

Your Money, Your Goals

A FINANCIAL EMPOWERMENT TOOLKIT FOR LEGAL AID ORGANIZATIONS



Your Money, Your Goals

Opening Activity

Money and me: Opening activity

List all of the words, phrases, sayings, songs, or other associations you have with the word **money**.

Money and me: Opening activity

money

any generally accepted medium
of exchange

Money: What does it mean?

- Where do our associations about money come from?
- How do these associations reflect our attitudes and feelings about money?
- How are our attitudes and feelings related to our behaviors and actions?
- So what does this mean when we are working with individuals on financial empowerment?

Your Money, Your Goals

Overview of the training and introductions

Training purpose

- To provide you with:
 - An orientation to *Your Money, Your Goals*—the CFPB’s financial empowerment tools
 - Strategies for using the toolkit
 - The tools, knowledge, and confidence to provide financial empowerment services to clients of legal aid organizations

Training objectives

By the end of the training, you will be able to:

- Explain the ways outcomes of financial empowerment training align with your program outcomes as well as the outcomes of the individuals you serve.
- Demonstrate increased confidence in your own knowledge about core financial management topics.
- Assess clients of legal aid organizations' financial conditions or situations.
- Provide the right financial content at the right time in the context of your service provision to clients based on conversations, the legal issues being addressed by your legal aid organization, or assessment.

Training objectives

By the end of the training, you will be able to:

- Use specific tools to help clients of legal aid organizations reach their own goals in different workplace, cultural, and situational contexts.
- Access and use tools and materials, including how to submit a complaint, available at www.consumerfinance.gov.
- Make appropriate and specific referrals to help legal aid clients manage their financial challenges.
- Know where to go for unbiased information or help in providing financial empowerment services.

Training presenter

- The Consumer Financial Protection Bureau created the *Your Money, Your Goals* toolkit for consumers, as well as the training materials presented today. These materials are being presented to you by a local organization. The organizations or individuals presenting these materials are not agents or employees of the CFPB, and their views do not represent the views of the Bureau. The CFPB is not responsible for the advice or actions of these individuals or entities. The Bureau appreciates the opportunity to work with the organizations that are presenting these materials.

Introduction activity

- Share name
- Organization
- Role within the organization
- “What do you expect or hope to get from this training?”

Training agenda

- Money and me: opening activity
- Overview of the training and introductions
- Introduction to the CFPB and resources for legal aid organizations
- Submitting a complaint to the CFPB
- *Your Money, Your Goals*: How to use the toolkit
- The role of referral
- Assessing the situation
- Setting goals and planning for purchases
- Tracking and managing income and benefits
- Paying bills and other expenses
- Getting through the month
- Dealing with debt
- Understanding credit reports and scores
- Saving for emergencies, goals, and bills
- Shopping for Financial services
- Closing

Your Money, Your Goals

Introduction to the CFPB and resources for legal aid organizations

Introduction to the CFPB



Consumer Financial
Protection Bureau

- Consumer Financial Protection Bureau
- The CFPB's mission is to make markets for consumer financial products and services work for consumers.

Introduction to the CFPB

- Education
- Oversight
- Regulations
- Study

CFPB resources for legal aid organizations

- Regulatory information
- Ask CFPB
- Get Assistance materials
- Submit a complaint
- Resources for service members, students, and older Americans

Protecting consumer rights—CFPB and key consumer finance laws

- Equal Credit Opportunity Act and Regulation B
- Home Mortgage Disclosure Act (HMDA) and Regulation C
- Electronic Fund Transfer Act (EFTA) and Regulation E
- Fair Debt Collection Practices Act and Regulation F

Protecting consumer rights—CFPB and consumer finance laws

- Consumer Leasing Act and Regulation M
- Privacy of Consumer Financial Information – Gramm-Leach-Bliley Act and Regulation P
- Fair Credit Reporting Act and Regulation V
- Real Estate Settlements Procedures Act and Regulation X

Tool 1: Submitting a complaint to the CFPB

- Describe **what happened**, in as much detail as possible
- Describe what you think a **fair resolution** to the issue would be
- Provide your **information** (name/address/email)
- Provide **detailed information about the product and company** you are complaining about. Please scan and upload any documentation that you have here (account agreements, monthly statements, proof of payment, etc.).
- Ability to file on behalf of oneself or other, e.g., client

Tool 1: Submitting a complaint to the CFPB



Complaint submitted



Complaint reviewed and routed



Company response

Tool 1: Complaint process



Consumer review



CFPB review and investigation

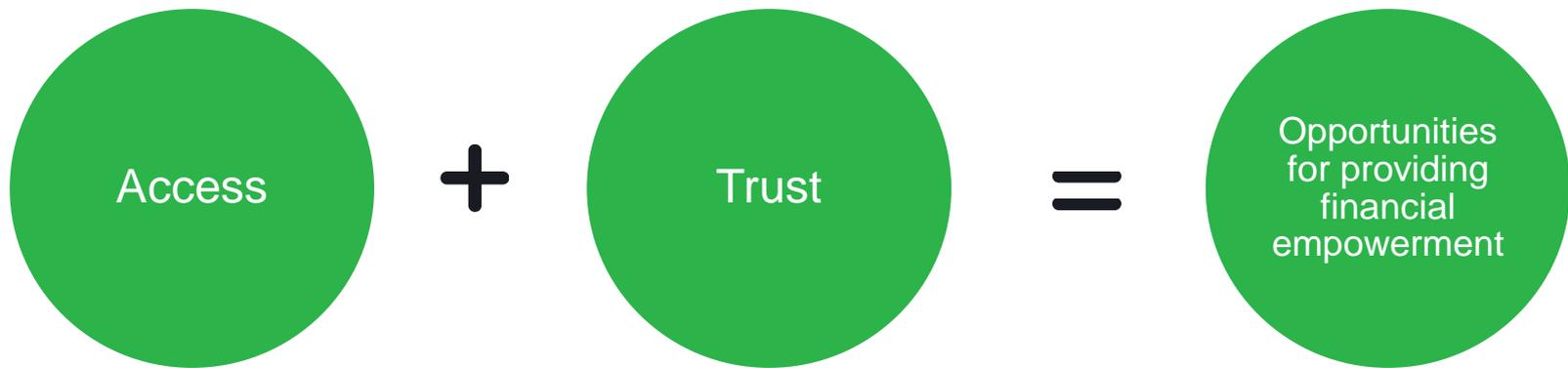


Analysis and report

Your Money, Your Goals

Financial empowerment and an
orientation to the toolkit

CFPB, financial empowerment, and legal aid staff



Financial empowerment

What is financial empowerment?

How is it different from financial education, financial literacy, financial capacity, or other commonly used terms?



Benefit / cost of providing financial empowerment

What are the *benefits* of financial empowerment

- For you?
- For your clients?
- For your organization?

What are the *costs* of financial empowerment

- For you?
- For your clients?
- For your organization?

Organization of *Your Money, Your Goals*

- Overview
- Module 1: Assessing the situation
- Module 2: Setting goals and planning for purchases
- Module 3: Tracking and managing income and benefits
- Module 4: Paying bills and other expenses
- Module 5: Getting through the month
- Module 6: Dealing with debt
- Module 7: Understanding credit reports and scores
- Module 8: Saving for emergencies, goals, and bills
- Module 9: Money services, cards, accounts, and loans: Finding what works for you

Organization of *Your Money, Your Goals*

- Do not treat like a curriculum.
- Provide the right content and tools at the right time.
- Use in discussions with clients of legal aid organizations or assessments to figure out where to start.
- Use in discussions with client when there is overlap between legal issue and financial issue, e.g, debt collection

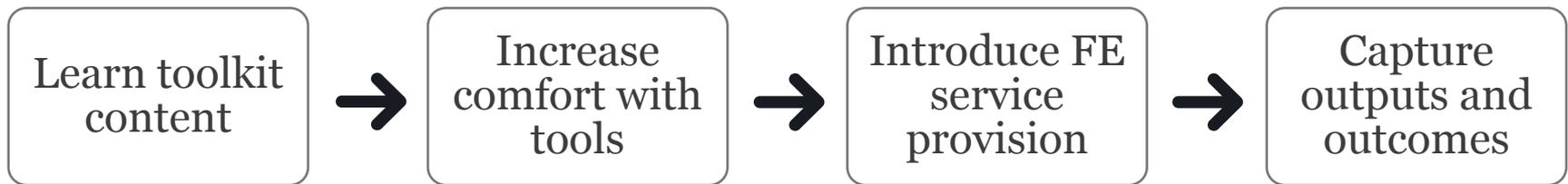
Where would you start if a client...

