationship with your bank for future needs (e.g. auto loans, mortgages, or business/personal loans).

➔ Bank accounts: Savings

Understanding a savings account

- A savings account stores money that you do not plan to spend immediately. It is not used for everyday spending like a checking account.

Am I saving enough? – set a savings goal based on your income

- Add money to your savings every time you get a pay raise.

Cost Comparison

- Evaluate your everyday small purchases.
- For example, let's say a daily cup of coffee costs ~\$140 per month or \$1,680 per year. Cutting back on this expense could help you afford something you really want or help your savings account grow.



→ Emergency money stash



An emergency money stash is an essential part of your financial plan

- Place this money into your savings account. Use only as needed in an emergency situation, such as losing your job or a health emergency that requires cash influx.
- The amount you need may change as your life circumstances change. Be flexible.
- Strive to set aside money each month. Ideally, your goal is to be able to cover your basic living expenses for at least 3 months.
- Decide what's important for you and your savings goals and go for it. Figuring out what works for your income, lifestyle and mindset is key for success.



➔ Tips for saving like a pro:



Set a savings goal

What can you realistically afford to save?
How often will you put money into your savings account?



Track monthly spending

Are there purchases you could eliminate? Watching how you spend money will inform how you are able to save.



Prioritize where your money goes

Decide what you will spend money on and why. Gifts for loved ones, new clothes for work or school are all important, but should be prioritized based on your financial goals.



Invest in yourself

Paying for personal development classes or going back to school is an investment in yourself that can pay off in the long run. Don't be afraid to spend money on self-improvement.

A photograph of two women in a kitchen. The woman on the left has dark hair and is wearing a blue top, laughing with her mouth open. The woman on the right has curly brown hair and is wearing a grey and white striped sweater, also laughing. They are both looking at a tablet computer on a white countertop. The background shows white kitchen cabinets, a sink with a silver faucet, and a potted plant. The lighting is warm and bright.

CHAPTER 3: MANAGING CREDIT AND DEBT

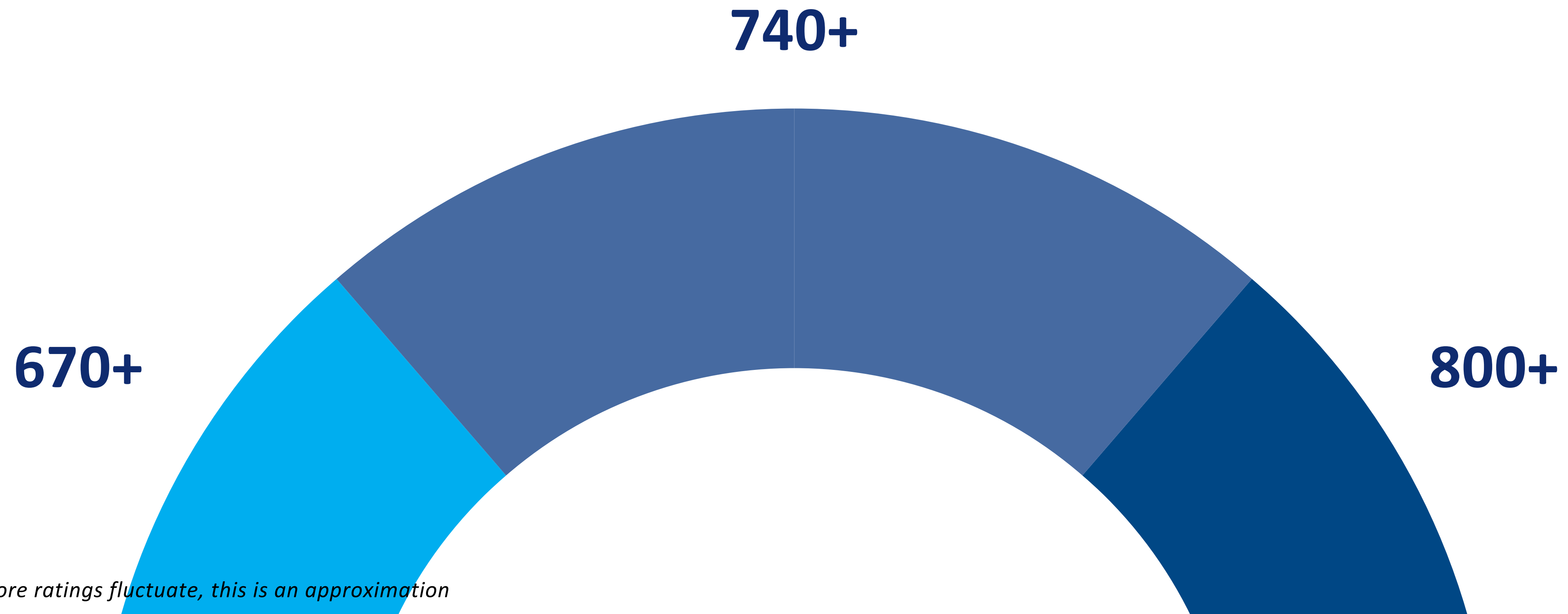
→ So what's credit?



