

# Your Money, Your Goals

A FINANCIAL EMPOWERMENT TOOLKIT FOR WORKERS



# 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 introduce financial empowerment services to workers

# 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 workers' financial conditions or situations.
- Provide the right financial content at the right time in the context of your trainings or discussions with workers.

# Training objectives

---

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

- Use specific tools to help workers reach their own goals in different workplace, cultural, and situational contexts.
- Access and use tools and materials available at [www.consumerfinance.gov](http://www.consumerfinance.gov).
- Make appropriate and specific referrals to help workers manage their financial challenges.
- Know where to go for unbiased information or help in providing financial empowerment services to workers.

# 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
- “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 financial empowerment
- *Your Money, Your Goals*: An orientation to the toolkit
- The role of referral
- Understanding the situation and starting the money conversation
- Using *Your Money, Your Goals* with groups
- Setting goals and planning for large purchases
- Saving for emergencies, goals, and bills
- Tracking and managing income and benefits
- Paying bills and other expenses
- Getting through the month
- Dealing with debt
- Understanding credit reports and scores
- Money services, cards, accounts, and loans: Finding what works for you
- Protecting your money

# Your Money, Your Goals

Introduction to the CFPB and financial empowerment

# 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.**

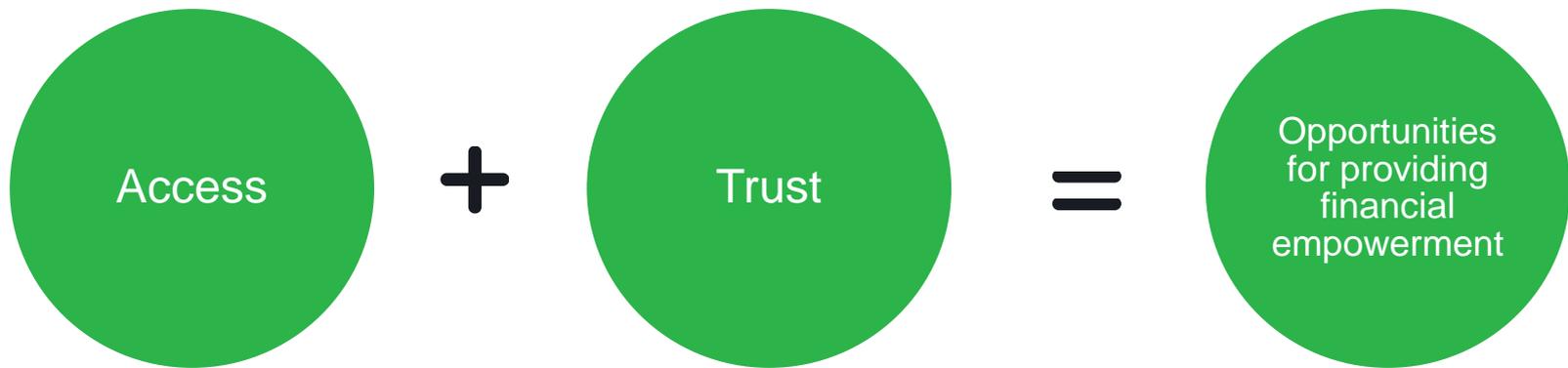
# Introduction to the CFPB

---

- Education
- Enforcement
- Study

# Financial empowerment and support to workers

---



# Financial empowerment

---

## What is financial empowerment?

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



# Debate (Option A)

---

## Team 1

- As staff or members of organizations that serve workers, we *should* provide financial empowerment services to our workers.

## Team 2

- As staff or members of organizations that serve workers, we *should not* provide financial empowerment services to our workers.

# Benefit / Cost analysis (Option B)

---

What are the *benefits* of financial empowerment

- For you?
- For the workers you serve?
- For your program/organization?

What are the *costs* of financial empowerment

- For you?
- For the workers you serve?
- For your program/organization?