1. Felt overwhelmed by debt?
2. Felt like she couldn't make ends meet?
3. Wants to buy a car and get the best rate she can for the money she must borrow?
4. Wants to understand direct deposit and payroll cards?
5. May qualify for EITC?

Where would you start if a client... (continued)

6. Has used high-cost credit products in the past and wants to avoid these in the future?
7. Wants to make changes but does not have clear goals?
8. Has many financial issues, and you don't know where to start?
9. Has no savings but wants to start?
10. Wants to open an account but doesn't know what kind of account or where?

Integration: Using the toolkit with clients of legal aid organizations



If you want to test your knowledge on consumer finance issues, take the Knowledge assessment quiz – available at the YMYG webpage

Financial empowerment quiz for legal aid staff

Complete the financial empowerment quiz for legal aid staff.

Reflection Questions

- Were there answers that surprised you? If yes, which ones?
- Were there topics you knew more about than you thought you would?
- Of the topics covered by the quiz, which would be most useful to your clients?
- What topics would you like to learn more about?
- How can you learn more about them?

Making the most of your time with clients

Module 5: Managing income and benefits.

If you have 10 minutes with a client...	If you have 30 minutes with a client...	If you have multiple sessions with a client...
<ul style="list-style-type: none">▪ <i>Tool 1: Income and financial resource tracker</i>	<ul style="list-style-type: none">▪ <i>Tool 2: Checklist for understanding garnishment</i>▪ <i>Tool 3: Strategies for increasing cash and sources of financial resources</i>	<ul style="list-style-type: none">▪ <i>Tool 4: Cash, paychecks, direct deposit, payroll cards, and EBT—understanding the pros and cons</i>



Putting the toolkit into action

Intake staff

- Incorporate questions into routine intake process
- Use their organizations' case management systems to flag clients that are candidates for financial empowerment information
- Distribute tools and information based on the intake

Paralegal or staff attorney

- Use assessment information gathered by intake staff and knowledge of client, identify specific modules and tools
- Integrate conversations about finances into meeting(s)
- Follow up on information and tools covered in previous meetings

Your Money, Your Goals

The role of referral

The role of referral

- Financial empowerment = VERY BIG TOPIC
- No one person knows everything
- Your time is limited with clients
- Know your limits of knowledge and time, know your partners, and refer!

The right referral partner

- **High quality** = factual, accurate, and current
- **Unbiased** = not influenced by factors that benefit the information provider

Identifying resource and referral partners

Area of Assistance	Possible Referral Partner
Cash Flow Budgeting	
Benefits Screening	
Income Tax Preparation and Filing	
Managing Debt	
Dealing with Debt Collectors	
Understanding Credit Reports and Scores	
Fixing Errors on Credit Reports and Scores	
Using Financial Services	
Protecting Consumer Rights	
Asset Building	
Other	

Your Money, Your Goals

Module 1: Assessing the situation

Situation assessment

A picture of conditions today used to inform and plan for actions to change conditions in the future

Client situation assessment role play

- Role 1 = Client

Role play client and complete assessment as instructed by the service provider once you “feel comfortable” during the meeting.

- Role 2 = Staff or others delivering financial empowerment

Start discussion, introduce assessment when appropriate, analyze assessment (if time allows), make a plan for financial empowerment work.

- Role 3 = Observer

Watch discussion, take notes using form, provide feedback.

Client situation assessment role play

Client

- How did it feel taking the assessment?
- What did the service provider do to make you feel more comfortable answering these questions?
- Was there anything that could have made the situation less stressful or threatening?
- Did you feel the steps outlined following the assessment made sense for you (if there was time during the role play)?

Client situation assessment role play

Service provider

- How did it feel introducing the assessment?
- How comfortable was it “analyzing it” on the spot? Why is relatively quick analysis important?
- What do you think you did to make the situation comfortable for your client?
- How useful do you think this tool will be in the work you do with clients of legal aid organizations?

Client situation assessment role play

Observer

- What were the most effective techniques used in listening to and talking with the clients of legal aid organizations?
- What could have made the situation even better for the client?
- How well did the assessment work in the context of a “meeting?”
- How useful do you think this tool will be in the work you do with clients of legal aid organizations?

Other strategies for starting the conversation

Brainstorm specific opportunities for beginning the financial empowerment conversation with clients of legal aid organizations.

Your Money, Your Goals

Module 2: Setting goals and planning for purchases

Module 2: Setting goals and planning for purchases

- **Work** toward making your future better.
- **Prioritize** how you spend your money so that it goes toward things that really matter to you.
- **Measure and track** your progress toward getting the things you want out of life.
- **Take pride** in bettering your life and the lives of your children.

SMART goals

- Specific
- Measurable
- Able to be reached
- Relevant
- Time-framed

Hopes, wants, and dreams vs. strong goal

Hopes, wants, and dreams

I'd like to buy a new television.



Strong goal

I will save \$400 and purchase a new television in six months.

I want to get out of credit card debt.



I will pay down \$1,000 of my debt in the next year.

Tool 1: Goal Setting Tool

- Brainstorm list of hopes, wants and dreams
- SMART goals
- Action plan
- Figure out weekly savings target

Tool 1: Action plan

Goal: _____

Steps to goal	Resources needed	Date to complete step	✓ when complete

Calculating amount to set aside each week



Life cycle events and large purchases

What is a life cycle event likely to cost?

Everyone is different, but here are some estimates we have seen:

- Out of pocket childbirth expenses for women with insurance coverage—\$3,400
- Out of pocket expenses associated with breast cancer—\$712/month
- Quinceañera—coming of age celebration for 15-year old girls in Latino families--\$15,000 to \$20,000
- Typical cost for final expenses—\$10,000

Planning for life events and large purchases

- Group 1: 18-year old graduating from high school. Plans to attend trade school to become a skilled welder.
- Group 2: 28-year old food services manager at a state university diagnosed with cancer. He is part of the union. He is married and has an infant.
- Group 3: 36-year old mother divorcing her husband with 2 children ages 4 and 8. Must re-enter the workforce; before children she was a math teacher in the public school system.
- Group 4: 45-year old man being downsized out of manufacturing job. Married with one child who is 15 years old. The child has plans to go to college out of state.
- Group 5: 56-year old carpenter hoping to retire in 6 years. Has saved minimally for retirement. Children are grown and out of the house; however, one has plans to return home after losing job with his two children under age 5.

Planning for life events and large purchases

- What are the reasons for thinking about and anticipating life events and large purchases?
- Do most people do this? Why or why not?
- How does an exercise like this empower clients of legal aid organizations?
- How can an exercise like this backfire?
- What did you learn from this exercise?

Tool 2: Planning for life events and large purchases

Large purchase or life event	Cost of large purchase or life event	Ways to pay	Ways to cut expenses/ reduce the overall cost
Within 1 year			
Between 1 and 2 years from now			
Between 2 and 5 years from now			
Between 5 and 10 years from now			
Between 10 and 15 years from now			
Between 15 and 20 years from now			
Over 20 years from now			

Tool 3: Buying a car

- When you buy a car, you can:
 - Pay for it in cash
 - Borrow money to pay for it and pay it back over time
- Auto loans are available from:
 - Credit unions
 - Banks
 - Finance companies
 - Car dealers

Tool 3: Buying a car

- The amount of interest and fees (the Annual Percentage Rate or APR) you pay on a loan may depend on:
 - Your credit history and score
 - The term of the loan
 - The price of the car you are buying
- APRs are lower for people with positive credit histories and high credit scores.
- The APR is also generally lower when you buy a new car.

