



INTRODUCTION TO UNDERSTANDING CREDIT

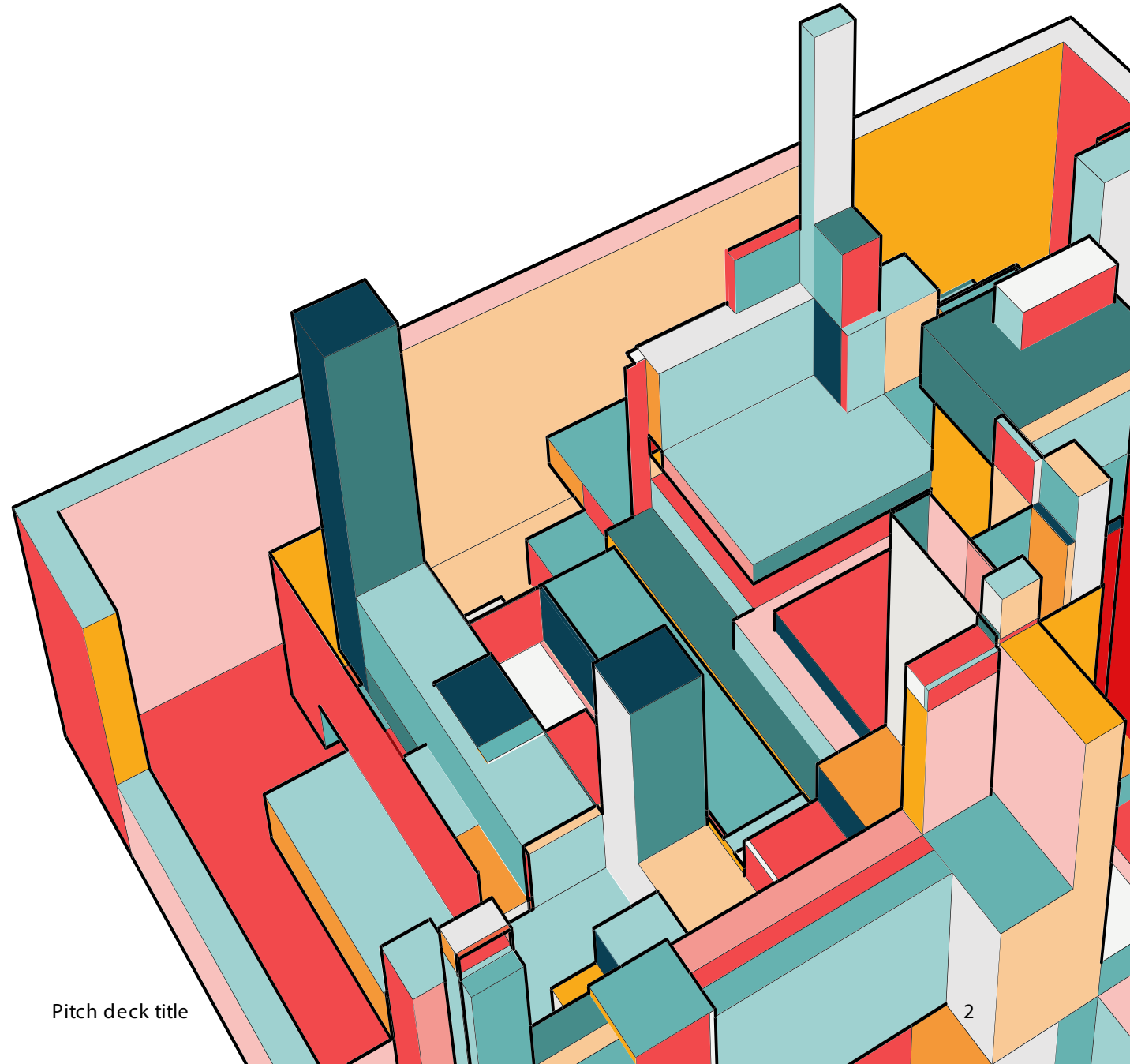
Kearny Bank

Mortgage Officer

NMLSID 1599939

ABOUT US

Founded in 1884 as a New Jersey building & loan association, Kearny Bank was established to help our local friends and neighbors to succeed. Now a vital part of 45 communities across the region, and with assets exceeding \$8 billion, we have the opportunity to help a lot more people—all while still maintaining the essence of a true community bank.



