

# The Top-5 Personal Finance Musts

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Being a good money manager doesn't require you to be a math whiz or a financial genius. It *does* mean that you have to pay attention and not ignore any money matters. If you ignore financial situations it could end up costing more in the future. When you keep on top of your finances you begin to establish relationships with bankers, finance managers and creditors. Below are a few steps you can take to begin taking a hold on your personal finances:

**1. Establish an Emergency Savings Account** – Many people may think they don't make enough money to have an emergency fund. It doesn't take much to begin a savings account, but it does require consistency. *Just keep doing it!*

Save \$5 each paycheck, have a hobby you can sell and put the proceeds in a savings account, hold a yard sale and put the money in a savings account. Any amount will help.

Some of the advantages of an emergency fund include:

- Peace of mind
- It will help you reach a financial goal
- It's less expensive than borrowing money
- It begins a relationship with a bank



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**2. Pay Your Bills on Time** – Paying your bills on time reduces finance charges, thereby reducing the total amount you will ultimately pay. It also shows your creditors that you're a responsible and reliable credit risk. When you pay on time you receive better interest rates and better loan terms. Yes, this takes discipline, but it prevents all the problems of bad credit.

**3. Know What Your Credit Report Says** – Your credit report is more than just your credit score. There are three credit reporting agencies - TransUnion, Equifax and Experian. You are allowed one free credit report annually from each of the three agencies from [www.annualcreditreport.com](http://www.annualcreditreport.com). This is the only source for your free credit reports authorized by Federal law.

Your credit report matters because it affects your mortgage rates, credit card approval, apartment requests and job applications. By reviewing the report from each reporting agency you can spot errors or signs of identity theft in time to do something about it.

**4. Pay Yourself First** – Whenever possible, take advantage of your employer's retirement savings plan. Talk to your Human Resources department and sign up today. Some employers have a matching plan, that will allow you to save even more. Many programs have a direct deposit option, so you never see the money and it goes straight into your account where it will continue to grow.

If there is no retirement savings plan, but your employer offers direct deposit, then you can ask for a percentage of your paycheck to go directly into your savings account.

**5. Live Within Your Means** – Part of living within your means depends on your ability to know the difference between wants and needs. Your needs are rent/mortgage, utilities, food, car payments, just to name a few. A need is a reliable car to get you to work, a want is getting a brand-new sports car because you look good in it. Wants must be carefully monitored, kept to a minimum and only purchased after all your needs have been met.

