

# Improving Your Money Habits



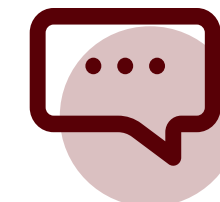
HARVARD UNIVERSITY  
EMPLOYEES CREDIT UNION

# The Credit Union Difference

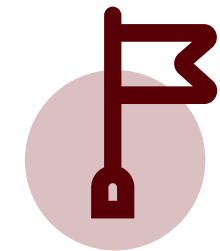
As a not-for-profit, HUECU puts members first in the form of better rates on savings and loans, lower & fewer fees, and more free services and perks.



**Better Value**



**Better Service**

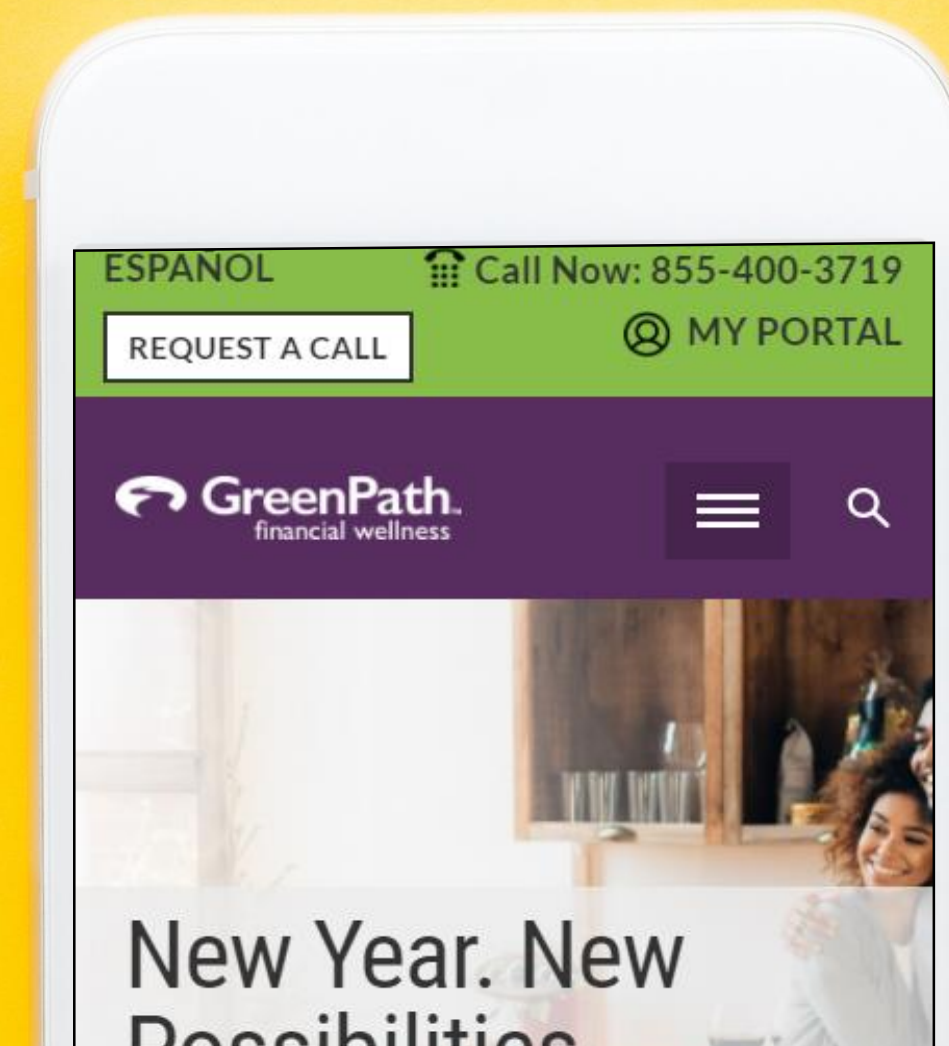


