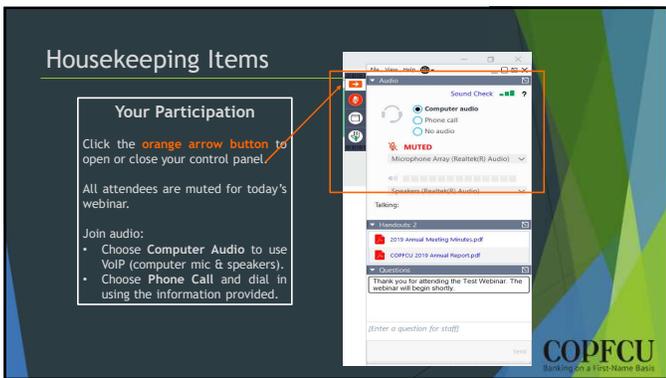
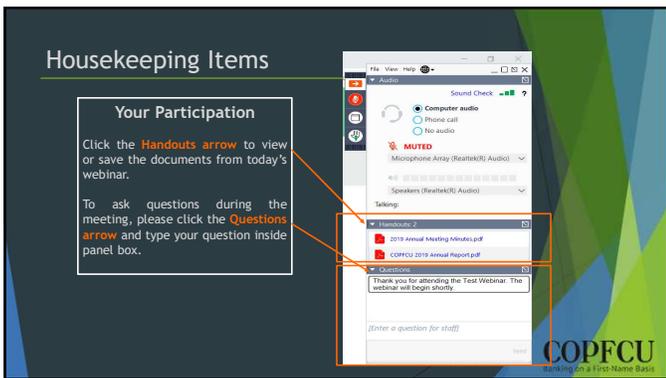


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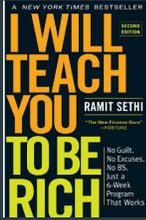
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Based on the Book



"Buy as many lattes as you want. Choose the right accounts and investments so your money grows for you—automatically. Best of all, spend guilt-free on the things you love."

--Ramit Sethi

by Ramit Sethi

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Budgets Don't work!



- They're impossible to stick to!
- Tracking every penny is time consuming and tedious.
- They make you feel bad, no matter what.
 - You're not saving enough
 - You're spending too much
 - You don't make enough money
 - You should never buy anything ever again!

Who wants to live like this?

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Forget budgeting...

"Everybody talks about how to save money, but nobody teaches you how to spend it."
--Ramit Sethi

- Live your life
- Stop wondering where your money goes every month and create a new, simple way of spending.
- Redirect your money to the places you choose—GUILT FREE!

...Instead, create a Conscious Spending Plan to change your life



7

What is Conscious Spending?



Conscious spending is about choosing the things you love enough to spend money on—and then cutting costs mercilessly on the things you don't love.



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Your Rich Life: What Does It Look Like?



- To be a millionaire?
- To take nice vacations every year?
- Lake house or vacation home?
- To be able to take care of aging parents?
- To be able to leave money for your kids & grandchildren?
- To not have to worry about money anymore?



9

Categories of Spending

You don't need to create a massive budgeting system. Just create a simple version today and tweak it over time.

Ideal "Starter" Conscious Spending Plan	
Category	% of Net Monthly Income
Fixed Costs Rent, utilities, debt, etc.	50-60%
Investments 401k, 403(b), Roth IRA, etc.	10%
Savings Goals Vacations, gifts, house down payment, emergency fund, etc.	15-20%
Guilt-Free Spending Money Dining out, entertainment, clothing, hobbies, etc.	15-20%

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Make Your Plan: Action Steps

Figure out where your money is going and redirect it to what's important to you.

1. Calculate your income
2. Calculate your expenses
3. Decide what your Conscious Spending Plan should look like
4. Optimize your spending: Cut mercilessly!
5. Automate your money

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Step 1: Calculate Your Income

Knowing how much you can spend each month starts with knowing how much you take home.

Type of Income	Amount
Net Salary/Wages (self)	\$
Net Salary/Wages (spouse)	\$
Extra Income/Side Hustle	\$
Alimony/Child Support	\$
TOTAL	\$

✓ Aim for a 6-month average of income

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What if You Fall Short: Optimize Your Spending



Find some **'BIG WINS'** in your spending.

Typically, 80% of what you overspend is used toward only 20% of your expenditures. Focus on a few big problem areas instead of trying to cut a little out of several smaller areas.

- Cut back on habits that aren't important to you
- Renegotiate your credit card interest rate
- Rethink your subscriptions
- Lower your insurance costs
- Get a side hustle

"The idea of sustainable change is central to personal finance. When a person goes from one extreme to another, behavioral change rarely lasts."
--Ramit Sethi

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What if You Fall Short?

Try the **Envelope System**: Allocate money for certain categories like dining out, shopping, groceries, etc.



Example: Cutting down from \$500 dining out on average.

