

Your Money, Your Goals

A financial empowerment toolkit – Part Two of Four

4-9-2019



Disclaimer

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Training purpose

To provide you with:

- An introduction to the Consumer Financial Protection Bureau.
- An orientation to the Your Money, Your Goals toolkit.
- Tools and handouts you can use with the people you serve.
- Strategies for using the tools.

The suite of *Your Money, Your Goals* resources

- **Your Money, Your Goals toolkit**
 - **The toolkit (English, Spanish, and Mandarin)**
 - The training (English and Spanish)
 - Implementation guide
 - Resource and referral guide
 - Sample survey instruments
- Companion guides for special populations
 - Focus on Native Communities
 - Focus on People with Disabilities
 - Focus on Reentry

Access electronic materials and order printed copies online:

<http://www.consumerfinance.gov/your-money-your-goals>

Organization of the toolkit

- Introduction
- Module 1: Setting Goals
- Module 2: Saving
- Module 3: Tracking Income and Benefits
- Module 4: Paying Bills
- Module 5: Getting through the Month
- Module 6: Dealing with Debt
- Module 7: Understanding Credit Reports and Scores
- Module 8: Choosing Financial Products and Services
- Module 9: Protecting your Money

Your Money, Your Goals

Module 5: Getting through the Month

Cash flow

- 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?

Tool: Creating a cash flow budget

		WEEK 1	WEEK 2	WEEK 3	WEEK 4	WEEK 5
BEGINNING WEEKLY BALANCE	Starting balance	\$250	\$100	\$	\$	\$
+ ADD MONEY YOU RECEIVE EACH WEEK		+ 300				
		+ 100				
	Total income	= 650	=	=	=	=
- SUBTRACT YOUR WEEKLY EXPENSES		- 200				
		- 35				
		- 15				
ENDING WEEKLY BALANCE		= 400	=	=	=	=

Diagram annotations: A vertical line on the left side of the table is marked with numbers 1 through 5. A curved arrow labeled '1' points from the 'Starting balance' cell to the 'Total income' cell. A curved arrow labeled '2' points from the 'Starting balance' cell to the 'Ending Weekly Balance' cell. A curved arrow labeled '3' points from the 'Total income' cell to the 'Ending Weekly Balance' cell. A curved arrow labeled '4' points from the 'Subtract your weekly expenses' section to the 'Ending Weekly Balance' cell. A curved arrow labeled '5' points from the 'Ending Weekly Balance' cell to the 'Starting balance' cell of the next week. A curved arrow labeled '6' points from the 'Ending Weekly Balance' cell to the 'Starting balance' cell of the following week.

Managing cash flow: 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 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 & Expenses</i>		\$25.00		
<i>Groceries</i>	\$200.00	\$80.00	\$100.00	\$80.00
<i>Eating Out (Meals and Beverage)</i>	\$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		
<i>Childcare</i>	\$70.00	\$70.00	\$70.00	\$70.00
<i>Misc.</i>	\$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

Improving cash flow



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: Improving cash flow

What to do:

1. Read through the strategies for improving your cash flow.
2. Write down any questions you have or next steps you can take.
3. Commit to implementing one or two strategies for the coming month and see if your cash flow improves.



Strategies for Improving cash flow

1. Read the different strategies for improving your cash flow.
2. Check the box of one that you can commit to trying now. Write down any questions you may have about how you can accomplish this.
3. After you've completed that strategy, try another to keep improving your cash flow.

STRATEGY	THINGS TO CONSIDER	QUESTIONS I HAVE
<input type="checkbox"/> I'll negotiate a new due date for my bills with the company so they're due after I receive income.	First contact companies where you have a good payment history and long-standing relationship. They are more likely to be open to adjustments.	
<input type="checkbox"/> I'll negotiate splitting a large monthly payment into two smaller ones due at different times.	For example, if you can cover your \$700 rent with a \$350 payment on the first and fifteenth of the month, it might free up more money at the beginning of the month to cover other bills.	
<input type="checkbox"/> I'll change large lump-sum payments into smaller monthly payments on things like car insurance.	There may be a small fee to pay monthly, but it can still make handling these payments more manageable by breaking them into smaller chunks.	