**Better Business Model**



**Better For the Community**

# Created in partnership with GreenPath Financial Wellness





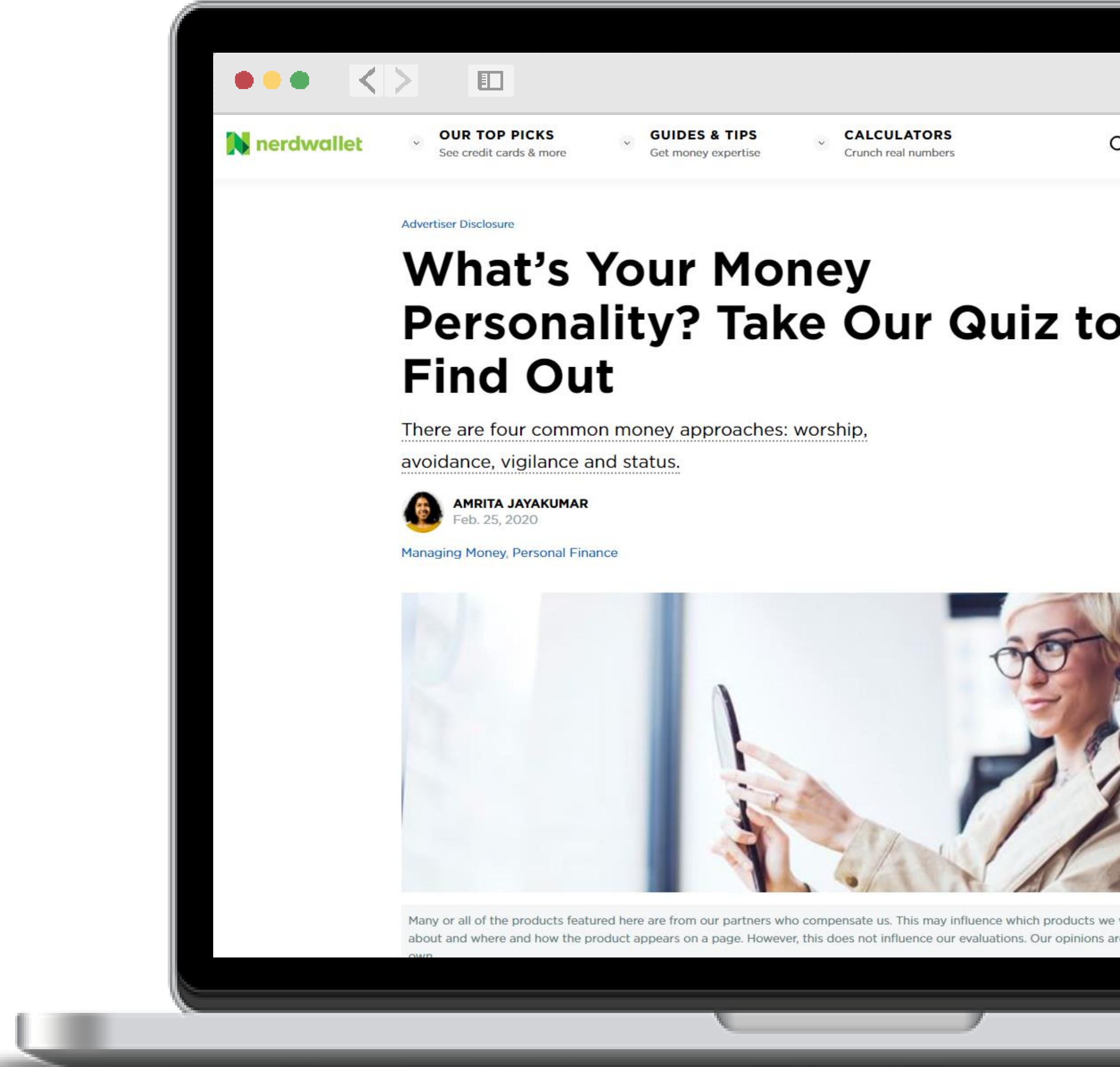
# Behavioral Economics

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How psychology influences our financial decisions such as our risk tolerance and savings/spending habits.

