

MECU

BEGINNER'S GUIDE TO LEARNING

FINANCIAL LITERACY



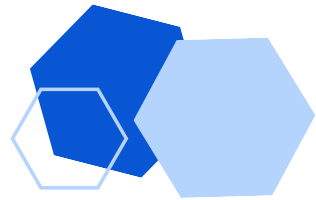
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Series 1

FINANCIAL LITERACY

WHAT DOES IT MEAN?

Financial literacy generally means understanding money topics such as what is a bank account, income, budgeting, saving, investing, as well as how interest rates work and why credit scores matter.



WHAT IS A BANK ACCOUNT AND WHY DO YOU NEED ONE?

There are different types of bank accounts available that serve different needs for account holders. When people talk about bank accounts, they're usually referring to either a checking or savings account.

A bank account is a place for you to deposit and withdraw funds, make payments for bills due, transfer money to another person or institution.



MOST BANKS OFFER THESE 2 PRODUCTS AMONG OTHERS.

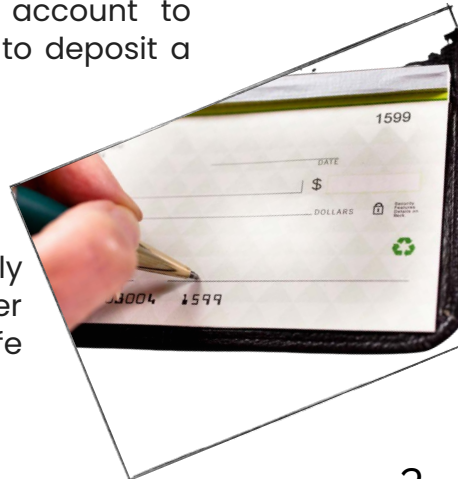
SAVINGS*

A savings account is a basic type of financial product that allows you to deposit your money and typically earn a small amount of interest while your money is in the account. With a savings account, you can maintain a liquid state - meaning you can access your funds whenever you want.

CHECKING*

A checking account offers easy access to your money for your daily transactional needs and helps keep cash secure. You can typically use a debit card or checks to make purchases or pay bills. Most employers will allow you to have your payroll funds directly deposited into your checking account to avoid making trips to the bank to deposit a physical check.

*These accounts are federally insured up to \$250,000 per account owner and offer a safe place to deposit your money.





WHAT IS CREDIT? HOW DO I ESTABLISH CREDIT?

Credit is the ability to borrow money or access goods or services with the understanding that you'll pay later.

You can establish credit in several ways. For starters, you could open a credit card in your name or ask a parent to add you to one of their credit cards as an authorized signer. You could take out a loan to purchase a car or go on a vacation.

CREDIT SCORES

Although ranges vary depending on the credit scoring model, generally credit scores from 580 to 669 are considered fair; 670 to 739 are considered good; 740 to 799 are considered very good; and 800 and up are considered excellent.

WHAT MAKES UP YOUR CREDIT SCORE?

- 40% of your score is based on your payment history (on-time payments or delinquent payments*)
- 23% of your score is based on how much money you've spent on your credit cards or accounts that have credit limits.
- 21% of your score is based on credit age.
- 11% of your score is based on the mix of your revolving credit and installment accounts.
- 5% of your score is based on the number of recently opened credit accounts and credit inquiries.

Credit scores are calculated by the credit scoring agency. There are 3 major reporting agencies in the US. Experian, Equifax, & Transunion. Different providers make up your credit score using different methodologies. One model might use the method above.





WHAT ACTIONS WILL HURT YOUR SCORE?

- Missing payments or late payments
- Credit cards at capacity (maxing out credit limits/using all available credit)
- Shopping for credit excessively
- Opening up numerous trades in a short time frame
- Having more revolving debts in relation to installment debts
- Closing credit cards
- Borrowing from finance companies



HOW CAN YOU IMPROVE YOUR SCORE?

- Payoff or pay down on your credit cards
- Do not close credit cards
- Move your revolving debt into installment debt
- Continue to make payments on time (older late pays will become less significant with time)
- Slow down on opening new accounts
- Acquire a solid credit history with years of repayment history

HOW TO MONITOR YOUR CREDIT

Once you have begun to establish credit, you may want to sign up for a credit monitoring service or you may get a free credit report from AnnualCreditReport.com. This site offers one free credit report every 12 months from each of the three credit bureaus. (Transunion, Experian, Equifax)

Monitoring your credit is important because if there's a new inquiry or account on your credit report that you don't recognize, it could be an indication that someone is using your identity to fraudulently open accounts. You'll want to act quickly to file a dispute with the credit bureau and resolve the matter.



DON'T WAIT—START NOW

By this point, you probably realize why your credit is important and the benefit of establishing your credit as early as possible.

The next step is to decide which type of accounts you want to open and how you're going to make sure you can make on-time payments and monitor your progress. Then you'll be on the road to financial independence.



CREDIT UNION VS. BANK: WHAT IS THE DIFFERENCE?

A credit union is similar to a bank in many ways-- but credit unions are smaller, non-profit institutions. Because they are non-profit, credit unions can typically offer better rates on products than a bank.

Credit Unions usually have eligibility requirements, such as living or working in a certain area, etc.



CONTACT US TODAY TO GET YOUR MEMBERSHIP STARTED WITH

The logo for MECU, with 'ME' in green and 'CU' in blue.



Municipal Employees Credit Union

Ph. 405-813-5500

Branches located at:

- Downtown Branch-101 N. Walker Ave., Oklahoma City, OK 73102**
- South Branch-8812 S. Walker Ave., Oklahoma City, OK 73139**
- North Branch-1201 NW 178th St. Ste 113, Edmond, OK 73012**
- Council Branch-9012 N. Council Rd., Oklahoma City, OK 73132**