Let's start with the basics

At its core, credit is borrowed money. A lender, card issuer, bank or grantor gives you a set amount of money to use with the expectation you'll repay it, according to agreed-upon terms. Those terms can include repayment dates, required minimum payments, interest rates, fees and more.

→ People who have good credit scores may qualify for one of these three categories



Note: Credit score ratings fluctuate, this is an approximation

Who cares how my credit is, anyway?



Many businesses, such as utility companies, landlords, insurance companies, and potential employers, may request your permission to view your credit report. Before extending you a loan or line of credit, a lender will want to assess your credit score.



There are significant benefits to having a good credit score – it can give you access to premium credit cards, better loan products, and more favorable (less expensive) interest rates.



There are also significant disadvantages if you have a bad credit score, which is typically below 600. Disadvantages include paying higher interest on credit cards, loans, and mortgages. It could also impact your ability to rent an apartment or get a job.

Learn about your credit report and credit score

Credit Report – your current and historical credit activity and payment history:

- **The balance**
- **Notes on any bankruptcies, foreclosures and repossessions**
- **Details about the loans that are in your name**
- **Your credit limit and the timeliness of your payments**
- **The age of the account**
- **Notes on any outstanding debts that have gone to collections**



Credit Score can be impacted by:

Payment history:
approximately 35%

Credit utilization:
approximately 30%

Length of credit:
approximately 15%

Managing new accounts:
approximately 10%

Types of credit:
approximately 10%



→ Follow some basic rules



Pay your bills on time every time.



Limit the amount you charge on your cards relative to their credit limits – stay under 30% utilization.



Keep your older credit cards active and paid on time to build credit.



Don't use credit to fill a cash gap.



Don't believe the myth that carrying a credit card balance builds your credit.



Am I paying off my debt the right way?

- Consider consulting a financial coach about the spread of your debt and determine what an aggressive, yet realistic, pay-down plan would look like.

How's my credit?

- Do a little digging to learn about what credit is, why it matters and ways to potentially improve your score.



CHAPTER 4: AVOIDING FINANCIAL SCAMS

Financial Scam Examples

Charity fraud

- This type of fraud can be prevalent in times of a high-profile crisis, such as political unrest or natural disasters.

Bank impersonation

- You receive what sounds like a legitimate call or seems to appear as an email from your bank, a reputable vendor, or your insurance company about suspicious activity or a problem with your account.

Downloading remote access software

- You receive a call, email, or text from what you think is a reputable company that you use and are asked to download a remote access app so they can fix a billing issue or send you a gift reward.

Additional examples of financial scams

A surprise account in your name

- You receive a call from a debt consolidation or settlement company that offers to negotiate with creditors and put all of your debt into one account to make it easier to pay off. Soon after, you discover that you have a new banking or credit card account opened in your name with an exorbitant service fee added.

Mobile phone takeover

- Your mobile phone abruptly stops working and there are no bars for cellular coverage, plus phone calls aren't coming in.



Ways to help protect yourself



Bad players are after your personal information because it's the key to your accounts. Here are some steps you can take to help safeguard those details

1. Be guarded with your private information

Cyber criminals are using more sophisticated, targeted techniques on victims. They may often already know some information about you, like what state you live in or that you're a customer of a particular bank or company. Don't make it easier for criminals to gain access to your accounts; avoid disclosing personal or financial information when posting on social media.

2. Vary your passwords

Don't use the same password on multiple accounts. That makes it easier for cyber criminals to break into all of your accounts since all they have to do is use one password.

3. Be suspicious of any unsolicited contact

Given the growing number of scam calls pretending to be legitimate companies, be wary of offering any additional information over the phone or through a link.



Resources

INTRODUCTION TO PERSONAL FINANCE

- [Life and Money by Citi](#) – Insights and tips on money, well-being, and culture
- [Financial Guidance Center by Citi](#) – Boost your financial knowledge with these tools, videos, and articles
- Interested in learning more about how Citi provides financial education in communities around the U.S.? Please reach out to: communityinvesting@citi.com

