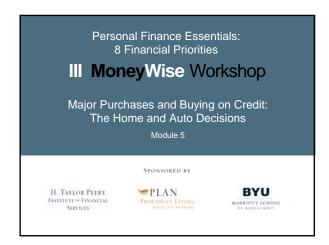
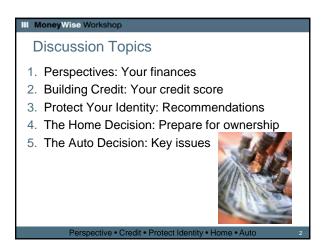
MoneyWise Module 5

Major Purchases and Buying on Credit: The Home and Auto Decisions





1. Perspectives: Your finances

President James E. Faust stated:

Over the years the wise counsel of our leaders has been to avoid debt except for the purchase of a home or to pay for an education. I have not heard any of the prophets change this counsel.

(James E. Faust. Toding the Best Things in the Worst Times, *Ensign, Aug. 1984, 41)

Consumer and credit card debt are not included in that short list of acceptable debt

Perspective • Credit • Protect Identity • Home • Auto

3

Financial Perspectives: Your Finances

President Gordon B. Hinckley said:

Look to the condition of your finances. I urge you to be modest in your expenditures; discipline yourself in your purchases to avoid debt to the extent possible. Pay off debt as quickly as you can, and free yourself from bondage. . . If you have paid your debts, if you have a reserve, even though it be small, then should storms howl about your head, you will have shelter for your wives and children and peace in your hearts. That's all I have to say about it, but I wish to say it with all the emphasis of which I am capable.

[Gorden B. Hinddey, "to the Boys and Men." Eneign, Nov. 1998, p. 51)

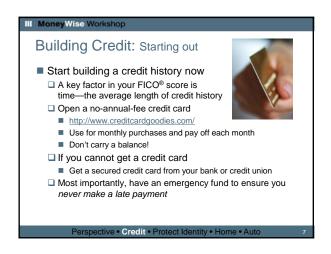
2. Building Credit: Your Credit Score

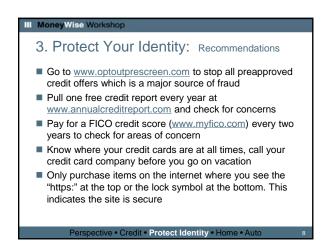
It's not just for mortgages anymore
Landlords, employers, and lenders also check

What is a credit score?
A grade on how you manage credit
Score providers use credit report data from the major credit bureaus (Experian, TransUnion, and Equifax)
Many different credit score providers, with FICO® being the recommended credit score provider
Ideally want your FICO credit score of 750+

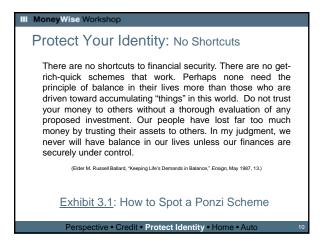
III MoneyWise Workshop Building Credit: Getting Credit Reports and Scores Obtain free credit reports and FICO scores online ☐ Get a copy of your credit reports each year from ■ http://www.annualcreditreport.com ☐ Be careful of other sites/pop-up ads offering free reports ☐ Can obtain one each year from each bureau (3 total) ■ Good idea to check your credit reports annually for errors Only gives transaction history, no actual score ☐ Obtain your FICO credit score from http://www.myfico.com Some credit cards give you a free FICO score each year ■ Get a one-time "Bureau Credit Report" and a FICO Score for \$19.95 from Myfico.com Also includes use of credit simulator for 30 days ■ Get a free (non-FICO) credit report from CreditKarma.com tive • Credit • Protect Identity • He

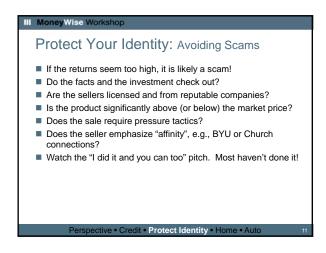
MoneyWise Module 5 Major Purchases and Buying on Credit: The Home and Auto Decisions

