myHealth CONNECTIONS
PROMOTING HEALTH AND WELL-BEING
ignites Wellness Wednesdays
JANUARY, 2024 WEEK 3

HEALTHY FINANCES, HEALTHY LIFE:

Credit, Budgets, & Savings–OH MY!

There are so many different variables in personal finances, it might seem overwhelming at times. Let's break down a few big topics to help you make the most of your financial goals in 2024.

CREDIT SCORES

Your credit score conveys to financial institutions how likely you are to pay your bills. Modern credit scores were developed by FICO in 1958, but they weren't used regularly to assess credit worthiness until the 1970s. Since then, credit scores have become mandatory for loans of any kind. They're even part of some in-depth background checks.

Credit scores range from 300 to 850. Having a credit score of 629 or lower is considered bad, 630-689 is fair, 690-719 is good, and 720-850 is excellent. Lower credit scores mean higher interest rates on loans and credit cards. The higher the interest rate, the more you will pay over the life of the loan. You can increase your credit score and access loans and credit cards with lower interest rates by paying your bills on time. Depending on any mitigating circumstances, contacting the creditor or credit reporting agencies, might result in the removal of negative reports in your credit history.

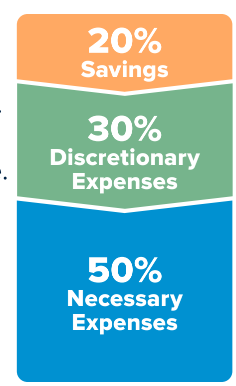
BUDGETING & SAVING FOR THE FUTURE

Creating a budget that works for you and your family is a great way to achieve healthy finances. Budgets identify where you're spending too much money and can help you plan for events such as retirement, big ticket purchases, creating emergency funds, and vacations. Saving money for your future creates more financial freedom.

Saving money is often easier said than done—especially if you don't have a plan in place to help you reach your goal. Instead of flying blind, you should try using an effective method for budgeting and saving money. There are many to choose from, but the 50/30/20 rule, envelope method, and zero-based budget are three of the most popular. The Cook County 457 deferred compensation plan is also a valuable resource to build your retirement nest-egg.

50/30/20 RULE

The 50/30/20 rule is a popular budgeting model, and for good reason. It's an easy way to keep track of spending without feeling too restrictive. Using this rule, you spend 50% of your income on necessary expenses, 30% on discretionary expenses, and 20% for savings. It's not a hard and fast rule because you can restructure the numbers to fit your needs.



FOLLOW THE MOUSE:
We've hyperlinked resources you may want to access. Just hover and click!

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ZERO-BASED BUDGET

Planning out every cent of your pay is hard, and it's the basis for the zero-based budget. It's a strict method of tracking spending and doesn't leave room for error. Under this model, earnings for the month are set aside for housing, transportation, and other expenses. Any money remaining is then categorized for savings, leisure, and other things in your budget. That leaves zero money at the end of the month, hence the name.

ENVELOPE METHOD

The envelope method is like the zero-based budget, except it uses envelopes for tracking purchases. This model requires dividing your paycheck into specific envelopes correlating to monthly expenses. Most people designate an envelope for rent/mortgage, groceries, gas/transportation, credit cards, recurring bills, restaurants you get the idea. After spending all the money in a specific envelope, there's nothing left to spend in that category for the month. Unless you're willing to take money from another category.

COOK COUNTY SECTION 457 DEFERRED COMPENSATION PLAN

Cook County offers a Section 457 deferred compensation plan as a tax-deferred method for you to save for retirement. Employees enrolled in the plan make voluntary contributions each pay period and invest in an array of investment options to help prepare for their income needs in retirement. This account is a voluntary contribution that can help bridge the gap between your defined benefit plan (pension) and how much you will need in retirement.

Many people contribute to retirement and investment accounts to help grow their money. Instead of keeping money in savings accounts with low interest rates, they invest in mutual funds, stocks, and other investment vehicles that accrue higher interest. Setting aside an emergency fund in a high interest rate savings account also helps your money grow–just not as quickly as investing.

6 TOOLS TO HELP YOU MANAGE YOUR FINANCES

Whether you have a good grip on your finances or you need a little help, we recommend using the following:

- Utilize banking app to closely monitor spending and any unauthorized purchases
- Use a free 50/30/20 rule budget calculator
- Download apps that track finances and net worth
- Obtain your free annual credit score by contacting the three major credit bureaus
- Download investment apps
- **ComPsych Employee Assistance Program** has many other resources to help you reach your financial goals. **Enter Web ID: BCBSILEAP**

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Exploring alternative methods for budgeting and saving doesn't have to be stressful. Tools like these make it easier and more convenient than ever—because money is just a tool to help you reach your dreams!

SOURCES: *WebMD.com*, *Chase.com*, *Forbes.com*, *LendingTree.com*