

# ***Financial Wellness***



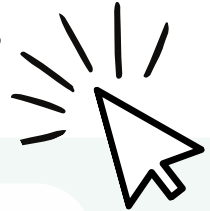
*Your Husky guide to navigating finances*



LIVEWELL



**How do I manage my finances?**



🔍 Building a budget

🔍 Saving habits

🔍 Emergency fund

🔍 Debt

🔍 Student loans

🔍 Taxes

🔍 Building credit

LIVEWELL



Building a budget



# 1. Track how much money you typically spend and earn in a month

Use an automated spreadsheet or budgeting app

| Fixed Expenses     | Projected Cost |
|--------------------|----------------|
| Rent or dorm fee   | \$500          |
| Books              | \$70           |
| Electricity        | \$35           |
| Gas and water      | \$22           |
| Cable and Internet | \$50           |

## 2. Distinguish between expenses

### Fixed

Same cost every  
month

v.s.

### Variable

Varies every  
month

Variable expenses are where you  
most easily make adjustments to  
balance your budget

## Examples

### FIXED



INSURANCE

### VARIABLE



ENTERTAINMENT



FOOD



### 3. Balance your budget

- Subtract your expenses from your income



A negative balance means you're spending more than you have

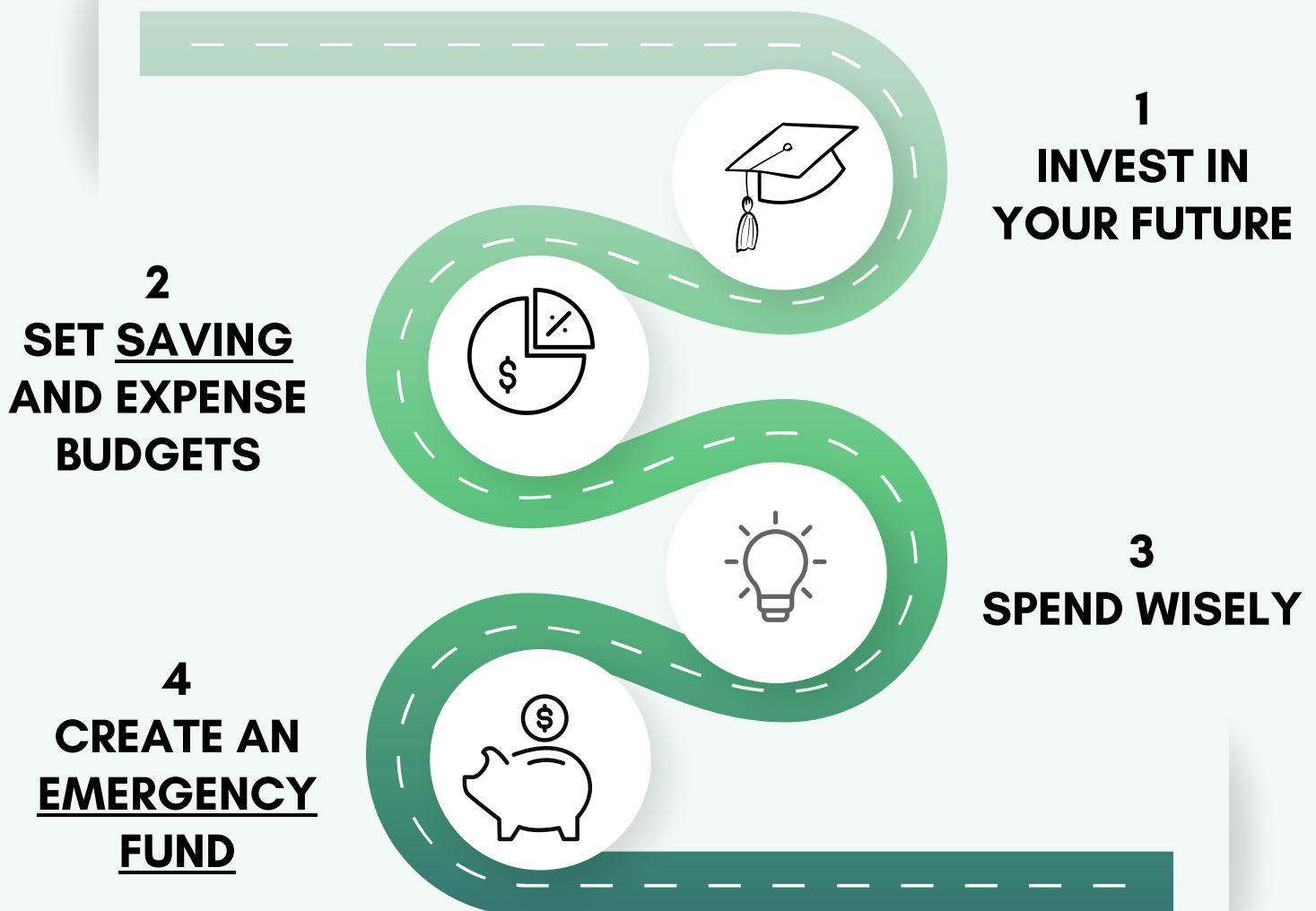
### Spending Tips

- Rent books instead of buying them
- When online shopping, keep items in your cart for a week before purchasing to avoid impulse spending

\*Review your budget regularly.

\*Forgive yourself for mistakes, then get back on track.

# Starting your journey toward **financial security** as a student



# What is an emergency fund?



Car Repair

money saved for  
unexpected costs



Medical Bills



Unanticipated  
Travel

# Building your **fund**

Anything you can  
afford to save is  
helpful



Start small:  
Even saving  
\$10 a week  
adds up to  
\$500 after  
a year!

Ideally: Save 3–6 months  
worth of essential  
expenses (e.g. food, rent,  
transport)



# Understanding Debt



## **“Good” Debt**

Money invested to increase your net worth or significantly enhance your life

### Investments in

- Education
- Home
- Business



## **“Bad” Debt**

Borrowed to buy things that lose value over time

- Borrowing money for cars, vacations, clothing, or credit card debt
- May involve high interest rates



# Student Loans

After exhausting more cost effective options (scholarships, fellowships, and grants) you may still need loans to close the funding gap

## Federal



(FAFSA)

Offers additional  
repayment options  
and relief programs

V.S.

## Private

Issued by a bank or  
other financial  
institution

Opt for federal loans  
