

# Budget, Saving, & Credit



  
MERRIMACK  
—VALLEY—  
**HOUSING**  
PARTNERSHIP  
January 2025

# Budget



A budget is a spending plan based on income and expenses



A tool for managing your finance



Estimates your income and expenses for a period of time with designated categories



Allows you to plan how you earn, spend, and save your money over a specified period of time

## Budgeting for Homeownership

Save for a downpayment



Determine how much home you can afford



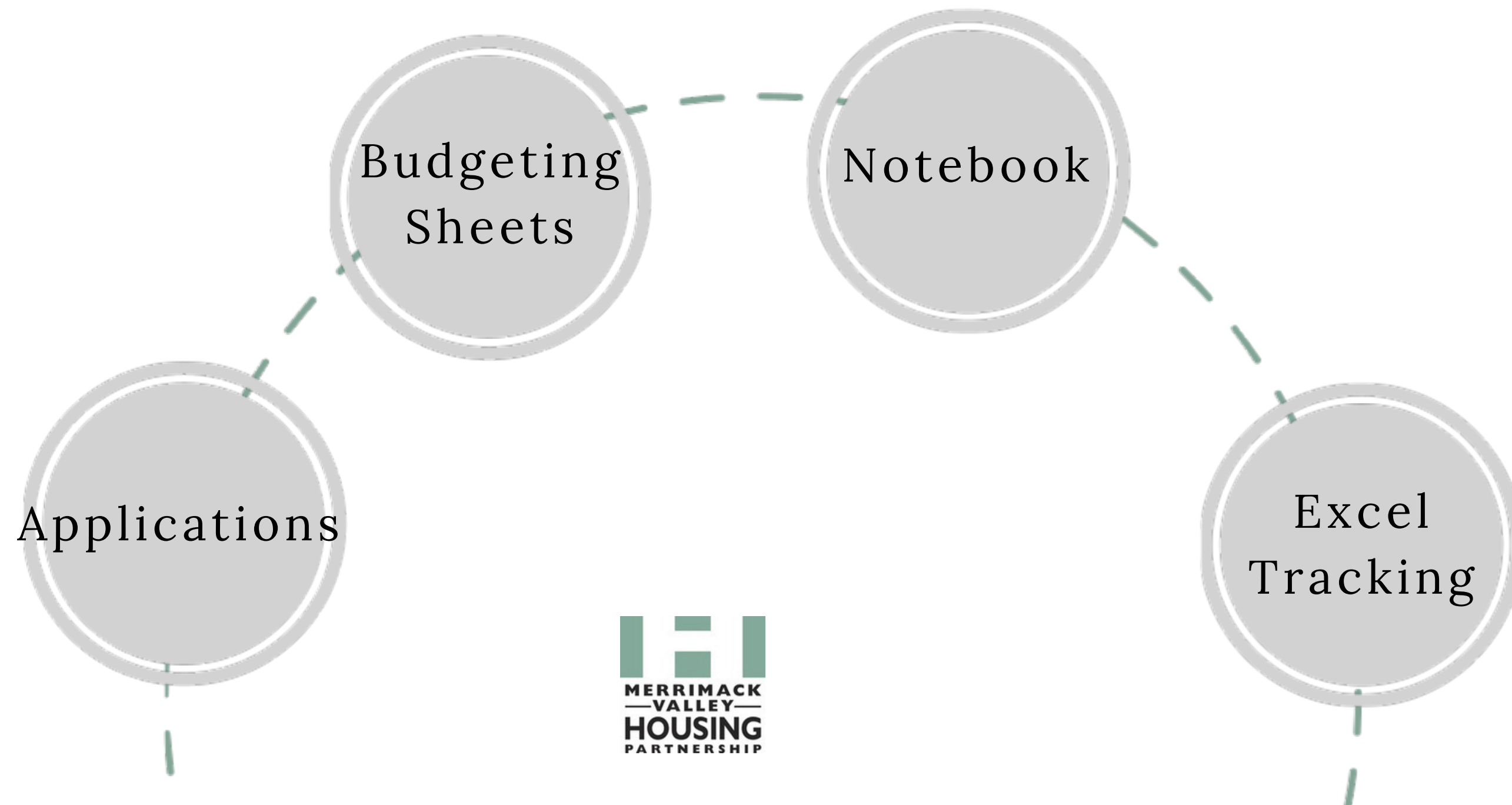
Prepare for expenses post-purchase



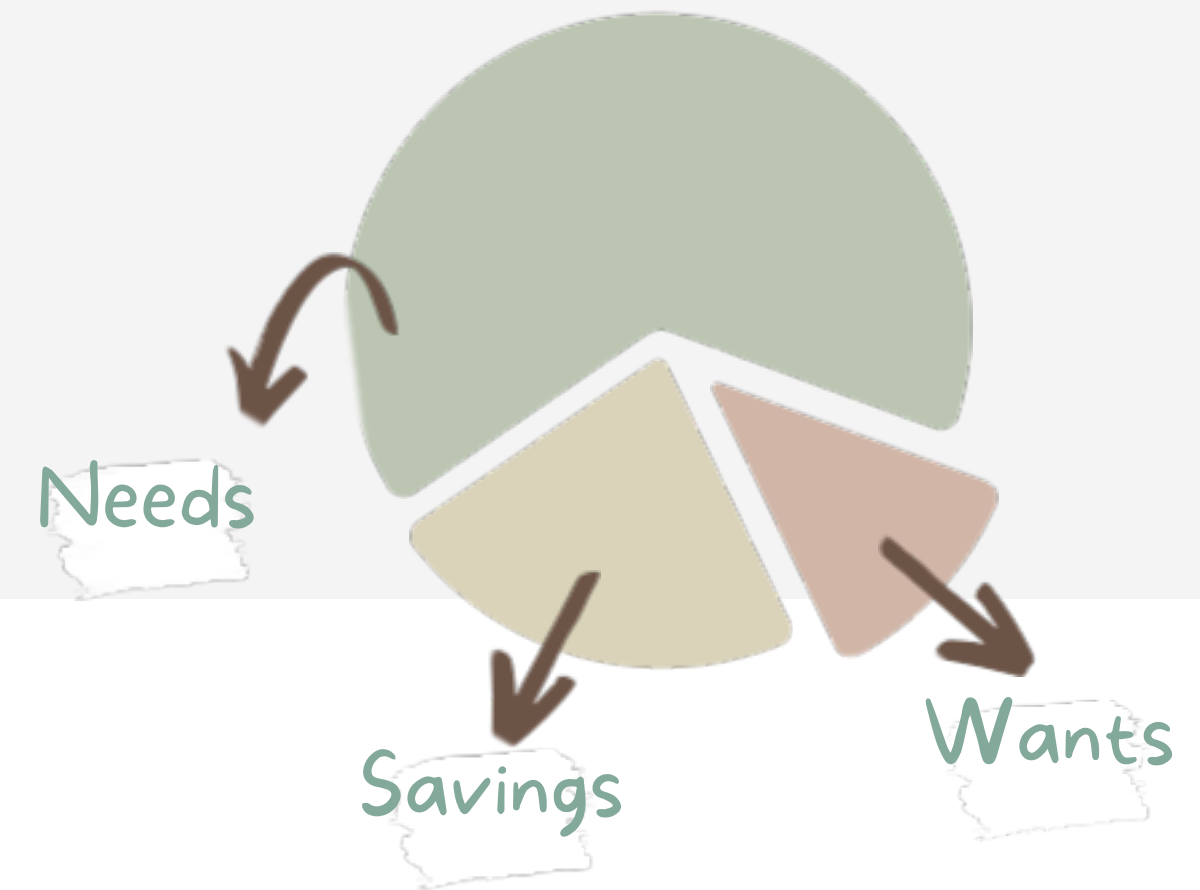
# Poll Question



# Tracking Your Budget



# Calculating Income



Net Income

is used in Budgeting.

Gross Income

is used for Qualifying for a Mortgage.

## Identifying Types of Expenses

**Needs:** Any expense that is required for survival. You cannot reasonably live without needs expenses, but can sometimes negotiate or decide how much you are willing to spend.

**Wants:** Any expense that is under your control. You can decide if or how much you will spend on these.

**Savings:** Contributions to savings accounts or costs that come up throughout the year that you need to budget for in advance.

## Strategies to Increase Income

- 1 Find a second job
