



BEING FISCALLY FIT: A FINANCIAL LITERACY GUIDE

Introduction to Financial Literacy

Being financially literate means understanding how to manage money. This can range from knowing how to pay your bills, how to obtain a loan, how to save, or how to spend your money wisely. While it is important to be wise in your financial dealings with other people - like donating to a cause of your choosing or lending money to a loved one - your financial health starts with you.

Financial Literacy is a journey. Just as life ebbs and flows, so do your finances. While attending a seminar or asking for help when faced with questions about your finances may seem daunting, we hope this guide can serve as a first step toward educating yourself and moving forward with *Kavanah* (intention) in your financial well-being.

Rabbi Elai said: "In three matters a person's true character is ascertained; in his cup, i.e., his behavior when he drinks; in his pocket, i.e., his conduct in his financial dealings with other people; and in his anger. And some say: A person also reveals his real nature in his laughter."

- Eruvin 65b



Brought to you by
Jewish Free Loan in
partnership with
The Women's
Leadership Institute



Bank Accounts

The first step to managing your money may be as simple as opening a bank account, often known as a checking account or savings account. Being able to organize and access your funds will make it easier to keep track of your spending and get advice on how to get the most out of your banking experience.

Some things to know:

- Most bank accounts are free as long as you maintain a specified daily balance or have direct deposit set up for the account.
- Most banks have different tiers of accounts, so it is possible to obtain a bank account no matter what your income is.
- By opening a bank account, you also become a member of that bank and will have a variety of services and professionals available to you for help and guidance.
- According to an online search, some of the most recognizable banks in the United States include:

- JP Morgan & Chase Co.
- Bank of America Corp.
- Wells Fargo & Co.
- Citigroup Inc.



www.nerdwallet.com offers a side-by-side comparison of different bank accounts.

When deciding to open a primary bank account, also known as a checking account, it is important to consider opening a savings account. A savings account functions similar to a checking account; however, it often has monthly limits for the amount of money you can withdraw and transfer from the account. One way to contribute to a savings account is to “pay yourself first” by designating a certain amount of your paycheck to be deposited into the savings account each month.

Other services and tools offered by banks:

-Credit and Debit Cards	-ATM services
-Online/Mobile Banking	-Loans
-Insurance	-Mortgages
-Notary services	-Financial Consultation
-Investment services	

Credit vs. Debit

Once you open a bank account, most banks will offer an ATM card so you can take funds out of your account from ATM kiosks no matter where you are. Often an ATM card also works as a debit card. With a debit card, instead of having to take physical cash out of the bank, you can use the card to make a purchase at a business and the money will transfer directly from your account to the business's account.

Similarly, many banks offer credit cards. A credit card allows you the same ability to pay electronically, but instead of the money coming out of your account right away, the bank hosting the credit card pays the business and then you owe money to the bank. This allows you to make purchases without having to transfer the money right away. Some people choose to save their money until the end of the month and then pay off the transactions on their credit card all at once. Most credit cards have a limit to how much you can spend before making a payment. This credit limit can change based on how timely you pay off your transactions. Please keep in mind that there are interest charges connected to credit cards. If you do not pay your credit card balance in full each month, you will owe more money to the bank/credit card company than you originally spent on your purchases.

Credit cards also allow you the ability to establish credit history. For more information on credit history, please see “credit scores” on page 4.

Budgeting Tools

Once you have your money organized into an account, it is important to decide how you want to spend and save your money. At times, this can take quite a bit of analysis, but there are many resources to help you formulate a household budget.

The following tools are a few of the many online resources that can help you identify patterns in your spending, create budgets, and offer tips on how to save.



- Mint is a free online tool that can analyze your spending habits, help you create budgets, and notify you when you're outside of your budget.
- Mint works by uploading your account information to their secure online portal. Then it organizes all your most recent transactions into categories to help you understand what you are spending your money on and where you are most frequently spending it.
- From there it creates monthly budgets for each of the different categories. You also have the ability to change the categories, create your own budget amounts, and date your transactions.
- This is available by computer or on your phone through their app.



- Create your own budget with simple MS Office budget templates.



