



**FINANCIAL HEALTH**

**Federal Credit Union**

**Serving IU Health and the community**

**FINANCIAL HEALTH  
Self Assessment**

# Self-Assessment Tool

## PURPOSE OF THIS ASSESSMENT TOOL

Life in the 21st century is complex, busy, hectic, stressful and our world changes and develops quickly. We are so busy living life that we seldom have the time or take the time to evaluate where we are and where we are heading. This is true in every aspect of life, including our financial lives. Yet, the financial decisions we make (or do not make) today will affect how secure we and our families are in the future. It is important, every once in a while, to pause and reflect on the kind of financial future we would like to have. Do we know what financial future we want? Is the way we are conducting our financial lives today supportive of that future? Are there changes we can and should make today to build a better financial tomorrow?

This self-assessment tool is intended to help with that process. By completing this assessment tool, you will see a snapshot of the current state of your financial health. You will also receive information about your financial health strengths and weaknesses and will be directed to other resources which will be helpful to you as you pursue a brighter, more secure financial future for you and your family.

## *Your Journey Toward Financial Health Begins Now*

## INSTRUCTIONS FOR COMPLETING THE ASSESSMENT

Completing this assessment is very easy and should not take more than 15 or 20 minutes, perhaps less. Just read each question or statement and choose one of the four responses which most closely represents your situation. Do not be overly concerned if none of the responses seems quite right for you, just pick whichever one comes closest. There are no right or wrong answers.

After completing all 30 questions, you may score your assessment yourself using the Score Sheet included on page 9 (*If you prefer, a representative of Financial Health FCU would be happy to score your assessment for you*). Following the Score Sheet are several pages of information which will provide feedback to you regarding the current state of your financial health. You will also receive some suggestions about ways to address what are some of your financial opportunities and numerous references for other helpful financial information.

There are many resources in the community (*including resources at Financial Health FCU*) which are available at no charge to help people in central Indiana become more knowledgeable about their financial health and more prepared for the future. This assessment tool is one step in that process.

## ABOUT YOUR BANKING RELATIONSHIP

1.1 Select the response below which best summarizes how you feel about financial institutions.

- a. I don't trust banks or credit unions and try to avoid them.
- b. I use a bank/credit union, but I don't really feel comfortable going there. They want people with more money.
- c. My bank/credit union is cordial and polite to me and I realize banks/credit unions are valuable businesses.
- d. I feel very comfortable at my bank/credit union and am a pretty good customer.

1.2 How long have you been a customer/member at your current financial institution?

- a. Less than six months
- b. About a year to 3 years
- c. More than 3 years but less than 5 years
- d. More than 5 years

1.3 Which combination of services comes closest to matching the services you currently use?

- a. I have no bank/credit union accounts or I have a savings account for check cashing purposes.
- b. I have a savings account at one bank/credit union and a checking account somewhere else.
- c. I have a savings account, checking account with direct deposit of payroll and debit card all with one bank/credit union.
- d. I have these services plus home banking, online bill payment and overdraft protection.

1.4 If you needed a small personal loan quickly, which of the following would you likely do?

- a. Ask a relative and if that doesn't work, go to a payday lender.
- b. Contact a finance company such as Citi financial or Springleaf.
- c. I could try my bank/credit union. They might help me.
- d. I know my bank/credit union loan officer. I'd contact her and am pretty sure I'd get the loan.

1.5 How do you pay your bills?

- a. I mostly pay in cash.
- b. I mostly buy money orders.
- c. I usually write checks.
- d. I use an online bill payment service for most bills.

## ABOUT BUDGETING

2.1 Please check the statement which is closest to reality.

- a. I have never had a budget and don't think I need one.
- b. I did a budget once but I don't need one to pay my bills on time.
- c. I have a budget and use it most of the time.
- d. I use my budget regularly and update it frequently.