- 2 Work Overtime
- 3 Negotiate for a higher salary/wage
- 4 Sell Assets
- 5 Hold Yard/Garage sales
- 6 Teach a skill/craft/activity



## Strategies to Decrease/Prevent Debt

- 1 Reduce or Eliminate Impulsive Purchasing
- 2 Conserve Energy Usage
- 3 Cancel/Downgrade Subscriptions/Services
- 4 Groceries Couponing/Unit Prices on Groceries
- 5 Automate Savings with employer's direct deposit
- 6 Update income with Credit Card company
- 7 Utilize Tax Refunds towards paying down debt



# Pop Quiz



# Credit



What is Credit?



What is a Credit Report?



What is a Credit Score?





# What is Credit?



Credit is the ability to borrow money or access goods or services with a contractual agreement that you will pay the lender at a later time.



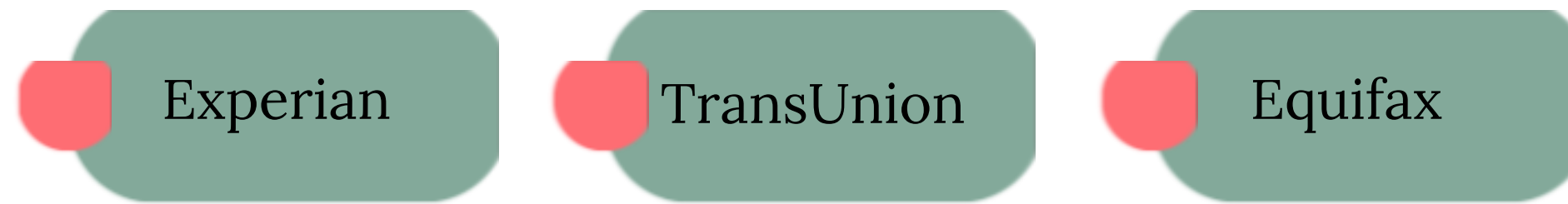
Your credit report is a detailed history of your behavior utilizing credit, including your history or borrowing and paying back your debt. It like a report card of your credit.