# Know Your Money Personality

Take the Klontz Money Script Inventory Quiz from Nerdwallet



# Money Personalities

## Money Avoidance

Ignore their finances.

## Money Worship

Believes money will solve problems.

## Money Status

Equate net worth to self-worth

## Money Vigilance

Frugal and focused on savings.



# What Influences Your Money Personality?

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**VALUES**

**ADVERTISING**

**SOCIAL  
FACTORS**

**SELF  
CONCEPT**



**How to  
Maximize  
Your Money  
Personality.**



# Define Your Financial Goals.





# Improving Your Behaviors

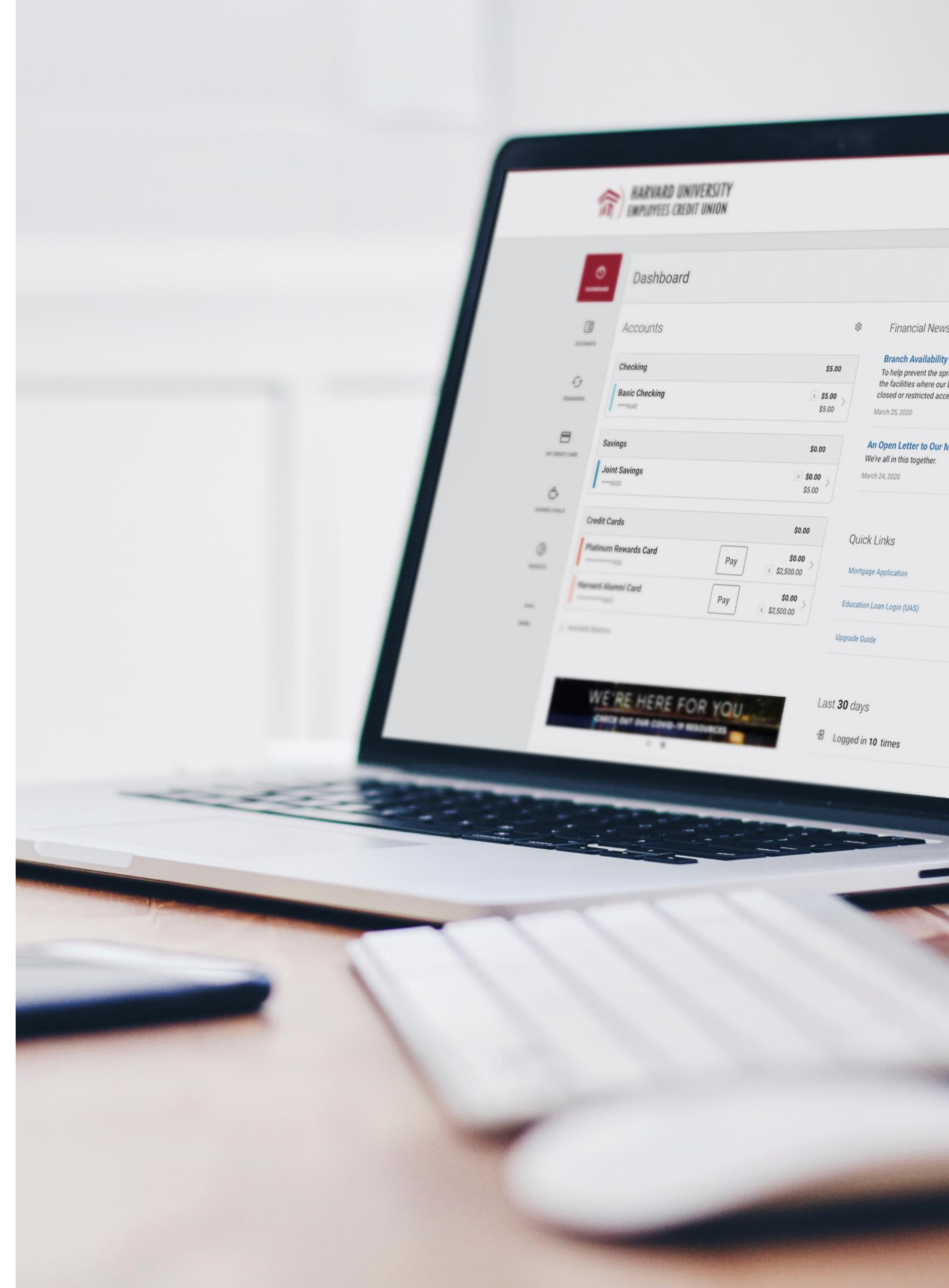
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# Precommitment

