

# **TD BANK PRESENTATION**

# Building The Better Bank

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**Financial Education  
Managing Your Money**

**2018**



- The Importance of establishing Financial Goals
- Develop a Plan to reach your goals
- Budget & Track your Spending
- Saving & Smart Spending
- Why a Bank?
- What is Credit and how do you obtain it?
- Credit Scores
- Basics about Credit Cards



## Setting goals:

- Helps you reach your highest potential
- Helps you focus on your vision for your life
- Helps drive your efforts and resources
- Makes money management easier
- Is the first step to reaching success

***"The trouble with not having a goal is that you can spend your life running up and down the field and never score." – Bill Copeland***

## ■ What are your financial goals?



**Set specific targets for what you want to achieve and when.**

■ **Short-Term Goals:**

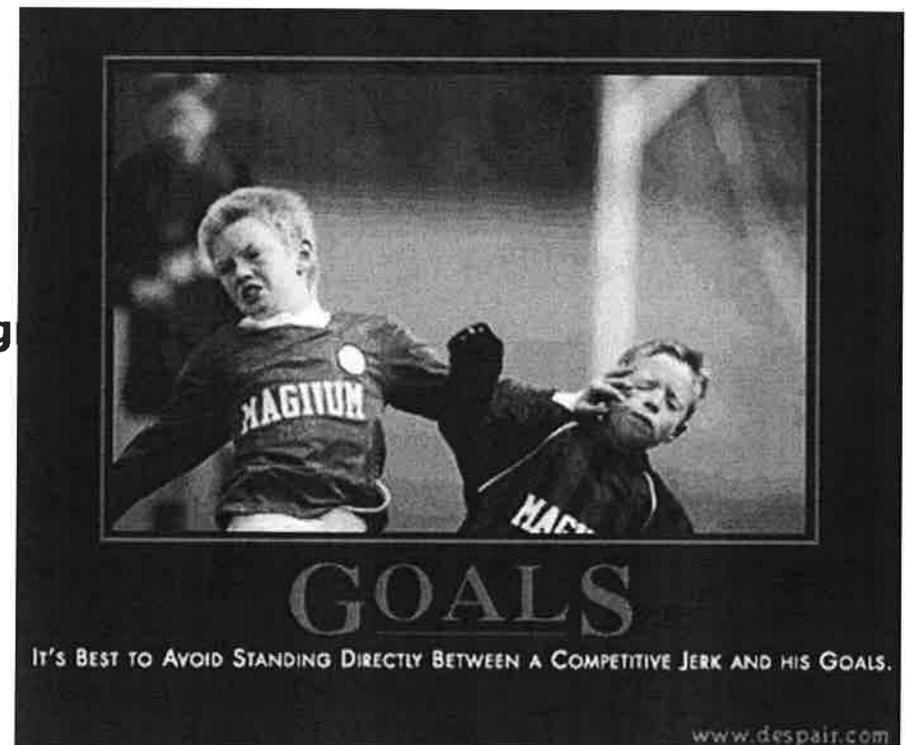
- Accumulate savings
- Pay off a specific debt
- Buy a car

■ **Intermediate-Term Goals:**

- Get college degree/advanced deg
- Buy a house
- Take a dream vacation
- Start a family

■ **Long-Term Goals:**

- Start a business
- Save for higher education
- Purchase a second home
- Retirement





### **Now that you've set your goals for your life, develop a plan to reach those goals!**

- Write down your goals and review them often
- Set priorities and narrow your objectives
- Tell trusted family or friends about your future goals, they can help you be accountable to what you said you would do
- Focus on the objectives/tactics that you can control today
- Be prepared for change
- Always save for a future emergency
- Put time on your side. Start now!

# Build a Financial Budget

## Needs vs. Wants



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***Budgeting* is the process of making your needs and wants fit with the money you have.**

Evaluate your needs vs. wants. List examples.

