

HUECU

Financial Wellness for Residents



Migdalia Gomez
Financial Education Services Specialist

HARVARD UNIVERSITY EMPLOYEES CREDIT UNION



The Harvard University Employees Credit Union is a financial institution exclusively serving the students, alumni, faculty and staff of Harvard University and the affiliated organizations. Family members are also eligible.

MISSION



“ To enhance our members’ lives by developing and offering trustworthy products that are easy to understand, easy to use and best suited to meet their financial needs.

”

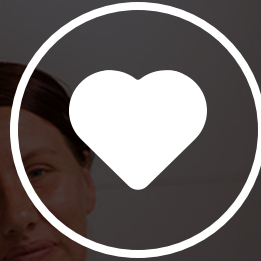
Harvard University Employees Credit Union

NOT-FOR-PROFIT



All earnings returned to the members
in the form of better value and
enhanced services.

COOPERATIVE MODEL



- Member deposits used to fund loans for other members.
- Every member is an equal shareholder
- Volunteer Board of Directors elected by members

AGENDA

- Financial Personality
- ***Now:*** Residency Expenses
- ***Soon:*** New Salary, New Budget
- ***Future:*** Planning
- Resources



HARVARD UNIVERSITY
EMPLOYEES CREDIT UNION

What are your financial goals?