2.2 A distant relative passed away and left you a little bit of money—\$3,000. What would you do with the money?

- a. I would spend the money on things I want.
- b. I would spend half the money and save the other half.
- c. I would pay off bills and save any that is left over.
- d. I would save the money.

2.3 What would you do if you were completely out of money and payday was two days away?

- a. I would write a check at a payday lender.
- b. I would eat at home, get a ride to work, not go shopping.
- c. I would keep using my debit card because I have overdraft protection or use my credit card because I am not over my limit.
- d. This would not happen to me.

2.4 Everyone has a shopping or spending personality. Check the one that best describes your shopping style.

- a. I live to shop. My idea of a good time is to go to the mall. If I see and I want it, I buy it.
- b. I resist going shopping or going online to shop because I know I have a tendency to buy things that I don't really need.
- c. I am fairly disciplined about shopping. Occasionally I go on a shopping spree, but not often.
- d. I shop with a purpose. Once I've decided what I want/need and know how I am going to pay for it, then I go shopping.

2.5 Which best describes your current monthly expenses?

- a. I have no idea what my monthly expenses are. I just try to pay the bills as they arrive.
- b. I know about what to expect when I open my bills, but my utility bills are different every month, my cell phone charges are all over the place and gas prices are overwhelming me.
- c. I participate in budget plans with the utilities and my rent/mortgage payment is stable but I am sometimes short of cash for car insurance and property taxes.
- d. When I update my budget, I list all of my monthly/biweekly and occasional expenses like insurance and property taxes. I set aside enough money each month/payday to cover everything. I follow the plan.

## ABOUT FINANCIAL GOALS

3.1 My most important financial goal for the next five years is best described as follows:

- a. I will increase my income so I can have a better future.
- b. I will learn how to develop and maintain a savings habit.
- c. I will be in a position to buy a house, go to college (or send a child to college) or start my own business.
- d. I will keep my focus on preparing for retirement.

3.2 Please check the statement closest to reality.

- a. I don't have time to waste time thinking about the future. I have my hands full worrying about this week.
- b. I have some dreams for the future but I don't have a plan for making my dreams reality.
- c. I know that in the future I will have big expenses like weddings, school or buying a house and have started saving for those things.
- d. I am well on my way to achieving my long term goals.

3.3 Check the response that best describes your situation.

- a. The only insurance I have other than health insurance is legally required auto insurance.
- b. I have car insurance, home or renter's insurance and basic life insurance.
- c. I have the above insurance plus short term disability insurance and extra life insurance.
- d. My end of life financial papers such as a will or living will, life insurance and retirement/pension papers are organized in a safe place and family members know where things are.

3.4 Since 2008, many of our long standing beliefs about owning a home have changed due to changes in the economy. Check the one that best describes your housing situation.

- a. I owned a home but lost it to foreclosure or had to sell it at a loss.
- b. I currently rent but am interested in learning more about home ownership.
- c. I own a home but the total cost of home ownership (mortgage payment, property taxes, insurance, repairs and renovations) has me concerned.
- d. I own a home and am comfortable with the payments or have completely paid off the mortgage. If renting, I know this is the right option for me.

3.5 Another change that happened in the last ten years is the increased cost of college and the resulting student loan balances many college graduates have. Which statement is most true for you?

- a. The costs of higher education are just too much for me or my family members to even seriously consider going to college.
- b. I have some savings for college for myself or family members, but I will need grants, scholarships or student loans for a significant part of college expenses.
- c. It's possible that a student loan might be necessary for a small portion of college expenses, but I am in pretty good shape.
- d. Education expenses are in my past or I have the money saved and won't need student loans.

## ABOUT YOUR SAVINGS HABITS

4.1 Please complete this sentence. When I get paid this week:

- a. I will be lucky if I have enough money to buy groceries.
- b. I will be able to buy groceries, pay my bills and put some money in savings for emergencies.
- c. I will be able to do the above and my loan payment will be automatically paid. My next check will cover the mortgage or rent.
- d. All of the above and I will have funds available to invest in my IRA or buy stocks.