TOPICS

What is Credit /Debit

- Debit – Money from your personal account
- Credit – Money loaned to you from a Bank

How does a budget/savings relate to Credit

- Treat yourself like a business
- Understand your assets and liabilities
- Use your savings to leverage credit

The Credit Mindset

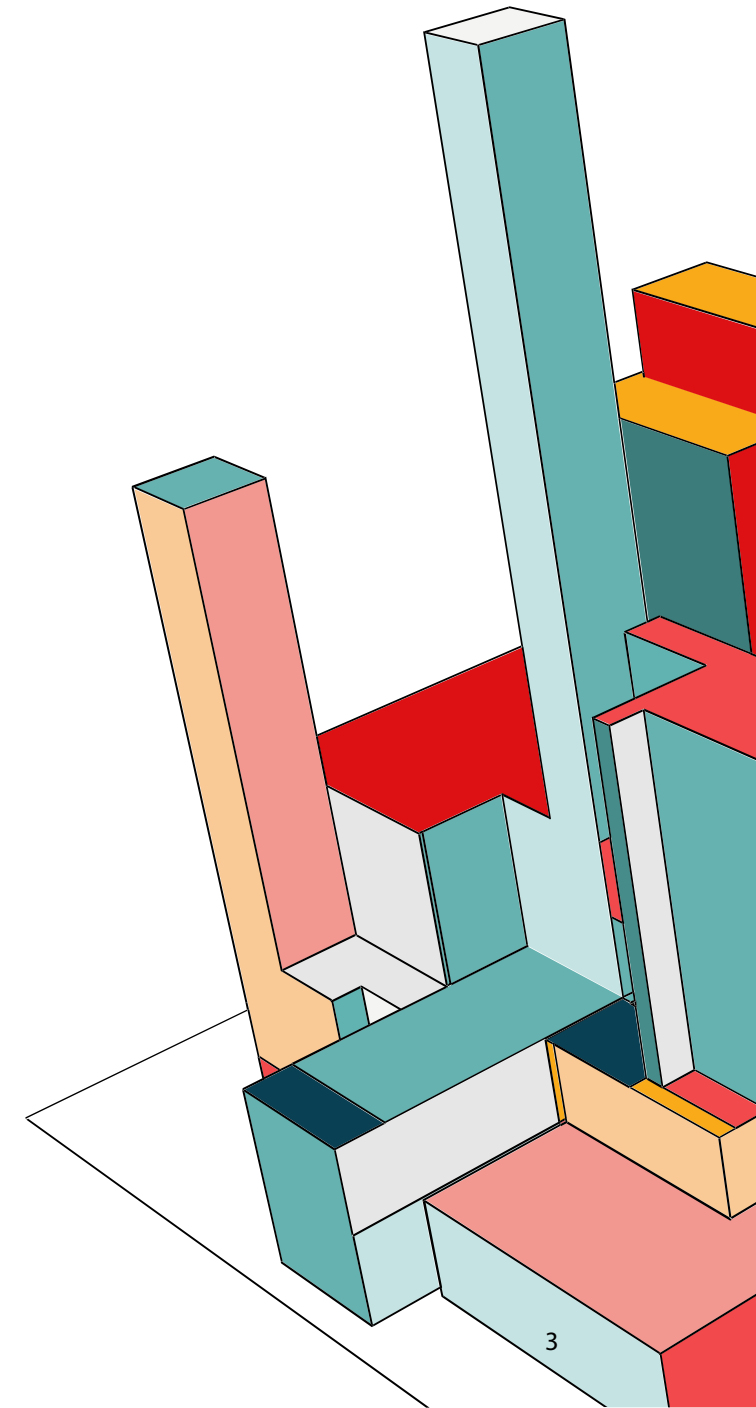
- Treat Credit like it is Cash
- Never pay Interest

Credit Benefits

- Reward Points
- Cash Back

How to Manage Credit

- Payment History
- Utilization
- Installment Loans
- Revolving Cards





CREDIT AND DEBIT

Credit

The ability of a person to obtain goods or services before payment, based on the trust that payment will be made in the future. It is a business transaction. It is legal and binding. It is also a personal reflection of willingness to repay and your ability to repay.

Debit

A debit is a record of money taken from your bank account.

Picture credit: Credit Cards 101 (Credit Card Basics 1/3) – Money Coach on Youtube



DEEPER LOOK AT CREDIT

IT is not Free Money

Banks charge interest on any unpaid balance at an average of 15% to 30%

Failure to Pay in Full will costs you more Money and put you in debt

Failure to Pay on Time can damage your reputation

Responsible Use of Credit Can Build Your Credit Score

Picture credit: Credit Cards 101 (Credit Card Basics 1/3) – Money Coach on Youtube

WHAT IS A CREDIT SCORE

Credit Score

A credit score is a three-digit number, typically between 300 and 850, designed to represent your credit risk, or likelihood you will pay bills on time. Creditors and lenders consider our credit scores as one factor when deciding whether to approve for a new account.



