12 Principles of Personal Financial Literacy

1. **Know your take-home pay** – Before committing to significant expenditures, estimate how much income is likely to be available for you. Net income, after all mandatory deductions, is more important to estimate than gross income before deductions.
2. **Pay yourself first** – Before paying bills and other financial obligations, set aside an affordable amount each month in accounts designated for long-range goals and unexpected emergencies. You'll be surprised how even small amounts untouched over time will add up.
3. **Start saving today** – Recognize that your total savings are determined both by the interest you earn on those savings and the time period over which you save. In other words, the sooner you start saving, the more funds you'll be able to amass over time.
4. **Compare interest rates** – Obtain rate information from multiple financial services firms to get the best value for your money.
5. **Don't borrow what you can't repay** – Be a responsible borrower who repays as promised, showing you are worthy of getting credit in the future. Before you borrow, compare your total payment obligations with income that you will have available to make these payments. Responsible borrowers have better credit scores, which means they qualify for lower interest rates.
6. **Budget your money** – Create a monthly and annual budget to identify expected income and expenses, including savings. This will serve as a guide to help you live within your income.
7. **The "Rule of 72"** – To determine how long it will take your money to double, divide the interest rate into 72. For example, an account earning 6% interest will double in twelve years (72 divided by 6 equals 12).
8. **High returns may equal high risks** – Recognize that the higher guaranteed rate of return the higher the risk of losing some, or all, of the money you invest. The best protection against high risk is to keep a diversified portfolio of assets.
9. **Question offers that seem too good to be true** – Be leery of advertisements, sales people, or other sources of financial offers promising anything free. If it sounds too good to be true, it probably is.
10. **List your financial goals** – Take time to list your financial goals, along with a realistic plan for achieving them. You can go places you want to go without a roadmap -- but seldom without getting lost along the way.
11. **Your credit history follows you** – Credit bureaus maintain credit reports, which record borrowers' histories of repaying loans. Negative information in credit reports can affect your ability to borrow at a later point.
12. **Stay insured** – Purchase insurance to avoid being wiped out by a financial loss, such as an illness or accident. An insurance plan should be part of every personal financial plan.