4.2 If your car needed \$500 in repairs today. How would you pay for the repairs?

- a. I would try to finance the repairs through the service provider.
- b. I probably have that available on my credit card.
- c. I have enough money in my checking account to write a check or I could transfer \$500 from my savings account.
- d. For convenience, I would pay with a credit card but would pay the full balance when I get my statement.

4.3 Please check the one box below which best summarizes where you keep your savings balances (not counting your employer sponsored retirement plan).

- a. I do not have much in the way of savings at the current time.
- b. Almost all of my savings is in bank/credit union savings, money market or certificate accounts.
- c. I have the above accounts and I sometimes move money to higher yielding investments like stocks, bonds or mutual funds.
- d. I have a diversified portfolio which includes mutual funds, stocks, bonds and/or a Roth IRA.

4.4 Your credit union is offering a one year certificate at a great rate. It requires \$2,000 to open. Check which best describes what you would do:

- a. I don't have \$2,000. I would have to pass on this great rate.
- b. I have the \$2,000, but I would not be comfortable tying it up for a year.
- c. I would buy the certificate for more than the \$2,000 minimum.
- d. I can probably get a better rate of return on a different investment.

4.5 Check the one that best describes your savings plan.

- a. I don't even have a piggy bank and I occasionally borrow from my child's piggy bank. I have no savings.
- b. I only save when I have unexpected money like a tax return, a three pay month or a bonus.
- c. I have some funds direct deposited to my savings account from my paycheck. I have a fair amount saved.
- d. I believe in the "paying yourself first" plan. I budget more than 10% for savings. I think of savings as another monthly expense.

## ABOUT YOUR USE OF CREDIT

5.1 Which of the following best describes what has happened with respect to your credit card accounts in the past twelve months?

- a. I have taken a cash advance on a credit card to pay other bills that were due and my credit card balances have increased.
- b. I don't have any credit cards.
- c. I have paid off one or more credit card accounts and did not borrow money to do so.
- d. I only use credit cards for convenience and pay them in full every month.

5.2 Which of the following statements is closest to the mark with respect to your credit history.

- a. My credit is very bad. I am unable to get credit. I have a low score with judgments, collection items and charge-offs. It's a mess.
- b. I don't have much of a credit history.
- c. I have an average score. At least, that's what my bank/credit union told me when I got my last car loan.
- d. I have outstanding credit. I check my free credit history report every year and I actively monitor my credit.

5.3 Please select the response below which best describes your overall payment history over the last twelve months.

- a. Creditors have taken me to court for failure to pay bills.
- b. Other than rent and utilities, I don't have a lot of bills.
- c. I have been late once or twice on a bill, but it was mostly a problem with not mailing the check on time.
- d. In the last twelve months, I have never been late with a payment.

5.4 In the last two years, I attempted to deal with my credit issues by:

- a. I walked away from my mortgage or my car was repossessed.
- b. I am considering opening some credit card accounts so I can start building a credit history.
- c. I have obtained a copy of my credit report to see if there are any incorrect entries.
- d. I have no current credit problems, but I monitor my credit activity to protect my credit.

5.5 Which of the following best describes the feelings you have about your current debt?

- a. I have far too much debt. It is extremely difficult to keep up with current monthly bills. I have a lot of stress and anxiety about my finances.
- b. I do not have a problem paying my bills, but I'm not sure whether I can afford to buy a car or a house any time soon.
- c. I am able to achieve most of my financial goals, but I do not like owing people money and I sometimes worry about my financial future.
- d. I do not have any debt and that's the way I intend to keep it.

# ABOUT PLANNING FOR SENIOR YEARS

6.1 Your current age is an important consideration in where you should be in planning for your senior years. How old are you?

- a. Between the ages of 56 and 65.
- b. Between the ages of 40 and 55.
- c. Between the ages of 25 and 39.
- d. Older than 66.