BUDGET - SAVINGS – CREDIT RELATIONSHIP

Budget – Assets and Liabilities

Income

(-) Fixed Expenses & Other Expenses

(=) Residual Income for Savings

Budget Adjustments

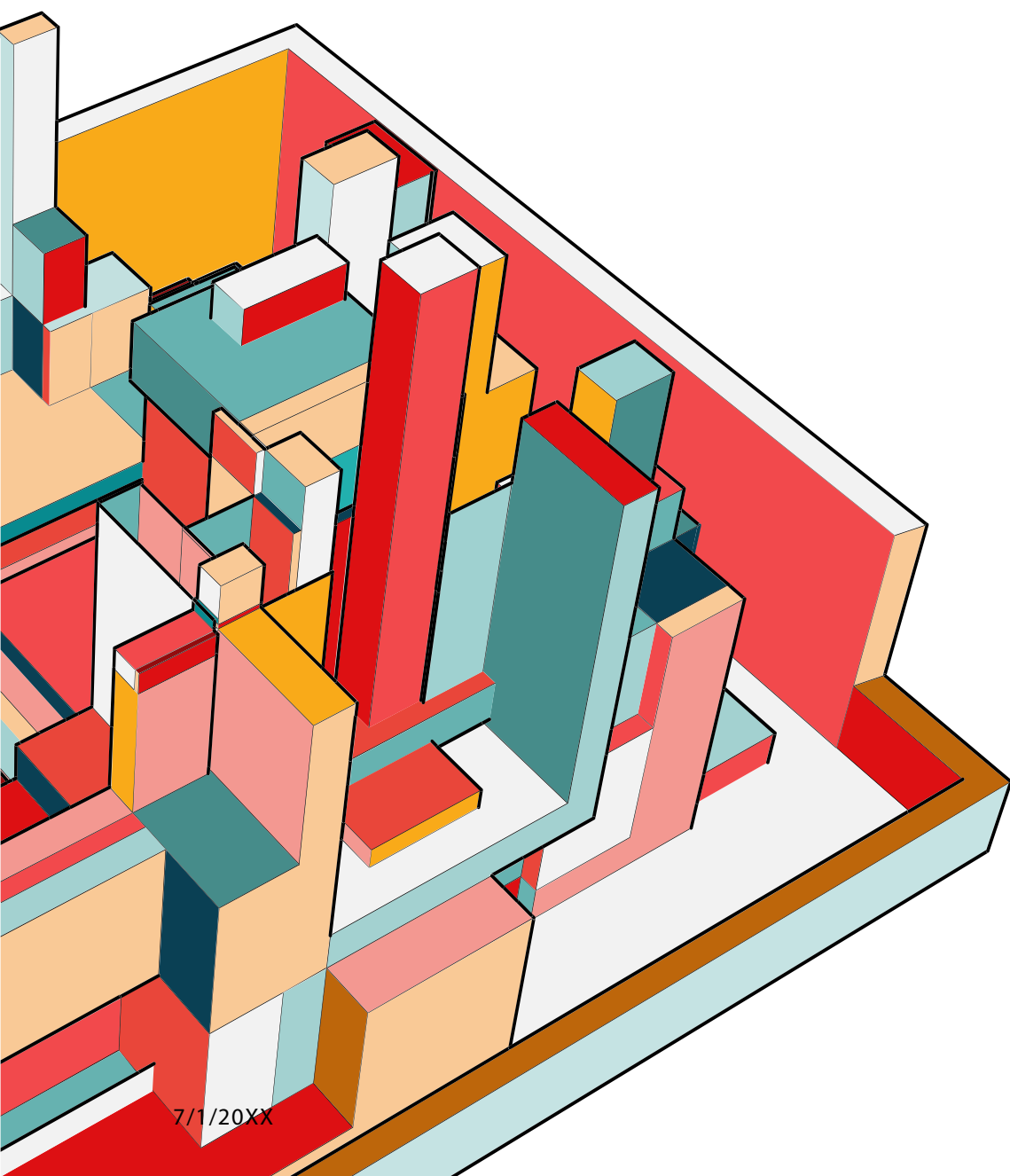
In a Budget, you may eliminate some expenses to increase savings. However, it is limited. What you want to do is always finds ways to increase your income or streams of revenue.

Savings – Bank Residual Income

- 10% or More of income put away for a rainy day
- Average goal is 6 months of all expenses

Credit – Based on Savings

Borrower only what you can payoff when due



THE CREDIT MINDSET

- AVOID PAYING INTEREST BY ALWAYS PAYING IN FULL ON OR BEFORE THE DUE DATE
- AVOID USING CREDIT BASED ON WHAT YOU PLAN TO EARN AS A SOURCE OF REPAYMENT

WHY?