before private if possible

# Student Loans

## Is it worth it?

### 1. Estimate your projected earnings

### 2. Plug estimate into a student loan affordability calculator to estimate your monthly payments

Tip: Use the U.S. Department of Labor's Occupation Outlook Handbook

**Recommended: Borrow an amount that will keep your loan payments below 10% of your projected after-tax monthly income**

Expected salary:

Hourly ▼

Interest rate:

Repayment period (years):

Clear

Calculate

# What are taxes?

Taxes are a way for the government to collect money from people and businesses to finance things like healthcare, education, infrastructure, etc.



## The taxes you may see on your paycheck

- **Payroll (FICA) Taxes:** Contributions to Social Security and Medicare
- **Federal Taxes:** Imposed by the federal government
- **Possibly State and/or Local Taxes** (depending on where you live)



# Claim Education Tax Credits and Deductions

Take advantage of these education tax credits and deductions

## American Opportunity Tax Credit (AOTC)

- Up to \$2,500
- First 4 years of undergrad; No drug possession charges
- Income <\$90K if single

## Lifetime Learning Credit

- Up to \$2,000
- Income <\$90K if single

## Student Loan Interest Deduction

- Up to \$2,500
- Above-the-line deduction
- Income <\$85K

See IRS publication  
970 for more  
information

# Free Tax Help

## UW Resources

UW VITA: tax help from UW tax-focused masters students

Household income less than \$66K/ year

## King County Resources

IRS-certified volunteers to help individuals earning <80k/year

Visit the United Way King County

Website: [uwkc.org/need-help/tax-help](http://uwkc.org/need-help/tax-help)

## File your own taxes

[FreeTaxUSA.com](http://FreeTaxUSA.com)

[MyFreeTaxes.com](http://MyFreeTaxes.com)

# What is credit?

Credit is the ability to borrow money or access goods/services with the agreement to pay for them later

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Lender or creditor  
provides funds

Borrower agrees to  
repay the amount,  
usually with interest,  
over a specified time  
period



# What is a credit score?

A credit score is used to predict how likely someone is to repay a loan in the future



Banks rely on credit scores to determine how much they'll charge someone for a loan

- A good credit score indicates to lenders that you are likely to be a responsible borrower
- For you, good credit means eligibility for loans and credit cards with favorable terms and lower interest rates