6.2 Check which best describes how you picture your life when you retire.

- a. I doubt I will be able to afford to retire.
- b. I expect retirement will be fine. I haven't really focused on it very much yet, but I'm not overly concerned about it.
- c. I'll probably keep working part time to supplement my social security and retirement savings.
- d. I'll be fine financially. I plan to work or volunteer a little for fun and for a good cause.

6.3 When I think about retirement, I often worry that:

- a. I will not have enough money to get by and I will be a burden on my family.
- b. I will have to sell my home or cut way back on my lifestyle in order to make it.
- c. I will not be able to help my children the way I would hope to.
- d. I won't have any one to take care of my house while I travel.

6.4 Please check the statement which best describes your retirement planning.

- a. I really don't have a plan, but I assume social security will be there for me.
- b. My plan is to supplement social security by contributing to my employer retirement program.
- c. I have calculated how much I will need for retirement and am working towards that number.
- d. I am either retired already or close enough to retirement that the planning phase is in my past.

6.5 Which of the following statements best summarizes the things you have done to get prepared for retirement?

- a. I sometimes think about the whole retirement thing, but I haven't focused much time or energy on it yet.
- b. I've gone to the Boat & Camper Show to check out prices on motor homes and boats.
- c. I have read articles and watched TV shows about annuities and reverse mortgages, for example. I sometimes tune in Suzy Orman or other experts about money matters.
- d. I have worked with a financial advisor or financial planner, attended classes or seminars and I keep up to date on financial news.

## FINANCIAL HEALTH ASSESSMENT SCORE SHEET

Scoring is the same for each question in the assessment. Give yourself a score of “1” for every question you answered with the letter “a”. “b” receives a score of “2”; “c” receives a score of “3”; “d” receives a score of “4”. On the scoresheet below enter the correct score for each question, then add up your total for each section. In the TOTAL SCORE box list each of your Section Scores and add them together to get your overall score.

### ABOUT YOUR BANKING RELATIONSHIP

- 1.1 \_\_\_  
 1.2 \_\_\_  
 1.3 \_\_\_  
 1.4 \_\_\_  
 1.5 \_\_\_

SECTION SCORE

### ABOUT YOUR SAVINGS HABITS

- 4.1 \_\_\_  
 4.2 \_\_\_  
 4.3 \_\_\_  
 4.4 \_\_\_  
 4.5 \_\_\_

SECTION SCORE

### ABOUT BUDGETING

- 2.1 \_\_\_  
 2.2 \_\_\_  
 2.3 \_\_\_  
 2.4 \_\_\_  
 2.5 \_\_\_

SECTION SCORE

### ABOUT YOUR USE OF CREDIT

- 5.1 \_\_\_  
 5.2 \_\_\_  
 5.3 \_\_\_  
 5.4 \_\_\_  
 5.5 \_\_\_

SECTION SCORE

### ABOUT FINANCIAL GOALS

- 3.1 \_\_\_  
 3.2 \_\_\_  
 3.3 \_\_\_  
 3.4 \_\_\_  
 3.5 \_\_\_

SECTION SCORE

### ABOUT YOUR SENIOR YEARS

- 6.1 \_\_\_  
 6.2 \_\_\_  
 6.3 \_\_\_  
 6.4 \_\_\_  
 6.5 \_\_\_

SECTION SCORE

**TOTAL SCORE:**        =

Go to the next page to find out what your scores indicate about your FINANCIAL HEALTH.

# Score Sheet Summary

Place an **X** in the box below which corresponds to each of your section scores. For example, if your section score for your **Banking Relationship** was a 15, place an **X** in the box next to:

**13—16**

in the first column, labeled **Banking Relationship**.

**Your Score:**

**17—20**

<input type="checkbox"/>						
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**13—16**

<input type="checkbox"/>						
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**9—12**

<input type="checkbox"/>						
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**5—8**

<input type="checkbox"/>						
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Banking Relationship	Budgeting	Financial Goals	Savings Habits	Use Of Credit	Senior Years

**X's** that are below the **red mid-point line** represent areas of potential weakness in your financial health. Read the corresponding comments on the pages which follow to understand more about what your scores mean and recommended steps to improve your financial health.