Financial Goals

Home Ownership



Education



Travel



Savings



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Psychology of Spending



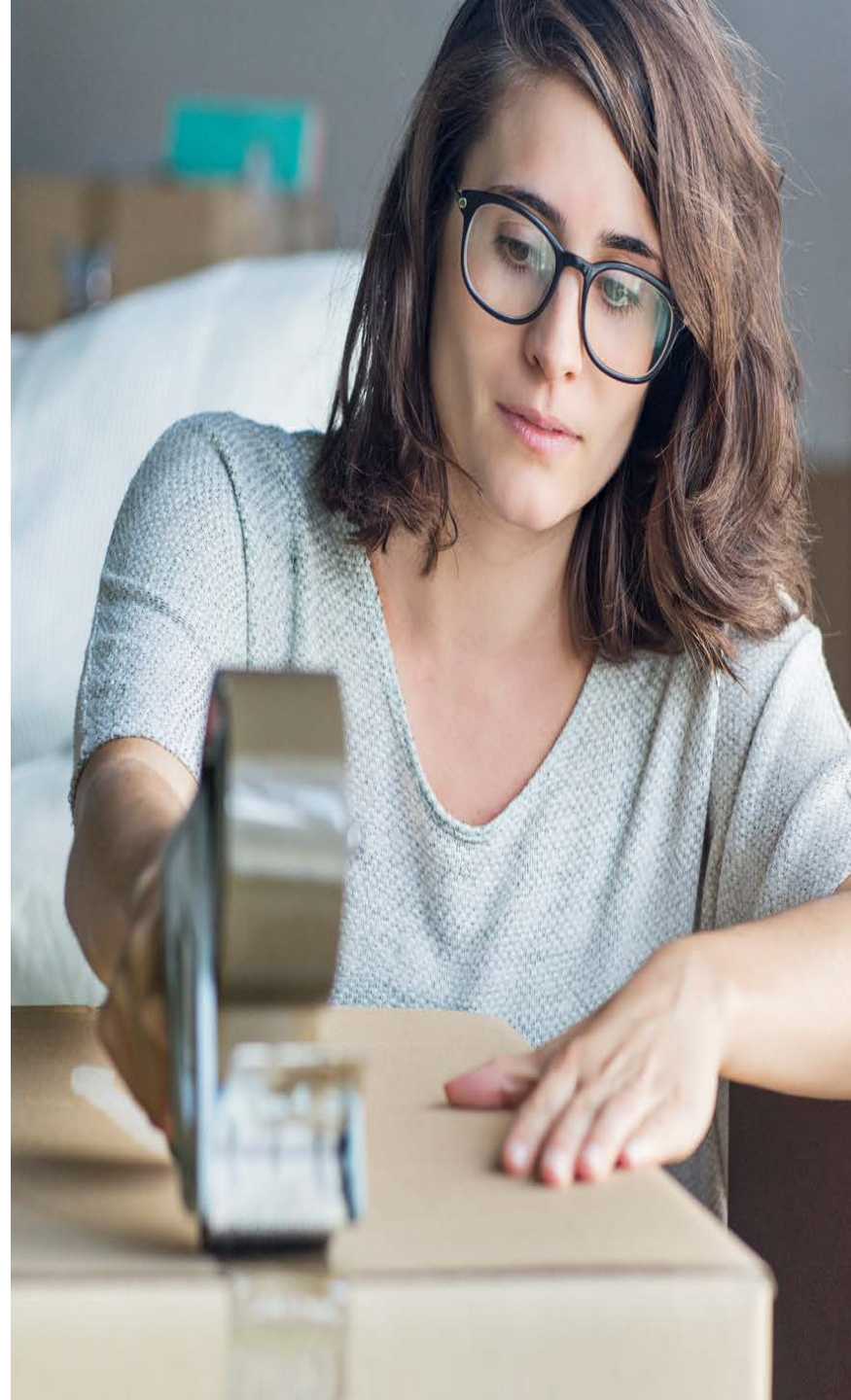
Key Takeaway #1

KNOW YOUR
GOALS & FINANCIAL
PERSONALITY



**HARVARD UNIVERSITY
EMPLOYEES CREDIT UNION**

Relocation Expenses



Common Expenses

- First, last and rent deposit
- Moving expenses
- Apartment set up costs
- Rental Insurance



Some moving costs may be tax deductible. Visit [IRS.gov](https://www.irs.gov) for details.



New Salary, New Budget



Sample Budget

\$61,000/year

Monthly Gross Pay	\$5,083*
Federal Taxes	\$784
State Taxes	\$222
Social Security	\$315
Medicare	\$74
Take home pay	\$3,688

*Estimate only based off 1 federal and 1 state allowance

www.paycheckcity.com

Pre-taxed Benefits

Monthly Gross Pay	\$5,083*
<i>Federal Taxes</i>	<i>\$784</i>
<i>State Taxes</i>	<i>\$222</i>
<i>Social Security</i>	<i>\$315</i>
<i>Medicare</i>	<i>\$74</i>
Medical Insurance	\$200
Vision	\$10
Dental	\$50
Retirement (5%)	\$254
Flexible Spending Account	\$50
Take home pay	\$3,124

*Estimate only based off 1 federal and 1 state allowance
www.paycheckcity.com

Sample Budget (\$61,000/year)

Expenses	A) Monthly Income	\$3,124
	Housing (Rent/mortgage, utilities, insurance, taxes, etc.)	\$1,300
	Food (groceries)	\$300
	Cell phone	\$100
	Student loan payment	\$750
	Savings (emergency)	\$100
	Entertainment (dining out, movies, etc.)	\$150
	Transportation (MBTA, parking, taxi, car etc.)	\$100
	Other (disability insurance, laundry, haircuts, clothing, children, pets, etc.)	\$300
	B) Total Expenses	\$3,100
	A) Total Income	\$3,124
	Minus Total Expenses	- \$3,100
	C) Monthly Discretionary Income/Deficit	\$ 24