Module 2: Wrap up

- SMART goals can provide direction to financial plans.
- SMART goals can help you plan for the money you need to reach your goals.
- Action plans can help you ensure you have the information and resources you need to reach your goals.
- Anticipating life events and large purchases including cars can empower you to plan and save for them.
- Use ***Tool 1: Goal setting tool*** to set SMART goals, make plans, and figure out weekly savings target.
- Use ***Tool 2: Planning for life events and large purchases*** to anticipate and plan for the expenses associated with these.
- Use ***Tool 3: Buying a car*** to discuss key considerations before buying a car.

Your Money, Your Goals

Module 3: Tracking and managing income and benefits

Income, benefits and wage garnishments

Income

- Regular income
- Irregular income
- Seasonal
- One-time occurrence

Benefits

Wage garnishments

Tool 1: Income and resource tracker

	Week 1	Week 2	Week 3	Week 4	Total	Regular	Irregular	Seasonal	One-time
Job									
Second job									
Self-employment income									
SNAP									
TANF									
SSI									
Child support									
Gift									
Tax refund									
Weekly total									

Tool 2: Ways to increase income and resources

- Review this tool.
- Think about clients of legal aid organizations.
- Which strategies listed do you think are potentially feasible?
 - Circle these.
- What strategies are missing?
 - Add these.
- Understand sensitivities and that options are very limited for clients.

Tool 2: Ways to increase income and resources

Check if option for you	Strategy for increasing cash and sources of financial resources	Information or resources you need to access this information
One-time activity		
	Hold a yard sale/garage sale	
	Sell items online	
	Claim tax credits if you qualify	
	Other:	
Regular income		
	Seek a raise or additional hours at current job	

Tool 3: Choosing how to receive income and benefits

- Cash
- Paychecks
- Direct deposit
- Payroll cards
- EBT

Tool 3: Choosing how to receive income and benefits

	Definition	Benefits	Risks
Cash	Paper or coin money minted by the U.S. Government	Accepted everywhere Not subject to garnishment or other collection	Could be lost or stolen Some people find it tempting to spend cash they have on hand (it “burns a hole in your pocket.”). Can be more difficult to track spending for personal budgeting and tax purposes Not all bill payments can be made in cash
TIP: Avoid carrying around or leaving in your home large amounts of cash. If cash is lost or stolen, it’s hard to get it back.			
<input type="checkbox"/> <i>This is a good option for me.</i>			
<input type="checkbox"/> <i>This is not a good option for me. Ways to get more information:</i>			

Tool 4: Increasing your income through tax credits

- For the 2014 tax year the following income limits and maximum Earned Income Tax Credits apply:

Household size	Income limit if filing as single or married filing separately	Income limit if married filing jointly	Maximum tax credit
Three or more qualifying children	\$46,997	\$52,427	\$6,143
Two qualifying children	\$43,756	\$49,186	\$5,469
One qualifying child	\$38,511	\$43,941	\$3,305
No qualifying children	\$14,590	\$20,020	\$496

- Also, **investment income** must be \$3,350 or less for the year.
- All information regarding tax credits from the Internal Revenue Service at www.irs.gov.

Tool 5: Understanding garnishment

- Garnishment of wages
- Garnishment from a bank or credit union account
- Money owed to the bank or credit union where an individual has an account

Module 3: Wrap up

- Income is all of the money or financial resources that come into your household.
- Managing irregular or seasonal income is challenging and hard to plan with.
- Wage garnishments for debts or other unpaid obligations will reduce your take home income.

Module 3: Wrap up

- Use **Tool 1: Income and resource tracker** to understand when and how much income and benefits you receive.
- Use **Tool 2: Ways to increase income and resources** to identify ways to possibly increase your income or financial resources.
- Use **Tool 3: Choosing how to receive income and benefits** to better understand the benefits and risks of different ways of receiving income and benefits.
- Use **Tool 4: Increasing your income through tax credits** to learn more about tax credits that may increase your income.
- Use **Tool 5: Understanding garnishment when it applies.**

Your Money, Your Goals

Module 4: Paying bills and other expenses

Module 4: Paying bills and other expenses

Spending

- Money you use to pay for a wide range of basic needs, your financial obligations, and other things you may want.

Needs, wants, and obligations

- Needs are things you must have to live.
- Wants are things you can survive without.
- Obligations are things you must pay because you owe someone money (a car loan) or have been ordered to pay someone (child support).

Tool 1: Spending tracker

Savings	Saving for goals, saving for emergencies, saving for children's education, saving for retirement, saving for holiday purchases, saving for back to school shopping
Debt payments	Credit card payments, payday loan payments, pawn loan payments, car title loan payments, and other loan payments
Housing and Utilities	Rent, mortgage, insurance, property taxes, gas, water, sewage, phone, television, Internet service, cell phone
Tools of the Trade / Job-Related Expenses	Tools, equipment, special clothing, job-related books, machinery, working animals or livestock, union dues
Household supplies and expenses	Things for your home like cleaning supplies, kitchen appliances, furniture, other equipment
Groceries	Food and beverages to be brought into the home, including baby formula and food
Eating out (meals and beverages)	Any meals or beverages purchased outside of the home
Pets	Food, healthcare costs, and other costs associated with caring for your pets

Tool 1: Spending tracker

Transportation	Gas, car payment, insurance payment, repairs
Health care	Co-payments, medication, eye care, dental care
Personal care	Haircuts, hygiene items, dry cleaning, pet costs
Childcare and school expenses	Child care costs, diapers, school supplies, school materials fees, field trip and other activity fees
Entertainment	Going to the movies, going to concerts, sports equipment/fees, sporting events, lottery tickets, memberships, alcohol, books/CDs, subscriptions
Court-ordered obligations	Child Support, restitution, etc.
Gifts, donations, and other	Donations to religious organizations or other charities, gifts, other expenses

Tool 2: Bill Calendar

Sun.	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.	End of Week
1	2	3	4	5	6	7	
Bills:	Bills: Phone bill, \$60 Rent, \$500	Bills:	Bills:	Bills:	Bills: Car payment, \$180	Bills:	Total bills for week: \$740

Tool 3: Choosing ways to pay bills

Bill payment method	Advantages	Disadvantages
Cash	<p>Easy to understand.</p> <p>When you pay cash directly to the company there are often no additional costs. Buying or using a special product such as a money order or prepaid cards may cost money.</p>	<p>May be inconvenient as this requires in-person payment of bills.</p> <p>Bill payment services may charge you fees to make a cash payment.</p> <p>May be difficult to prove payment unless you have a receipt.</p> <p>Cost of traveling to the businesses you are paying money to.</p> <p>Your cash can be stolen when you are on the way to pay your bills.</p>
Money order	<p>Easy to understand.</p> <p>Can be mailed, so more convenient than cash.</p> <p>Can be safer than a check in some cases, as no personal banking information appears on the money order.</p>	<p>May be inconvenient because you have to buy the money order.</p> <p>Cost per money order.</p> <p>May be hard to prove payment unless you have the money order receipt and the receipt for payment.</p> <p>Costs of mailing the payments.</p> <p>Like cash, it would be hard to recover if lost.</p>

Tool 4: Strategies for cutting expenses

- Review this tool
- Think about clients of legal aid organizations
- Which strategies listed do you think are potentially feasible?
 - Circle these
- What strategies are missing?
 - Add these

Tool 4: Strategies for cutting expenses

Check if an option for you	Strategy for cutting expenses and other uses of financial resources	Additional information or resources you need to access this information	Estimate \$ value of spending cut you select
Cut back on regular (recurring expenses)			
	Television	<i>Check with your provider about lower cost plans or discontinue cable.</i>	
	Internet		
	Phone	<i>Check if you qualify for a "Lifeline" phone rate.²²</i>	
	Cell phone plan	<i>Review prepaid or fixed call plans. Check if you qualify for a "Lifeline" phone rate.</i>	
	Review insurance; increase deductible on auto insurance to lower premium payment	<i>Check to see if moving all insurance coverage to one company will save you money and for other discounts.</i>	

