

The ABCs of Financial Success



*A step-by-step guide to
improving your financial future.*



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**Every journey begins with a first step,
and the journey toward financial
freedom is no different.**

By picking up this booklet, you've shown that you're interested in learning more about that first step and what it can do for your life.

Financial freedom can do much more than reduce debt or build savings. It can reduce stress, create stronger relationships with family and friends, and provide an opportunity to live the life you've always dreamed of living.

No one has ever become a master of their finances overnight. By starting with your ABCs, you're certainly on the right track. Turn the page and start your journey!





ASSESS YOUR FINANCIAL SITUATION

Knowing is more than half the battle!

The first step in gaining control of your financial life is knowing your financial situation. Start today by following these three steps.

A



STEP ONE:

Calculate Your Net Worth

First, let's do a check-up on the state of your finances. Your net worth is a strong indicator of financial strength. Figure out your net worth by subtracting your **liabilities** (what you owe) from your **assets** (what you own).

ASSETS – anything you own of value. This could be your home, your car, your business, property, etc.

LIABILITIES – Things for which you are responsible, such as debts or financial obligations, e.g. car loans, home loans, credit card debts.

Complete the worksheet below to calculate your net worth. Use the total amount owed or current payoff amount on the loans.

TOTAL ASSETS

Checking Account(s)	\$ _____
Savings Account(s)	\$ _____
Cash	\$ _____
401k, Investments	\$ _____
Market value of house	\$ _____
Market value of car	\$ _____
Other	\$ _____
TOTAL	\$ _____

TOTAL LIABILITIES

Credit Card Debt	\$ _____
Student Loans	\$ _____
Mortgage	\$ _____
Car Loans	\$ _____
Personal Loans	\$ _____
Family or Friend Loans	\$ _____
Other	\$ _____
TOTAL	\$ _____

_____ - _____ = _____
Total Assets Total Liabilities Your Net Worth

Are you surprised by the outcome? Did you get a negative or positive number? Is the number bigger or smaller than you expected?



STEP TWO: Create a Monthly Budget

Creating and maintaining a budgeting system will be key to reaching your savings goals. When you know how much you are spending, you can find small opportunities to change your habits.

Establish a monthly budget of how much you'd like to earn, spend, and save that month. Keep track of your spending, and revisit your budget frequently. When the month is up, tally up how much you actually spent and compare it with your monthly budget.

Is there a category you need to adjust? Did you spend more than you thought you did? Are you looking to save more per month? Is there any place you could cut back? Use these answers to inform your next month's budget and spending habits.

Below is an example worksheet. Feel free to change the categories to whichever most make sense to you. Make sure that you aim for a positive number or zero in the final equation. Reuse this template frequently to compare what you spend to your budget goals.

INCOME	\$ _____
Other Income	\$ _____
EXPENSES	
Housing/Utilities	\$ _____
Transportation	\$ _____
Groceries	\$ _____
Loans/Debt	\$ _____
Childcare/School	\$ _____
Savings	\$ _____
Health/Fitness	\$ _____
Phone/Internet/TV	\$ _____
Entertainment	\$ _____
Other	\$ _____
TOTAL EXPENSES	\$ _____
	- _____ = _____
Income	Expenses



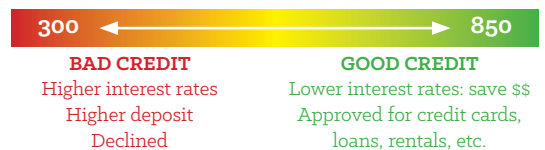
STEP THREE: Understand Your Credit History

Your history as a borrower will impact your future. Many businesses use credit history to determine how high your interest rate will be, which may cost you more in the long run. **Your credit history is any money you owe to anyone and is summarized in your credit score.** That includes loans, collections, late payments, etc.

YOUR CREDIT SCORE IS DETERMINED BY:

- 35% - Payment history**
on time, late, default, etc.
- 30% - Outstanding debt:**
what you owe now
- 15% - Length of credit history:**
how long you have had credit
- 10% - Types of credit:**
*revolving (credit cards)
installment and mortgage (loans)*
- 10% - New credit/inquiries:**
recent new credit

YOUR CREDIT SCORE:



HOW TO IMPROVE YOUR CREDIT SCORE:

Get a complete picture of your credit history by going to [AnnualCreditReport.com](https://www.annualcreditreport.com), and requesting a free credit report from one of the three major credit bureaus: Equifax, Experian, or TransUnion. It will show you all the information those companies look at to determine your credit score. Then, if you see anything incorrect, you can dispute the error with the credit bureaus. Go to page 14 for each credit bureau's information.