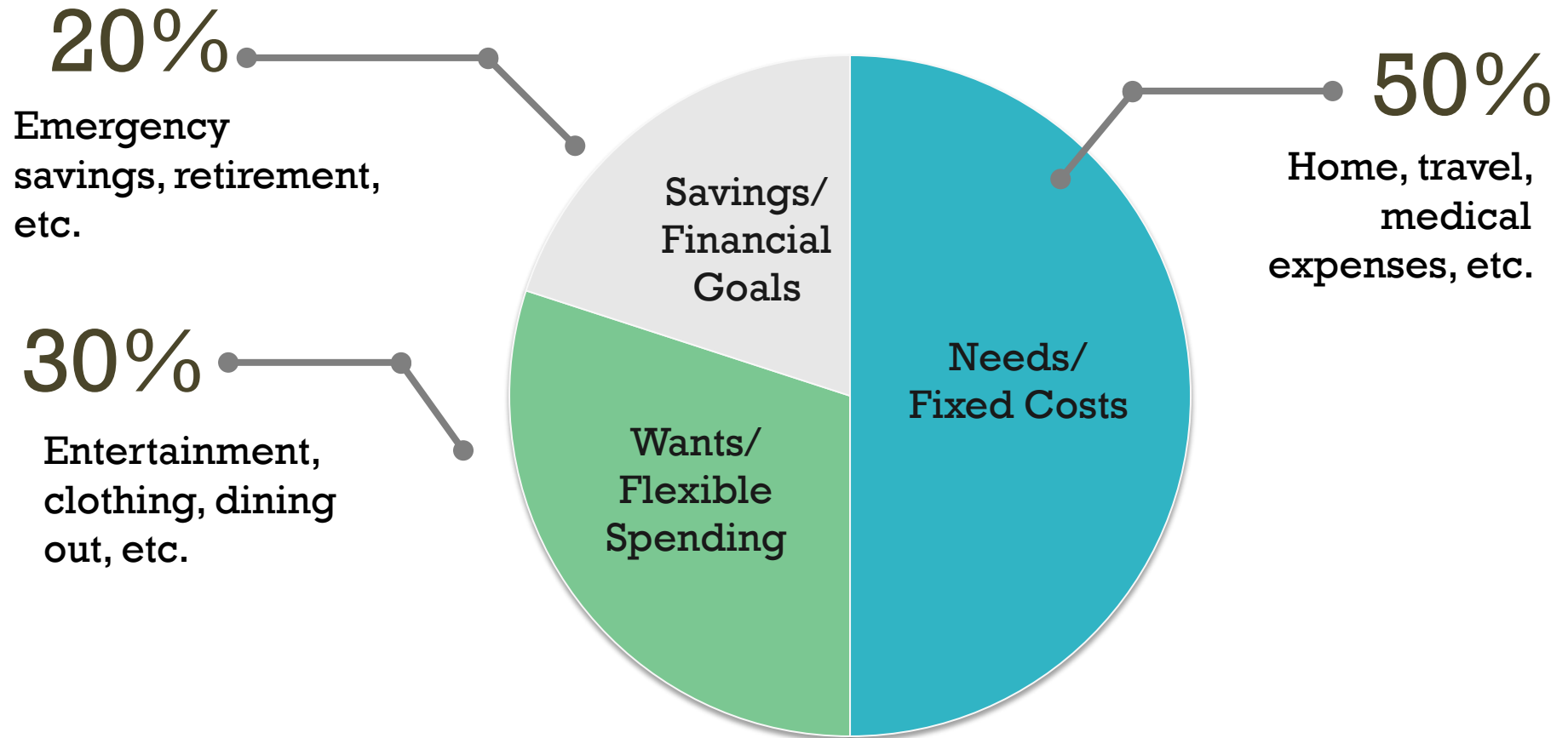


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Creating Your Budget



Spending Plan



HOW MUCH DID YOU SPEND?

Today?

This week?

This month?



Know Your Money

Track your spending

- Online tool/apps
- Excel
- Cell phones
- “Envelope”/cash only method
- Review credit card and bank statements

Know Your Money

Set alerts

- Daily balance
- Spending over X amount
- Bill payment reminders

Automate

Use separate accounts



Reducing Expenses



Easy Ways To Save

Places To Go



Share “Family Style”