<b>NEEDS</b>	<b>WANTS</b>

## Build a Financial Budget (continued)



- Set spending and savings goals
- Prioritize your bills and expenses
- Prepare a master budget worksheet for income & expenses
- Evaluate and control spending weekly, monthly and yearly

*Living within your budget can help ensure you're able to get what you need and have money aside for the things you really want.*

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*You may have to sacrifice some of the small things you want so you can have the bigger more important things you want.*

# Sample Budget Tracking Sheet



	July				
	w1	w2	w3	w4	Total
<b>Mortgage/Rent</b>					0
<b>Car Loan</b>					0
<b>Car Insurance</b>					0
<b>Gas/tolls/parking</b>					0
<b>Car repairs/maint.</b>					0
<b>Credit Card</b>					0
<b>Food</b>					0
<b>Clothes/Shoes</b>					0
<b>Hair cuts/nails</b>					0
<b>Cell Phone</b>					0
<b>Savings</b>					0
<b>Entertainment</b>					0
<b>Total =</b>					0

August				
w1	w2	w3	w4	Total
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0

- Saving over time allows you to accumulate money for big purchases
- The bank pays you interest when you keep your money in a savings account. Interest is a percentage of the total money you keep in the account
- It's a good idea to put away at least 10% of what you earn into a savings account
- It's important to put money away for emergencies (car repair, job loss) and for specific goals (education, car, vacation)
- Make saving money automatic. Arrange to have money withdrawn from your checking account or paycheck to go directly into a savings account every week/month/paycheck. The money will add up fast!
- The sooner you start saving, the more money you'll have for your future goals.

## 10 Tips on Smart Spending



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- **1. When in doubt about a purchase, don't buy it.**
- **2. Everyday try to cut down on expenses.**
- **3. Reduce entertainment costs. Ex: Matinee or rent a movie.**
- **4. Eat at home or pack a meal instead of eating out.**
- **5. Shop during sales and use coupons.**
- **6. Check out books and music at your library.**
- **7. Shop with a list and stick to it.**
- **8. Try to repair an item before buying a replacement.**
- **9. Buy used rather than new whenever possible.**
- **10. Spend only 90% of your income. Save 10 % for big-picture items.**

## Why a bank?



- A bank is the safest place to put your money
- It's easier to manage your money when you have it in a bank account
- Banks offer various types of accounts and services to help you manage and save your money successfully
- You might lose it, forget where you put it or be burglarized
- The money you put in the bank is FDIC insured up to \$250,000
- Check cashing places charge you fees to cash your check. Fees can vary depending on location and check amount.

- Checking accounts provide a convenient way for Customers to pay bills, deposit income and write checks.
- There are many different types of checking accounts fit for different Customer's needs and vary on minimum balance required and benefits.
- Balancing Your Checkbook:
  - A method of verifying your record of deposits and withdrawals.
  - This is done using a check register, which is used to record all the activity within a checking account.
  - This should be done frequently!

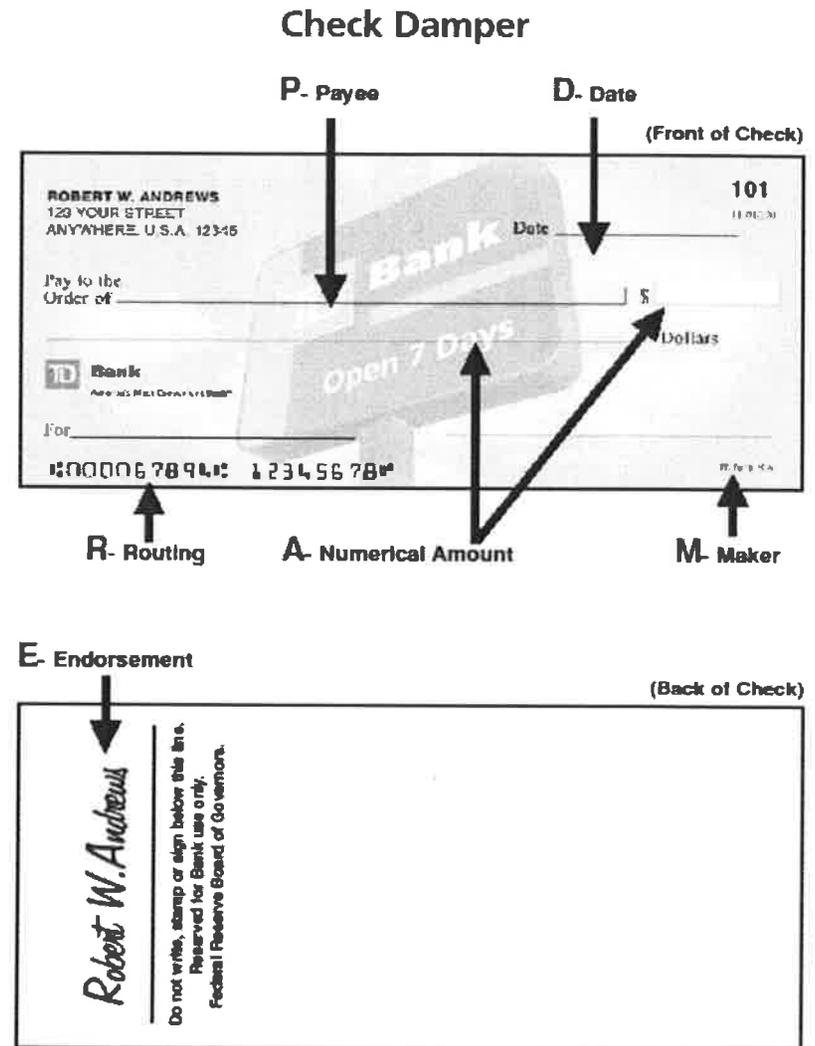
## **Why should you balance your checkbook regularly?:**