- ANYTHING CAN HAPPEN
- PLANS DON'T ALWAYS HAPPEN AS WE PLAN THEM

BE VERY MEASURED AND MODEST IN USING CREDIT

- Borrower based on needs more than wants
- Treat credit like an asset that saves you time and/or money

Picture credit: Credit Cards 101 (Credit Card Basics 1/3) – Money Coach on Youtube

HOW TO OBTAIN CREDIT

STUDENT CREDIT CARDS

OFFERED BY BANKS TO COLLEGE STUDENTS
WHO WORK AT LEAST A PART TIME JOB

SOMEONE ADDS YOU AS AN
AUTHORIZED USER TO THEIR
ACCOUNT

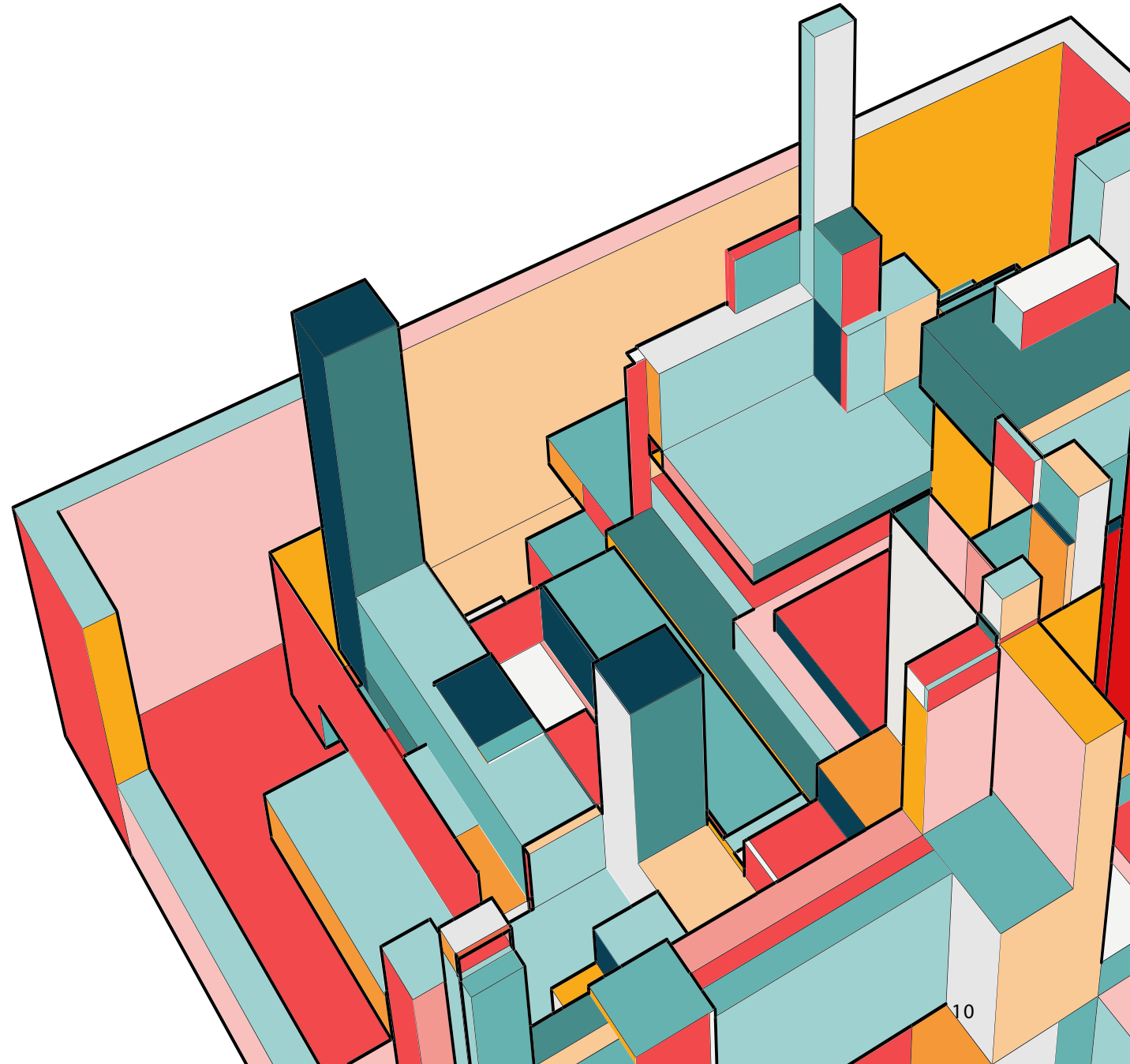
SECURE CREDIT CARDS

YOU MAY OPEN BY GIVING THE BANK YOUR
MONEY AS COLLATERAL FOR A CREDIT CARD

SOMEONE CO-SIGNS FOR YOU

A PARENT ADDS ACTS AN EQUAL PAYER OF
YOUR LOAN

QUESTIONS



THANK YOU

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