

AUGUST 2022

Financial Literacy is the Foundation of Financial Wellbeing

PHYSICAL

DEVELOPMENTAL

SOCIAL

ENVIRONMENTAL

FINANCIAL

EMOTIONAL

What is Financial Literacy?

Financial literacy is the understanding and application of financial skills, including:

- **Personal financial management:** Understanding how to track how you manage your money
- **Budget basics:** Knowing what money is coming in and what expenses are going out
- **Understanding investments:** Knowledge of the potential risks and rewards of investing your money
- **Debt management:** Cutting back on expenses plus keeping track of your credit usage
- **Financial planning:** Establishing an emergency fund, planning for retirement, and thinking ahead about future big-budget purchases

How Can You Enhance Your Financial Wellbeing?

Create a budget for yourself with Excel or a budgeting app.

What is your monthly income?

What are your monthly fixed expenses?

What are your non-essential monthly expenses?

When you have money left over, where are you saving or investing?

Emergency Fund

How much money do you have available for an emergency?

\$1,000 is a great starting point but many financial experts recommend saving an amount equal to three to six months' worth of expenses.

Credit Usage

Understand how much of your available credit you are currently using.

What is the interest rate on your credit cards?

What is the balance on your cards?

Can you transfer any credit card balances to lower-interest options or pay off high-interest loans first?

For additional resources go to [mymoney.gov/tools](https://www.mymoney.gov/tools)

Check out this year's Way to Wellness topics and download our 2022 companion calendar with more great tips and challenges to track for each month. Stay tuned for upcoming topics!