- Keeping good records will help you notice any errors on your banking statement.
- To eliminate unwanted banking fees incurred when your account is overdrawn.

# 6 Parts of a check

- **Date:** The date the check is issued.
- **Amount:** This is the amount of money to be paid to the Payee.
- **Maker:** The person responsible for the amount shown above. A signature is used to approve the money written in the Amount box.
- **Payee:** This is the person getting the money written in the Amount Box.
- **Endorsement:** A signature of the person cashing or getting the amount in the Amount Box.
- **Routing Number:** Identifies the bank the check belongs to.





**Credit** is when a bank agrees to buy a product for you and trusts that you will pay them back over time. This could be in the form of a credit card or a loan.

- In order to get credit you have to ask for it. Fill out an application.
- The bank will give you credit if you've proven yourself to be a responsible person.
  - They can find out by running a credit report that lists how you've handled credit in the past.
  - They will also base their decision on the money you have or expect to receive as well as what you own.
  - The bank will put a limit on the amount you can borrow to protect you from spending more than you're able to pay back.
- You must repay the amount you borrow in a timely manner or it will have a negative affect on your credit score and will show on our credit report.



**480**

**640**

**782**

**A Number**

**690**

**522**

**That Can Change**

**Your Life**

**810**

**836**

**734**

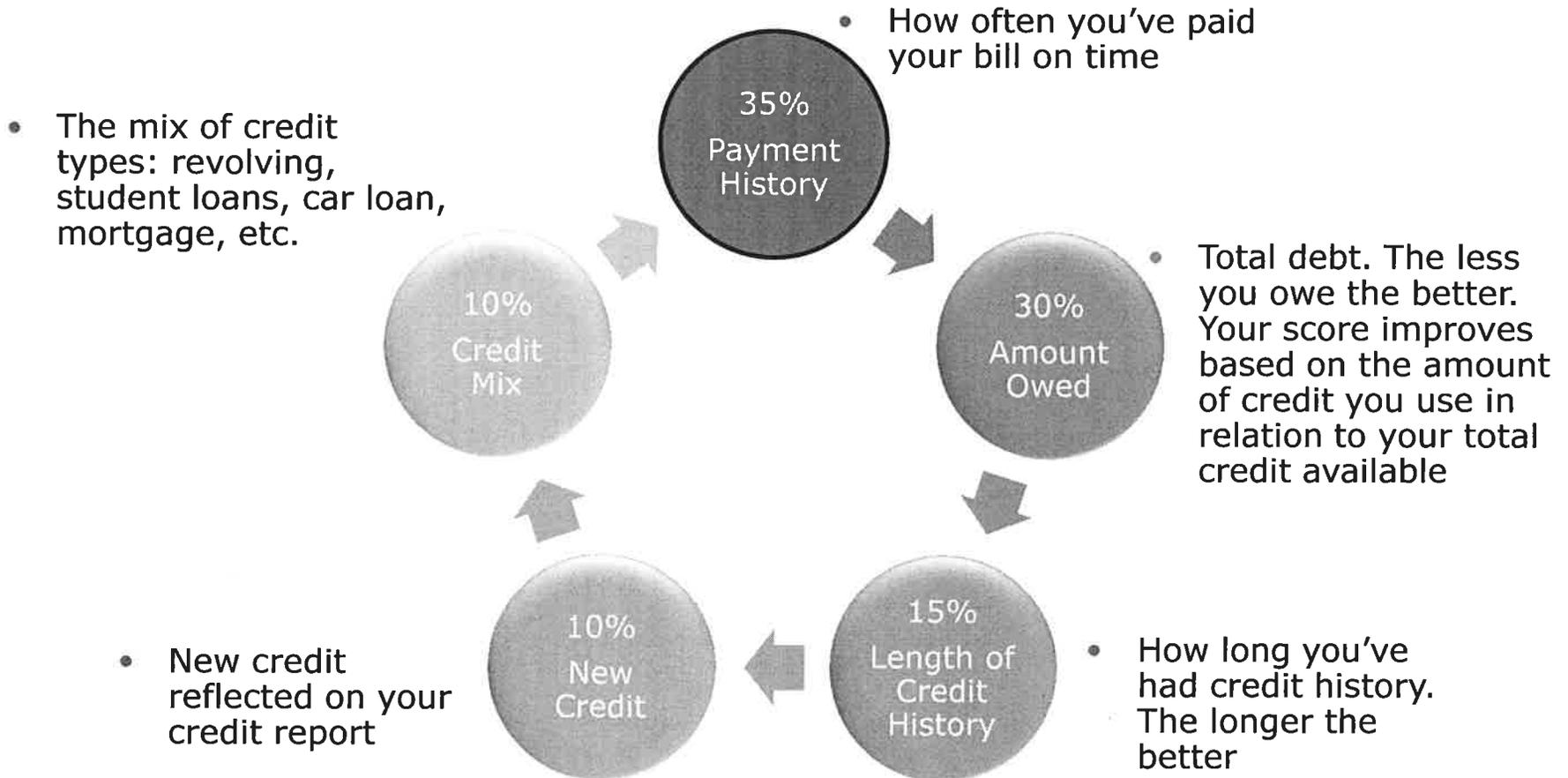


- Credit score is a numerical expression of a person's creditworthiness, scores range between 300 and 850

Poor	Fair	Good	Excellent
349 - 619	620 - 659	660 - 749	750 - 849

