

FINANCIAL LITERACY 101:

YOUR GUIDE TO MASTERING MONEY

INTRODUCTION

Financial wellness starts with smart decisions and consistent habits. Whether you're early in your career, raising a family, or planning for retirement, understanding your finances can ease stress and support long-term success.

This guide offers simple, practical tools to help you budget, save, spend wisely, and plan ahead—no matter where you are in your journey.

At PrimeBank, we're proud to support individuals, families, and the communities we serve with financial education that's clear, approachable, and grounded in real life.



Building a Better Budget

A strong budget puts you in control of your money and helps you make confident financial decisions—whether you’re paying rent, saving for a trip, or managing day-to-day expenses. And it doesn’t have to be complicated.

Start with two simple lists: your income and your expenses. Our [downloadable budgeting tool](#) can help you organize both clearly.

INCOME & EXPENSES

Your **income** may include wages, side hustle earnings, or financial aid.

Expenses fall into three categories:

- **Fixed Expenses** - Examples: Rent, student loans, insurance
- **Variable Expenses** - Examples: Groceries, gas, entertainment
- **Savings** - Examples: Emergency fund, travel, retirement

Once everything is laid out, you can start to see patterns and spot opportunities. Is there room to reduce a subscription or redirect spending into savings? Can you set a small, achievable goal this month to move closer to a bigger financial milestone?

With PrimeBank’s [personal savings accounts](#) and helpful tools, you can build a budget—and a future—that works for you.

Credit Confidence

If budgeting is your foundation, credit is the framework that helps you reach bigger goals—like buying a car, owning a home, or starting a business. Understanding how it works gives you the power to make smarter financial moves.

WHAT IS CREDIT?

Credit is borrowed money you agree to repay, often with interest. Your credit history—tracked in a report and reflected in a credit score (typically 300–850)—helps lenders decide whether to lend to you and at what rate. Higher scores mean better rates and approval odds. Your score is based on:

- **Payment history** – Do you pay your bills on time?
- **Credit utilization** – Are you using more than 30% of your available credit?
- **Length of history** – How long have your accounts been open?
- **Types of credit** – Do you have a mix (e.g., credit cards, auto loans, student loans)?
- **New credit applications** – Are you applying for credit too frequently?

HOW TO CHECK YOUR CREDIT REPORT

You can request a free credit report each year from the three major credit bureaus—Experian, Equifax, and TransUnion—at [AnnualCreditReport.com](https://www.annualcreditreport.com). You can also monitor your score through free services like [Credit Karma](https://www.creditkarma.com) or your credit card provider's online tools. Keeping an eye on your report helps you catch errors, track your progress, and spot potential fraud.

TIPS TO BUILD STRONG CREDIT

- ✓ **Pay your bills on time.** This is the single most important factor in building a good score. Set up automatic payments or calendar reminders to stay on track.
- ✓ **Keep your credit utilization low.** Try to use less than 30% of your total available credit. For example, if your limit is \$1,000, aim to keep your balance below \$300.
- ✓ **Don't apply for too much credit at once.** Multiple applications in a short time can lower your score.
- ✓ **Use credit regularly, but responsibly.** Using a credit card for small purchases and paying it off in full each month helps build history without racking up debt.
- ✓ **Maintain older accounts.** A longer credit history can help your score—so think twice before closing your oldest card.

MANAGING CREDIT CARD DEBT WISELY

If you're carrying credit card debt, having a payoff strategy can help you stay focused and save money. Two popular approaches are the **snowball method** and the **avalanche method**.

EXAMPLE

With the **snowball method**, you pay off your *smallest* balance first, while making minimum payments on the rest. Once the smallest is gone, roll that payment into the next smallest.

- Card A: \$500 @ 15%
- Card B: \$1,200 @ 18%
- Card C: \$2,000 @ 22%

Start with Card A, then move to B, then C. This method builds momentum and motivation.

The **avalanche method** tackles the *highest-interest* debt first to reduce what you pay overall. Using the same example: Start with Card C, then B, then A. It may take longer to see progress, but you'll save more on interest.

Whichever you choose, always pay more than the minimum when possible to speed up repayment and avoid extra fees.

Good credit doesn't happen overnight. It takes consistency and smart habits—but over time, those choices will open doors and save you money.

Preparing for Homeownership

Buying a home is one of life's biggest financial decisions. Before house hunting, make sure you're ready to take on the responsibilities of home ownership. Preparing early helps you avoid surprises, improve loan options, and approach the process with confidence.



MORTGAGE 101: WHAT LENDERS LOOK FOR

When applying for a mortgage, lenders take a holistic view of your overall profile to determine approval and loan terms. Here are some of the main things they consider:

- **Credit score and credit history** – a snapshot of how you’ve managed credit over time
- **Debt-to-income (DTI) ratio** – how much debt you carry relative to your income
- **Income stability** – consistency of your earnings over time (minimum 2 years of income history)
- **Employment history** – length and reliability of your work background
- **Down payment** – the upfront amount you can contribute toward your home purchase
- **Available savings** – cash reserves for closing costs and future expenses
- **Financial behavior** – including any recent large purchases or credit applications

The better your financial standing in each of these areas, the more likely you are to qualify for favorable loan terms, including lower interest rates.

HOW CREDIT HISTORY AFFECTS MORTGAGE OPTIONS

Your credit score directly impacts your loan eligibility and interest rate because it reflects how reliably you’ve handled debt in the past. A higher score signals to lenders that you’re a lower-risk borrower, which can lead to better loan terms and lower interest rates. A lower score, on the other hand, may result in higher rates to offset the perceived risk.

