Best Practices for Budgeting

Presented by Michael Shuman, VP/Lending Medical Area FCU
Best Practices for Budgeting

- Use online banking and online bill-payer
- Set-up recurring payments for monthly payments that don’t change: installment loans: student loans, mortgages, car payments, personal loans, rent.
- Set-up all other payees for online bill-payer for variable expenses: credit cards, lines of credit, phone, electric, cable, gas bills, etc..
- Get into the habit of setting up the payment when the bill arrives (or check the bill online). Some vendors, like cable and cell phones, will allow you to set up recurring payments on a credit card.
- Always pay credit issuers on time. Pay as much as you can on revolving debt to keep your credit score higher.
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Budget:

- Income should exceed expenses
- Keep a diary of expenses
- Prioritize housing, utilities, loan payments
- Manage cash flow as a surplus to pay down debt and invest for future income, retirement, etc…
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Credit Scoring

Credit scoring is based on the basic premise that you use credit wisely and sparingly.

Use credit wisely: Pay on time, never late.

Use credit wisely and sparingly: Keep revolving lines of credit (credit cards, HELOCs, ODP) as low as possible and limits high.

Use credit wisely and sparingly: Apply for credit only when you absolutely need to borrow.
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Budget Adjustment Possibilities

- Lower housing payments (different place, roommates, move in with family)
- Lower phone expenses
- Remove or reduce cable/satellite TV/radio services
- Sell an expensive car for a less expensive one and consider alternative transportation options (Zipcar, public transportation)
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Budget Adjustment Possibilities:

- Pay down/pay off high-rate, non-deductible debt (personal loans, credit cards) as fast as you can to improve your credit score. This will help with future borrowing needs.
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Benefits:

- Feel better and have less anxiety about money
- Set a good example
- Build a better financial future
- Better credit
- Be in control of your financial destiny!
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Thank you!

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