- 750 and up = Excellent! You can save up to 4% interest payment than borrowers with lower scores
- 660 and up = Good borrower!
- Below 660 = Sub-prime borrow; you will pay higher interest for a loan
- Below 620 = Very difficult to obtain a loan
- It is used by lenders to predict the likelihood that a borrower will repay his or her debt before approving the loan request.
- Credit influences your daily life in many ways, such as car insurance, buying a home, renting an apartment, or applying for a job.
- It provides a snapshot of your credit risk level at a given point in time.

## Five Factors that Determine Your Score



## Pros

- Convenient to use
- Helps you build solid credit history
- Immediate access to things you need in an emergency
- Record keeping through statements
- Earn rewards points with purchases

## Cons

- It makes buying easy, but can result in overspending
- Reckless use can put you in debt
- The cost to you in interest and fees

### **\*\*\**Things to consider:***

- Read the fine print about special offers
- Know the APR (Annual Percentage Rate)
- Do they charge an annual fee?
- What's the balance transfer fee?
- Know your credit limit and never go over!

## Test your knowledge...

**You have a \$3,000 balance on your credit card with an 18% interest rate. If you pay 2% of the balance each month, how long will it take to payoff the credit card:**

- A. 37 years, 7 months**
- B. 10 years, 10 months**
- C. 8 years, 4 months**
- D. 7 years, 2 months**



The Answer is ... A



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## Pay As Much As You Can!

**Balance: \$3,000 Interest Rate: 18%**

<b>% of Balance Paid Each Month</b>	<b>Interest</b>	<b>Time to Pay Off</b>
<b>2.0%</b>	<b>\$7,930</b>	<b>37 years, 7 mos.</b>
<b>4.0%</b>	<b>\$1,716</b>	<b>10 years, 10 mos.</b>
<b>5.0%</b>	<b>\$1,240</b>	<b>8 years, 4 mos.</b>