Above 670 is considered good



Good Credit  
=  
Lower Risk to  
Lenders

# How to build credit?

## The 5 factors that influence your credit score

### 1. Payment History



Worth 35% of  
your credit score

- Make on time payments
- At least pay the minimum amount

You receive your credit card bill

You may:

1

Pay your balance in  
full



You will not have to  
pay any interest at  
all

2

Choose to pay only  
the minimum amount  
due by the due date



You will have to begin  
paying interest on the  
remaining balance

# How to build credit?

## The 5 factors that influence your credit score

### 2. Credit Utilization Rate



Worth 30% of your credit score

- Aim to keep your credit card balance below 10% of your limit
- Pay off balances in full and on time
- Periodically request limit increases



### 3. Length of Credit

- A longer history of handling debt well and history of responsible behavior can improve your score



Worth 15% of your credit score

# How to build credit?

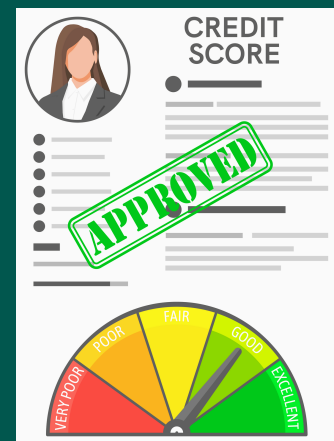
## The 5 factors that influence your credit score

### 4. New Credit

- Opening multiple new credit accounts in a short period can raise concerns for lenders, as it might indicate financial strain or increased risk



**Worth 10% of your credit score**



### 5. Types of Credit

- Having a mix of credit types, such as credit cards, loans, and mortgages, can increase your score



**Worth 10% of your credit score**

But don't take on new types of debt that you cannot pay off just to increase credit!

# Key Highlights

## Budget

Regularly track your income/expenses

## Student Loans

Opt for federal loans, only borrow what you need and can repay

## Taxes

Claim any education tax credits and deductions

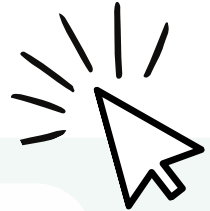
## Credit

Start building credit as soon as you are able to manage paying off balances in full and on time





## Reflection Activity!



- 🔍 Aligning your values with your budget workbook
- 🔍 Step 1: Identify Your Values
- 🔍 Step 2: Compare
- 🔍 Step 3: Reflect
- 🔍 Step 4: Goal Set



# Align Your Financial Values and Budget

## Step 1: Identify Your Core Financial Values

Think about what is most important to you when it comes to money at this point in your life. What values would you ideally devote the most resources to?

Examples of Financial Values:

- Security
- Freedom
- Family
- Education
- Travel
- Health
- Giving back/Charity
- Personal Growth
- Comfort
- Sustainability

In the space below, list your top 5 financial values

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

# Align Your Financial Values and Budget

## Step 2: Compare your spending with your values

For each spending category, consider how much it aligns with your financial values. Use the following scale:

1: Not aligned at all – 5: Completely aligned

| Spending Category | Amount Spent in the Last Month | Value Alignment (1-5) |
|-------------------|--------------------------------|-----------------------|
| Housing           |                                |                       |
| Food              |                                |                       |
| Health            |                                |                       |
| Education         |                                |                       |
| Transportation    |                                |                       |
| Entertainment     |                                |                       |
|                   |                                |                       |
|                   |                                |                       |
|                   |                                |                       |

# Align Your Financial Values and Budget

## Step 3: Reflect

How well do you feel your spending habits align with your values overall? What challenges do you face? What successes can you celebrate?

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## Step 4: Goal Set

Based on your reflection, set specific, measurable goals for aligning your spending with your values. Track your progress regularly.

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# LiveWell Resources

## Student Needs Navigator

The LiveWell Student Needs Navigator addresses basic needs insecurities impacting low-income students. They assist with resources in these areas

- Housing (Non-HFS housing)
- Food
- Childcare
- Healthcare/health insurance
- Technology

Please note: out of state and international students are limited in what resources they are eligible for

## Peer Wellness Coaching

A free service personal coaching service by our Peer Health Educators for working towards a specific goal. Students interested in financial goal-setting are welcome!

*Learn more! [Livewell.uw.edu](https://livewell.uw.edu)*



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