## ABOUT YOUR TOTAL SCORE

### ANALYSIS:

This assessment tool is intended to help you determine where you are along the financial health continuum. In the following pages, you may use your scores for each section and the associated comments to identify your areas of strength and weakness. The comments directly below summarize your overall results. As you read the comments, please bear in mind that this is not a precise science. If the comments based on your score do not seem to accurately summarize your situation, you may want to read the comments before and after. They may seem more meaningful to you. We anticipate that you will identify some things you would like to work on which will improve your financial health. Financial Health FCU has many tools to help you make progress.

#### Your Score:

**30—48**

**READY TO START:** Your responses indicate that you have not yet developed a well thought out plan for managing your financial health. We think you are probably ready to start working on this, though. We hope you are because your current and future financial well being are dependent on making progress on the topics this assessment covers. The reason Financial Health FCU has provided you with this tool is because our mission is to help members achieve financial health. We have numerous other tools to help and we are ready to roll up our sleeves and go to work along side you to improve your financial health.

**49—72**

**SURVIVING, NOT THRIVING:** You have achieved a rudimentary level of financial health. You have a beginnings of a stable banking relationship and you are generally paying your bills on time. In order to make that next layer of progress, you need to work on all or most of the following: creating a realistic budget, developing an active savings plan (even if a modest one), establishing some financial goals and working on improving your credit score. Financial Health FCU has many tools to help with these needs and we are anxious to be of service.

**73—96**

**SHIFT TO HIGH GEAR:** You have made solid progress on many of the financial health principles this assessment tool covers. From your individual section scores, you probably can identify one or more weak links in your financial health chain. These weak areas should receive some attention. In general, you also need to become more deliberate, disciplined and precise in your goals and plans in order to make sure you are doing enough to plan for the future. The credit union can help.

**97—120**

**FINE-TUNE THE PLAN:** Your scores say that you have approached the task of managing your financial health seriously and thoroughly. You have done a very good job planning for the future and are well on your way towards the financial security you want. This assessment tool may have identified an aspect of your financial health which could use some strengthening. Otherwise maintain your course and re-assess your financial goals annually.

# ABOUT YOUR BANKING RELATIONSHIP

## ANALYSIS:

In the 21st century, the range of financial services offered by banks and credit unions are nearly, if not literally, necessities of life. It's nearly impossible to rent a car or make airline reservations without a debit or credit card. Employers are increasingly requiring employees to have paychecks deposited through direct deposit. Shopping is easier with a card. Bill payment is more convenient online. ATM's give us access to cash quickly. Interest rates on loans are generally much lower from a bank or a credit union than at most of the alternative lenders. In short, maintaining a good banking relationship has never been more important.

### Your Score:

**5—8**

Your scores in this section suggest that you do not have a well established banking relationship. Perhaps you are young and have not yet established this kind of relationship. Perhaps you have tried in the past, but have had unsatisfactory experiences. It appears as though you may not trust banks. Whatever the reason, not having an established banking relationship will result in higher costs, fewer options, less convenience and insufficient access to credit when you need it.

**9—12**

You have established some accounts, but seem to be reluctant to establish a full relationship. Perhaps your employer's requirements have forced you to open some accounts. Perhaps you have not yet developed an appreciation for the value of today's banking services. Get more information from your bank or credit union and talk to friends and relatives about the services they use. You will save time, money and convenience.

**13—16**

You are well on your way to having the kind of banking relationship that will provide you with the services needed to thrive in the digital, online age we are in. If you have not yet made use of services like online bill payment, overdraft protection, IRA's, now may be the time to think about adding these services. If you have not applied for credit at your financial institution, if you do not know what your credit score is, talk to the loan officer at your financial institution. You will probably need credit in the future. Knowing your banker helps makes for a smoother process.