# Your Money, Your Goals

An orientation to the toolkit

# Organization of *Your Money, Your Goals*

---

- Introductory modules
  - Introduction Part 1: Financial empowerment and workers
  - Introduction Part 2: Understanding the situation
  - Introduction Part 3: Starting the money conversation
  - Introduction Part 4: Emotions, values, and culture: What's behind our money choices?
  - Introduction Part 5: Using *Your Money, Your Goals* with groups

# Organization of *Your Money, Your Goals* (continued)

---

- Content modules
  - Module 1: Setting goals and planning for large purchases
  - Module 2: Saving for emergencies, goals, and bills
  - Module 3: Tracking and managing income & 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: Money services, cards, accounts, and loans: Finding what works for you
  - Module 9: Protecting your money

# Organization of *Your Money, Your Goals*

---

- Do not treat like a curriculum.
- Provide the right content and tools at the right time.
- Use discussions with workers or assessments to figure out where to start.

# Where would you start if a worker...

---

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?

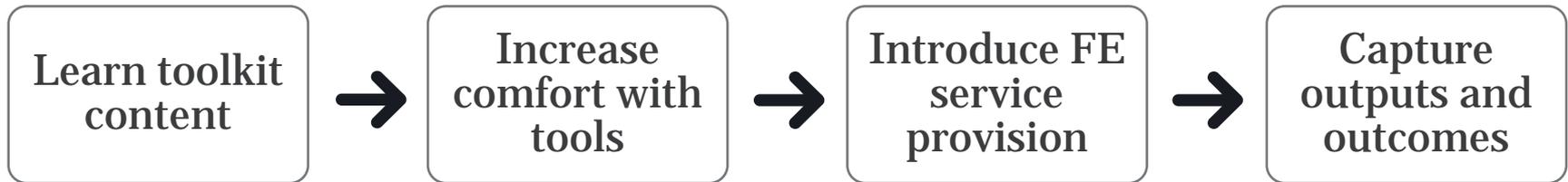
## Where would you start if a worker... (continued)

---

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 workers

---



# Financial empowerment checklist

---

- The goal is not to cover all of the tools with each worker.
- Instead, find the right module or tools given the worker's most pressing financial empowerment problem or the area in which they have expressed an interest to get more help.

# Financial empowerment checklist

---

- Print off one per worker and keep with worker's file as appropriate
- Use to connect meetings with worker
- Use to plan content and service provision to workers in groups

Check or date	Tool	Notes and referral information
<i>Module 1: Setting goals and planning for large purchases—Does the person have clear goals? Is the person satisfied with his or her financial situation?</i>		
	Goal setting tool	
	Planning for life events and large purchases	
	Buying a car	
<i>Module 2: Saving emergencies, goals, and bills—Does the person have money set aside for emergencies or unexpected expenses?</i>		
	Savings plan	
	Benefits and asset limits	

# What would you do if a worker...

---

1. Wants to file for bankruptcy?
2. Wants to know how to respond to a creditor's threat to sue?
3. Is facing eviction?
4. Is facing foreclosure?
5. Is not able to provide enough food for herself and other members of her household?
6. Is in danger of losing her car due to nonpayment?
7. Wants to take out a debt consolidation loan?
8. Wants to know how to finance her child's college?

# Your Money, Your Goals

The role of referral

# The role of referral

---

- Financial empowerment = VERY BIG TOPIC
- No one person knows everything
- Know your limits, 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

---

<b>Area of Assistance</b>	<b>Possible Referral Partner</b>
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

Understanding the situation and starting the money conversation

# Assessment

---

## **Complete Tool 2:** Financial empowerment self-assessment

### *Reflection Questions*

- How did you feel about completing this assessment?
- Were there topics you knew more about than you thought you would?
- What topics would you like to learn more about?
- How can you learn more about them?

# Situation assessment

---

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

# Worker situation assessment role play

---

- **Role 1 = Worker**

Role play worker 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.

# Worker situation assessment role play

---

## Worker

- How did it feel taking the assessment?
- What did the service provider do to make you feel more comfortable in answering these questions?
- Was there anything that could have made the situation even 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)?

# Worker 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 worker?
- How useful do you think this tool will be in the work you do with workers?

# Worker situation assessment role play

---

## Observer

- What were the most effective techniques used in listening to and talking with the workers?
- What could have made the situation even better for the worker?
- 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 workers?

# Other strategies for starting the conversation

---

Brainstorm specific opportunities for beginning the financial empowerment conversation with workers.