To commit in advance to a particular course of action.

## HOW TO IMPLEMENT

- ✓ Schedule time to work on your finances
- ✓ Use cash/envelope method



# Goal Gradient

Breaking down a goal into smaller goals.

**BUILD AN EMERGENCY FUND GRADUALLY**

<b>Total Goal</b>	<b>\$10,000</b>
<b>Annual Goal</b>	<b>\$3,000</b>
<b>Monthly Goal</b>	<b>\$250</b>



# Planning Fallacy

Underestimating how long it will take you to complete a task.

## CREDIT CARD BALANCE TRANSFER TIPS

- ✓ Calculate monthly payoff payments
- ✓ Set up automatic monthly payments
- ✗ Do not add additional debt



# Decision Paralysis

Not making a decision, or making the easiest decision, when confronted with too many options.

## AVOID PARALYSIS USING FINANCIAL WELLBEING ELEMENTS

	PRESENT	FUTURE
SECURITY	Control over your day-to-day, month-to-month finances	Capacity to absorb a financial shock
FREEDOM OF CHOICE	Financial freedom to make choices to enjoy life	On track to meet your financial goals

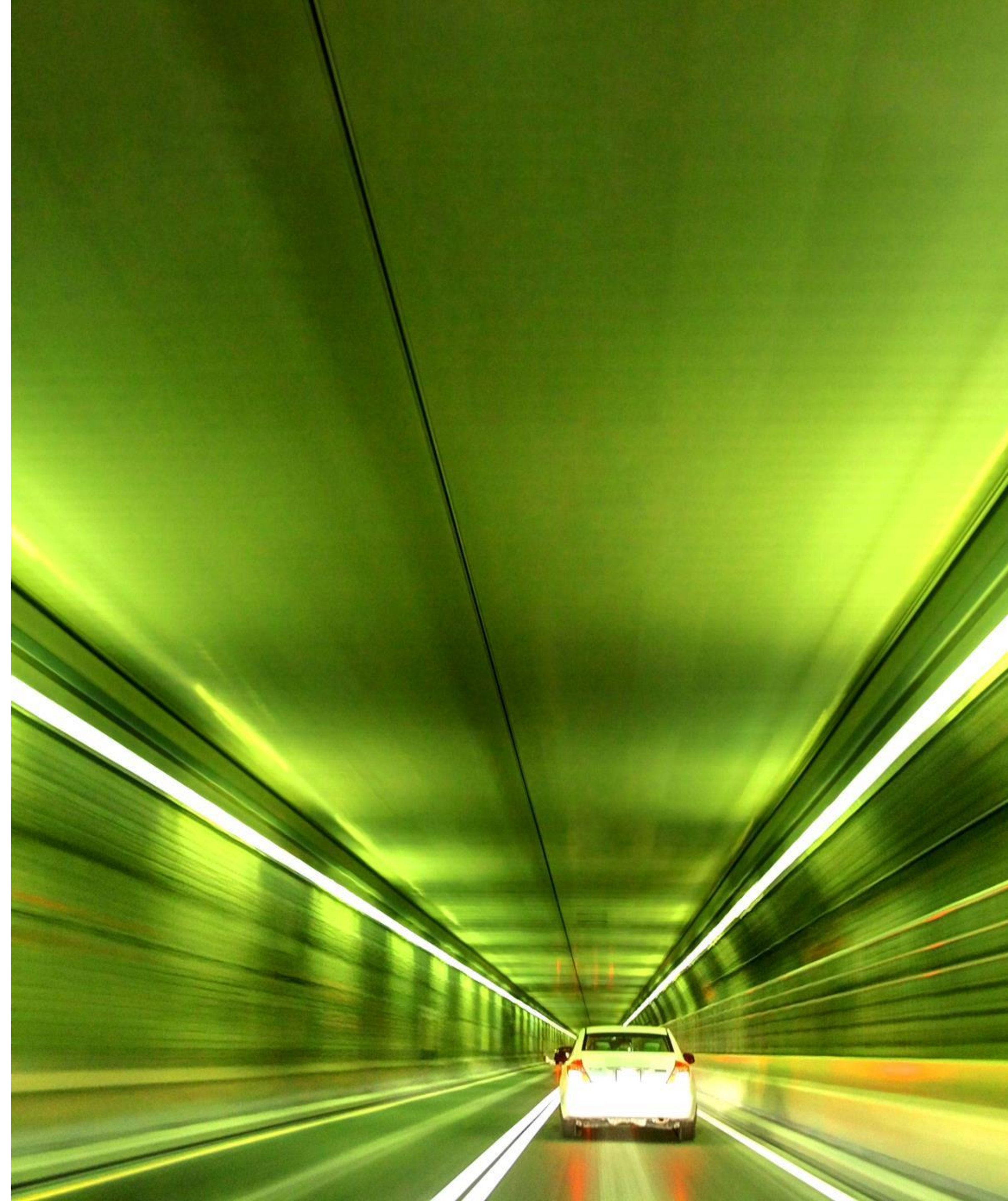


# Tunneling

Focusing only on the emergency/need at hand.