- Digit is a downloaded app that links to your bank account.
- Once downloaded, you tell digit how much you want to save and what your saving goals are. Based on the timeframe and the amount of money you want to save, Digit takes money from your account each day and holds it in a separate account.
- Digit services are based on your income and spending.
- You can earn 1% annually on your Digit savings.
- All funds in your Digit account are held at FDIC-insured banks and are insured up to a balance of \$250,000.
- Digit can be downloaded in your app store.
- Please Note: There is a monthly fee for Digit.

*These products are examples of service providers.
JFL does not endorse any specific product. We recommend
consulting a professional financial advisor .*

*Ben Zoma says: Who is the wise one? He who **learns** from all men, as it says, "I have acquired understanding from all my teachers" (Psalms 119:99). Who is the mighty one? He who conquers his **impulse**, as it says, "slowness to anger is better than a mighty person and the ruler of his spirit than the conqueror of a city." (Proverbs 16:32). Who is the rich one? He who is **happy** with his lot, as it says, "When you eat [from] the work of your hands, you will be happy, and it will be well with you" (Psalms 128:2). "You will be happy" in this world, and "it will be well with you" in the world to come. Who is honored? He who **honors** the created beings, as it says, "For those who honor Me, I will honor; and those who despise Me will be held in little esteem" (I Samuel 2:30).*

-Pirkei Avot 4:1

Credit Scores

A credit score is a very important indicator of your financial health. Equifax, Experian and TransUnion are the primary credit bureaus. Based on many different factors, they assign scores ranging from 300 (high risk) to 850 (low risk). Anyone who opens a credit card and starts making payments on a credit card will start to accrue a credit history.

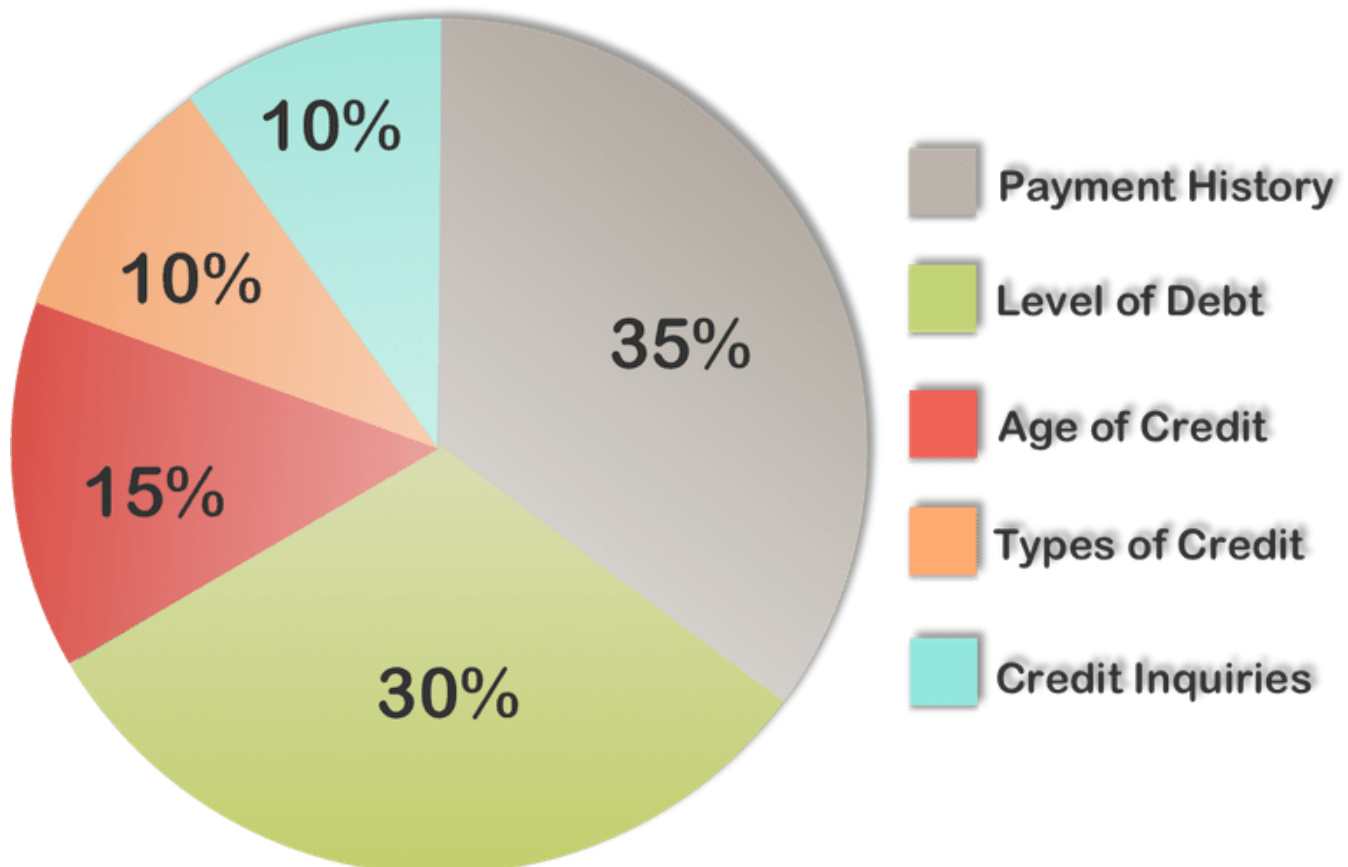
Your credit history is essentially a record of how often you borrow, how quickly you repay and how much you owe. Having a good credit score is extremely important as it will follow you throughout your life. Your credit score will be looked at when