# Your Money, Your Goals

Using *Your Money, Your Goals* with groups

# Small group activity

---

- **Group 1: A group of workers starting jobs**
- **Group 2: A group of workers who just received furlough notices**
- **Group 3: A group of workers who just received lay-off notices**
- **Group 4: A group of individuals seeking employment after a period of unemployment**
- **Group 5: A group of workers preparing for bargaining**
- **Group 6: Approaching retirement**

# Opportunities for providing FE to groups

---

- Regular meetings
- Interventions, such as a plant closing, furlough of workers, or large lay off within an industry or community
- Brown-bag lunches at the work sites
- Trainings in which you add specific information from the toolkit to the topics you are presenting or in trainings that are designated for financial empowerment (financial education)
- Other

# Your Money, Your Goals

## Module 1: Setting goals and planning for large purchases

# Module 1: Setting goals and planning for large 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.



I want to get out of credit card debt.



## *Strong goal*

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

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

# Tool 1: Goal setting tool

---



# Tool 1: Action plan

---

Goal: \_\_\_\_\_

Steps to goal	Resources needed	Date to complete step	Check 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 ~~livelife~~ 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 workers?
- 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 1: 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 2: Saving for emergencies, goals and bills

# Module 2: 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?

# Reasons for saving

---

- 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
<b>Example:</b> 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	
				<b>Total saved per month</b>	<b>\$100</b>	

# 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](http://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
<b>TANF - Temporary Assistance for Needy Families</b>		<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: <a href="http://www.acf.hhs.gov/programs/ofa/help">http://www.acf.hhs.gov/programs/ofa/help</a></p>
<b>SSI - Supplemental Security Income</b>		<p>\$2,000 if single</p> <p>\$3,000 if married</p>	<p>To find out more about SSI or to apply for benefits, visit: <a href="http://www.socialsecurity.gov/agency/contact/">http://www.socialsecurity.gov/agency/contact/</a> to get the contact information for your local Social Security Administration Office</p>
<b>SSDI Social Security Disability Insurance</b>		<p>No asset limits</p>	<p>To find out more about SSI or to apply for benefits, visit: <a href="http://www.socialsecurity.gov/agency/contact">http://www.socialsecurity.gov/agency/contact</a> 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

---

- 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).

# Tool 4: Saving for retirement

---

- Defined benefit vs. defined contribution plans
- Benefits of defined contribution plans
  - Tax advantages
  - Self direction
  - Matching contributions
  - Vesting
  - Portability
- Estimating retirement expenses and inflation

# Module 2: Key Facts

---

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

# Module 2: 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 2: 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.
- Use **Tool 4: Saving for retirement** to learn more about retirement savings options as well as planning for expenses in retirement.

# 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**

# Managing unemployment income

---

## ***What are some of the challenges of managing unemployment income?***

- There will be a delay in getting your benefits.
- You will likely receive less income than you were earning.
- You will only receive unemployment for a set period of time.
- Your employer may contest your application for unemployment.

# Other temporary income replacement

---

- **Worker's compensation**
- **Disability coverage**
- **Supplemental disability insurance**

# 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									
<b>Weekly total</b>									

# Tool 2: Ways to increase income and resources

---

- Review this tool.
- Think about your workers.
- Which strategies listed do you think are potentially feasible?
  - Circle these.
- What strategies are missing?
  - Add these.

# 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
<b>One-time activity</b>		
	Hold a yard sale/garage sale	
	Sell items online	
	Claim tax credits if you qualify	
	Other:	
<b>Regular income</b>		
	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
<b>TIP:</b> 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 tax credits applied for the Earned Income Tax Credit:

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](http://www.irs.gov).

# 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.

# 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

---

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

# Tool 1: Spending tracker

---

<b>Transportation</b>	Gas, car payment, insurance payment, repairs
<b>Health care</b>	Co-payments, medication, eye care, dental care
<b>Personal care</b>	Haircuts, hygiene items, dry cleaning, pet costs
<b>Childcare and school expenses</b>	Child care costs, diapers, school supplies, school materials fees, field trip and other activity fees
<b>Entertainment</b>	Going to the movies, going to concerts, sports equipment/fees, sporting events, lottery tickets, memberships, alcohol, books/CDs, subscriptions
<b>Court-ordered obligations</b>	Child Support, restitution, etc.
<b>Gifts, donations, and other</b>	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 your workers
- Which strategies listed do you think are potentially feasible?
  - Circle these
- What strategies are missing?
  - Add these

# Tool 4: Strategies for cutting expenses

✓ 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
<b>Cut back on regular (recurring expenses)</b>			
	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.</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 insurances 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—prioritizing bills and planning spending

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"> <li>▪ Child support</li> <li>▪ Income taxes</li> <li>▪ Student loans</li> </ul>
<p><b>Your expenses:</b></p>	<p><b>Your expenses:</b></p>	<p><b>Your expenses:</b></p>	<p><b>Your expenses:</b></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 workers?