Your Money, Your Goals

Module 6: Dealing with Debt

What is debt?

- **What is debt?**
 - Money you owe.
 - Debt is a liability.
 - Debt may obligate future income.
- **How is debt different from credit?** For our purposes...
 - Credit is the ability to borrow money.
 - Debt is the result of using credit.

Good debt, bad debt

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

Co-signers: Agree to pay the loan

- **Co-signing on a loan**
 - Means you have the same obligation to pay the debt as the borrower
 - Can result in you having to repay any missed payments
 - Can affect your credit score and ability to obtain a future loan
- **Before co-signing, read the terms of the loan and consider carefully before taking on the risk.**

Types of debt

- This module talks about three types of debt:
 - Student loan debt
 - Medical debt
 - Payday loans
- There are also tools to help you:
 - Manage your debt
 - Respond to debt collectors
 - Shop for an auto loan

Handout: Avoiding medical debt

- Preparing for medical bills
 - Check what's covered by insurance and make sure your information is up to date
 - Keep good records
 - Review medical bills carefully
- Disputing medical bills
 - Negotiate your bill
 - Act quickly to resolve or dispute medical bills
- Paying for medical bills
 - Find out about charity care
 - Don't pay for medical bills on credit cards unless you can pay the balance

Tool: Debt log

- On the debt log, 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 tool, you may need to get all of your bills, credit card statements, court orders, mortgage and loan agreements together in one place, and a copy of your credit report.

Tool: Debt action plan

- The two ways to reduce debt:
 - Pay smallest debt first
 - Pay highest interest rate first
- Consider the pros and cons of each.

PAY SMALLEST DEBT FIRST



PAY HIGHEST INTEREST RATE FIRST



Tool: When debt collectors call

- If you have questions about the debt, do not send money or even acknowledge the debt the first time you are contacted. Why?
 - You want to make sure you actually owe the debt, and
 - You want to make sure the individual contacting you really has the authority to collect the debt
- Also, ask for the name, number and address for the debt collector and request information about the debt in writing.
- If you're sued by a debt collector, be sure to respond to court documents.

Verify the debt

I am responding to your contact about a debt you are trying to collect. Please supply the information I have marked so that I can be fully informed.

I have asked for this information because I have some questions. I need to hear from you to make an informed decision about your claim that I owe this money. I am open to communicating with you for this purpose. In order to make sure that I am not put at any disadvantage, in the meantime please treat this debt as being in dispute and under discussion between us.

In addition to providing the information requested below, please let me know whether you are prepared to accept less than the balance you are claiming is owed. If so, please tell me in writing your offer with the amount you will accept to fully resolve the account.

Thank you for your cooperation. Sincerely,

Name

About the debt you're trying to collect

Today's date

Debt collector's name and address

Name and return address

Account number for the debt

You contacted me on this date

Any other information given to me

You contacted me by

- Phone
- Mail

Please supply the information I have marked so that I can be fully informed.

WHY YOU THINK I OWE THE DEBT AND TO WHOM I OWE IT, INCLUDING:

- The name and address of the creditor to whom the debt is currently owed, the account number used by that creditor, and the amount owed.
- If this debt started with a different creditor, provide the name and address of the original creditor, the account number used by that creditor, and the amount owed to that creditor at the time it was transferred. When you identify the original creditor, please provide any other name by which I might know them, if that is different from the official name. In addition, tell me when the current creditor obtained the debt and who the current creditor obtained it from.
- Provide verification and documentation that there is a valid basis for claiming that I am required to pay the debt to the current creditor. For example, can you provide a copy of the written agreement that created my original requirement to pay?
- If you are asking that I pay a debt that somebody else is or was required to pay, identify that person. Provide verification and documentation about why this is a debt that I am required to pay.

THE AMOUNT AND AGE OF THE DEBT, INCLUDING:

- A copy of the last billing statement sent to me by the original creditor.
- State the amount of the debt when you obtained it, and when that was.
- If there have been any additional interest, fees or charges added since the last billing statement from the original creditor, provide an itemization showing the dates and amount of each added amount. In addition, explain how the added interest, fees or other charges are expressly authorized by the agreement creating the debt or are permitted by law.
- If there have been any payments or other reductions since the last billing statement from the original creditor, provide an itemization showing the dates and amount of each of them.