you apply to rent or buy housing, apply for certain employment, apply for a credit card, apply for a loan or want to purchase or lease a car.

There are a variety of events or transactions that contribute to your credit score. These can be categorized into “good” and “bad” as they are either good for your credit or bad for your credit.

Your Credit Score



Ways to accrue “good” credit:

- Borrow money and pay it back on time and in the full amount.
- Keep your credit balance low when compared to your credit limit.
- Avoid opening too many credit accounts.
- Keep your accounts open for as long as possible. Try to avoid canceling credit cards whenever possible.
- Check your credit report annually to keep track of errors.

Having good credit and, thus, a good credit score, will make it easier for you to borrow money and become eligible for better interest rates. Based on your credit score, banks will be able to determine if they can rely on you to pay back the money you want to borrow. Employers may also look at your credit score to see how financially responsible you are. This is why it is very important to be aware of “bad” credit. “Bad” credit will lower your credit score and make it much harder for you to get a loan, rent or buy a house/apartment or qualify for credit cards.

Ways to accrue “bad” credit:

- Not paying back borrowed money on time and/or in the full amount.
- Repeatedly missing credit card payments or making late payments.
- Canceling credit cards.
- Maxing out your credit card.
- Opening too many credit accounts.

Luckily, credit ratings can improve. If you find you have a low credit rating, but take the necessary steps to start making prompt payments, and be responsible with your credit usage, it is possible to raise your credit score over time. By reviewing your credit report you can see where there is room for improvement and make better decisions moving forward in order to have a fiscally fit future!

There are many free tools that can help you check your credit score.

www.nerdwallet.com is a great place to start.

Debt



Graphic by Greatist; The Ultimate Guide to Managing Money in Your 20s:
<https://greatist.com/happiness/personal-finance-guide-infographic>

Identity Theft

Identity theft is when someone uses your Social Security number or other personal information, such as a credit card number, to open new accounts, make purchases or even file taxes. The Federal Trade Commission, a government organization, provides step-by-step advice and resources to help you report identity theft and recover your personal information. It is important to report fraud to your local authorities as well as place an alert on your credit report.

What are the warning signs?

- Receiving a notice from the IRS.
- Seeing unfamiliar accounts on your credit report.
- Strange withdrawals or charges on your accounts or your accounts being frozen without your knowledge.
- Receiving bills that are not yours.
- Getting calls about debts you do not owe.

How to protect your identity:

- Review your credit card and bank statements often. Note any unfamiliar transactions and investigate.
- Know your payment due dates and when you should be expecting bills to arrive.
- Review your healthcare statements and ensure that your claims match the care you receive.
- Shred any documents with personal information.
- Review your credit report annually.



Interest-Free Loans

An interest-free loan is a great option if you are in need of a large sum of money to reach the next milestone in your life. This type of loan can also provide an important resource if you are facing tougher times.