# 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

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

	<b>Week 1</b>	<b>Week 2</b>
<b>Beginning balance for the week</b>	\$37.00	\$142.37
<b>Sources of cash and other financial resources</b>		
Income from job	\$305.34	\$290.80
SNAP	\$280.00	
Public housing voucher	\$650.00	
<b>Total sources of cash and other financial resources</b>	\$1,272.34	\$433.17
<b>Uses of cash and other financial resources</b>		
Housing	\$650.00	
Utilities	\$59.97	\$95.50
Groceries	\$180.00	\$80.00
Eating out (meals and beverages)		
Transportation	\$240.00	\$60.00
<b>Total uses of cash and other financial resources</b>	\$1,129.97	\$235.50
<b>Ending balance for the week</b>	\$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
<b>Beginning Balance for the Week</b>	\$257.00	-\$361.00	\$65.52	-\$463.22
<b>Sources of Cash &amp; Other Financial Resources</b>				
<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			
<b>Total Sources of Cash &amp; Other Financial Resources</b>	<b>\$889.00</b>	<b>\$849.00</b>	<b>\$285.52</b>	<b>\$746.78</b>
<b>Uses of Cash &amp; Other Financial Resources</b>				
<i>Debt Payments</i>				
Credit Card Payments			\$90.00	
Personal Loan Payments				\$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 &amp; 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
<b>Total Uses of Cash &amp; Other Financial Resources</b>	<b>\$1,250.00</b>	<b>\$783.48</b>	<b>\$748.74</b>	<b>\$385.00</b>
<b>Ending Balance for the Week (Sources - Uses)</b>	<b>-\$361.00</b>	<b>\$65.52</b>	<b>-\$463.22</b>	<b>\$361.78</b>

# 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

	Week 1	Week 2	Week 3	Week 4	Week 5
<b>Beginning balance for the week</b>					
<b>Sources of cash &amp; other financial resources</b>					
Income from job					
Income from part-time job					
Income from self-employment					
TANF					
SNAP					
Public housing voucher					
Other:					
<b>Total sources of cash &amp; other financial resources</b>					
<b>Uses of cash &amp; other financial resources</b>					
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.:
<b>Sources</b>							\$130 +
	SNAP, \$280					Pay, \$305	Total sources including SNAP:
<b>Uses</b>							\$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
<b>Smooth out cash flow</b>			
	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 1<sup>st</sup> and a \$350 on the 15<sup>th</sup>.</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>	

# 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.

# 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

# Medical debt

---

## **What are the factors that can lead to medical debt?**

- Medical debt is almost always the result of an unplanned event—someone becoming ill or injured.
- The costs of the care are almost never fully known upfront.
- Invoices and bills may be confusing
- Uninsured individuals are generally charged more for services

# Avoiding medical debt

---

- Get cost estimates up front
- Find out whether there is a prompt payment discount
- Ask for a discount on the treatment
- Ask about “charity care”
- If you are asked to put a hospital bill on a credit card, be careful
- Work with the health care provider to set up a reasonable repayment plan

# Payday loans and deposit advance products

---

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.

# Avoiding Debt Traps

---

- What is a “debt trap?”
- **A situation where a person takes a loan and has to repeatedly take new loans to make the payment on the first loan.**
- When can a “debt trap” happen?
- **When people use short-term loans that have to be paid back in just a couple of payments, and they do not have the money to repay the loan and the finance charges when they are due.**

# Avoiding Debt Traps

---

- What do short-term loans that can lead to “debt traps” have in common?
  - **They are small dollar loans— generally under \$500**
  - **They must be repaid quickly—14 days is the median term of payday loans, for example**
  - **They require the borrower to give creditors access to repayment through an authorization to present a check or debit a borrower’s deposit account**

# Alternatives to high-cost credit

---

- 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.