## STEPS TO PREVENT TUNNELING

- ✓ Know your timeline
- ✓ Compare at least two options
- ✓ Talk to someone

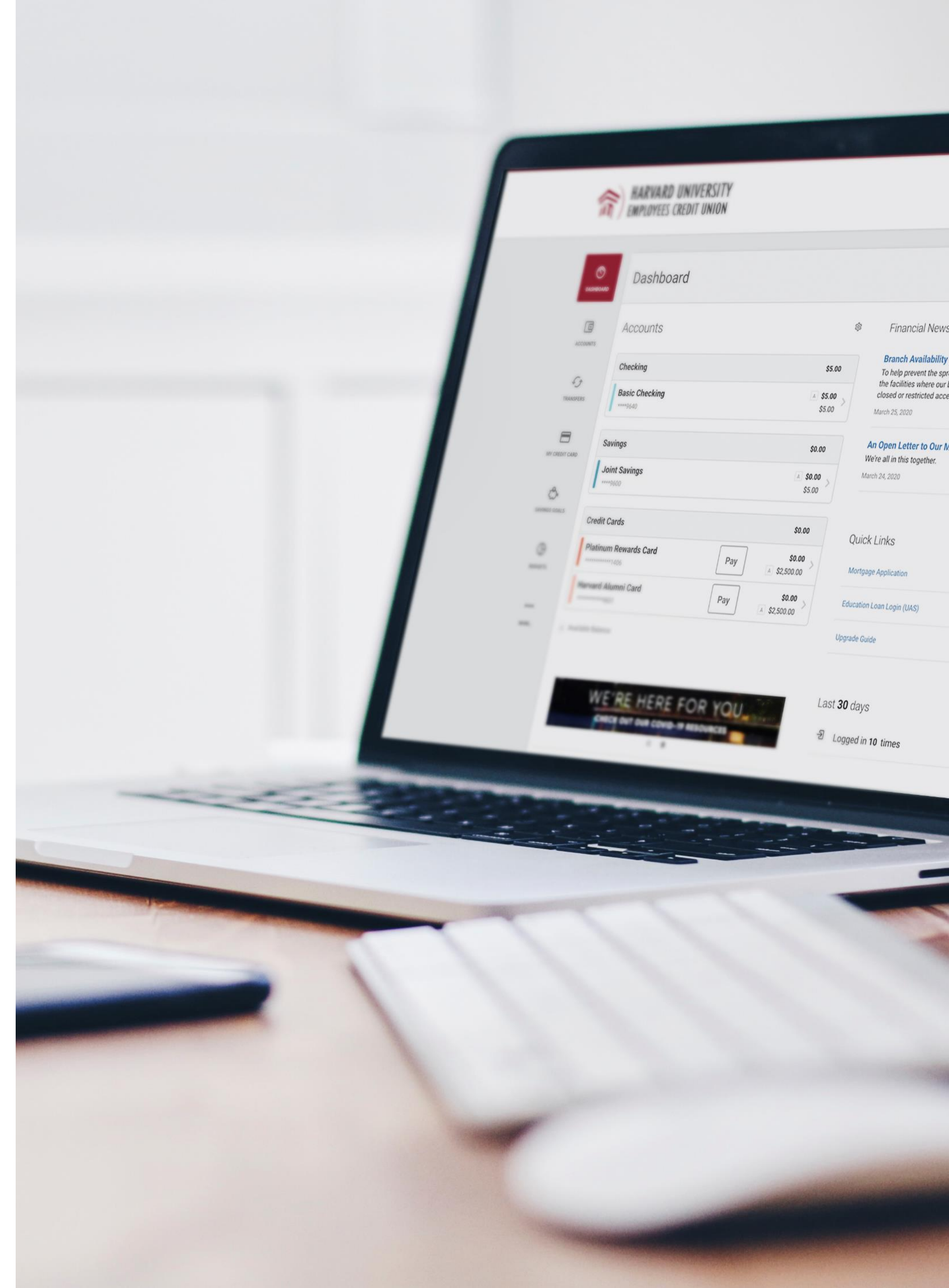


# Mental Accounting

Treating money differently depending on source and destination.

## USING MENTAL ACCOUNTING FOR YOUR BENEFIT

- ✓ Name savings accounts
- ✓ Create mental shortcut for unexpected money





# Scarcity

Being motivated to buy because of shortage.

