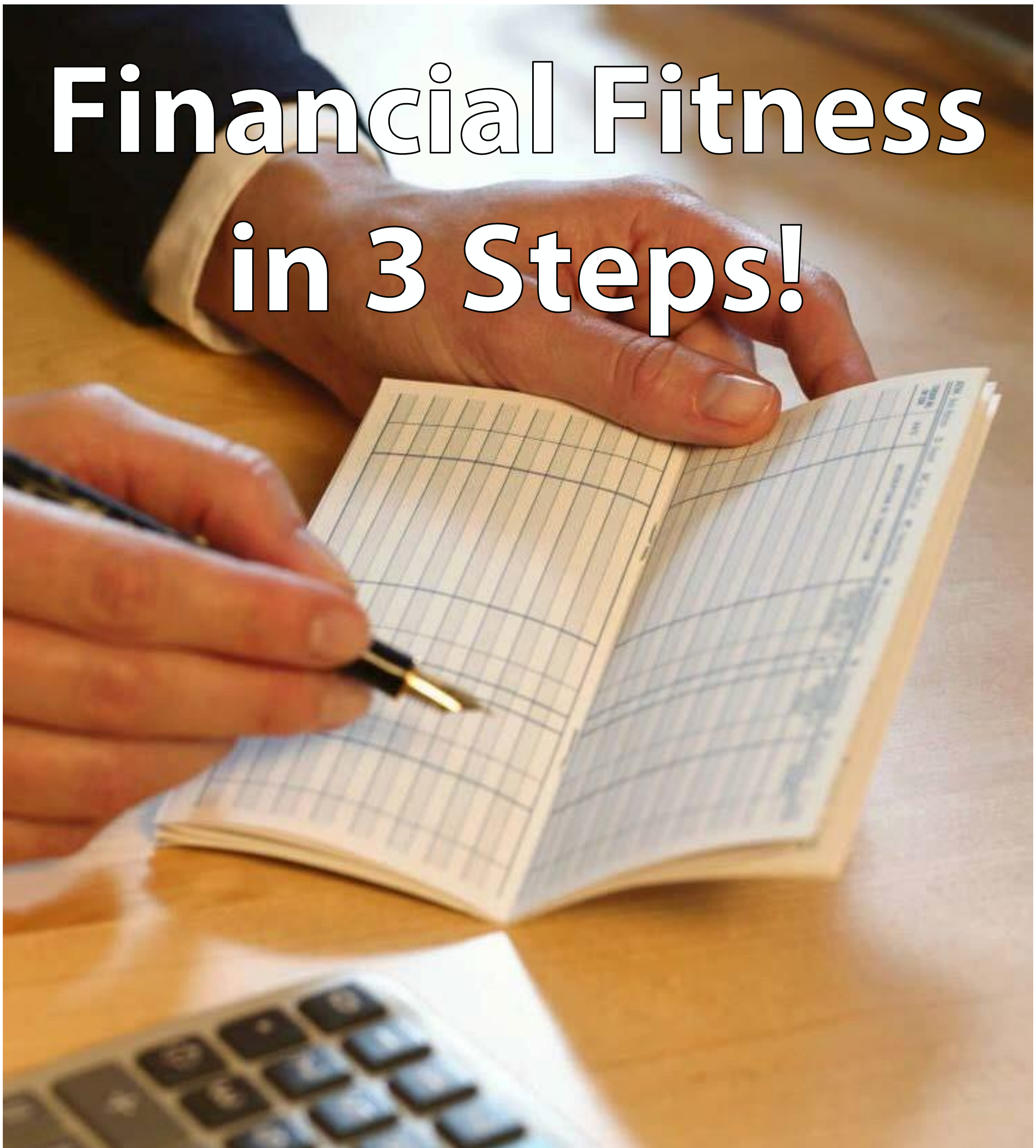
# Your Free Financial Benefits Presents:



# Financial Fitness in 3 Steps!

## STEP 1: Set SMART Financial Goals

| | |
|---|---|
| **S**pecific | What *exactly* are your goals? Getting out debt? Paying for college? Retirement? Defining your goals, and then writing them down, will<br>• Force you to realize what you want<br>• Motivate you to take action<br>• Enable you to see – and celebrate – progress |
| **M**easurable | Have a way to check and see how well you are doing at achieving your goals by checking your statements and balances. |
| **A**ctionable | Make sure to set up practical steps to achieve your goals. For example: Start an automatic savings plan for $25 each pay period. |
| **R**ealistic | Make sure your goals are realistic. For example: Your goal may be to save up $1 million, which is nice, but you may want try to save up $10,000 first. |
| **T**ime-bound | Your goals need to have a time frame. Without it, you really can't measure your progress. For example: "I want to pay off my credit card within 24 months." |

## STEP 2: Analyze Information

Find out how much money is coming in and how much money you're spending or saving. First, where does your money come from and how much is it? List all of your sources of income and the amount. Next, where is your money going? What are your bills and payments and how often do they occur? These questions are critical because their answers have direct impact on your ability to achieve your financial goals.