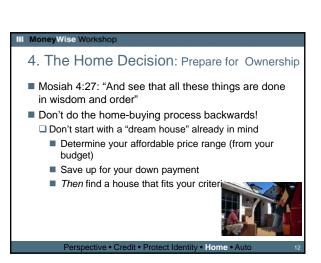






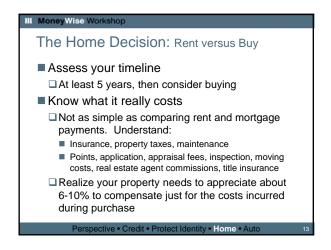


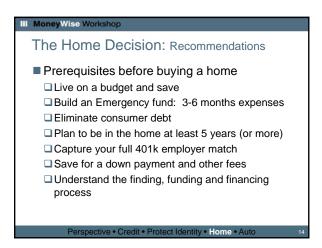


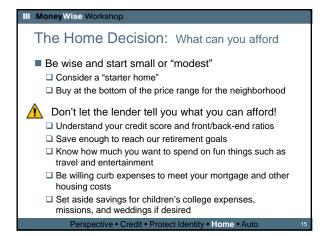


MoneyWise Module 5

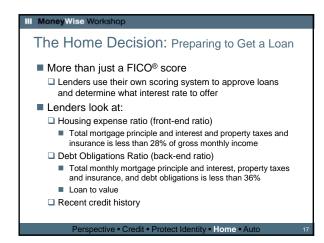
Major Purchases and Buying on Credit: The Home and Auto Decisions

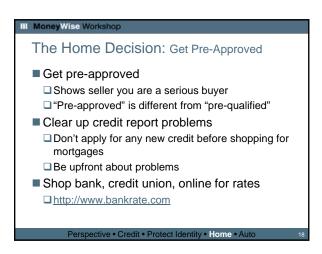






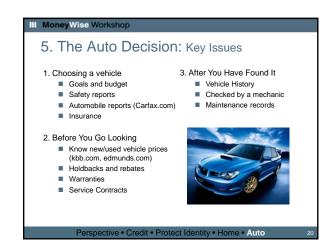






MoneyWise Module 5 Major Purchases and Buying on Credit: The Home and Auto Decisions





The Auto Decision: General Guidelines

Understand the auto purchase process
You will get a better deal with cash
Buy a "late model" (fairly new) used car
New cars lose value when they leave the lot
Don't lease cars
Leases are very expensive
Determine your total price and NEGOTIATE for it
Understand where to find new/used prices
Enjoy your purchase and keep it well maintained
Maintain it and drive it for a long time

Major Purchase Take Aways

1. Perspectives: Your finances
2. Building Credit: Your credit score
3. Protect Your Identity: Recommendations
4. The Home Decision: Prepare for ownership
5. The Auto Decision: Key issues

FHE Suggestions

Open an emergency fund account
Go to annualcreditreport.com to get your free credit history

Consider getting your FICO® score at myfico.com or a free score at Creditkarma.com

Discuss with your spouse any current credit challenges

Talk about ways you plan to improve or build your credit history

Resources

"**All Resources are Online at http://personalfinance.byu.edu
Readings

Reading 5.1 William E. Berrett, "I Have a Question," Ensign, Oct. 1979, 29.

Reading 5.2 Ned Hill, "How to Spot a Ponzi," Marriott School Magazine, Fall 2007, pp. 8-13.

Tools

Exhibit 5.1 Home Loan Comparison with Prepayment and Refinancing
Exhibit 5.2 Maximum Mortgage Payments for LDS

Websites

BYU Personal Finance Website: http://personalfinance.byu.edu

Videos and Chapters: The Home Decision I & II, The Auto Decision
Food storage, http://providentliving.com
Emergency funds, http://smartmoney.com/pf/
Credit cards and credit scores, http://www.myfico.com
Home buying, http://smartmoney.com/home/, http://fha.gov
Automobile Reports, www.consumerreports.org, www.edmunds.com, www.autosite.com, www.kbb.com

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