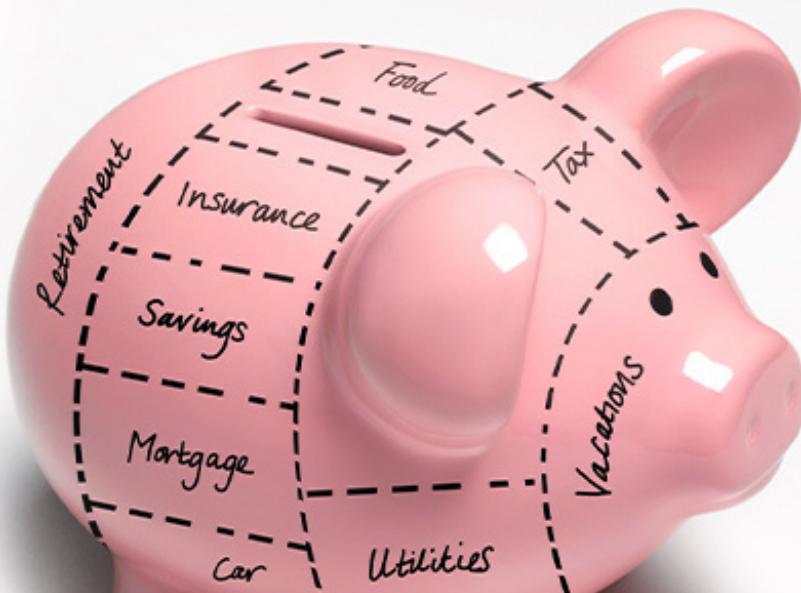


PLAN FOR HEALTH

Financial Well-Being

APRIL 2023



When you consider the state of your health, you probably first think about physical health, and then your mental or emotional health. But another important aspect of wellness is your financial health—something you may not need a doctor for, but which affects your everyday life and future.

HOW FINANCIAL HEALTH WORKS

Being financially healthy means being economically secure enough to handle both expected and unexpected expenses. Someone who is financially healthy can afford to pay essential bills, has ample savings for an emergency and can afford their debt obligations. If this doesn't describe your financial outlook, your financial health may need some work. Financial health can improve or diminish over time, and it can also differ from person to person. For example, you may feel financially healthy with some savings and credit card debt, while someone else may feel their debt is so large (or their savings not large enough) that it drags down their financial health.

Here are a few situations that can signify financial wellness:

- You make enough income to live comfortably
- You have no debt, or your debt is manageable and being repaid on schedule
- You're saving adequately for short-term and long-term goals
- Your credit score is high enough to help you qualify for whatever financing you need at low rates
- You feel mentally and emotionally comfortable with your financial situation

WAYS TO MEASURE YOUR FINANCIAL HEALTH

There are a few ways to measure the current health of your finances and find potential room for improvement. Try breaking it down into these categories:

Your debt-to-income ratio: Carrying too much debt harms financial health. Lenders use a calculation called debt-to income ratio (DTI) that compares how someone's monthly debt obligation compares to their income.

Calculating your DTI can help you get a better sense of where you stand. Lower is better, though for context, most mortgage lenders prefer DTIs below 43%, and some may even prefer DTI ratios no greater than 36%.

Your credit: Having a strong credit score is also a component of financial health. The factors that affect it include the amounts you owe on your debt accounts (as well as your credit utilization), repayment history, your credit mix and the length of credit history. Having a score above 700 is generally considered good credit, while above 800 is considered excellent.

Your emergency fund: A key measure of financial health is if you have enough to keep you afloat in an unexpected situation, such as job loss, car breakdown or medical emergency. Experts generally agree that you should have an emergency fund with three to six months' worth of living expenses saved.

Your retirement savings: While there are different philosophies on how much you need to save for the future, there are some rules of thumb on how much you should have saved by each age. Check how your savings compare to know if you're on track or if you need to catch up.

HOW TO IMPROVE YOUR FINANCIAL HEALTH

If your financial health could use a boost, here are a few ways to get started.

Conquer debt. If debt is weighing you down, come up with a debt payoff strategy to get it under control. Don't be afraid to ask creditors if they'll allow a repayment plan. If you're really struggling, consider meeting with a credit counselor.

Get on a budget. One of the best ways to get organized and maintain financial health is to create a budget. By tracking what's coming in and out, you'll be better equipped to save money, pay off debt and meet other goals.

Save and invest for the future. Find ways to work toward future goals, whether short-term (creating an emergency fund or saving for a mortgage down payment) or long-term (investing in a retirement account).

Focus on Credit: Credit is a crucial component of your financial health. It determines your eligibility for a variety of products, goals and decisions in life, so make sure you review your credit report, dispute any errors, and look for room for improvement.

Sharecare Featured Challenge

Each year, we promote National Walk at Lunch Day the last Wednesday of April. Join us this year on April 26th, by joining the Walk at Lunch Day Challenge on Sharecare. Join this challenge starting on April 1st by going to

Mycare.sharecare.com, clicking **Achieve → Challenges → Upcoming → and Join the challenge.**



**Plan ahead...Join us next month for May's health topic:
Setting Goals for a Healthier You: Exercise and Nutrition**