### My Income

Primary Income $__________

Second Job $__________

Child Support/Alimony $__________

Interest/Dividends $__________

Social Security $__________

Other Income $__________

**Total Income** $__________

### Fixed Expenses

Mortgage/Rent $_________

Property taxes/Insurance $_________

Trash collection $_________

Credit card payment $_________

Car payment $_________

Student loan payment $_________

Other loan payments $_________

Car insurance $_________

Daycare $_________

### Flexible Expenses

Savings $__________

Gas & Electric $__________

Cable $__________

Water $__________

Telephone/Cell Phone $__________

Food $__________

Transportation/Gas $__________

Car Maintenance $__________

Education $__________

Personal expenses $__________

Charity/Donations $__________

Other $__________

**Total Expenses** $__________

## STEP 3: Create a Budget

A budget is a plan for managing your money during a given period of time. It's not about depriving yourself of favorite things. It's about seeing all your options and making smarter choices so you can achieve your financial goals.

There are many ways you can design your budget. The following are a couple of things you can do to help you better manage your finances:

### Budget Calendar

One very simple way to get your finances in order is to have a Budget Calendar. By recording your bills on the Budget Calendar, you will be able to "see" when they are due and schedule payment for those bills on the days payroll come in. Even if a bill is not due yet, it's better to go ahead and pay it while you have the money rather than using that money for something else and then falling behind on your bill.

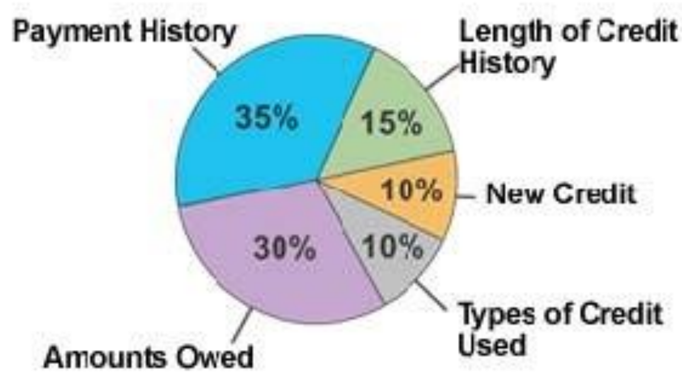
You can use an online calendar (Google, Yahoo!), a smartphone calendar, or a paper calendar to record when all of your bills are due and when you get paid.

Rule #1: Pay yourself first. If you need help creating your budget, please feel free to make an appointment with a credit specialist at any of our 10 branch locations by calling (502) 459-3000 / (800) 292-9490 or send an email to website@kytelco.com.

# Understanding Your Credit Score

## What makes up the score?

FICO Scores are calculated from credit data in your credit report. This data can be grouped into five categories as outlined below. The percentages in the chart reflect how important each of the categories is in determining your score.




**35% Payment history:**
- Adverse public records and collection items
- Number of accounts paid agreed
- Number of past due accounts

**30% Amount owed or capacity:**
- Number of accounts with balances
- Capacity on revolving accounts (how much you owe (balance) compared to total credit limits)
- Amount still owing on installment loans (Balance compared to original loan amount)

**15% Length of credit history:**
- Time since account open
- Time since account activity

**10% New credit (accumulation of debt in the last 12-18 months):**
- Number of recent opened accounts
- Number of recent credit inquiries
- Re-establishment of positive credit history following past payment problem

**10% Type of credit used:**
- Number of installment (increases) vs. revolving (lowers)
- The number of finance company loans, the more finance co loans the lower the score (example of finance co: Nuvell, Citifinancial, Beneficial, Auto one, Household finance, Wells Fargo finance, and so on)

**Approximate credit weight for each year**
- 40% = current to 12months
- 30%= 13-24 months
- 20%= 25-36 months
- 10%= 37+ months

# Frequently Asked Questions

## Budgeting

### *How much money should I save in an emergency fund?*

It depends on your personal situation and your non-financial resources in case of an emergency. Some financial advisors suggest that you save up at least $1,000 in an emergency fund. Some say three months' worth of your salary. Some say six months' or even one year. It's difficult to say what you *should* save because everyone's situation is different. Some advice: You should try to save enough to get to that $1,000 threshold. There is a mental satisfaction in knowing that you have 4 figures in case of an emergency. Once you've made it that far, think of a worst case scenario. If everyone was laid off, what would you absolutely need to survive? You need shelter, food, clothing and transportation. How much would you need to have in your emergency fund to pay for those things until you can find work? Once that number is determined, that is how much you should save.