Appetizers instead of
Main Courses



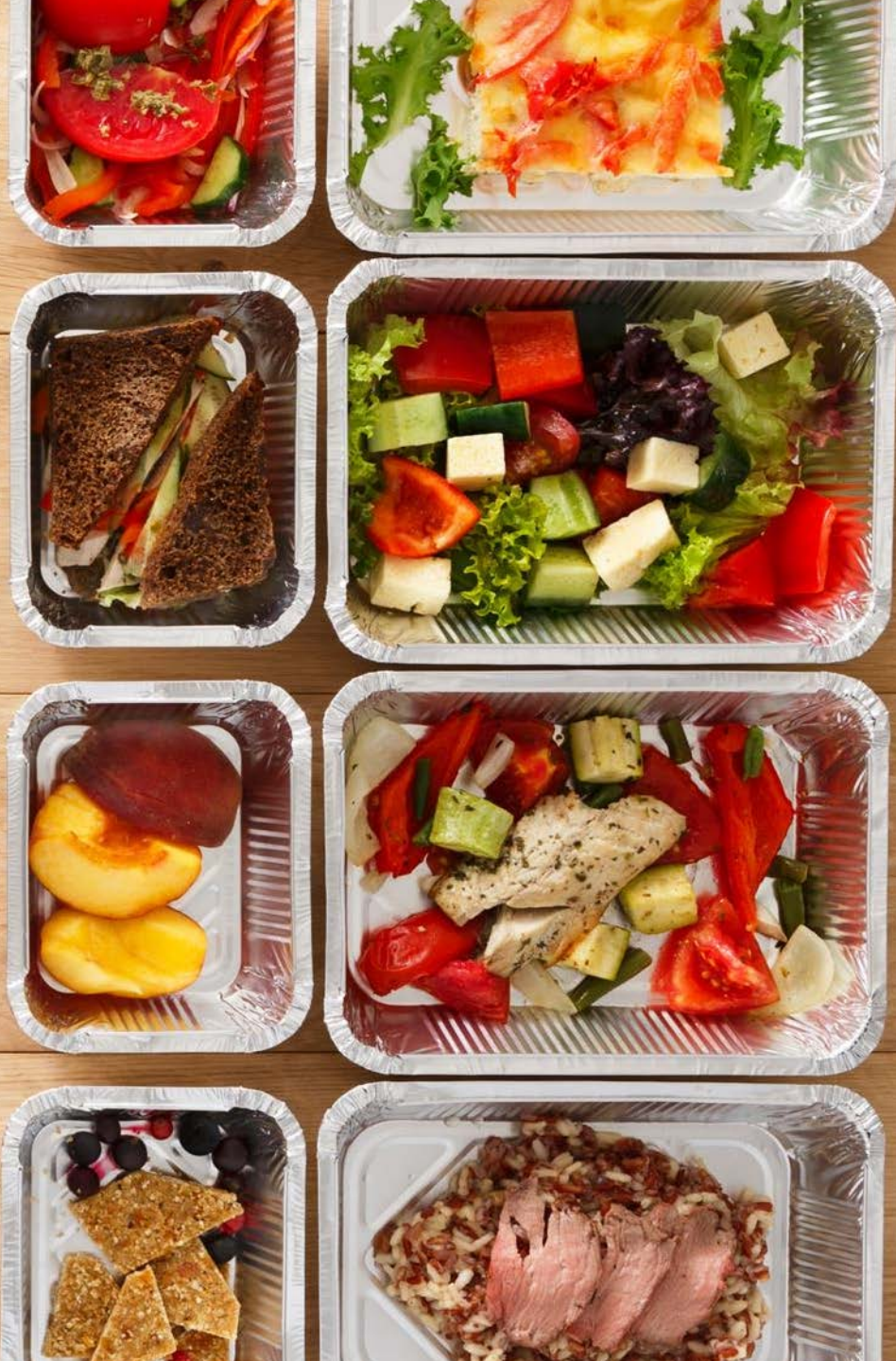
Potlucks

Swaps



Times To Meet

Prep



BUDGETING TIPS

- Money is fun: Cut expenses you won't miss *OR* don't bring you joy.
- Adjust your budget frequently.
- Make a date with your money.

You're going to go off budget...life happens. Those are opportunities to reevaluate.



Key Takeaway #2

SEND YOUR MONEY WHERE
YOU WANT IT TO GO



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Planning for the Future



Taxes



Tuition and Fees Deduction

Question	Answer
What is the maximum benefit?	You can reduce your income subject to tax by up to \$4,000.
What is the limit on modified adjusted gross income (MAGI)?	\$160,000 if married filing a joint return; \$80,000 if single, head of household, or qualifying widow(er).
Where is the deduction taken?	As an adjustment to income on Form 1040 or Form 1040A.
For whom must the expenses be paid?	A student enrolled in an eligible educational institution who is either: <ul style="list-style-type: none">• you,• your spouse, or• your dependent for whom you claim an exemption.
What tuition and fees are deductible?	Tuition and fees required for enrollment or attendance at an eligible postsecondary educational institution, but not including personal, living, or family expenses, such as room and board.

Request tuition bill for calendar year from school.
The 1098T may not have all information you need.

Student Loan Interest Deduction

Feature	Description
Maximum benefit	You can reduce your income subject to tax by up to \$2,500
Loan qualifications	Your student loan: <ul style="list-style-type: none">• must have been taken out solely to pay qualified education expenses, and• can't be from a related person or made under a qualified employer plan.
Student qualifications	The student must be: <ul style="list-style-type: none">• you, your spouse, or your dependent; and• enrolled at least half-time in a program leading to a degree, certificate, or other recognized educational credential at an eligible educational institution.
Limit on modified adjusted gross income (MAGI)	\$160,000 if married filing a joint return; \$80,000 if single, head of household, or qualifying widow(er).