Consequences of skipping bills

- Group 1:
 - a. Consequences of paying rent late
 - b. Consequences of missing multiple rent payments
- Group 2:
 - a. Consequences of making car payment late
 - b. Consequences of missing multiple car payments
- Group 3:
 - a. Consequences of being late with electricity bill
 - b. Consequences of multiple late electricity bill payments
- Group 4:
 - a. Consequences of missing payday loan payment
 - b. Consequences of missing credit card payment

Tool 5: When cash is short

Protect your income	Protect your shelter	Protect your assets	Pay your obligations
<p>If you need a car to get to and from work, stay current on your car payment and insurance.</p> <p><i>Maintain other expenses to keep your job.</i></p>	<p>Whether you rent or have a mortgage, the costs of losing your home are big.</p> <p><i>Be sure to pay taxes, condo fees, mobile home lot payments, too.</i></p> <p><i>If possible, maintain your utilities. They are difficult to live without, and reconnection is expensive.</i></p>	<p>Do not let essential insurance coverage lapse; this includes auto, renter's / homeowner's, health.</p> <p><i>Not having insurance puts your assets, including your health/your family's health, at risk.</i></p>	<p>Example include:</p> <ul style="list-style-type: none"> ▪ Child support ▪ Income taxes ▪ Student loans
<p>Your expenses:</p>	<p>Your expenses:</p>	<p>Your expenses:</p>	<p>Your expenses:</p>

Module 4: Wrap up

- Making changes to how you spend means knowing the difference among your needs, wants, and obligations—changes can generally only be made to spending for wants.
- Paying bills on time may help you avoid late fees, fines, increased costs of services, and decreases in your credit scores.
- Use **Tool 1: Spending tracker** to understand how you use your money now.
- Use **Tool 2: Bill calendar** to create a visual reminder of when your bills are due and how much is due.

Module 4: Wrap up

- Use **Tool 3: Choosing ways to pay bills** to better understand the advantages and disadvantages of different methods for paying bills.
- Use **Tool 4: Strategies for cutting expenses** to identify ways to cut spending.
- Use **Tool 5: When cash is short—prioritizing bills and planning spending** to help you develop a short-term plan to get through times when you do not have enough income to cover your needs, wants, and obligations.

Your Money, Your Goals

Module 5: Getting through the month

Module 5: Getting through the month

- What is a cash flow budget?
- How is it different from a regular budget?
- What do you think may be the benefit of this approach for your clients?
- In what types of discussions/cases would this be appropriate or useful with clients?

Steps to making a cash flow budget

- **Keeping track of everything you earn and spend money on for a week, two weeks, or one month.**
 - *Tool 1: Income Tracker* from *Module 3: Tracking and Managing Income and Benefits* and
 - *Tool 1: Spending Tracker* from *Module 4: Paying Bills and Other Expenses*.
- **Analyzing your spending.** *Tool 1: Spending Tracker* from *Module 4: Paying Bills and Other Expenses* to do this.
- **Using this information to create a cash flow budget.**
 - *Tool 1: Cash Flow Budget* to complete this step, or
 - *Tool 2: Cash Flow Calendar*.

Your cash flow budget is about setting targets for how you will use your income going forward.

Steps to making a cash flow budget

	Week 1	Week 2
Beginning balance for the week	\$37.00	\$142.37
Sources of cash and other financial resources		
Income from job	\$305.34	\$290.80
SNAP	\$280.00	
Public housing voucher	\$650.00	
Total sources of cash and other financial resources	\$1,272.34	\$433.17
Uses of cash and other financial resources		
Housing	\$650.00	
Utilities	\$59.97	\$95.50
Groceries	\$180.00	\$80.00
Eating out (meals and beverages)		
Transportation	\$240.00	\$60.00
Total uses of cash and other financial resources	\$1,129.97	\$235.50
Ending balance for the week	\$142.37	\$197.67

Ending balance from previous week.

To get a starting balance, total your cash, debit card, and account balances

Steps to making a cash flow budget

	Week 1	Week 2
Beginning balance for the week	\$37.00	\$142.37
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Eating out (meals and beverages)		
Transportation	\$240.00	\$60.00
Total uses of cash and other financial resources	\$1,129.97	\$235.50
Ending balance for the week	\$142.37	\$197.67

Total sources
minus total
uses.

This becomes
your beginning
balance for next
week.

Reading a cash flow budget: Scenario overview

- Rafael is a single parent with two children.
- He is often late with his rent and other bills, because he does not have the money when he needs it.
- After tracking his spending, he developed a cash flow budget with an educator at a parenting class he takes through Cooperative Extension in his community.
- Using the cash flow, make some recommendations to Rafael so he can make ends meet.

Managing cash flow scenario

	Week 1	Week 2	Week 3	Week 4
Beginning Balance for the Week	\$257.00	-\$361.00	\$65.52	-\$463.22
Sources of Cash & Other Financial Resources				
<i>Income from Job</i>		\$990.00		\$990.00
<i>Income from Part-Time Job</i>	\$220.00	\$220.00	\$220.00	\$220.00
<i>SNAP</i>	\$412.00			
Total Sources of Cash & Other Financial Resources	\$889.00	\$849.00	\$285.52	\$746.78
Uses of Cash & Other Financial Resources				
<i>Debt Payments</i>				
Credit Card Payments			\$90.00	
Personal Loans				\$100.00
Student Loan		\$235.00		
<i>Savings</i>	\$0.00	\$0.00	\$0.00	\$0.00
<i>Housing (Rent including utilities)</i>	\$845.00			
<i>Utilities</i>				
Television		\$63.48		
Internet Service			\$22.74	
Phone and Cell Phone Service			\$86.00	
<i>Household Supplies & Expenses</i>		\$25.00		
Groceries	\$200.00	\$80.00	\$100.00	\$80.00
Eating Out (Meals and Beverage)	\$25.00	\$25.00	\$25.00	\$25.00
<i>Transportation</i>				
Car Payment			\$245.00	
Fuel	\$60.00	\$60.00	\$60.00	\$60.00
Auto Insurance		\$175.00		
Childcare	\$70.00	\$70.00	\$70.00	\$70.00
Misc.	\$50.00	\$50.00	\$50.00	\$50.00
Total Uses of Cash & Other Financial Resources	\$1,250.00	\$783.48	\$748.74	\$385.00
Ending Balance for the Week (Sources - Uses)	-\$361.00	\$65.52	-\$463.22	\$361.78

Cash flow analysis questions

1. When does Rafael run out of money?
2. What can he do (or try to do) to better match the timing of his income and his expenses?
Develop a prioritized list.
3. How does the SNAP benefit factor into the cash flow?
4. The next month is not included in the example. What will Rafael's situation be at the beginning of next month? How much cash will he have? What bills will he have? What should he do now to prepare for the following month?

Tool 1: Cash flow budget

Cash flow budget worksheet

	Week 1	Week 2	Week 3	Week 4	Week 5
Beginning balance for the week					
Sources of cash & other financial resources					
Income from job					
Income from part-time job					
Income from self-employment					
TANF					
SNAP					
Public housing voucher					
Other:					
Total sources of cash & other financial resources					
Uses of cash & other financial resources					
Credit card payments					
Payday loan payments					
Personal loans					

Tool 2: Cash flow calendar

Sun.	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.	End of Week
31	1	2	3	4	5	6	Beginning bal.:
Sources							\$130 +
	SNAP, \$280					Pay, \$305	Total sources including SNAP:
Uses							\$585 –
	Food, \$180 Phone bill, \$60			Gas, \$30		Car Pay- ment, \$180	Total uses: \$450 =
							Ending bal.:
							\$265 (including \$100 in SNAP)

Tool 3: Improving cash flow checklist



Increase sources of cash, income, or other financial resources, including accessing public benefits and applying for tax credits for which you qualify.



Decrease your spending or uses of cash and other financial resources.



Match timing of sources and uses of income where possible.

