What Are the Five Pillars of Financial Literacy?

1. Earning

The term "earning" may be simple, but there's more to earning than simply cashing a paycheck. People need to consider what they want to do and what they need to do for work.

Questions to ask yourself include:

- What do I enjoy doing that can make money?
- How much money does my dream job make?
- How reliable and stable is this career?
- How many hours a week will I need to work to maintain my quality of life?
- Where should I use and keep my earnings?

2. Borrowing

Not only is borrowing necessary in today's economy, but it also builds your credit. People should learn where to borrow money from, such as a bank or, preferably, a credit union. It's also imperative to understand a loan and how it works. This involves knowing what the interest rate means and the importance of timely payments.

3. Budgeting/Spending

It may feel like spending is the entire purpose of earning and borrowing, but there's a science to spending wisely! People should teach individuals from a young age how to create a budget and allocate funds toward needs and wants. Adults should use budgeting sheets to keep track of monthly bills, discretionary spending, and other regular expenditures.

4. Saving/Investing

Saving and investing your money is what makes your future comfortable and sustainable. Do you plan to retire? Do you know when you can retire based on how much you save in a retirement account? It doesn't matter if you're in your 50s or 20s; saving and investing should be a top financial priority.

Saving money helps you reach financial goals, such as a big vacation or a down payment on your dream home. Researching and choosing the best platform for long-term investing will help you make the most of your earnings. The right investments can boost your savings as well as your retirement fund.

5. Protecting

Despite credit unions earning the trust of members, there are still people who'd prefer to hold onto their money at home. While it's a good idea to keep some funds on hand, most of your earnings should reside in an insured account. The National Credit Union Association (NCUA) insures your money for up to $250,000 with a credit union.

However, protecting your money requires more than entrusting it to your financial institution. In today's cybersecurity age, safeguarding your earnings means protecting your personal information and using caution publicly and online. You can't trust all online stores or forums and should never share sensitive information with an unknown person or platform. To stay informed of current cybercrimes and scams, sign up for consumer alerts with the Federal Trade Commission (FTC).

Remember, UBI Financial Credit Union is local and here for you! Please let us know how we can help with your banking and financial needs! 860-747-4152 or find us at www.UBIFCU.com