Lifetime Learning Credit

Maximum credit	Up to \$2,000 credit per return
Limit on modified adjusted gross income (MAGI)	\$131,000 if married filing jointly; \$65,000 if single, head of household, or qualifying widow(er)
Refundable or nonrefundable	Nonrefundable—credit limited to the amount of tax you must pay on your taxable income
Number of years of postsecondary education	Available for all years of postsecondary education and for courses to acquire or improve job skills
Number of tax years credit available	Available for an unlimited number of tax years
Type of program required	Student doesn't need to be pursuing a program leading to a degree or other recognized education credential
Number of courses	Available for one or more courses
Felony drug conviction	Felony drug convictions don't make the student ineligible
Qualified expenses	Tuition and fees required for enrollment or attendance (including amounts required to be paid to the institution for course-related books, supplies, and equipment)
Payments for academic periods	Payments made in 2016 for academic periods beginning in 2016 or beginning in the first 3 months of 2017



IRS Tax Benefits for Education: Information Center



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Tax Benefits for Education: Information Center



Tax credits, deductions and savings plans can help taxpayers with their expenses for higher education.

- A tax credit reduces the amount of income tax you may have to pay.
- A deduction reduces the amount of your income that is subject to tax, thus generally reducing the amount of tax you may have to pay.
- Certain savings plans allow the accumulated earnings to grow tax-free until money is taken out (known as a distribution), or allow the distribution to be tax-free, or both.
- An exclusion from income means that you won't have to pay income tax on the benefit you're receiving, but you also won't be able to use that same tax-free benefit for a deduction or credit.

You can use the IRS's [Interactive Tax Assistant](#) tool to help determine if you're eligible for educational credits or deductions, including the American opportunity credit, the lifetime learning credit and the tuition and fees deduction.

See IRS [Publication 970](#), Tax Benefits for Education, for details on these benefits, including an appendix with an illustrated example and a comparison chart of the various benefits.

Massachusetts Rent Deduction

- Up to \$3,000 income tax deduction (equal to 50% of the rent paid) for Massachusetts residents
- Up to \$2,500 for eligible non-residents



Massachusetts Commuter Deductions

- May deduct against their income tolls paid through the Massachusetts E-Z Pass account or weekly or monthly MBTA passes.
- Applies to commuter costs that exceeds \$150
- \$750 maximum deduction per individual.



Key Takeaway #3

Know Your Tax Benefits



Retirement



Meet Iris and Lucas



Each saves \$100/month...
...but when they start matters.



	Iris	Lucas
Saved when they were	25 to 35 years old	35 to 65 years old
Total years saving	10	30
Total invested	\$12,000	\$36,000
Future Value	\$200,089	\$149,047

*Investor.gov at 8% return and compounding interest
monthly*

Time is on Your Side



Iris saved \$24,000 less,
For 20 years less,
And earned \$51,000 more...



At minimum, contribute enough to
receive employer match, if offered.

Contribute Extra Money to Retirement or Student Loans?

Figure 5: Examples of Net Wealth at Age 65 Under Varying Assumptions

Loan Amount	Interest	Investment Return	Loan Payments		Match Rate	Net Wealth at Loan End	Net Wealth at 65
\$40,000	5%	7%	\$424	On Schedule	3%	\$87,023	\$2,147,373
\$40,000	5%	7%	\$500	Ahead of Schedule	3%	\$54,010	\$2,090,096
						Difference at 65	\$57,276

HelloWallet- Twos a Crowd, March 2016

Savings





Could you cover a...

\$10

\$100

\$1,000

\$10,000

emergency today?



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**Some savings,
is better than
Zero Savings.**



Key Takeaway #4

Automate Savings



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Credit



Credit Impact: Rates and Payments

Credit score	APR	Monthly Payment	Additional Cost in a year
720-850	4.23%	\$741	\$0
690-719	5.68%	\$757	\$192
660-689	7.73%	\$780	\$468
620-659	11.29%	\$822	\$972
590-619	16.28%	\$882	\$1,692
500-589	17.71%	\$900	\$1,908
<500	Not eligible	----	----

If your credit improves, you may be able to refinance your debt.