### *What if my income or expenses fluctuate?*

A budget is your best estimate of what may happen. If your income varies year to year, you may want to be a little conservative just in case there is an economic slow-down which causes your income to be less than normal. The budget process is not perfect. It is more of a blueprint for your money plans. Yet, if you do not know where your money is going, you do not know how to adjust it when you need to. The worst thing to do in an emergency is to panic because the stress will distract you from where you want to go. Thus, it is better to have your financial map already created so that you can just refer to it in times of emergencies to see where you need to go.

### *Why can't I seem to save any money?*

If you can't seem to save any money, one of two things may be happening: You are stretched too thin and have too many bills and debt to have any extra. If that is the case, it's time to take some serious steps to remedy the situation. The other possibility is that your priorities are not in order. Many people make the mistake of waiting until the end of the month to "save" whatever is left over but by the end of the month, there is no money left because it has been spent elsewhere. Either way, having a budget plan is a good way to keep track of your spending so you know where you can cut back and/or get your priorities in order.

## Credit

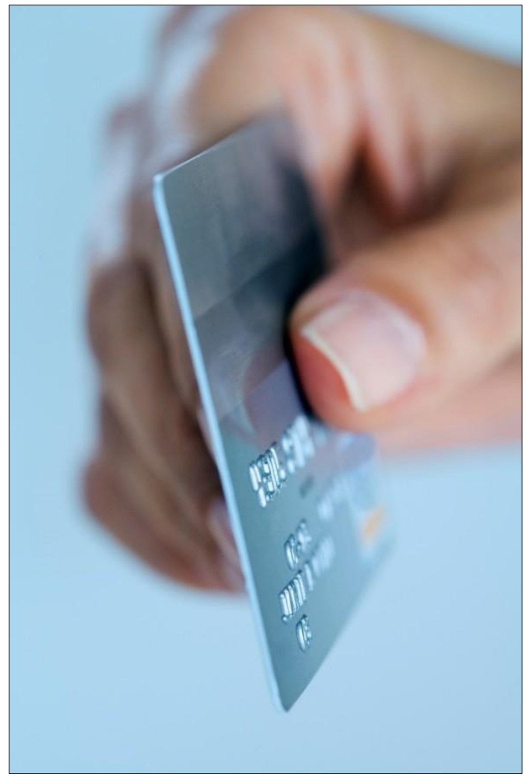
### *What is credit?*

Credit is defined as *confidence in a borrower's ability and intention to repay*. People use the credit they have with financial institutions, businesses, and individuals to obtain loans. And they use the loans to buy goods and services. The credit a person has typically determines how much they will be permitted to borrow, for what purpose, for how long, and at what interest rates.

The level of "confidence" lenders have in potential borrowers depends on many factors. A person's income is an indicator of a person's ability to repay, particularly when compared to the amount of debt they already have. The amount of borrowing a person has already done and how well they handled repayment is an indicator of their intention and ability to repay.

### *Why use credit?*

The reasons people borrow are varied and personal. Loans allow you to obtain goods and services today, such as homes and automobiles, and spread the cost over time. This makes these purchases more affordable than they might otherwise be. Most people could not afford homes or cars without the ability to borrow.



### What does *responsible use of credit* mean?

Responsible use of credit revolves around the family budget and how much you can afford to devote to loan payments. As a general guideline, borrowing may be justified for automobiles, homes, recreational vehicles, education, home improvements, and other purchases that have value lasting beyond the time it takes to pay them off. Borrowing to pay for daily expenses such as groceries, gasoline, and utilities is often a recipe for trouble. These bills will often accumulate faster than you can pay them off. Responsible use of credit also refers to living *within your means*. You should limit the size of the home you buy or the price of the car you drive by the size of the monthly payment you can comfortably afford.

### *How can I raise my credit score?*

As a general rule, paying your debts on time and reducing them are the best things for your score.

### *Why should I pay off my credit card each month when I can just pay the minimum payment?*

If you only pay the minimum payment, it will take you much longer to pay off the debt, which could take years. Another reason to pay off credit cards is that most credit cards have extremely high interest rates which will keep adding to the balance.

## When to Ask For Help

If you think you may be carrying more debt than you can comfortably manage, ask one of our credit specialists to do an assessment and help you map out a plan to eliminate your debt. You may contact a credit specialist by phone at (502) 459-3000 / (800) 292-9490 or you may send an email to website@kytelco.com.

# Bonus: Your Roadmap to Excellent Credit

**Having a good credit rating is important and can make a big difference in your rate and loan terms.**

***No credit?***
Let us help you establish credit.

***Poor credit?***
Let us help you develop a personalized plan to get you back on track.

***Good credit?***
Let us show you where you can maximize your credit potential.

***Plus, learn about:***

- ✓ What makes up your credit score
- ✓ What actions hurt your credit
- ✓ How you can improve your credit
- ✓ How you can safeguard yourself from identity theft

**This service is completely confidential and, best of all, completely FREE!**