# 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?**

# 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.

# Dealing with debt exercise

---

- **Maya wants to buy a home.** Use the following information to find out whether she is in the position of considering a new home at this point in time by calculating a debt-to-income ratio.
- If she determines that she needs to reduce her debt before considering a home purchase (based on the DTI calculation she has completed with you), what strategy would you recommend that she follow? Why?

## Earnings:

- \$11.85/hour
- She works almost 160 hours per month and consistently works an additional 20 hours per month at time and a half.
- Her gross monthly income = \$2,252.

*Continued...*

# Dealing with debt exercise (continued)

---

## Debts:

- **Credit card debt**—\$3,408 balance with a 21.99% interest rate; Monthly payment = \$170.
- **Car loan**—Borrowed \$9,000 at 7% for 5 years; After 17 months, she owes \$6,760; Monthly payment = \$178.21.
- **Personal loan**—Borrowed \$1,000 from cousin 12 months ago after a short-term layoff; Monthly payment = \$100.
- **Federal student loan**—\$8,000 at 6.8% in 2009; completed 2 years of college; Monthly payment = \$92.06.
- **Medical debt**—Owes \$2,750 from emergency surgery two years ago. On a payment plan with hospital collections department. Agreement to pay within two years. The hospital is charging 5% interest for this service. Monthly payment = \$120.65

# Student loan debt

The screenshot shows the top portion of the CFPB website. At the top left is the CFPB logo (Consumer Financial Protection Bureau). To the right is a contact number: (855) 411-2372. Below the logo is a search bar with a magnifying glass icon. A navigation menu includes: HOME, INSIDE THE CFPB, GET ASSISTANCE, PARTICIPATE, LAW & REGULATION, and SUBMIT A COMPLAINT. The main content area has a green background with the heading 'Paying for College'. Below the heading is a text box: 'Get help to make informed financial decisions about how to pay for college. Start by [comparing financial aid offers](#) or [understanding student loan repayment options](#).' To the right of the text box is an illustration of a pencil, a calculator, a document with a dollar sign, and a book. Below this is a dark teal bar with four buttons: 'Get started', 'Student financial guides', 'Compare financial aid offers', and 'Repay student debt'. Below the bar is a 'Welcome!' section with text: 'It's more important than ever for students and former students to make smart decisions about financing their college education. Whether you're attending college soon, are a current student, or already have student loans, we've put'. To the right of this text is a 'SHARE THIS PAGE' section with icons for Facebook, Twitter, and Email.

Visit <http://www.consumerfinance.gov/paying-for-college>

# 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 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:
  - Confirm that you actually owe the debt and
  - Ask questions to determine whether the individual 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

# 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.

# Your Money, Your Goals

## Module 7: Understanding credit reports and scores

# 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 largest nationwide agencies include:

- Equifax
- Experian
- TransUnion

[www.annualcreditreport.com](http://www.annualcreditreport.com)