We hope that you will consider Jewish Free Loan if you are looking to borrow money. JFL is one of the only interest-free loan options in the Phoenix Area. When you borrow from JFL, you stay within the community. As you pay back the loan, you have peace of mind knowing that you are replenishing funds that will help someone else in the future.

Jewish Free Loan offers funds for the following categories:

- Adoption/Fertility Treatments
- Crisis/Emergency Situations
- Debt Consolidation
- Education (Jewish & Secular)
- Higher Education
- Home/Car Repair
- Israel Experiences
- Life Cycle Events
- Medical/Dental Needs
- Senior Services
- Small Business
- Special Needs/Disability Assistance
- Summer Camp
- And more...

For more information, please visit
www.jewishfreeloan.org or call (602) 230-7983

Traditional Loans

Interest-bearing loans are an option if you are in need of some assistance to reach your goals, however they come with a serious amount of responsibility. Life can get complicated and if your income becomes limited, sometimes payment isn't possible. Most lenders understand that situations like this occur and have precautions in place in case you are faced with circumstances like unemployment or health problems. Qualifying circumstances can make you eligible for deferment or forbearance of your loan, which allow you to postpone or reduce payments. These options are dependent on your loan services, so make sure to talk to your advisor for more information.



Beware of “Payday” and “Title” Lending!

PAYDAY LENDERS offer short-term cash loans. In most exchanges, all you need is a postdated check, often your next paycheck, in order to secure the loan. The amount of the check you write will usually include the loan total as well as a small service fee. The downside of these loans is that they often come with interest rates that accrue up to as much as 400%, which often make it almost impossible to pay off the loan. In addition, there are usually late fees or penalties for not paying off the loan and accrued interest on time.

TITLE LENDERS offer short-term loans in exchange for your physical assets. The lender will appraise the value of your vehicle or property and lend up to a certain amount of the value. Often, a borrower only has 30 days to pay back the loan before they are hit with interest charges. These charges can accrue up to 300%. If you fail to repay the loan and interest on time, the lender will acquire your physical asset.

In order to pay back these types of loans, borrowers often take out other loans. This creates a cycle of constant borrowing and the borrower is eventually unable to be relieved of their debt leading to bankruptcy, eviction or worse.

**Please be aware of these types of loans
and stay away!**

Scholarships and Grants

Interest-free loans are the safest way to borrow money, but if you feel you're not ready for the responsibility of a loan, another option is to apply for a scholarship or grant. Most scholarships and grants are awarded based on an application process and the money is gifted to the recipient and does not need to be paid back. Scholarships and grants are available for many different experiences, including:

College and Higher Education: www.studentaid.ed.gov

High School in Israel Programs: www.jewishphoenix.org

Jewish Summer Camp: www.jewishcamp.org

Grants for Creating a Program or Experience for the Community: www.jcfphoenix.org

Investing

Investing is one way to make your money work for you. By investing, you have the opportunity to make your money grow. However, investing also comes with risk. Different investing options offer more or less risk and, subsequently, a different rate of return. Generally, the higher the risk, the higher rate of return and the lower the risk, the lower the rate of return.

So where to begin? When there are so many options, it is **important to speak with a professional** to figure out what choices are best for you based on your financial situation. One option is to meet with a financial advisor. Most commission-based advisors are paid based on the services they sell to you. Essentially, you do not need to pay the advisor, however, some of the services you use may incur a fee. You can use www.nerdwallet.com to help begin your research into using a financial advisor.

If you're not ready to take the plunge into hiring an advisor, one option is to use an online investment service.



- Wealthfront believes in "passive investing." "Passive investing" works by investing in low-cost diverse funds and waiting over a longer period of time for return on your investment.

- You can set-up a Wealthfront account by visiting their website (www.wealthfront.com) and linking your bank account. Once linked, you have the option to set up direct deposits from your checking or savings account into your investment account.
- Wealthfront shows your investment trajectory over 40 years, depending on how much you contribute.
- Direct deposits are not necessary. You can also deposit lump sums whenever you want and Wealthfront will map out how your investments might grow.