## MAKING SCARCITY WORK FOR YOU

- ✓ Wait
- ✓ Outsmart marketing tactics



# Hyperbolic Discounting

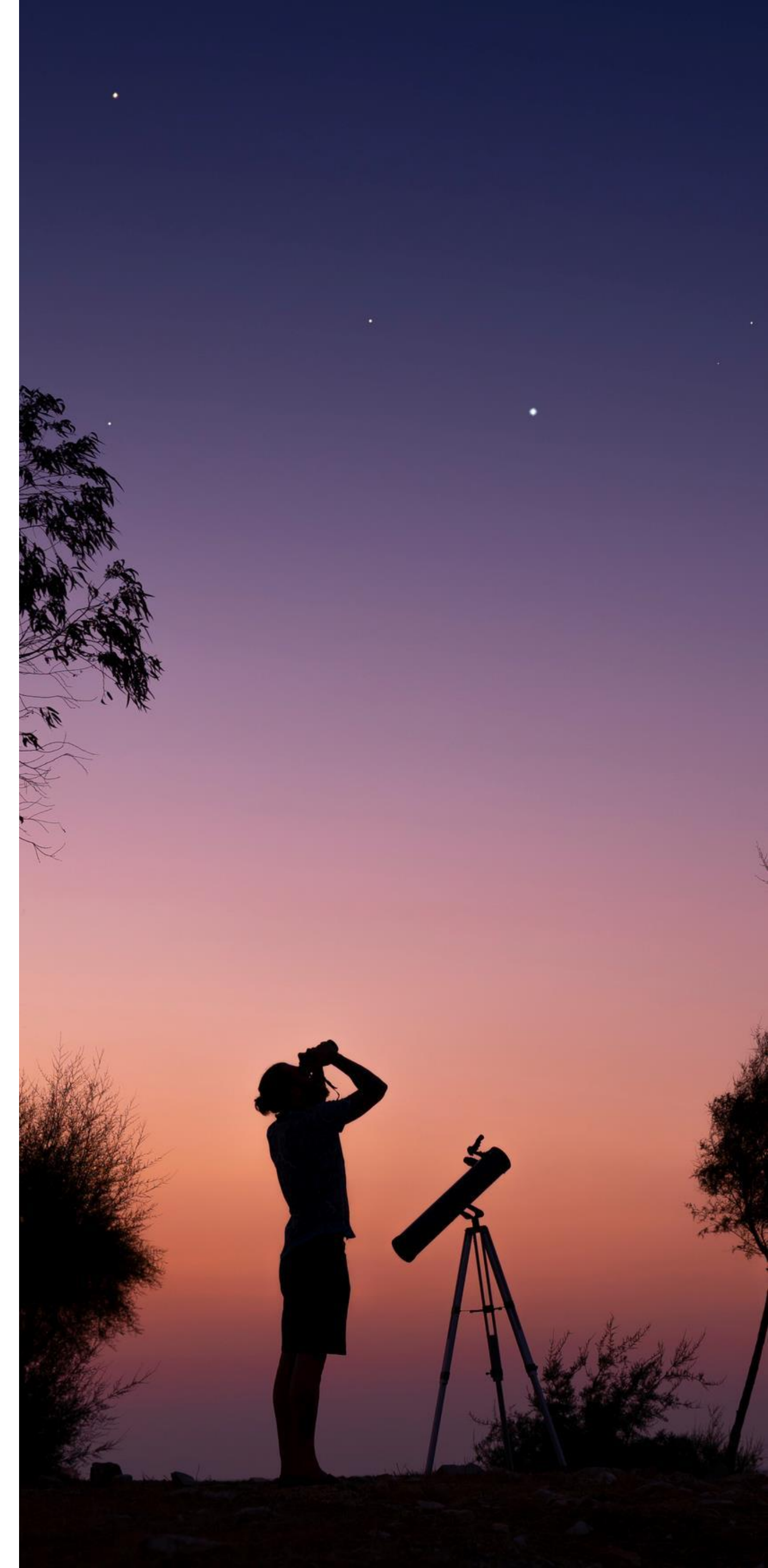
Valuing the present more than the future.

## SAVING NOW FOR RETIREMENT

✓ Let's invest \$100 monthly...

	Iris	Lucas
<b>Time Investing</b>	25 to 35 years old	35 to 65 years old
<b>Total Years Investing</b>	10	30
<b>Total Invested</b>	\$12,000	\$36,000
<b>Future Value</b>	<b>\$200,089</b>	<b>\$149,047</b>

Using Investor.gov calculator at 8.00% return and compounding interest monthly



# What the Heck Effect?

Losing motivation due to prior behavior.