- Month 1:\$475 on dining out
- Month 2:\$450 on dining out
- Month 3:\$400 on dining out
- Month 4:\$350 on dining out
- Month 5:\$300 on dining out
- Month 6:\$250 on dining out

****Start with 'bite-sized' changes and work in increments until you're on target in each category.*

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Negotiate Your Credit Cards

How to negotiate a lower credit card interest rate

- 1. **Start with your oldest card first.**
Loyalty is usually rewarded, so if you can say you've stuck with a company, they'll be more willing to work with you.
- 2. **Know your current credit card terms.**
Note your current interest rate, statement due date and your current balance.
- 3. **Find competing credit card offers.**
If you find a similar card to yours that offers a better rate, note the card's name, company and terms. You'll want to share this information when you reach out to the bank.
- 4. **Know your credit score.**
You can use a strong credit score as leverage in your negotiations.
- 5. **What if they say no?**
Build your credit health:
 - Try to keep your credit utilization rate -- the percentage of your credit limit that you're using -- at 30% or less.
 - Pay your bills on time -- every time.

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Re-think Your Subscriptions



Think about all of the subscriptions you have:

- Gym membership
- Netflix
- Hulu
- Birchbox
- Music Streaming
- App subscriptions
- Cable/Satellite TV
- Meal services

The average person spends \$237.33 on subscriptions per month.

That's an average of \$2,847 per year for subscriptions.

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What if You Fall Short: Other Solutions

To Do List

- 1 Make
- 2 More
- 3 Money

- **Lower your insurance costs:**
 - Call your insurance provider to negotiate a lower rate.
 - Shop around for price quotes.
 - Ask for a higher deductible or reduce coverage on older cars.
 - Get homeowner's and auto insurance from the same provider.
 - Improve your credit score.
 - Compare homeowner's insurance at insure.com to comparison shop.
- **Increase your income by doing some freelance work:**
 - Tutor or other student enrichment.
 - Drive for Uber or Lyft, Door Dash.
 - Provide childcare on evenings, weekends, or summers.
 - Sign up to be a virtual assistant on sites like upwork.com, or check Craigslist for jobs that interest you.

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But Be Realistic

Make 'bite-sized' changes in areas that matter and work in increments from there. Use the envelope system to gradually cut back in those areas over a 4-6 month period:

• Month 1:\$500 on Entertainment	• Month 1:\$500 on Clothing
• Month 2:\$450 on Entertainment	• Month 2:\$450 on Clothing
• Month 3:\$400 on Entertainment	• Month 3:\$400 on Clothing
• Month 4:\$350 on Entertainment	• Month 4:\$350 on Clothing
• Month 5:\$300 on Entertainment	• Month 5:\$300 on Clothing
• Month 6:\$250 on Entertainment	• Month 6:\$250 on Clothing



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Create Your Automatic Money Flow

Start by linking all of your accounts together.

HOW TO CONNECT YOUR ACCOUNTS

This account...	...should fund this account
Paycheck	<ul style="list-style-type: none"> Retirement savings HSA account Checking account
Checking Account	<ul style="list-style-type: none"> Other retirement: 403(b)/Roth IRA Savings account Fixed costs that don't allow credit card payment (like rent/mortgage) Credit Card Occasional spending cash
Credit Card	<ul style="list-style-type: none"> Fixed costs Guilt-free spending

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Automate Your Finances

Automatic Money Flow

On this date...	...this action should happen
1 st of the Month	<ul style="list-style-type: none"> 401k contribution comes out of salary Salary direct deposited to your checking account
5 th of the Month	<ul style="list-style-type: none"> Automatic transfer from checking account to short-term savings account Automatic transfer from checking account to Roth IRA/403b/other investments
7 th of the Month	<ul style="list-style-type: none"> Automatic payment of bills Automatic transfer from checking account to pay off credit card

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Step 5: Track & Review Monthly



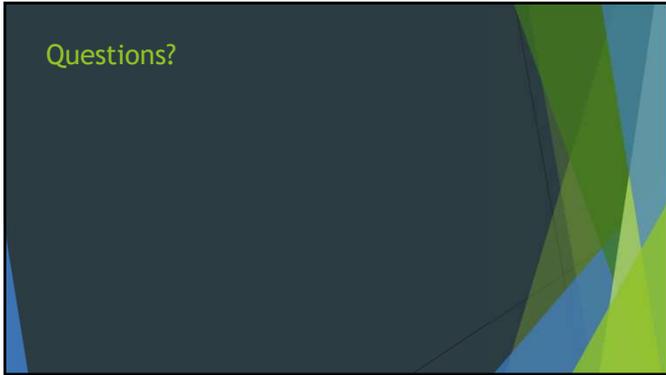
Maintain Your Conscious Spending Plan:

- Enter any cash receipts into your system each week.
- Tweak the percentages you send to each part of your spending plan as needed.
- Make sure your system is realistic enough that you'll stick with it for the long term.

✓ Over time, your system should become more and more automatic, requiring less and less of your time.

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