Tool 3: Improving cash flow checklist

Check if option for you	Strategy for improving cash flow	Tips and more information	Notes
Smooth out cash flow			
	Negotiate new due dates for bills to better line up with when you get income.	<i>Check with businesses you have had a long-standing relationship with first.</i>	
	Negotiate splitting a monthly payment into two smaller payments.	<i>For example, if a \$700 rent payment is due the first of the month, see if you can make a \$350 payment on the 1st and a \$350 on the 15th.</i>	
	Avoid large, lump sum or periodic payments by making monthly payments—car insurance and taxes, for example.	<i>You may have to pay a small fee to make this arrangement, but it may make handling these payments more manageable.</i>	

Tool 4: Managing cash flow when circumstances change

- Separation or divorce
- Death of a partner or spouse or other family member on whose income you rely
- Loss of a job
- Another child
- Responsibility for elderly parents or other family members
- Retirement

Tool 4: Managing cash flow when circumstances change

Strategies	Notes
<p>Determine the amount of income you have. Use the income tracker. If you have lost a partner or spouse due to death, determine if you may be eligible for survivor benefits by contacting the Social Security Administration (http://www.ssa.gov), your partner or spouse's former employer, and other public or private sources of survivor benefits. If you are independent because of divorce, consider whether alimony or child support is a possibility. You will likely need the help of an attorney. If you cannot afford an attorney, you may be eligible for legal aid – check http://www.lsc.gov or http://www.lawhelp.org.</p>	
<p>Identify all of your expenses. This may be a particular challenge if you are now responsible for the finances for the first time. Get help from a trusted friend or family member to locate bank statements, bills, loan agreements, contracts, and other documents that can help you understand how much money you have going out. Ask your legal aid lawyer for <i>Module 4, Tool 1: Spending tracker</i> to help you identify your expenses.</p>	
<p>Figure out if you can eliminate any bills related to the change in status.</p>	

Module 5: Wrap up

- Using a cash flow budget helps you see how the timing of income and expenses may be causing you shortfalls within a month; these shortfalls can be masked in a static monthly budget
- The following steps can help you make a cash flow budget;
 - **Keep track of everything you earn and spend money on for a week, two weeks, or one month.** *Tool 1: Income Tracker from Module 3: Tracking and Managing Income and Benefits and Tool 1: Spending Tracker from Module 4: Paying Bills and Other Expenses.*
 - **Analyze your spending.** Use *Tool 1: Spending Tracker from Module 4: Paying Bills and Other Expenses* to do this.
 - **Use this information to create a cash flow budget.** Use *Tool 1: Cash Flow Budget* to complete this step or *Tool 2: Cash Flow Calendar*. **Your cash flow budget is about setting targets for how you will use your income going forward.**
- Use ***Tool 3: Improving cash flow checklist*** to identify specific strategies for improving cash flow and ***Tool 4: Managing cash flow when circumstances change*** when you need it.

Your Money, Your Goals

Module 6: Dealing with debt

Module 6: Dealing with debt

- What is debt?
- ***Money you owe to another person or business. Debt is a liability. Debt may obligate future income.***
- How is debt different from credit?
- How is secured debt different from unsecured debt?

Good debt, bad debt

- Loan from friend or family member
- Car loan
- Student loan
- Payday loan
- Mortgage (loan for a home)
- Car title loan
- Pawn shop loan

Tool 1: Debt worksheet

On the debt management worksheet, you will include:

- The person, business, or organization you own money to;
- The amount you owe them;
- The amount of your monthly payment; and
- The interest rate you are paying and other important terms.

To complete this worksheet, you may need to get all of your bills together in one place.

Tool 2: Debt-to-income worksheet

How much debt is too much?

- Debt-to-income ratio
- This simple calculation shows you how much of your income goes toward paying your debt. It is a good measure of how much of your income is obligated to debt.

Tool 2: Debt-to-income worksheet

Total month debt payment (from Tool 1)	
Divided by:	
Monthly gross income	
Equals:	
Your current debt-to-income ratio	

Activity in pairs

- Shawna has just graduated, completing her associates degree in nursing. She has already landed a full time job earning \$17.50 per hour. She works full time (160 hours per month). She will be working at a hospital 21 miles from her home and public transportation is not a viable option for her.
- **She found a good used car, but she can't afford to buy it without a loan. Her monthly payments on that loan would be \$158.**

Continued...

Activity in pairs (continued)

Every month she also pays the following debts:

- School loan \$205.00
- Credit card #1 \$90.00; Credit card #2 \$55
- Mortgage \$625.00

What is the debt to income ratio without car loan? With the car loan?

Based on her DTI, do you think she can afford the loan? Why or why not?

Tool 2: Debt-to-income worksheet

Renters

- Consider maintaining a debt-to-income ratio of .15 to .20, or 15% to 20%, or less.

Homeowners

- Consider maintaining a debt-to-income ratio of .28, or 28%, or less for just the mortgage (home loan), taxes, and insurance.
- Consider maintaining a debt-to-income ratio for all debts of .36, or 36%, or less.

Tool 3: Debt reduction worksheet

- The two primary methods for reducing debt are:
 - Highest interest rate method
 - Snowball method
- Consider the pros and cons of each

Tool 3: Debt reduction worksheet

- Call your creditors.
- Get another job in the short-term.
- Sell something.
- If you qualify, file for tax credits.

Tool 4: Student loan debt

- **Federal student loans vs. private student loans**
- **Federal student loan repayment options**
 - Standard repayment
 - Graduated repayment
 - Extended repayment
 - Income-based repayment (IBR)
 - Pay as you earn
 - Consolidation loan

Tool 4: Federal student loan debt

- Deferments
- Forbearance
- Loan forgiveness
- Cancellation
- Discharge

If you have federal student loan debt, start with the Repaying Your Student Loans section of the tool, which can be accessed at:

<http://www.consumerfinance.gov/paying-for-college/repay-student-debt/#Question-1>.

Tool 5: When debt collectors call

- Before you send in money:
 - You want to make sure you actually owe the debt and
 - Ask questions to determine whether the individual contacting you really has the authority to collect the debt
- If you are uncertain that the debt is yours or that the collector has the authority to collect it, you can ask the debt collection agency to verify the debt.
- Send a letter within 30 days of the debt collector's first contact asking them to verify the debt is yours and that they have the authority to collect it.

Tool 5: When debt collectors call—Know your rights

- Repetitious phone calls intended to annoy, abuse, or harass
- Obscene or profane language
- Threats of violence or harm
- Publishing lists of people who refuse to pay their debts
- Calling you without telling you who they are
- Using false, deceptive, or misleading practices

As with many issues, always check state laws as well.

Tool 6: Avoiding debt traps

Borrower visits a storefront payday lender and completes an application (there is generally no credit check or consideration of ability to repay the loan; the borrower only needs a personal deposit account so he can write a post-dated check). Loans can also be taken out online.



Borrower gets loan (the median loan amount is \$350) and pays \$10-\$20 per \$100 borrowed (\$15 per \$100 is the median fee).



The borrower provides the lender with 14-day post-dated check for the amount of the loan + the fee or $\$350 + \$52.50 = \$402.50$ or authorization to present a debit against the borrower's account.



In 14 days, the loan is due. Often, the borrower does not have \$402.50 to satisfy the debt. Instead he will pay the fee (\$52.50) and renew the loan for another 14 days. *(Note: 14 days is used for example purposes only. Repayment may fall on the next payday or another minimum period as specified by state law.)*



Every 14 days, the borrower must pay the full amount or renew the debt for \$52.50. The average borrower has 10 transactions a year. Applied to this loan, that would mean a fee of \$525 to borrow \$350.

Tool 6: Avoiding debt traps

- Using your own emergency savings
- Using lower-cost short-term loan alternatives from a credit union or bank
- Borrowing from a friend or family member
- Using a credit card – while it will increase your monthly card payment, it may prove cheaper in the long run
- Negotiating for more time to pay if the loan is for a bill that is due
- Bartering for part or all of what you are borrowing the money to cover
- Determining whether the item or circumstance you are borrowing the money for is a need, an obligation, or a want. If it's a want, consider whether it's possible to spend less money for it, not purchasing it, or waiting until you have the money for it.