To prepare:

- Check your credit report early at AnnualCreditReport.com
- Dispute any errors promptly
- Pay bills on time and reduce card balances
- Avoid new credit activity near your application window

Even small improvements in your score can save you thousands over the life of your loan.

KEY STEPS TO QUALIFY FOR A HOME LOAN

Calculate what you can afford. Use a home affordability calculator or apply the 28/36 rule: spend no more than 28% of your gross income on housing, and no more than 36% on total debt.

Start saving for upfront costs. You'll likely need a down payment (typically 3%–20% of the purchase price of the home) and closing costs (usually 2%–5% of the home's value).

Reduce existing debt. Paying off high-interest debt not only improves your credit score but also lowers your DTI ratio—making you a more attractive borrower.

Avoid significant financial changes. Hold off on large purchases, switching jobs, or opening new credit lines during the home buying process.

Create a trial budget. Once you've estimated your future mortgage and housing costs, try living on that reduced budget for a few months.

TIPS FOR FIRST-TIME BUYERS

1. Don't become "house poor." Being house poor means spending so much on your mortgage and housing expenses that there's little left for everyday needs or future goals. Leave room in your budget for savings, unexpected costs, and the lifestyle you enjoy.
2. Build your credit early. The stronger your credit, the better your loan options. A little work now can mean big savings later.
3. Ask questions. From understanding mortgage options to budgeting for property taxes, our local bankers are here to help you through every step.
4. Get pre-approved. A pre-approval shows sellers you're serious and gives you a clear picture of your buying power.

Homeownership is a major milestone. With the right preparation and a trusted banking partner, you can get there confidently. PrimeBank is here to support you with personalized tools, advice, and local guidance every step of the way.

Personal Loans & What to Expect

Whether you're facing an unexpected expense, consolidating debt, or planning a big event, personal loans can offer flexible funding with structured repayment terms. But it's essential to understand how they work and when they make the most sense.

WHEN PERSONAL LOANS MAKE SENSE

Personal loans are best used for major, one-time expenses or debt consolidation. Here are some common reasons people apply:

- Emergency medical costs or car repairs
- Home renovations
- Wedding or moving expenses
- Paying off high-interest credit card debt

Personal loans often have lower rates than credit cards, making them a smart option if you have steady income and a solid repayment plan. Avoid using them for nonessentials if it means delaying savings or other goals.

TYPES OF PERSONAL LOANS & TYPICAL TERMS

Most personal loans are unsecured, meaning you don't need to provide collateral, which is an asset you agree to give the lender if you fail to repay your loan (such as your car or property). Loan amounts vary by lender with fixed monthly payments. Interest rates are based on your credit profile, so borrowers with strong credit tend to receive the best rates.

Before applying, it's smart to:

- Check your credit score and improve it if needed
- Determine exactly how much you need—don't borrow more than necessary
- Create a repayment plan that fits your monthly budget

RED FLAGS TO AVOID

Not all lenders are created equal. Be on the lookout for:

- Guaranteed approval offers with no credit check
- High origination fees or hidden charges
- Requests for upfront payments before loan approval
- Aggressive marketing tactics or unclear terms

If an offer sounds too good to be true, it probably is. Always verify lenders with reputable sources, such as the Better Business Bureau or the Consumer Financial Protection Bureau.

HOW PRIMEBANK SUPPORTS BORROWERS

At PrimeBank, we believe in lending that's transparent, straightforward, and tailored to your needs. Whether you're buying a new (or pre-owned) car, covering a large expense, or managing existing debt, we offer competitive rates and easy application processes for personal loans. Most importantly, our team takes time to understand your financial goals and guide you toward the best borrowing solution.

Securing Your Financial Future

Financial security starts with a few smart habits. With a bit of planning today, you can build a strong safety net for tomorrow.

Build an Emergency Fund

Aim to save 3 to 6 months of essential expenses in a separate savings account you can easily access. If that feels overwhelming, start with a smaller goal—like \$500—and build from there. PrimeBank's [personal savings accounts](#) offer competitive rates and no monthly fees, making it easy to grow your emergency fund.

Protect What Matters

Insurance and basic estate planning are key to safeguarding your future. Health and life insurance can protect your finances in a crisis, and having a simple will ensures your wishes are clear. These steps offer peace of mind and prevent unnecessary stress later on.

Keep Your Identity Safe

Use strong passwords, set up two-factor authentication, and check your accounts regularly. Scammers often target people through fake emails, calls, or texts. Don't share personal or banking information with anyone you don't know, and never click links from unknown sources.

PrimeBank Has Your Back

From savings tools to personalized support, PrimeBank is here to help you plan ahead. Contact us to explore simple, effective ways to secure your financial future—whatever stage you're in.

WHY COMMUNITY BANKING MATTERS

Community banks like PrimeBank offer more than just accounts and services—we offer real relationships, local expertise, and a commitment to helping you thrive.

The Value of Local Relationships

Financial goals aren't one-size-fits-all. That's why our bankers take the time to understand your unique needs—whether saving for a home, starting a business, or planning for the future. We live here, we work here, and we care about helping our neighbors succeed.

A Trusted Partner at Every Stage

Whether you're building credit, planning for retirement, or just looking for a better way to manage your money, PrimeBank offers tools and guidance to help you move forward. We support your goals with services that are clear, competitive, and community-driven.

You can also download free resources like our [budgeting template](#) to build better habits and plan with confidence.

Rooted in Community, Committed to You

We're proud to support local schools, nonprofits, and small businesses through events, sponsorships, and financial education programs. We believe that stronger communities begin with stronger financial foundations—and we're here to help build both.

Contact any of our branches or [send us a message](#) for personalized guidance on reaching your financial goals.

Your goals are our goals. Let's connect.

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