Know your rights

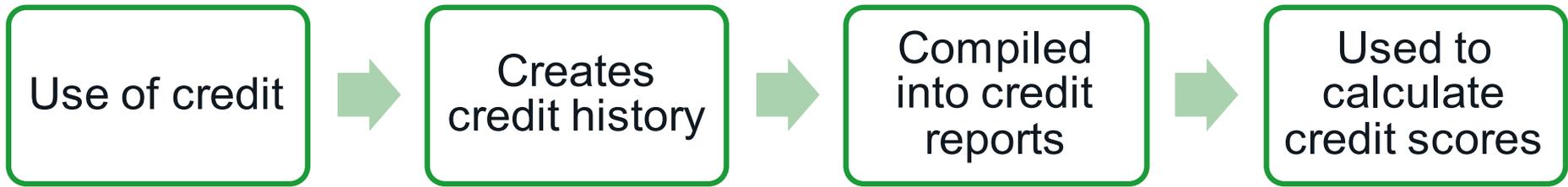
The Fair Debt Collection Practices Act prohibits debt collectors from engaging in certain conduct, such:

- Repeated 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

Your Money, Your Goals

Module 7: Understanding Credit Reports and Scores

What is credit?



Why do credit reports and scores matter?

A poor credit history can make it difficult for you to:

- Get a job
- Get and keep a security clearance for a job, including a military position
- Get an apartment
- Get insurance coverage
- Pay lower deposits on utilities and get better terms on cell phone plans
- Get a credit card
- Improve your credit score

What's in a credit report?

- Header/identifying information
- Public record information
- Collection agency account information
- Account information
- Inquiries made to your account

Negative information

- Negative information can appear on your credit report for a specified period of time—seven years for most items.
- Bankruptcy can stay on your credit report for up to 10 years.
- Civil suits and judgments can be reported on your credit report for seven years or until the statute of limitations has expired, whichever is longer.
- There is no time limit to the length of time that positive information can stay on your credit report.