Credit score is a numerical expression based on a statistical analysis of a person 's credit.

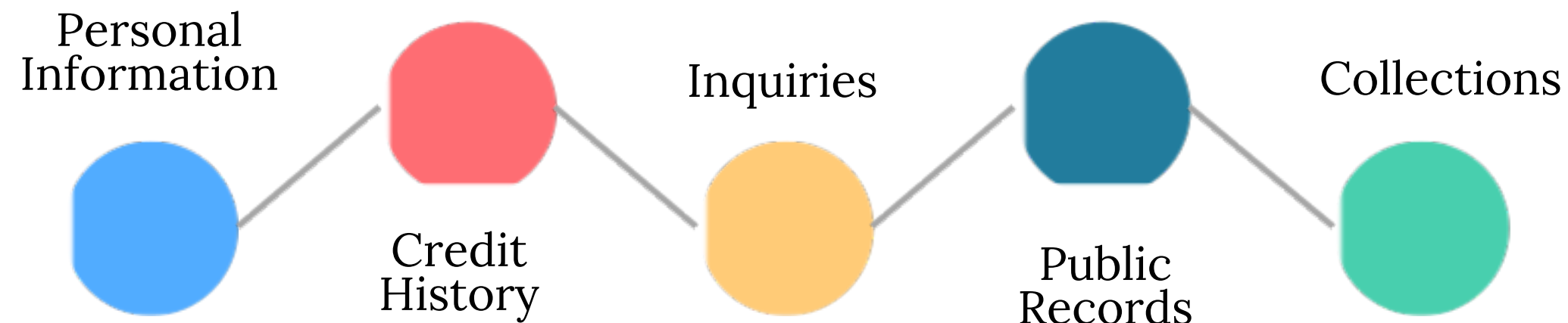
# How to Obtain your Credit Report?

There are three national credit bureaus:

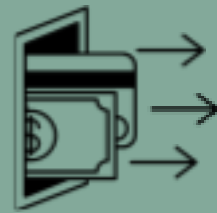


- You can receive one free credit report annually at [www.annualcreditreport.com](http://www.annualcreditreport.com)

# What information will you find on your credit report?



# Types of Credit



**Revolving Credit**  
Credit Cards

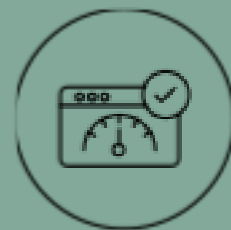


**Installment Loans**

Personal loans, Car loans,  
Home loans, Student loans

\*\*Service accounts are not considered credit – Utilities, ie., gas, light, cable, cellphone

## FICO 10T and VantageScore 4.0



**Credit Score (Fico 10T) and  
(VantageScore 4.0)**

is based on varies aspects of  
your credit file



**Score Range**

from 300 to 850

\*\*Please check back for new updates on Fico 10T and VantageScore 4.0\*\*

**35%**

**PAYMENT HISTORY**

**15%**  
**AGE OF  
YOUR CREDIT  
ACCOUNTS**

**10%**  
**NEW CREDIT**

**10%**  
**CREDIT MIX**

**30%**

**UTILIZATION RATE**

# Factors That Influence Your Credit Score



# Positive Impacts to Your Credit Score



Paying your bills  
on time



Keep your credit  
utilization at 30%  
or lower



Keep accounts in  
good standing



Avoid opening  
new accounts



Maintain  
manageable  
debt

# Beware of Credit Repair Scams

Walk away if they:

Ask you to pay before providing services

Recommend you not contact the credit bureaus directly

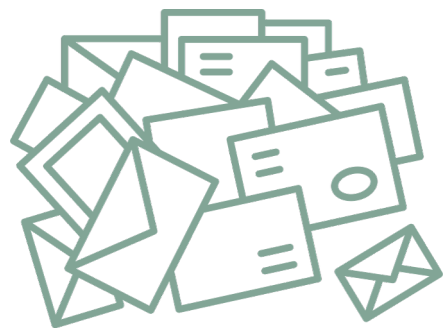
Say they can remove negative credit information from report even if it is accurate

For More  
information to  
protect yourself  
please visit:  
Federal Trade Commission  
or the three National Credit  
Bureaus

# Opt Out of Firm Offers with [OptOutPrescreen.com](https://www.optoutprescreen.com)



When you apply for a line of credit, **The Fair Credit Reporting Act (FCRA)** allows your name to be added to a list that credit firms can use to solicit credit lines and insurance. These offers are called “**Firm Offers**”.



Once you are added to the creditors’ list, **multiple credit firms** may try to offer you **unsolicited deals**. These Firm Offers can quickly pile up and become a nuisance.



The **FCRA** allows you to opt out of being on this list. The Website [OptOutPrescreen.com](https://www.optoutprescreen.com), will allow you to **Opt-Out** from receiving any Firm Offers from credit firms.