**YOUR THOUGHTS? SURPRISED?**

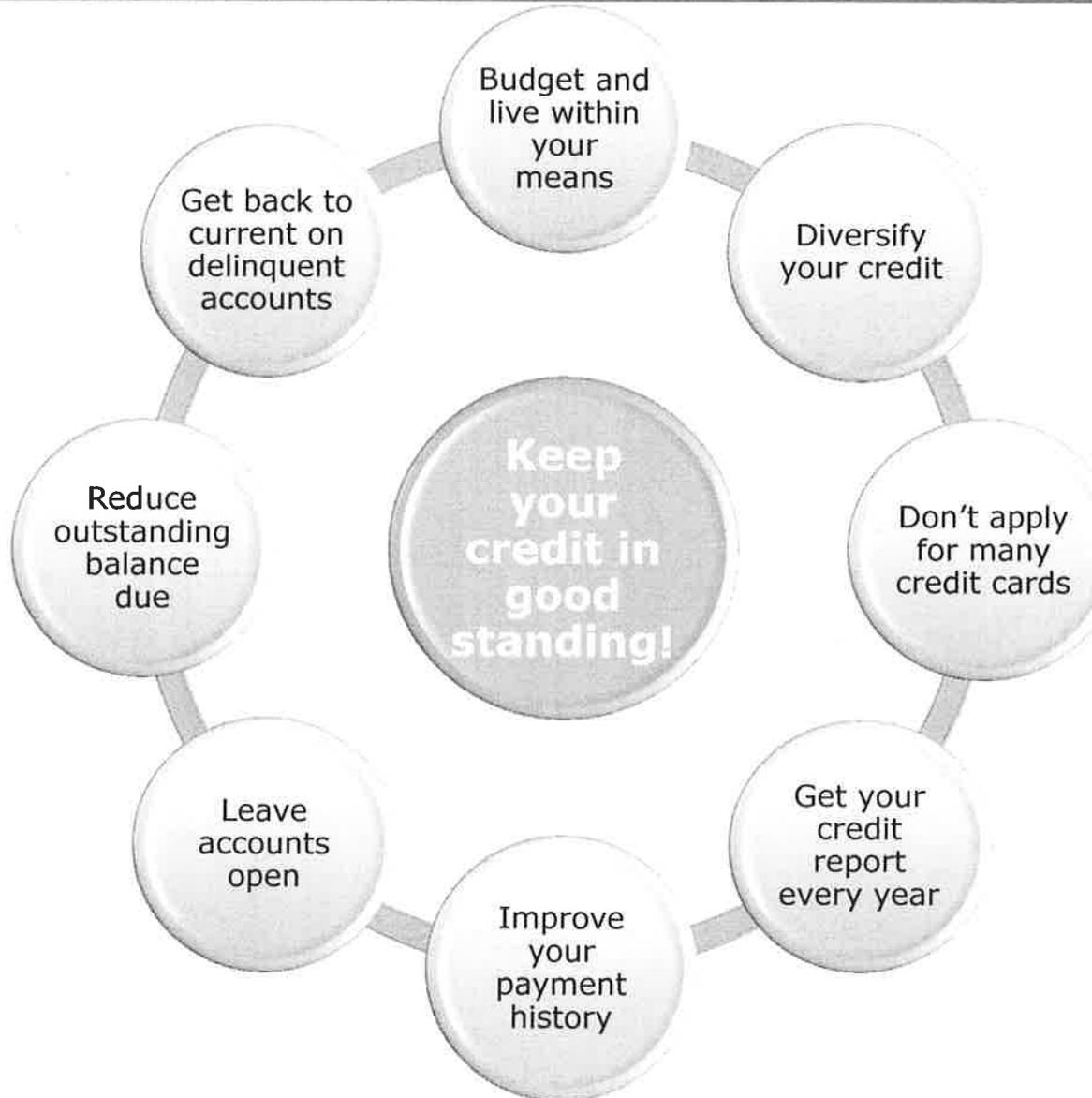
### **Do's:**

- Do pay your bills on time
- Do pay more than the minimum balance and pay in full if you can
- Do keep your balances low
- Do contact your creditors if you are having trouble making ends meet
- Do shop around for the best interest rates and no fees

### **Don'ts:**

- Don't open new credit cards that you don't need
- Don't charge purchases to your credit card that you can't afford to pay off
- Don't close credit card accounts even if you don't owe anything on them, it can hurt your credit score

# Ways to Keep Your Credit in Good Standing



# Any Questions?



Tanya D. Matthews  
Sales & Service Manager, AVP  
TD Bank  
105-109 Mulberry Street  
Newark, New Jersey 07102