**17—20**

Congratulations!! You have a solid understanding of the benefits of a well established banking relationship. You realize that the convenience you value is enhanced by today's financial services. You know that you save time and money by managing your banking relationship well. And, you probably have a well established credit history which would allow you to borrow money quickly and easily should you have the need. After establishing a meaningful banking relationship, having a budget to help direct your spending is an important next step.

# ABOUT BUDGETING

## ANALYSIS:

*“If you don’t know where you’re going, any road will get you there.”* Lewis Carroll  
 Similarly, if you do not know what you should be spending your money on, you will spend it on anything. There are very few people who have so much money that they do not need to set priorities for their spending. Setting spending priorities is particularly important for individuals with modest incomes, for individuals with many bills and obligations and for individuals who hope to save money for the future. Establishing spending priorities is generally referred to as having a budget. Budgets are not static or fixed; they need to be updated periodically to remain meaningful.

### Your Score:

**5—8**

Your spending seems to be out of control. You do not have a budget, nor do you seem to have a good handle on what your expenses are. This spending personality has either placed you in a financial fix in the past or is likely to in the future. You probably have a lot of stress in your life about financial matters and are likely to continue to have stress until you are able to curb your impulses and develop a more reasonable spending mentality. You need a budget and should begin the process of developing one immediately.

**9—12**

You do not have a budget, but you have a pretty good sense for what your bills are and have been fairly successful getting your bills paid on time. However, less frequent and less predictable expenses like insurance and cell phone bills, cause you some discomfort. You may have a little money in savings, but you don’t really save with a purpose or a plan. Since you seem to be fairly disciplined, a budget would prove to be a very positive step in building a more organized financial future.

**13—16**

You have a budget. That’s a great start. From your responses, though, it seems as though your budget may not cover all of your needs. For example, if you don’t have things like insurance and property taxes accounted for, you may not have planned well enough for your emergency fund or for other longer term savings needs like college for you or your children, buying a home and retirement. You may need to take a more in-depth look at your budget and think more about your longer term financial goals in order to insure that your budget addresses those goals.

**17—20**

Having a budget, updating it as frequently as needed and following the plan the budget represents surely provides you with a sense of confidence and satisfaction that your finances are in good shape. A good budget is the foundation for a good financial plan. Equally important is establishing short and longer term financial goals which are appropriate for you and your family.

# ABOUT FINANCIAL GOALS

## ANALYSIS:

The difference between a dream and a goal is having a plan to achieve it. Most of us have dreams. Few of us turn those dreams into goals. This assessment confines itself to financial matters, but many of our dreams have a financial aspect to them. Being able to start your own business, sending your children to college, buying a motor home to travel in after retirement are examples of dreams that have a price tag. These may not be your dreams, but you do have dreams. And yours probably have a price tag, too. Turning those dreams into goals with plans to achieve them, may well be the ultimate expression of a financially healthy lifestyle.

### Your Score:

**5—8**

You may be young and believe you have plenty of time to convert your dreams into goals. Goals frequently need time, so you may want to start now. If the above does not describe you, it is time to allow yourself to begin thinking about the future you might hope for. Nothing important or worthwhile comes easily. You may believe you can not achieve your dreams and, if so, you are probably correct. On the other hand, *“Whatever your mind can conceive and believe, it can achieve.”*

**9—12**

You have thought about your future and have some dreams for yourself and your family. However, you have not yet converted those dreams into goals. That is probably your next step in the process. By thinking about the financial component of your dreams and by determining a desired time frame, you would be in a position to establish monthly/annual savings goals for each of your dreams. By including these amounts in your budget you will have a plan for success.

**13—16**

Your responses seem to indicate that you have already taken some of the steps outlined in the section above. You seem to have determined the financial component for your goals and have even begun saving towards them. However, you seem a little uncertain about whether you are doing enough. This is normal. Costs keep rising for virtually everything and it is difficult to be certain how much any future goals will cost. The lesson here is that it makes sense to recalculate the financial cost of your goals periodically and to err on the side of saving extra.