**FAILURE IS PART OF SUCCESS**





# Next Steps



**Know Your Money Personality**



**Identify Examples You Can Improve On**



**Choose one behavior to work on in next 7 days**



# GreenPath

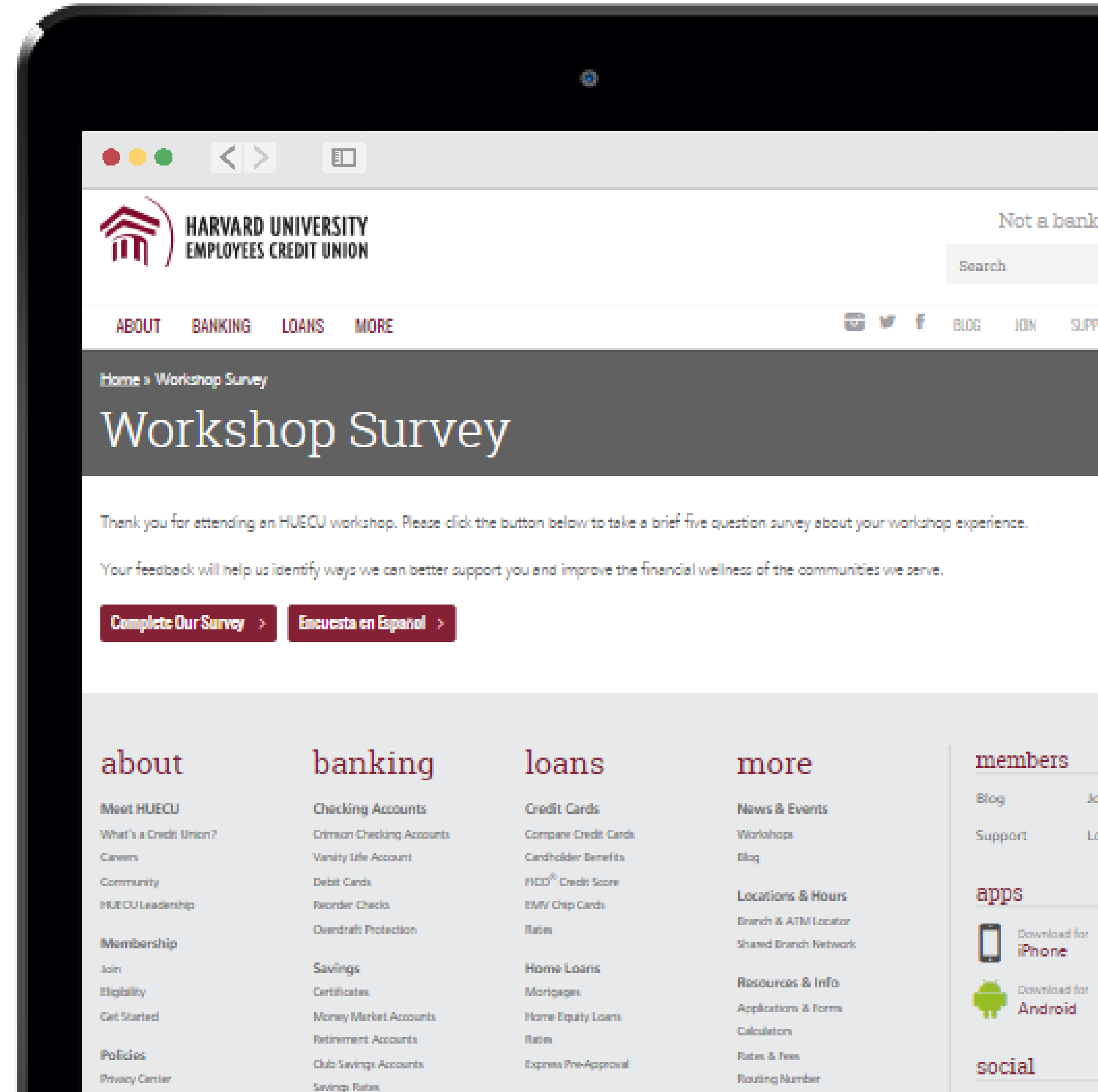
GreenPath Financial Wellness offers free credit, budget and COVID-19 counseling

**[HUECU.ORG/GREENPATH](https://huecu.org/greenpath)**

# Survey Says!?

Let us know how you liked this webinar

**HUECU.ORG/SURVEY**



# Disclaimer


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# Let's keep in touch!

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