Source: Myfico.com – 36 month car loan - \$25,000



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Credit Bureaus

Collect financial
information from:

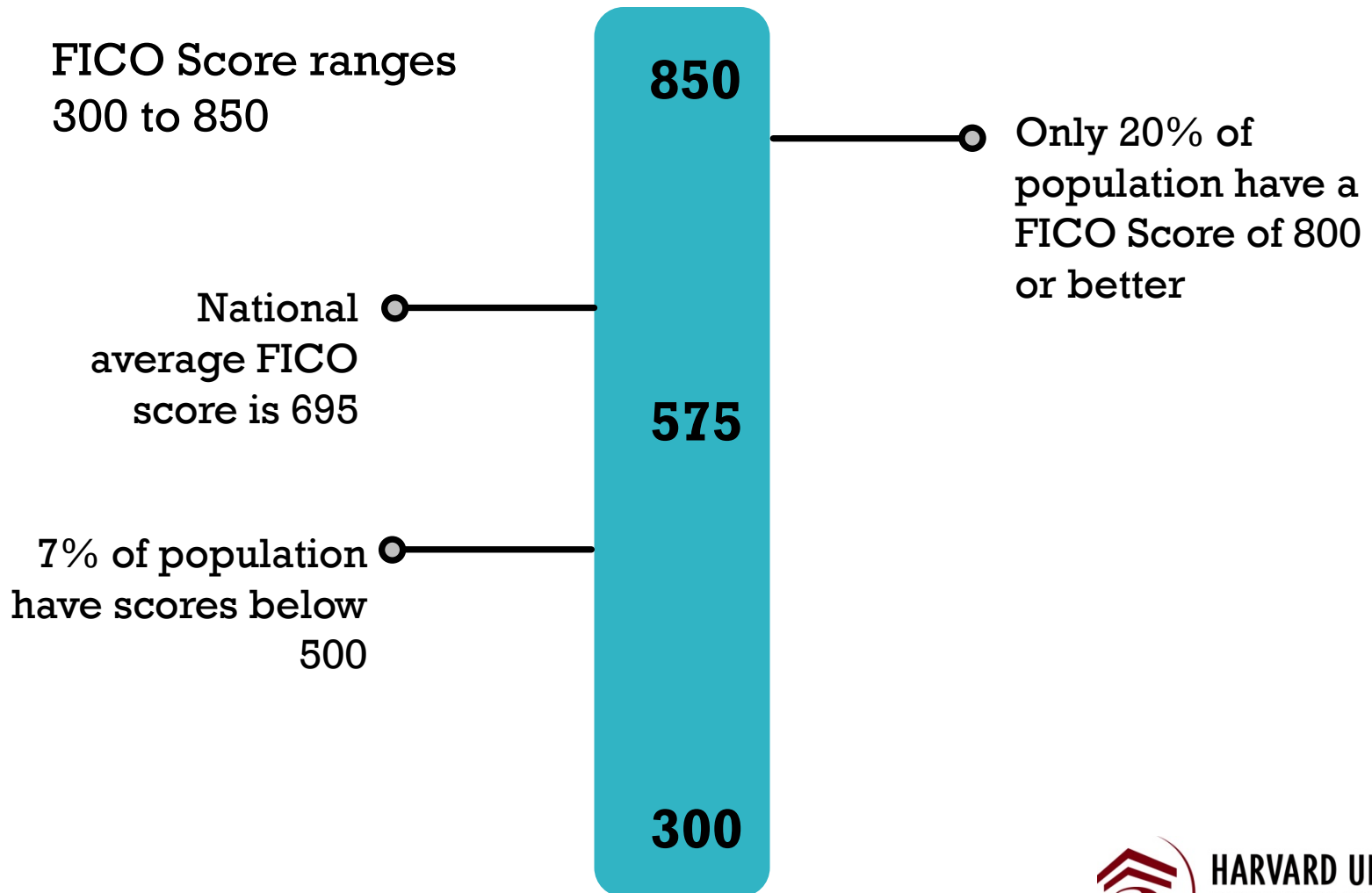
Creditors, lenders, utilities,
debt collection agencies, the
courts, amongst other sources.

Provide credit
information on
individual consumers

Three major U.S.
credit bureaus:

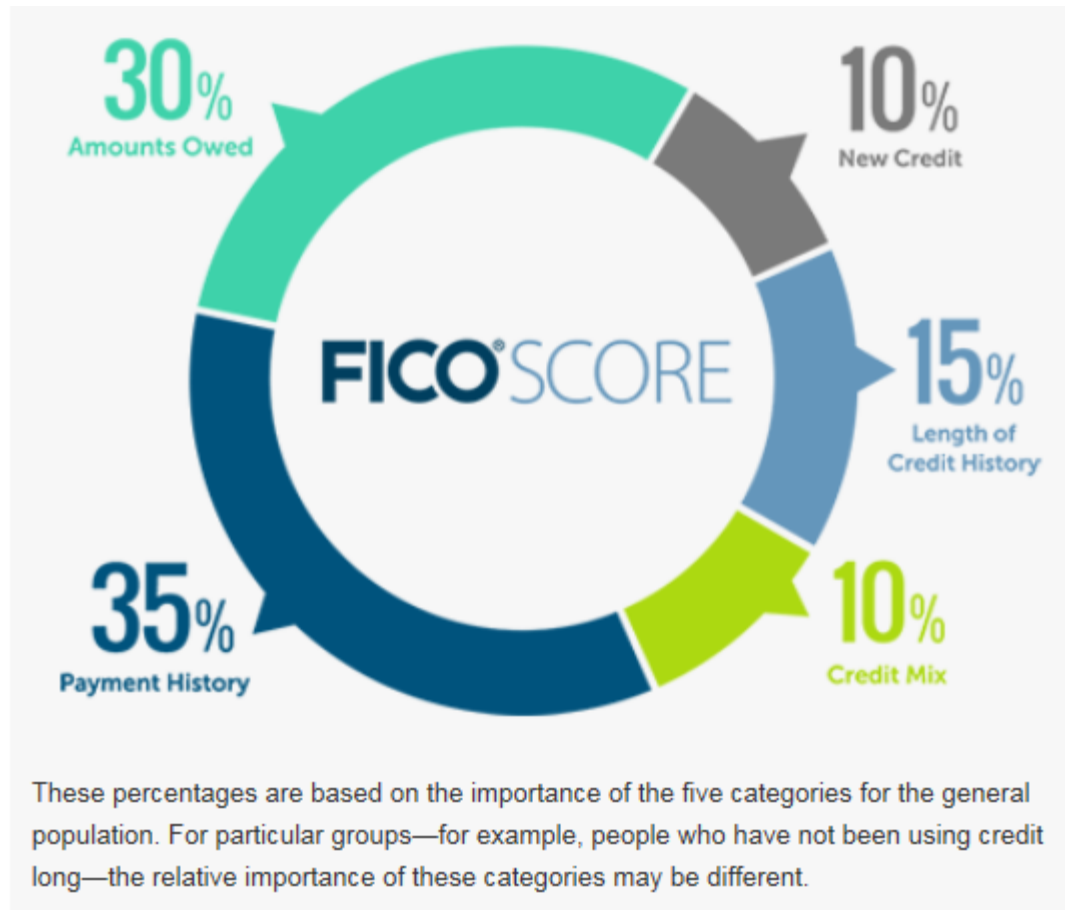


Credit Score Ranges



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FICO SCORE



Credit Tips:

- Know your rates
- Pay your bills on time
- Be cautious of co-signing debt for someone else
- Protect your identity
- Check your credit report

AnnualCreditReport.Com

Receive a free annual copy of report from each of 3 bureaus.

AnnualCreditReport.com

The only source for your free credit reports. Authorized by Federal law.

Home

All about credit reports

Request yours now!

What to look for

Protect your identity

Frequently asked questions

Contact us

One of these things is not like the others.

You may think you have one credit report and one credit score. But you really have several, and they may differ. You should check all three reports regularly.

Request your free credit reports



PLAY ▶

SPOT IDENTITY THEFT

GOOD CREDIT

DON'T BE FOOLED

MORE THAN A SCORE

NOT LIKE THE OTHERS

Your credit reports matter.

- Credit reports may affect your mortgage rates, credit card approvals, apartment requests, or even your job application.
- Reviewing credit reports helps you catch signs of identity theft early.

Request your free credit reports

FREE Credit Reports. Federal law allows you to:

- Get a free copy of your credit report every 12 months from each credit reporting company.
- Ensure that the information on all of your credit reports is correct and up to date.

BROUGHT TO YOU BY

TransUnion^{tu}

EQUIFAX

Experian



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Key Takeaway #5

MAINTAIN A STRONG
CREDIT SCORE



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RESOURCES



HUECU.ORG

HUECU Products and Services

- Secured credit cards
- Unsecured credit cards
- Credit builder loans
- Debt consolidation loans
- Student Refinancing loans
- One-on-one financial coaching
- Over the phone financial counseling



*International members are eligible
to apply for credit at HUECU.*

HUECU.org/Residents



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Not a bank. **A benefit.**

Ask a question



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Residents

Concerned about finances as you transition into your residency? You are not alone.

HUECU RESIDENT TRANSITION/RELOCATION LOAN

The HUECU Resident Loan was created at request of our members looking for a low-cost loan to help them with transitional expenses as they entered their residency program.