# 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

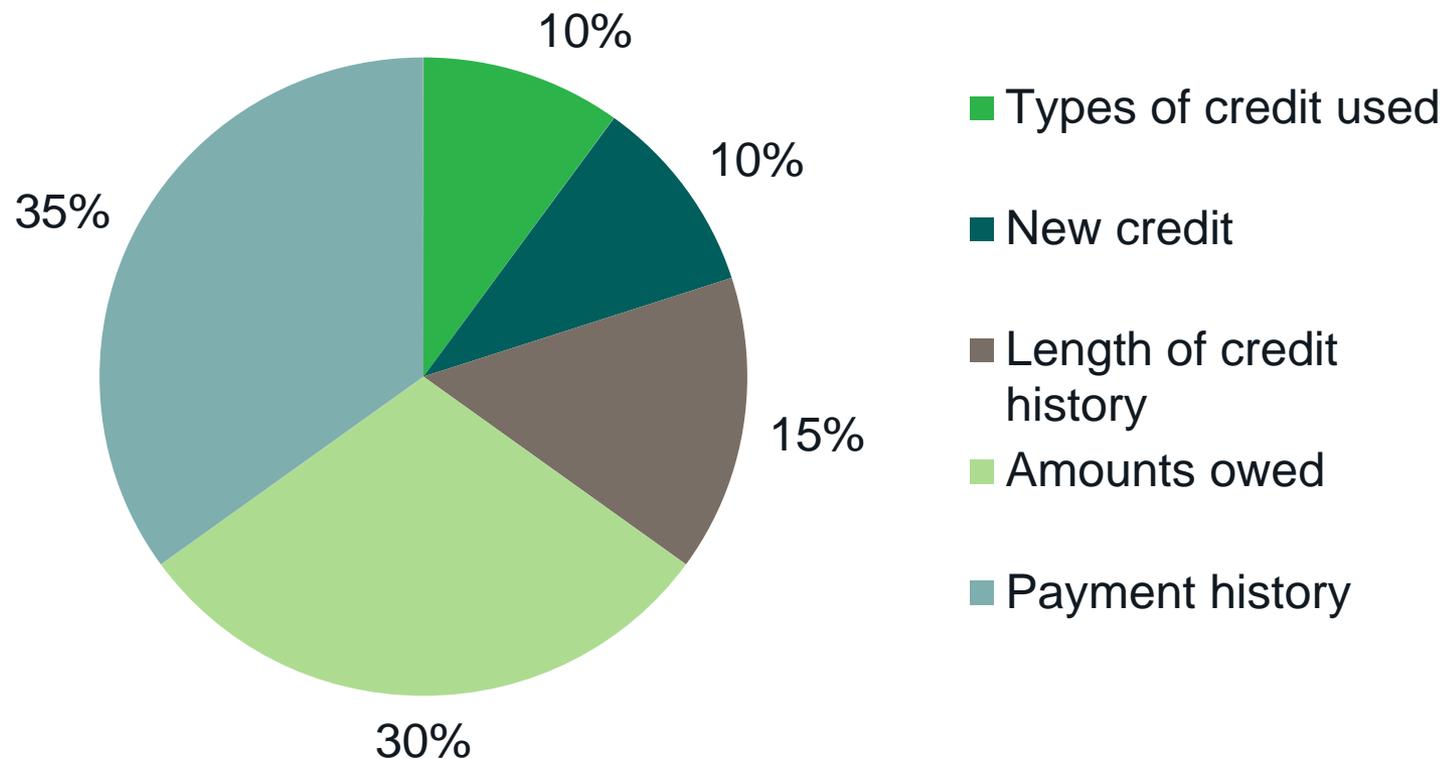
---

- 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**

# Credit scores: Example based on FICO score

---

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



# 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) = .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 .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).

# 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 the date you got your score.

# 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 <b>not</b> 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 <a href="https://www.annualcreditreport.com">https://www.annualcreditreport.com</a></p> <p>By phone: Call (877) 322-8228</p> <p>By mail: Go to <a href="https://www.annualcreditreport.com">https://www.annualcreditreport.com</a> 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>	

# 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***

# Your Money, Your Goals

Module 8: 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 “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

# 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.

# Tool 1: Know your options: Understanding what you need

---

- Complete *Tool 1*.
- Do not look ahead in your materials.

# Tool 1: Know your options: Understanding what you need

---

- What surprised you when using this tool?
- Was the tool helpful? Do you think it will be helpful for your workers?
- What additional information do you need to select a financial service provider?

# Tool 2: Ask questions: Finding where to get what you need

	Financial service provider 1: _____	Financial service provider 2: _____	Financial service provider 3: _____
<b>Convenience and access</b>			
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?			
<b>Products and services</b>			
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

---

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

# Prepaid debit card

---

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

# Money transfer

---

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

# Bill payment service

---

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

# Savings account

---

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

# Line of credit

---

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

# Car title loan

---

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

# Online banking

---

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

# Credit building loan

---

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

# Money order

---

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

# 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"> <li>▪ Your Social Security card</li> <li>▪ A bill with name and address on it</li> <li>▪ Birth certificate</li> </ul>	
	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	
<b>Information about:</b>		
	Minimum balance required in the account to avoid monthly service fees	

# Module 8: 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 8: 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

## Module 9: Protecting your money

# Tool 1: Red flags

---

- Watch the skit.
- See if you can identify the red flags (up to 3) using Tool 1.

