

Improving Your Credit Score



Nine Tips to Achieving Financial Wellness

1. Get a *My Money Checkup*. Use this free online tool to help better understand your overall financial health and what you can do to make improvements for the future.
Visit www.chestnut.org/credit/mymoneycheckup.
2. Develop a written budget. While there are no hard and fast rules for developing a budget because each household has different income and family dynamics, the following guidelines from the Department of Labor Consumer Expenditure Survey provide a useful starting point for families to develop a budget based on net income.
 - Housing – 32%
 - Food – 11%
 - Utilities – 10%
 - Savings and miscellaneous – 10%
 - Insurance – 9%
 - Transportation – 5%
 - Healthcare – 5%
 - Entertainment – 5%
 - Clothing – 3%
3. Learn to spend less than you earn. Avoid using credit every time an unexpected expense comes up.
4. Protect your credit. Review your credit report annually to ensure all information is accurate. You can obtain your free report at www.annualcreditreport.com or by calling 1-877-322-8228.
5. Plan for retirement. Talk to your plan administrator and take advantage of pre-tax contributions and any employer fund-matching.
6. Include savings in your budget by paying yourself first. The key to saving money is your desire to *save* the money must be greater than your desire to *spend* the money.
7. Keep sound financial records. Utilize online tools, including those offered by your financial institution, to keep your financial affairs orderly.
8. Plan ahead. Pre-pay for major purchases, such as a new TV or vacation, whenever possible.
9. Establish an emergency fund. Rather than relying on credit, make sure you have enough savings on hand in case you should suddenly need money in a hurry. A good rule of thumb is to save three to six months of your take-home pay.