Module 6: Wrap up

- Debt is money you owe. You generally have to use future income to make payments on your debt.
- Debt is different from credit—credit is the ability to borrow money.
- Secured debt is debt that has an asset attached to it in case you don't pay the loan. A home loan or auto loans are examples.
- Unsecured debt is debt that does not have an asset attached to it—credit card debt and student loan debt are examples of unsecured debt.

Module 6: Wrap up

- Use ***Tool 1: Debt worksheet*** to make a list of your debts and the details associated with each debt—this is the foundation of a debt reduction plan.
- Use ***Tool 2: Debt-to-income worksheet*** to figure out how much of your income is going to cover your debts on a monthly basis.
- Use ***Tool 3: Debt-reduction worksheet*** to identify a strategy for reducing or eliminating your debts.
- Use ***Tool 4: Student loan debt*** to understand some of the key terms related to student loans as well as repayment options.
- Use ***Tool 5: When debt collectors call*** to help you understand your rights in debt collection.
- Use ***Tool 6: Avoiding debt traps*** to help identify alternatives to high cost credit.

Your Money, Your Goals

Module 7: Understanding credit reports
and scores

What is in a credit report?

1. Header/identifying information
2. Public record information
3. Collection agency account information
4. Credit account information
5. Inquiries made to your account

Reading a credit report

1. Who does this credit report belong to?
2. Where does this person live?
3. Where does he work? How long has he worked there?
4. Does he have public records? If yes, describe it (them).
5. Is he late on any of his accounts? If yes, describe.

Reading a credit report

6. Are any of his accounts in good standing? If yes, describe.
7. What are the balances of his accounts in the account information section?
8. Does he have accounts in collection? What is the balance owed in collections?
9. What do his inquiries tell you?
10. What is your opinion of this person's credit history. Is it positive or negative?

Negative information

- **Negative information** can be reported to those who request your credit report for only a specified period of time—**seven years for most items**.
- **Bankruptcy can stay on your credit report for 10 years**, and certain other court records can be reported on your credit report for longer than seven years.
- **Civil suits, judgments, and arrest records** can be reported on your credit report for seven years or for the duration allowed by the statute of limitations, whichever is longer.
- **There is no time limit for criminal “convictions”**.

Negative information

- Even though consumer reporting agencies cannot include information that is beyond the limits provided in the Fair Credit Reporting Act in most consumer credit reports, they may continue to keep the information in your file. **That's because there is no time limit in terms of reporting information** (positive or negative) when you are:
 - **Applying for credit of \$150,000 or more**
 - **Applying for life insurance with a face value of \$150,000 or more**
 - **Applying for a job with an annual salary of \$75,000 or more**

Why do credit reports and scores matter?

- Banks and credit unions
- Credit card companies
- Service providers (cell phone companies and utility companies)
- Insurance company
- Landlords
- Potential or current employers

Who makes credit reports?

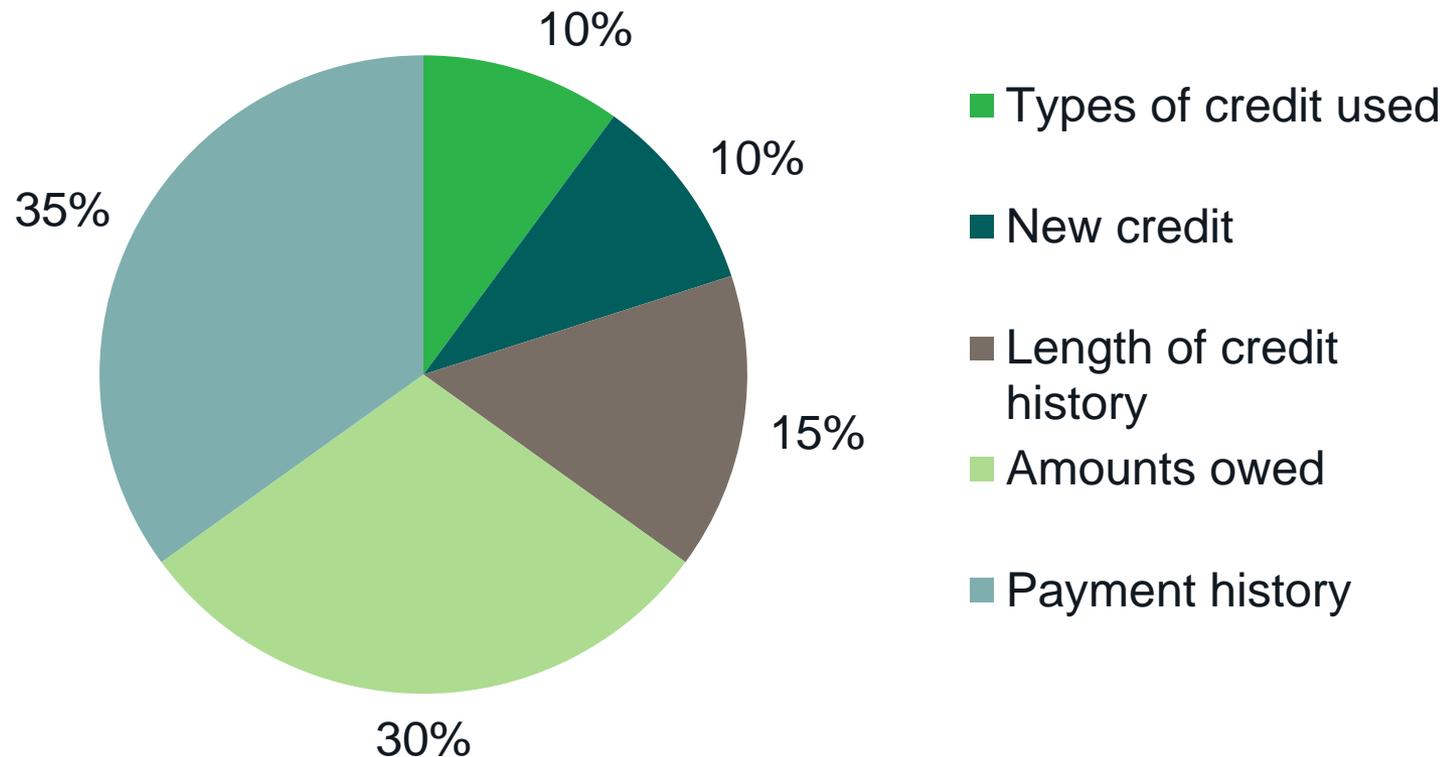
The biggest nationwide agencies include:

- Equifax
- Experian
- TransUnion

www.annualcreditreport.com

Examples of factors that influence credit scores: FICO Score example

- These percentages reflect how much each category determines a typical FICO score.



Examples of factors that influence credit scores: VantageScore example

Extremely influential

Payment history

Highly influential

Age and type of credit

% of credit limit used

Moderately influential

Total balances

Less influential

**Recent
behavior**

**Available
credit**

Credit utilization rate

- Credit scoring models penalize you for using too much of the credit you have available to you—this is called your credit utilization rate.
 - For example, if someone had a credit card with a \$5,000 credit limit, and she charges \$3,500 on this card, her credit utilization rate is calculated as follows:
 - $\$3,500$ (amount charged to credit card) divided by $\$5,000$ (credit limit) = 0.7 or 70%
 - To figure out the maximum that she should charge on this card if she sets a goal of a 25% utilization rate, she should not revolve more than:
 - $\$5,000$ (the credit limit) multiplied by 0.25 (25%) = \$1,250

Tool 1: Getting your credit reports and scores

- To order through the website, visit: <https://www.annualcreditreport.com>
 - Complete a form with basic information (name, Social Security number, address, etc.).
 - Select the report(s) you want—Equifax, Experian, and/or TransUnion.
 - Answer security questions: former addresses, amount of a loan you have, phone numbers that have belonged to you, counties you may have lived in, etc.
- If you are unable to answer these questions, you will have to use another method.
 - You will save a PDF version of your report, print the report, or both.
- Be sure you do this in a safe and secure location. Avoid doing this on public computers (library).
- There are other types of “specialty” reports and scores, e.g., for checking accounts. Visit consumerfinance.gov for a list.