# Skit 1: Identifying red flags

---

- **Steering and coercing**
  - Aggressive sales tactics are used to steer and coerce you toward a high-cost loan, even though you could have qualified for a regular prime loan.
- **Prepayment penalties**
  - Prepayment penalties are fees lenders require a borrower to pay if the borrower pays off a loan early.
- **No clear cancellation policy**
- **Inconsistent information on interest rates**

# Skit 2: Identifying red flags

---

- Paperwork doesn't match the sales pitch
  - The promises made to you by a salesperson are not in the papers that you are asked to sign.
- Confusing fine-print
  - A good rule of thumb is to refuse to sign anything that you don't understand.
- Pushed to purchase

# Skit 3: Identifying red flags

---

- Additional insurance and other add-on products
  - Some lenders may insist on, intimidate, or imply that borrowers must buy unnecessary items—additional insurance, unneeded warranties, monitoring services, etc. They get incorporated into the loan amount, and the borrower pays interest on them over the life of the loan.
- Lack of uniformity
  - Different staff or salespeople are telling you different things regarding pricing or other information.
- Won't put it in writing
  - No one will give you clear information in writing—even when you ask for it.

# Skit 4: Identifying red flags

---

- **Pressured sales tactics**
  - You are pressured to purchase things or to take out loans you don't want or can't afford.
- **Unexplained fees**
  - No one can explain what certain fees are for or why they are so high.
- **Incomplete paperwork**
  - You are asked to sign a contract with blank spaces to be filled in later.

## Tool 2: 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 2: Protecting your identity

Check if completed	Steps to protect your identity
<b>Check your credit report</b>	
	Remove your name from all three credit bureaus' (Equifax, Experian, and TransUnion) mailing lists by calling to opt-out at (888) 567-8688 or online at <a href="http://www.optoutprescreen.com">http://www.optoutprescreen.com</a> – choose the “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 <a href="https://www.annualcreditreport.com">https://www.annualcreditreport.com</a> . If you see anything that is incorrect or suspicious, contact them immediately. (See Module 7: Understanding Your Credit Reports and Scores for more information).
<b>Limit access to your information</b>	
	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 <a href="http://www.dmachoice.org">http://www.dmachoice.org</a> . Removing your name from marketers' lists will create fewer opportunities for thieves to steal your information.
	Remove yourself from most telemarketers' lists by registering your phone number with the <i>Do Not Call Registry</i> at (888) 382-1222 or at <a href="http://www.donotcall.gov">http://www.donotcall.gov</a> . Numbers registered with the National Do Not Call Registry after February 2008 remain on it permanently.

# Tool 3: Submitting a complaint to the CFPB

---

- Complaint submitted
- Complaint reviewed and routed
- Company response
- Consumer review
- CFPB review and investigation
- Analysis and report

# Tool 4: Learning about consumer protection

---

- Read your law.
- Summarize it in your own words for presentation to the group.
- Provide one specific example of the ways this law or regulation matters to the workers you serve.
- Share where to go if someone feels their rights protected under your law or regulation have been violated.

# Module 9: Wrap up

---

- Remember, you have many rights when it comes to consumer financial products and services.
- If you do feel like you have a complaint with a financial product, service or provider submit a complaint with the CFPB using ***Tool 3: Submitting a complaint to the CFPB.***
  - If you have a consumer complaint, visit:  
<http://www.consumerfinance.gov/complaint/>
- When applying for financial products or services, be aware of red flags. Use ***Tool 1: Red flags*** to become familiar with common red flags.

# Module 9: Wrap up

---

- Your identity is one of the most important assets you must protect. Use ***Tool 2: Protecting your identity*** to ensure you are taking all steps possible to keep your identity safe.
- If you are interested in learning more about consumer protection laws, use ***Tool 4: Learning about consumer protection***.
- **For additional resources, visit the Consumer Financial Protection Bureau website:**  
<http://www.consumerfinance.gov/>

# Additional resources

---

- For additional resources, visit the Consumer Financial Protection Bureau website: <http://www.consumerfinance.gov/>
- If you have a consumer complaint, visit: <http://www.consumerfinance.gov/complaint/>
- If you have questions about consumer financial products and services, visit: <http://www.consumerfinance.gov/askcfpb>
- The CFPB wants to hear about your experiences with money and financial services, good and bad. Visit: <http://www.consumerfinance.gov/your-story>

# 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?