

# Personal Finance 101: Empowering Your Financial Future

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# Introduction

Welcome! Tonight, will be part 1 of a 2-part series going over some basic financial topics. The goal of this is not to solve the world's financial problems or teach you the next get rich scheme. Rather we hope it will give you a better understanding of basic topics you will soon be facing as graduates in the working world.

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# Agenda

Introduction

Why This Matters?

Setting Financial Goals

Budgeting Basics

Creating A Savings Strategy

Credit Basics (Credit Score)

Investing

Common Financial Pitfalls

Q&A

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# Meet the Presenters:

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# Why Does This Matter?

- The average American savings rate sits at 3.4% (per bea.gov)
- 57% of Americans can't afford a \$1,000 emergency (per CNBC)
- The average 65 year old has \$164,000 in retirement savings (motley fool study)

Where do these stats stem from?

- Only 25% of US students have a access to a personal finance course in school

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# Setting Financial Goals

## SMART GOALS

- Goals Should be specific, measurable, achievable, relevant, & time based
- Being generic or broad with your goals will make it difficult to see if you are on pace to obtain them
- Financial Goals do not need to be numbers, they can be based on an event

## Examples

- “I want to have 1x my salary inside of my 401(k) by the time I reach 30”
- “I want to save enough money to buy a new Toyota Camery by May of next year”
- “I want to save enough to take spring break in Florida with my roommates”

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# Budgeting Basics

## How To Budget

- Take the last 3 months of checking account statements to figure out monthly spending habits
- List out income & expenses
- Goal should be to save 15-20% of income
- Red lining check book is not good
  - Can lead to restriction & overspending

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# Creating A Savings Strategy

- Various frame works (50/30/20 rule, 70/20/10 rule etc)
- Sustainability
- Purpose driven
- Emergency fund ( 3 months, 6 months 12 months)
- Automation

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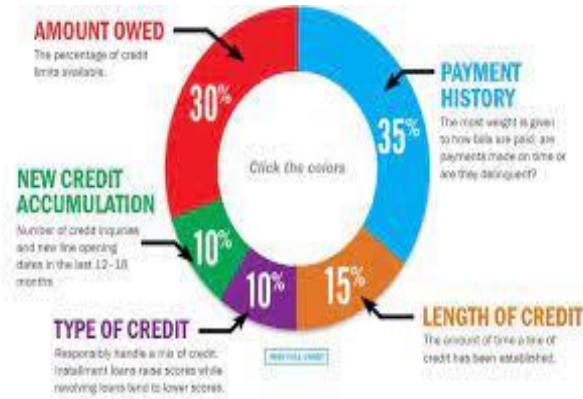
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# Credit Basics, Your Credit Score

## Credit

- For better or for worse your credit score is important
- It will help determine financing rates on loans you have in the future
- The easiest way to have a good credit score is to use your credit card & pay it off in a timely manner
- NOT ALL DEBT IS BAD



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# Investing

- Investing is one of the most effective ways you can build your wealth
- One thing people often don't realize is you can invest for more than just retirement
- Company's often offer a match for your 401(k) & can help jump start your investing

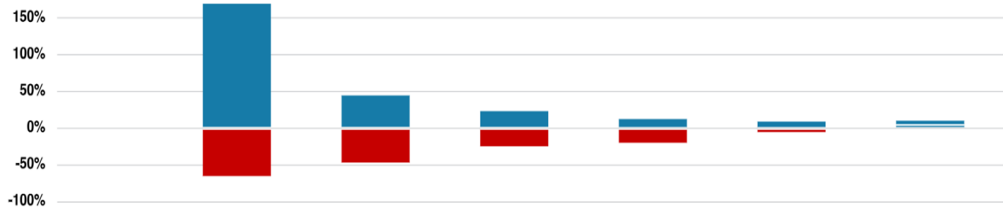
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# Investing- Start Early!

Investing can be a scary feat! The market moves in all directions & you could incur losses. But the longer we are invested the smaller are chances for losses are.



	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
<b>S&amp;P 500 Index</b>	12.51	10.73	10.23	10.48	10.55	10.83
Best Return % <small>(Start Date)</small>	162.88 (7/1932)	43.35 (3/1933)	36.12 (6/1932)	21.43 (6/1949)	19.69 (8/1982)	18.26 (4/1980)
Worst Return % <small>(Start Date)</small>	-67.57 (7/1931)	-42.35 (7/1929)	-17.36 (9/1929)	-4.95 (9/1929)	-0.41 (9/1929)	1.89 (9/1929)

# Common Pitfalls You Will Want To Avoid

- Chasing Rate of Return over Rate of Savings
- Increasing Expenses at the same rate in which your income increases (lifestyle drift)
- Running before we can walk
- NOT AUTOMATING

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# Q&A

## THANK YOU!

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