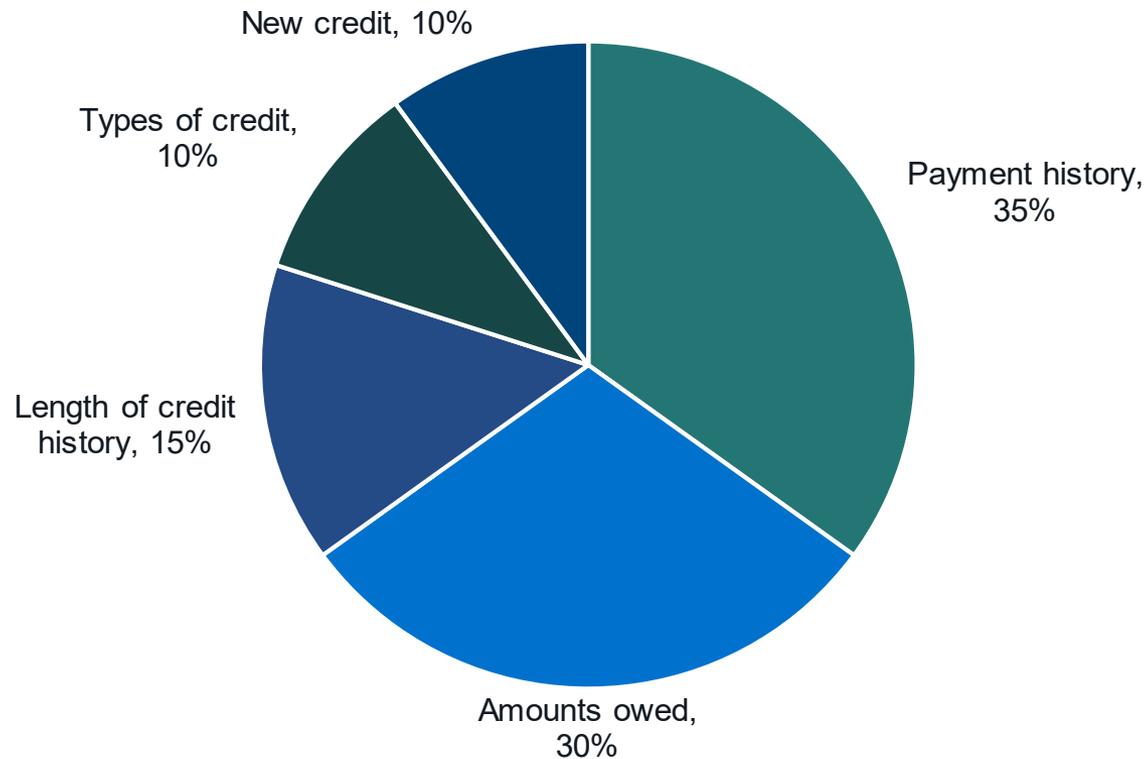
Nationwide credit reporting companies

- Equifax
- Experian
- TransUnion

You can get a free credit report from each of the three nationwide credit reporting companies once every 12 months at www.annualcreditreport.com

Credit scores: Example based on FICO

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



Tool: Requesting your free credit reports

- Pick a method to order your credit reports
 - Online
 - Phone
 - Mail
- Decide when you'll order each report
- If you get a report from a different credit reporting company every four months, you can monitor your credit for free throughout each year

Tool: Requesting your free credit reports

- To order through the website, visit: 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.
- 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: Reviewing your credit reports

What to do:

- Start by getting free copies of your credit reports. Use the “Requesting your free credit reports” tool to find out how.
- Read through each credit report carefully, using the checklist as a guide for what errors to look for.



Monitor and find errors by **Reviewing your credit reports** regularly

1. Make a copy of this tool, one for each of the three nationwide credit reporting companies.
2. Use the checklist to review the five sections of each of your credit reports.
3. Write down any questions you have or incorrect information you need to dispute.

Name of credit reporting company: _____

SECTION	IS THIS INFORMATION CORRECT?	QUESTIONS OR ERRORS
 Header and identifying information	<input type="checkbox"/> My name (including spelling)	
	<input type="checkbox"/> My Social Security number	
	<input type="checkbox"/> My current telephone number	
	<input type="checkbox"/> My current address	
	<input type="checkbox"/> My previous addresses	
	<input type="checkbox"/> My employment history	
 Public record information	<input type="checkbox"/> My financial public record information, like bankruptcies, judgments, or tax liens	
 Collection agency account information	<input type="checkbox"/> My accounts, if any, in collections	
	<input type="checkbox"/> The status of each of my accounts	

Handout: Disputing errors on your credit reports

- **To correct errors, it can help to contact both the credit reporting company and the source of the mistake.**
- You may file your dispute online, by phone, or by mail.
- **Explain the error and what you want changed.**
 - Clearly identify each mistake separately, state the facts, explain why you are disputing the information, and request that it be removed or corrected.
- If you mail your dispute letter, send it by certified mail, return receipt requested.
- Enclose a copy of the portion of your report that contains the disputed items and circle or highlight the disputed items.

Tool: Getting and keeping a good credit history

What to do:

- Identify a strategy for improving and maintaining your credit history that works for you.
- Implement that strategy and monitor how your credit score improves.
- Once you're done with your first strategy, pick a new one and keep practicing good habits to maintain a strong credit history.

Build habits for **Getting and keeping a good credit history**

1. Read the different strategies for improving and maintaining your credit history.
2. Check the box of one that you can commit to trying now.
3. Once that one is complete, try one or two more to keep improving your score.

HABIT	TIPS FOR IMPROVING YOUR CREDIT
<input type="checkbox"/> I'll pay my loan and utility bills on time, every time.	Missing bill payments may hurt your credit scores because it may establish a poor payment history and can lead to debt collection. Help make sure your payments are on time by setting up automatic payments or electronic reminders. If you've missed payments, get current and stay current. You can use the "Bill calendar" (in Module 4) to help track when your bills are due and decide when you'll pay them.
<input type="checkbox"/> I'll spend under my credit limit and won't get anywhere close to "maxing out" my credit cards.	Credit scoring models look at how close you are to being "maxed out," so try to keep your balances low compared to your total credit limit. Experts advise keeping your use of credit (credit utilization) at no more than 30 percent of your total credit limit. If you close some of your credit card accounts and put most or all of the balances onto a single card, your total credit limit may be lower than before. If doing this means that you're using a higher percentage of your total limit than you were before, it may hurt your credit scores because it's increasing your credit utilization. In some cases, it's better to leave credit cards open even if you don't use them, to increase your total credit limit. But it depends on how many cards you have and if you can avoid using all of them.
<input type="checkbox"/> I'll pay off my credit card balance on time each month.	If you use credit cards, try to pay your balances off each month. Paying off the balance each month may help you get better scores. You'll build a credit history by paying it off on time and keeping your balance low. Think about setting up text alert reminders for when your bill is due, to help you pay on time.