BUILD YOUR FINANCIAL PLAN

Now that you know your financial picture, you can start setting your sights on a financial goal. Do you want to go to college? Buy a home? Start a business? These are all great goals, so start planning now to get there!



STEP ONE: **Write Down Your Financial Goals**

What do you want to achieve? Increase your savings to \$300? Pay off credit card debt? Save for a downpayment on a home? Something else?

By this time next year, I want to... _____

In 5 years, I want to... _____

In 10 years, I want to... _____



STEP TWO:
Make Your Goals SMART

Now that you've chosen your goals, it's time to decide if they are SMART goals. SMART stands for Specific, Measurable, Able to be Reached, Relevant and Time Bound. For each of your goals, ask yourself whether it can be clearly defined as SMART. If it can't, it may not be the right goal on which to focus.

Goal #1:	<input type="checkbox"/> Specific <input type="checkbox"/> Measurable <input type="checkbox"/> Able to be reached <input type="checkbox"/> Relevant <i>(important to you)</i> <input type="checkbox"/> Time bound <i>(is there a deadline?)</i>
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Goal #2:	<input type="checkbox"/> Specific <input type="checkbox"/> Measurable <input type="checkbox"/> Able to be reached <input type="checkbox"/> Relevant <i>(important to you)</i> <input type="checkbox"/> Time bound <i>(is there a deadline?)</i>
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Goal #3:	<input type="checkbox"/> Specific <input type="checkbox"/> Measurable <input type="checkbox"/> Able to be reached <input type="checkbox"/> Relevant <i>(important to you)</i> <input type="checkbox"/> Time bound <i>(is there a deadline?)</i>
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STEP THREE:
Create An Action Plan

How much do you plan on saving every month? What's your strategy for paying down debts? These are action items that should go into your plan. List the actions needed to pursue your goal.

To reach my goals, I need to... _____

Now that you've identified the parts of your plan, it's time to get started. Select the action item which should be first on your to do list.

The first thing I'm going to do is... _____

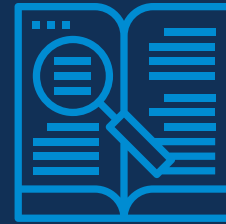


STEP FOUR:
Review Your Plan Periodically.

Sometimes you'll need to make adjustments based on changes in your goal or changes in your life. For example, paying off one debt might mean you can put more money onto another debt. Or a job change might mean you have less to put toward your goal. What's important is that you don't simply give up on your plan. Adjust and move forward!

I will review my plan every _____
days weeks months year *(circle one)*

My next review will be ____ / ____ / ____



**CONTINUE YOUR
EDUCATION**

The most important part of your financial education is knowing that you should never stop learning! There are many resources available to help you strengthen your financial future. In addition to speaking with Southern's financial counselors, you can also visit Southern's free online financial resource center, The Learning Center, which includes dozens of toolkits from trusted sources on a variety of subjects. Visit southernpartners.org/learning-center to get started.

ADDITIONAL RESOURCES

Arkansas Attorney General:

www.arkansasag.gov/programs/identity-theft

Mississippi Attorney General:

www.ago.state.ms.us/consumer-protection/common-consumer-myths

Consumer Finance Protection Bureau:

www.consumerfinance.gov

www.cfpb.gov/my-money-my-goals

www.cfpb.gov/behind-on-bills

Financial education and management:

www.pueblo.gsa.gov

www.mymoney.gov

www.eHomeAmerica.org/southernpartners

Business training

www.sba.gov/training

Tax preparation

www.banksouthern.com/VITA

Credit and housing counselors

www.southernpartners.org/contact

www.hud.gov

CHECK YOUR CREDIT HISTORY FOR FREE

AnnualCreditReport.com

EQUIFAX

www.equifax.com

1-800-685-1111

Fraud Hotline:

1-888-766-0008

EXPERIAN

www.experian.com

1-888-397-3742

Fraud Hotline:

1-888-397-3742

TRANSUNION

www.transunion.com

1-800-916-8800

Fraud Hotline:

1-800-680-7289

For more help with planning your financial future, visit your local Southern Bancorp Bank today. Find the nearest location here:

www.banksouthern.com/contact

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Sources: Foundation for the Mid-South, Financial First Aid Kit, www.fndmidsouth.org. The State of Minnesota, Four Cornerstones of Financial Literacy, www.helpmnsave.org. Consumer Financial Protection Bureau, Your Money Your Goals, www.cfpb.gov/your-money-your-goals