- Acorns is a downloadable app that can be found in your app store. Once downloaded the app will ask you to link your credit card.
- Once linked to your credit card, acorns invests the change from each transaction you make. For example, if a transaction is \$1.50, Acorns rounds your transaction to \$2 and sends the 50-cents to your investment portfolio.
- This app may help you save money while also investing in a diversified portfolio.
- This app has a sliding-scale fee structure.

These products are examples of investment service providers. JFL does not endorse any specific investment product. We recommend consulting a professional financial advisor .

Types of Investments	Description
Savings Accounts	Provide a safe way to save money and draw interest on the balance (total amount in the account).
Money Market Accounts	Draw a higher interest rate than a traditional savings account, but usually have a minimum balance requirement.
Certificate of Deposit (CD)	Funds are placed into a CD for a fixed period of time and fixed interest rate.
Stock	Purchasing stocks allows you to buy part ownership of a company and you make money or lose money as the value of the stock increases or decreases depending on the stock market.
Bonds	Loan money to a government or company, who issues you a bond promising to repay you at a fixed rate of interest on a specific date.
Mutual Funds	Invest in a professionally managed fund that can include a combination of stocks and bonds with various risk factors.
Retirement Accounts	Various options are available to invest for your future retirement needs. Keep in mind that many employers offer a 401k, 403b, or other type of retirement program and may provide a match to your contributions. Take advantage of a contribution match any current or future employer provides. This match is provided as part of your compensation package and will help you meet your investment goals.

Graphic by Mapping Your Future; Financial Literacy Guide:
<https://www.mappingyourfuture.org/downloads/financialliteracyguide.pdf>

Other Resources:

Federal Trade Commission: www.consumer.ftc.gov

Financial Tips and Tricks: www.nerdwallet.com

Investing: www.investing.com

Jewish Free Loan: www.jewishfreeloan.org

Mapping Your Future: www.mappingyourfuture.org

MoneyMoments Program of MidFirst Bank: www.moneymoments.com

360 Degrees of Financial Literacy: www.360financialliteracy.org

MONTHLY BUDGET

TOTAL EXPECTED INCOME

[illegible]

TOTAL INCOME

TOTAL EXPENSES

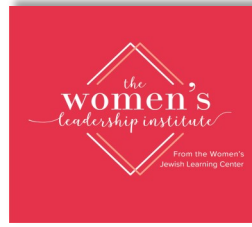
DIFFERENCE

This image shows a full page of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page, typical of notebook paper. There are no margins, text, or other markings on the page.



About the Author: Jessielyn Hirschl

As a member of the Women's Leadership Institute (cohort three), Jessielyn Hirschl was charged with the task of using her new leadership skills to make an impact on the Jewish community. Realizing this was no small task, she wasn't sure where to begin. Luckily, Jessielyn soon met Ellen Friedman Sacks, and a partnership was born. Ellen explained that JFL was looking to create a financial literacy resource guide and Jessielyn was immediately inspired. After creating this guide, Jessielyn joined Jewish Free Loan's Community Outreach and Engagement Committee. After two years on the committee, a full time role opened up and Jessielyn is now the Marketing & Communications Manager for Jewish Free Loan.



About the Women's Leadership Institute

The Women's Leadership Institute was established by Rabbi Elana Kanter with the goal of offering accessible and creative Jewish learning for women in the Greater Phoenix area. Through many classes and gatherings, women of all different walks of life come together to study text, literature, and values. One of the annual programs offered by the WLI is the Women's Leadership Cohort. In this experience, a group of women are selected from a pool of applicants to take part in a year-long leadership training program, which includes being paired with a mentor. During this journey, each participant is charged with finding a way to impact the Jewish community by partnering with an established organization or creating a program of their own.

For more information: www.womenlearning.org



Jewish Free Loan (JFL) was established in Phoenix in the late-1940's when a group of Jewish men began to meet informally to provide small, interest-free loans to Jewish individuals in need. In 1950, JFL was incorporated into a formally-recognized nonprofit organization dedicated to growing the work started by this visionary group. Over the years, JFL has grown significantly to include a full-time staff, a diverse board of directors, dozens of named loan funds and resources to promote the financial health of Arizona's Jewish community. JFL's ability to fulfill their biblical directive is dependent upon the generosity of donors who support the organization's efforts, enabling JFL to provide interest-free loans for life's up and downs and everything in between.

Jewish Free Loan

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