The loan funds are deposited into your HUECU account and repayment begins 6 months after disbursement. Up to 48 months deferment during medical residency is completed is available. Any deferment time after the 6 month grace period will be considered part of the 120 month term.

Apply Now >

KNOW THE BASICS

FEDERAL STUDENT LOAN REPAYMENT



YOUR CREDIT SCORE



FEDERAL AND MASSACHUSETTS TAX BENEFITS



Financial Success Worksheet

HUECU RESOURCES

GreenPath is a financial education and money management counseling service available as a benefit to HUECU members. Click [here](#) to learn more.

HUECU.org/Financial-Wellness



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Ask a question



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Financial Wellness



As a benefit of Credit Union membership, you have access to the GreenPath Financial Wellness Program.

[Learn More about GreenPath](#)

SPENDING PLAN

Where is your money going? Is it working towards your financial goals? The resources below will help your money work for you.

- Learn about [budgeting and debt management](#)
- Get help with [free debt counseling](#)
- Download a [budget worksheet](#)

CREDIT

How does your credit and credit score affect your finances? Can you increase your credit score? Credit can be complex but the links below will give you the tools to be credit savvy.


- Learn about [credit](#) and [credit score](#)
- Access your [free credit reports](#)
- Understanding the [FICO® Score Factors](#)
- Review your [Credit Report with a counselor](#)

STUDENT LOANS

Education costs can add up and repaying your loans can be confusing. *What's deferment? Consolidation? Tax Benefits?* We'll walk you through the various steps.

- Do you qualify to have your [federal student loan forgiven?](#)
- Review the [federal student loan repayment options](#)
- [Federal Student Consolidation Loan](#)
- Private and Federal [Student Loan Refinancing and Consolidation](#)
- Speak with a [counselor about your student loans](#)

GreenPath Financial Wellness



*Empowering
people to lead
financially healthy
lives.*

- Free budget counseling and credit review for HUECU members
 - 1) Set Goals
 - 2) Create Budget/Spending Plans
 - 3) Develop customized Action Plan
- Immediate counseling
- Confidential
- Flexible Hours

Monday –Thursday	8 a.m. - 10 p.m.
Friday	8 a.m. - 7 p.m.
Saturday	9 a.m. - 6 p.m.

HUECU.org/Calculators



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Not a bank. **A benefit.**

Ask a question



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Calculators

HUECU Financial Calculators

SAVINGS


[HOW MUCH SHOULD I SAVE TO REACH MY GOAL?](#) 

[CERTIFICATE OF DEPOSIT \(CD\) LADDERING STRATEGY](#) 


[CERTIFICATE OF DEPOSIT \(CD\) ANALYZER](#) 

[HOW MUCH WILL I NEED TO SAVE FOR RETIREMENT?](#) 

OTHER LOANS

[HOW LONG UNTIL MY LOAN IS PAID OFF?](#) 

[WHAT WOULD MY LOAN PAYMENTS BE?](#) 

[SHOULD I CONSOLIDATE MY PERSONAL DEBT IN A NEW LOAN?](#) 

HMS Financial Aid Office



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Financial Aid Office
Harvard Medical School
211 Gordon Hall
25 Shattuck Street
Boston, MA 02115
(617) 432-0449
(617) 432-4308 FAX
financial_aid@hms.harvard.edu

The Financial Aid Office is located on the second floor of Gordon Hall. The office is open Monday through Friday from 9 A.M. to 5 P.M. Please call or write if you have any questions or concerns about financing your medical education at Harvard.

SFS.Harvard.edu/Financial-Fitness

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Financial Wellness

Financial Wellness - The Basics

Financial Wellness Resources


Financial Wellness

Know Your Money


Use these free resources to take control of your finances and learn how to plan for today and tomorrow.

We are committed to the wellness of students beyond academics. The physical, emotional, and financial wellness of our students is very important to us all. Our goal is to provide tools and resources to help students become financially fit. In addition to the resources on these pages, we have partnered with [SALT](#) and [iGrad](#), at no cost to students. Please check back often as our content and events are updated regularly!

Financial Wellness Tips



Trending



5 Steps to Financial Success

1. Know Your Money Personality
2. Send Your Money Where **YOU**
Want It To Go
3. Know Your Tax Benefits
4. Automate savings
5. Maintain Strong Credit

Thank You



Woo!
You made it!

617-496-7784
Migdalia_gomez@harvard.edu



HUECU.ORG

Migdalia Gomez
Financial Education Services Specialist