**17—20**

You seem to have taken all the right steps in planning for the future. You have financial goals, have been saving for them and are confident that the plan is working. You may be retired or approaching that phase of your life. If so, now would be a good time to think again about how long your “nest-egg” will last, especially if it’s been a while since you compared your current annual living expenses to the amount in your retirement fund. Even if you are not approaching retirement age, reassessing whether you are saving enough is a prudent next step.

# ABOUT YOUR SAVINGS HABITS

## ANALYSIS:

The single biggest reason many people never achieve their financial dreams and goals is that they never develop an effective savings habit. Too often people convince themselves that they do not make enough money to save any. While, of course, there are a few people for whom this is true, the vast majority of us are able to save some money if we are determined to do so. In addition to saving for our longer term financial goals, life is full of relatively small financial emergencies which get blown out of proportion if we haven't created an emergency fund to handle them. Our peace of mind today and our financial security tomorrow depend on having an active savings habit.

### Your Score:

**5—8**

If your scores put you in this range, the comments here may be the most important comments in this assessment. Even, or especially, if you are very young and/or have a fairly modest income, establishing even a small savings habit is vitally important. The sooner your savings routine is established the sooner you will be able to satisfy one of the first financial goals—establishing an emergency fund. But, most important, the longer you wait to establish a savings habit the more difficult it becomes to do so. You are missing the opportunity to build a more financially healthy future. Also, the “power of compounding” only works if there is a balance to compound.

**9—12**

You have an awareness of the need to save and are having some success putting some money aside. However, you may not have made as strong a commitment to a regular savings plan as you probably should. It seems as though the amount you have in savings is a good start, but not sufficient to meet your long term needs. You may need to reprioritize your budget in an effort to increase the amount you save.

**13—16**

You clearly have the savings bug. You are saving regularly and must have been doing so for a while because you seem to have a decent amount saved. You are beginning to use other kinds of investment vehicles to improve your yield and doing so makes sense, especially if you have several years before retirement age looms. If you have not recently reassessed the amount you are saving in relation to your income or in relation to your financial goals now is a good time to do so.

**17—20**

You have done a really good job establishing and maintaining an active savings habit. Congratulations! You also seem to have enough money saved that you have made the effort to learn about and use more sophisticated investment vehicles to increase your return. If you are approaching retirement age you may need to look at your risk exposure. Should financial markets take a serious tumble you may not have time to rebuild your portfolio. Your good credit standing is also one of your most important assets and needs to be managed just as effectively as your savings.

## ABOUT YOUR USE OF CREDIT

### ANALYSIS:

Many financial experts counsel us to avoid debt or reduce debt in order to reduce money spent on finance charges. Who could disagree? However, the wise use of credit is also an effective financial management tool. Few of us would be successful saving enough money to buy an automobile, let alone a home. For those who travel or shop online, having a credit card is virtually a necessity. At the same time, many people find themselves with more credit than they are able to handle. In order to minimize borrowing costs and maximize access to credit, managing our credit score is vitally important.

#### Your Score:

**5—8**

Your responses indicate that you have too much debt and that you may currently be seriously behind on some bills. This is worrisome. Too much debt jeopardizes other financial goals because the payments drain away your income. If you are behind on payments the risk of a garnishment of wages could be looming. To avoid making matters worse, like going to payday lenders or filing bankruptcy, a debt management program, like the one offered through the credit union, may make sense.

**9—12**

You have indicated that you do not have much credit and are thinking about taking steps to change that. If your lack of credit is the result of credit problems in the past, a good first step to building a positive credit file is to obtain a copy of your credit report and see what is in your file. Depending on what you find, the next step would involve talking to a loan officer about your credit file and perhaps applying for a small loan to begin building your credit file.