Tool 1: Getting your credit reports and scores

- Learn how to request your free credit report
- Track when you requested, printed, or received your reports
- If you choose to pay to receive your credit score, use the tool to note your score the date.

Tool 2: Credit report review checklist

Check for "yes"	Checklist item
	Is your name correct?
	Is your Social Security number correct?
	Is your current address correct? Is your current phone number correct?
	Are the previous addresses they have listed for you correct?
	Is your marital status listed correctly?
	Is the employment history they have listed for you accurate?
	Is everything listed in the personal information section correct?
	Is there anything listed in the public record information? Is it correct? Highlight the information you think may not be correct.
	Review each item under the credit account (trade account) section. Are the accounts on the list still open?
	Are all of the current balances correct?
	Are accounts where you are an authorized user or joint owner listed?
	Are zero balances recorded for debts discharged in bankruptcy? For debts paid in full?

Filing a dispute

- **To correct mistakes, it can help to contact both the credit reporting company and the source of the mistake.**
- You may file your dispute online at each credit reporting agency's website.
- If you file a dispute by mail, your dispute letter should include: Your complete name, address, and telephone number; your report confirmation number (if you have one); and the account number for any account you may be disputing.
- In your letter, clearly identify each mistake, state the facts, explain why you are disputing the information, and request that it be removed or corrected.
- You may want to enclose a copy of the portion of your report that contains the disputed items and circle or highlight the disputed items.
- Send your letter of dispute to credit reporting companies by certified mail, return receipt requested.

Tool 3: Improving credit reports and scores

Check if you plan to implement	Strategy for improving credit reports and scores	Other information or resources you need
	<p>Obtaining free credit reports annually</p> <p>Online at https://www.annualcreditreport.com</p> <p>By phone: Call (877) 322-8228</p> <p>By mail: Go to https://www.annualcreditreport.com to print the form</p> <p><i>(Use Tool 1: Getting your credit reports and scores)</i></p>	
	<p>Reviewing the credit reports for accuracy</p> <p><i>(Use Tool 3: Credit report review checklist)</i></p>	
	<p>Disputing errors found on the reports</p> <p><i>(Use Tool 3: Credit report review checklist)</i></p>	
	<p>Understanding Credit Scores</p> <p><i>(Use Tool 2: Getting your credit reports and scores)</i></p>	
	<p>Paying bills on-time is the most effective way to improve your credit reports and credit scores.</p>	

Tool 4: Protecting your identity

Identifying information is anything that is specifically unique to you, such as your:

- Credit card and bank account numbers
- Driver's license number
- Date, city, and state of birth
- Social security number
- Passwords or PIN numbers

Tool 4: Protecting your identity

Check for "yes"	Steps to protect your identity
Check your credit report	
	Remove your name from all three credit bureaus' (Equifax, Experian, and TransUnion) mailing lists by calling to opt-out at 1-888-567-8688 or online at www.optoutprescreen.com – choose "forever" removal option. This prevents prescreened offers from falling into other people's hands.
	Check your credit at all three credit agencies each year using the free https://www.annualcreditreport.com . If you see anything that is incorrect or suspicious, contact them immediately. (See Module 12: Improving Your Credit Reports and Scores for more information).
Limit access to your information	
	Don't carry your Social Security card or number in your wallet or purse.
	Remove your name from many direct mail marketers' lists by registering with the <i>Direct Marketing Association</i> online form at http://www.dmchoice.org . This gives thieves fewer opportunities to steal your information.

Tool 5: Keeping records to show you've paid your bills

You can provide records to show you:

- Paid a bill on time that a creditor has reported late
- Paid a debt that a creditor has reported unpaid
- Sent a letter to a debt collector who has claimed he did not receive it
- Paid your rent in cash (receipt)

You can provide records to show you have:

- Insurance coverage
- A warranty for a cell phone

Module 7: Wrap up

- **Ordering** = Use ***Tool 1: Getting your credit reports and scores***
- **Reviewing** = Use ***Tool 2: Credit report review checklist***
 - Credit report review checklist
 - Ensure ALL information is correct—personal information, public record information, account/trade information, collection account information.
 - Make sure negative information is not being reported longer than it should be.
- **Improving** = Use ***Tool 3: Improving credit reports and scores***

Module 7: Wrap up

- Use ***Tool 4: Protecting your identity*** to take concrete steps toward avoiding identity theft.
- Use ***Tool 5: Keeping records to show you've paid your bills*** to create a paper trail as you repair or build credit, or manage your finances in general.

Your Money, Your Goals

Module 8: Saving for emergencies, goals and bills

Module 8: Saving for emergencies, goals, and bills

- What is savings?
- ***Savings is money you set aside today from your income for use in the future.***
- What are examples of unexpected expenses or emergencies?

Emergency fund

- **Emergency fund or a rainy day fund = an important part of your savings plan.**
- Having your own money set aside to cover unexpected expenses can **save you money**, because you won't pay interest, fees, or other costs that come from borrowing the money you need.

Other reasons for saving

- Periodic expenses
- Saving if income fluctuates or varies

Tool 1: Savings plan

- The reasons you are saving
- The amounts you need to save
- How you are going to find that money to save
- Where you are going to put that savings—a place that is safe and secure

Tool 1: Savings plan

Date _____

Savings goal	Total amount needed	Months to reach goal	Monthly amount to save	Strategies for saving	Amount saved per month	Safe and secure place for savings
Example: To save \$1,000 in an emergency fund within 10 months.	\$1,000	10	\$100	Cut back to basic cable	\$40	Savings account at a bank or credit union. Will generally require a minimum deposit
				Cut out one fast food meal per week for family	\$60	
				Total saved per month	\$100	

Cost to replace spark plugs on your car = \$350

	Emergency savings	Credit card	Payday loan
Amount to cover expense	\$350	\$350	\$350
APR		21.99% annual percentage rate (APR)	\$15 for every \$100 borrowed for 14 days. This means a 391% annual percentage rate (APR).
Payment		Must pay at least a certain amount each month. (For the purposes of the example, the individual is choosing a fixed monthly payment of \$50.)	Must pay back loan amount (\$350) plus fee (\$52.50) within 14 days. If entire loan cannot be paid within 14 days, it can be rolled over (or extended) for another 14 days for an additional fee of (\$52.50).
Total cost and time to repay	\$0	You would pay \$28.11 in interest in addition to the principal borrowed. It will take just over eight months to pay back the full amount.	The total cost depends on how long it takes you to save up to pay back the entire loan. If you renew or roll over this loan seven times, you would be in debt for 14 additional weeks and could pay up to \$367.50 in fees.

Finding money to save

- Decrease spending on one item or many things
 - *Major costs versus little cuts in spending*
- Increase your income
- Turning money saved—additional income or savings from decreased spending— into actual money in savings
- Making savings automatic

Earned Income Tax Credit

- For the 2014 tax year the following income limits and maximum tax credits applied:

Household size	Income limit if filing as single or married filing separately	Income limit if married filing jointly	Maximum tax credit
Three or more qualifying children	\$46,997	\$52,427	\$6,143
Two qualifying children	\$43,756	\$49,186	\$5,469
One qualifying child	\$38,511	\$43,941	\$3,305
No qualifying children	\$14,590	\$20,020	\$496

- Also, **investment income** must be \$3,350 or less for the year.
- All information regarding tax credits from the Internal Revenue Service at www.irs.gov.

Tool 2: Benefits and asset limits

What are the reasons this tool is included?

