Living with MoneySmarts
The Basics of Financial Wellness

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About OFL

- Provider of financial education to all IU campuses
- Focus on how to make financial decisions that maximize wellness
- Collaborates with liaisons/teams from all IU campuses to implement effective programming
- Work with FA to design enhancements to processes that teach efficient borrowing
Is this you after another Friday night at the pants party?
Indiana University MoneySmarts Program History

- Student debt task force
- Campus focus groups
- Establishment of office

2012

- moneysmarts.iu.edu
- Required financial literacy for 1st year students
- IU MoneySmarts Team
- Campus teams/liaisons

2013

- School of Public Health-Bloomington
- "Debt Monster" marketing campaign
- National Summit on Collegiate Financial Wellness

2014

- Total borrowing reduction of 12.4%

2015

- Expansion of MoneySmarts Team
- Increased intentional wellness initiatives (WBC)
- Faculty/staff resources

2016

- New peer training schedule and model
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Impact on Our Wellness

Of Americans say money was a somewhat or very significant source of stress

Of parents...

Of 18 – 35 year olds...

Of 36 – 49 year olds...

American Psychological Association, 2014
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Impact on Our Wellness

- 26% of adults said that they stressed about money most or all the time.
- 32% of Americans said lack of money kept them from living a healthy lifestyle.
- 31% of adults with partners said that money was a major source of conflict in their relationship.

American Psychological Association, 2014
budgeting
your budget pie
Should I rent or buy?

Do not overhouse yourself

When should I buy a house?

Tip: Remember location vs. transportation
15 yr.
- Higher payments
- Lower interest rates
- Lower total balance paid

30 yr.
- Lower payments
- Higher interest rates
- Higher total balance paid
30 yr. - $200,000 @ 4%

- Monthly payment: $954.83
- Total interest paid: $143,739.01
- Total payment: $343,739.01

15 yr. - $200,000 @ 3.25%

- Monthly payment: $1,405.34
- Total interest paid: $52,960.76
- Total payment: $252,960.76
With a car comes…

- Payment
- Gas
- Insurance
- Repairs
- Permit fees
- Fines

Easiest category to overspend, but can be the most flexible

#1 Question: Do I really need a car?
Eating in > Eating out

Cutting back ≠ Deprivation

Sweat the small stuff
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Audit your usage

What do you actually need?

Do you include TV? Do you include internet?
Should you choose to donate…

What if it’s important to you…but you can’t afford it?
If insurance through employer, this is co-pays

Things that make you presentable and keep you healthy

The value of an HSA
Build a clothing savings account

Stay within your needs...

Don’t guess what you need for work
Always good to have a social budget… don’t deprive yourself

Could include TV if you choose

entertainment

5%
Nothing wrong with saying you can’t afford gifts

These come up the same time every year

holidays/gifts
Pets, travel, extra debt payment
what's missing?
How to prioritize your savings:

1. Establish 3 months of emergency expenses
2. After, you can start poking around with investments or saving for things/stuff
3. Your savings should always have a purpose
family planning
Family Planning

- Utilize an HSA to prepare for medical expenses

- Cost of a child from 0 – 18 is ~$250,000

- Daycare isn’t included in the budget and vary greatly depending on location
Family planning

life insurance

- You are replacing the death of you & your income
- 10x your salary
- Term vs. Whole
- You need a will
family planning - 529

- Tax-free earnings if used for college expenses
- States offer tax deductions, making it more appealing than traditional investments
- Most states allow contributions of $300,000+
family planning - 529

- You do not control the investments
- No guarantee on the investment; you are playing the market
- 10% federal penalty + penalty on earnings if used for non-education expenses
Pre-retirement

• Practice living off of your retirement income
• Put yourself in a position to have debts paid off before retirement
• You must figure out how to fund health care
Avoid the temptation to spend

Potential to inflate your lifestyle

Prioritize your obligations

- Debt
- Retirement
- College savings
debt repayment

Spending habits

Getting out of debt

Repayment methods

Balancing savings & debt
How does it affect your Credit?
Do you pay your bills on time?
How close are you to your limit?

How close are you to your limits?

amounts owed

30%
credit history

How long have you had credit?

Have your accounts been in good standing?
Avoid too many lines of credit & taking them out too close together
types of credit

Do you have a diverse portfolio of credit?

Pointless.
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combining finances
combining debt
family
goals
Questions