**13—16**

You have indicated that you have at least an average credit score and that you are fairly experienced using credit. You may occasionally slip behind on your bills, but you have not indicated that this is much of a concern. You seem to be interested in finding ways to reduce your debt. Boosting your credit score would be an effective strategy which might lead to lower borrowing costs and help get debt paid down more quickly. There are numerous strategies for increasing your credit score depending on your situation. Your credit union or bank should be able to help.

**17—20**

You have done an excellent job managing your credit score and your debt load. You have paid down debt and/or are avoiding incurring new debt. You have the luxury of knowing that credit would be available to you should your situation change. Minimizing debt provides the opportunity to maximize savings. Your disciplined approach to money matters probably means you are doing an equally good job meeting your savings goals, including planning for your senior years.

# ABOUT PLANNING FOR SENIOR YEARS

## ANALYSIS:

At a time when American life spans are increasing (and partly because of that), there is increased concern about whether social security and medicare will continue to provide the level of benefits senior citizens enjoy today. In order to live comfortably in our senior years, we may need to take several additional steps including the possibility of delaying retirement, augmenting social security with part-time work and increasing retirement savings to make up the difference. Whatever your age, this is a very important, long-term financial planning issue. If your senior years are right around the corner, this issue is only more critical and demands your immediate attention.

### Your Score:

**5—8**

Your scores suggest that you are either approaching the traditional retirement age and/or have concerns about whether you are on track for maintaining your current lifestyle in retirement. You worry about whether social security will be there or be enough. No one wants to be a burden on their family. Most of us want to be able to slow down and enjoy our senior years. Given the way you are feeling about this, you must take some steps to assess whether you are doing enough to be ready. There are numerous tools available to help you do this. Have a sense of urgency.

**9—12**

You either have a little more time and/or feel a little less panicked about having enough money for retirement. Trying to be realistic, you have pretty much resigned yourself to the idea that you will need to continue working some after retiring. You fear that you may also have to cut back on your lifestyle in some meaningful way in order to make ends meet. If you have an employer plan like a 401(k), you should be doing enough to maximize the match and then some. You also need to assess how much you will need for retirement and make sure your plan will get you there.

**13—16**

You are feeling relatively unconcerned about your senior years. This is either because you are pretty confident that you have planned well for it and/or because you feel that you have plenty of time left to do what you need to do. You may be correct. To be certain your confidence is well-placed, it would be a good idea to crunch the numbers again soon and to think about putting more in your employer's plan and/or your IRA's or savings. Unfortunately, the younger you are the more important it is for you to make plans to supplement social security and medicare.

**17—20**

You are feeling very confident, financially, about your senior years. You may be very close to or already retired. If not, you feel like you are well prepared for retirement and have the money you will need to enjoy your senior years, perhaps even be in a position to help your children financially or leave some money to your heirs. You have done a great job. Enjoy.

# Self-Assessment Tool

## TOWARD FINANCIAL HEALTH

*An individual without information can't take responsibility. An individual with information can't help but take responsibility. Jan Carlzon*

*Nothing worthwhile comes easily. Work, continuous work and hard work, is the only way to accomplish results that last. Hamilton Holt*

*Good habits are hard to develop but easy to live with. Bad habits are easy to develop but hard to live with. Brian Tracey*

*Often it's the small changes we make in our lives, and the actions we take to support those changes consistently, that help change our lives forever. Brian Kim*

**At Financial Health Federal Credit Union, we believe in the truth of these four statements. When taken together, we believe they represent a powerful message about the most effective ways we can make changes in our lives that result in significant improvement over the course of time.**

**The first step is to acknowledge that there is a need for change.**

**The second step is to take action.**

*Your Journey Toward Financial Health Begins Now*

## NEXT STEPS

Based on the self-assessment I completed, I need to make some changes to prepare for a more financially healthy and secure future. The most important next steps for me to take are:




I am aware that I may contact Financial Health Federal Credit Union for assistance on these steps.