Benefit	Do you have this?	Asset limits	Contact and other information
TANF - Temporary Assistance for Needy Families		<p>\$1,000 to \$3,000 in most states.</p> <p>Nevada's limit is \$6,000. Colorado, Illinois, Ohio, Louisiana, Alabama, and Virginia have eliminated asset tests for TANF eligibility.</p>	<p>To find out more about your state or tribal TANF program, visit: http://www.acf.hhs.gov/programs/ofa/help</p>
SSI - Supplemental Security Income		<p>\$2,000 if single \$3,000 if married</p>	<p>To find out more about SSI or to apply for benefits, visit: http://www.socialsecurity.gov/agency/contact/ to get the contact information for your local Social Security Administration Office</p>
SSDI Social Security Disability Insurance		<p>No asset limits</p>	<p>To find out more about SSI or to apply for benefits, visit: http://www.socialsecurity.gov/agency/contact to get the contact information for your local Social Security Administration Office</p>

Tool 3: Finding a safe place for savings

- Where can you keep money you save?
- What are the benefits?
 - ***A benefit is something that provides you with an advantage. A benefit is something that is good for you.***
- What are the risks?
 - ***A risk is any chance for loss. Where there is risk, there is uncertainty in the outcome or result.***

Barrier to opening accounts-Specialty Reports

- Information about the accounts such as routing transit number and/or account number
- The date information was reported about an account
- The reason for the report.
- Information on returned checks from retailers and other businesses that is reported to a reporting agency such as SCAN (Shared Check Authorization Network).

Note: Information on specialty consumer reporting agencies (SCRAs) is included in the toolkit and at

http://files.consumerfinance.gov/f/201501_cfpb_list-consumer-reporting-agencies.pdf .

Module 8: Key Facts

- Direct deposit and automatic savings
- Bank and credit union insurance
- Banking history reports

Module 8: Wrap up

- You may want to set aside income for your goals, emergencies, and bills.
- You can also choose to save for periodic expenses or if their income varies or is seasonal.
- Many emergencies or unexpected expenses can be managed with \$500 to \$1,000 in an emergency fund.

Module 8: Wrap up

- Use **Tool 1: Savings plan** to plan for and build your savings.
- Use **Tool 2: Benefits and asset limits** to better understand how benefits may impact ability to save.
- Use **Tool 3: Finding a safe place for savings** to better understand the benefits and risks of different places to put your savings so you can make the best choice for you.

Your Money, Your Goals

Module 9: Money services, cards, accounts, and loans: Finding what works for you

Examples of financial service providers

- Department stores—credit cards or charge cards
- Automobile dealers—car loans
- Retail superstores, convenience stores, grocery stores, and other stores—check cashing, bill payment, money orders, prepaid cards, and money transfers
- Check cashers and payday lenders – check cashing, money transfers, bill payment, money orders, prepaid cards, and short-term loans

Examples of financial service providers (continued)

- Online companies—money transfers, bill payment services, loans, financial management tools, online or mobile “wallets” or “accounts”
- Mortgage companies—loans for homes
- Commercial tax preparers—refund anticipation loans
- Consumer finance companies—loans
- U.S. Postal Service—money orders and money transfers

Tool 1: Know your options: Understand what you need

- Complete *Tool 1: Selecting a financial service provider*.
- Do not look ahead in your materials.

Tool 1: Know your options: Understand what you need

- What surprised you when using this tool?
- Was the tool helpful? Do you think it will be helpful for your clients of legal aid organizations?
- What additional information do you think your clients will need to help them select a financial service provider?
- Are there any other considerations or concerns clients may have when choosing a financial services provider?

Tool 2: Ask questions: Choosing where to get what you need

	Financial service provider 1: _____	Financial service provider 2: _____	Financial service provider 3: _____
Convenience and access			
Close to where I work or live?			
Open during hours I can visit (at lunch and after work, for example)?			
Can I pay bills and check balances by phone, online, or with a mobile app?			
Products and services			
Does it offer depository services? (savings, checking, CDs)			
If I get a checking or savings account, will I get an ATM card? Debit card?			
Does it offer credit services? (credit cards, small dollar loans, mortgages, lines of credit)			
Does it offer transactional services?(check cashing, money transfers, bill payment)			

Tool 3: Money services and banking basics

- With your partner:
 - Define the product or service.
 - Brainstorm all of the places you can get this product or service.
 - Brainstorm when you would use this product or service to manage your finances.
 - List the benefits of this product or service.
 - List the risks of this product or service.
- Be prepared to present your product or service and your work to the rest of the group.

Checking account

Definition	
Where can you get this product/service	
When would you use this product/service	
Benefits	
Risks	

Prepaid debit card

Definition	
Where can you get this product/service	
When would you use this product/service	
Benefits	
Risks	

Money transfer

Definition	
Where can you get this product/service	
When would you use this product/service	
Benefits	
Risks	

Bill payment service

Definition	
Where can you get this product/service	
When would you use this product/service	
Benefits	
Risks	

Savings account

Definition	
Where can you get this product/service	
When would you use this product/service	
Benefits	
Risks	

Line of credit

Definition	
Where can you get this product/service	
When would you use this product/service	
Benefits	
Risks	

Car title loan

Definition	
Where can you get this product/service	
When would you use this product/service	
Benefits	
Risks	

Online banking

Definition	
Where can you get this product/service	
When would you use this product/service	
Benefits	
Risks	

Credit building loan

Definition	
Where can you get this product/service	
When would you use this product/service	
Benefits	
Risks	

Money order

Definition	
Where can you get this product/service	
When would you use this product/service	
Benefits	
Risks	

Tool 4: Opening an account checklist

- Can anyone open an account at a bank or credit union?
- Should everyone open an account at a bank or credit union?

What is needed

- Money to open account
- Identification
- A Social Security Number or ITIN for interest-bearing account
- Bank System Report—ChexSystems, TeleCheck, Early Warning, and others

Tool 4: Opening an account checklist

Check if you have it	Information needed	Additional questions
	A U.S. or foreign government-issued form of identification with my picture on it. Note that each bank or credit union has its own policy on which foreign IDs it accepts.	
	Another form of identification: <ul style="list-style-type: none"> ▪ Your Social Security card ▪ A bill with name and address on it ▪ Birth certificate 	
	A Social Security number or ITIN (individual taxpayer identification number); if not, you may only be able to open an account that doesn't pay interest.	
	Money to open the account	
Information about:		
	Minimum balance required in the account to avoid monthly service fees	

Tool 5: Remittances

- A “remittance transfer” is an electronic transfer of money from a consumer in the United States to a person or business in a foreign country.
 - retail “money transmitters”
 - banks
 - credit unions

Tool 6: Managing a bank account

- Keep track of your balances
- Find out if fees can be waived
- Watch out for overdraft fees
- Use your financial institution's ATMs
- See if there's a low-fee checking account for you
- Open and review all of the mail

Overdraft coverage

- Overdraft = spending or withdrawing more money than is available in your account
- \$ advanced to cover overdraft = overdraft coverage (sometimes called “overdraft protection”)
- Can be charged daily fees for this service

Instead of overdraft coverage

- Keep track of your balances. Remember, not all deposits are available for use immediately.
- Sign up for low balance alerts at your bank or credit union.
- Know when regular electronic transfers, such as rent payments or utility bills, will be paid.
- Link your checking account to your savings account, credit card, or line of credit. If you run out of money in your checking account, the bank will pull money from the place you've chosen. The fee for this is usually much lower than an overdraft fee.

Module 9: Wrap up

- Financial products and services are provided by a broad range of providers from banks and credit unions to retail stores to the federal government.
- Use ***Tool 1: Know your options: Understanding what you need*** to consider which financial products or services will meet your needs.
- Use ***Tool 2: Ask questions: Finding where to get what you need*** to compare financial service providers based on their characteristics as well as the features and benefits of the products and service they offer.

Module 9: Wrap up

- Use **Tool 3: Money services and banking basics** to learn about the different financial products and services offered at banks, credit unions, and other financial service providers.
- Use **Tool 4: Opening an account checklist** to learn specific steps for opening an account including information you may want to have before opening an account.
- Use **Tool 5: Remittances** to learn information to protect consumers who send money electronically to foreign countries.

Your Money, Your Goals

Closing

Closing

- What is the most important thing you are taking away from this training?
- What is something you would like to learn more about?