Your Money, Your Goals

Module 8: Choosing Financial Products and Services

Financial service providers

- Who provides financial services and products?

Financial service providers

- Bank or credit union
- Car dealer
- Check cashing store
- Credit card company
- Department store
- Employer (working with a financial institution)
- Grocery, retail, or other store
- Large gas station chain
- Large retail store
- Non-profit organization
- Online lender
- Pawn shop
- Payday loan provider
- Prepaid card
- Title loan company
- U.S. Postal Service

Tool: Comparing financial service providers

- Shop around when deciding on a financial service provider
- Ask questions about:
 - Fees and other costs
 - Services offered
 - Security
 - Convenience
 - Access

Your Money, Your Goals

Module 9: Protecting your Money

Identity theft

1. What can you do to prevent your identity from being stolen?
2. How can you tell if your identity has been stolen?
3. What steps can you take if your identity has been stolen?
4. What questions do you have about identity theft?

Handout: How to handle identity theft

CREDIT PROTECTION AND REQUIREMENTS	SECURITY FREEZE	INITIAL ALERT	EXTENDED ALERT
Lender is required to verify your identity before approving new credit		X	X
Completely prevents your report from being shared with most third parties unless lifted	X		
Triggers heightened verification procedures for the people who use your credit report		X	X
Request if you believe you're a victim of ID theft	X	X	
Requires an identity theft report			X
Extra free credit report		X	X
Exclusion from prescreening lists			X
Free in every state	X	X	X

Handout: Submit a complaint

HOW TO SUBMIT A COMPLAINT



Online

consumerfinance.gov/complaint



By phone (180+ languages)

M-F, 8 a.m. - 8 p.m. ET

(855) 411-2372

(855) 729-2372 TTY/TDD



By mail

Bureau of Consumer Financial Protection

P.O. Box 2900

Clinton, IA 52733-2900



By fax

(855) 237-2392



Consumer Financial
Protection Bureau

Submitting a complaint

Submit a complaint

What is this complaint about?

Choose the product or service that best matches your complaint.

Debt collection

Credit reporting, credit repair services,
or other personal consumer reports

Mortgage

Credit card or prepaid card

Checking or savings account

Vehicle loan or lease

Student loan

Payday loan, title loan, or personal loan
(installment loan or personal line of credit)

Money transfer, virtual currency, or
money service
(check cashing service, currency exchange,
cashier's/traveler's check)

Complaint process



Complaint submitted



Review and route



Company response



Complaint published



Consumer review

Q&A

- Questions?

Closing

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

- Next webinar: *Companion guides*

Financial Education Exchange (CFPB FinEx)

An online and in-person opportunity to access Bureau tools and resources, and connect with the Bureau and your peers engaged in financial education.

Our goal is to help you improve the financial well-being of the people you serve.

Regional convenings:

- Dallas, TX
- Fort Worth, TX
- Maryland
- Denver, CO
- Kansas City, MO
- Atlanta, GA
- Sacramento, CA
- Madison, WI
- St. Louis, MO
- Tacoma, WA
- Nashville, TN
- Boston, MA

Monthly e-newsletters

Annual surveys



Number of financial educators signed up for CFPB FinEx: **Over 5,000 Members!**

Monthly webinars include:

- Fraud prevention for older adults
- Disaster recovery and preparedness
- Resources for servicemembers
- Accessing credit scores
- Managing spending
- Debt collection resources
- Credit card spending
- Libraries as Financial Education Resources
- Financial Coaching
- Financial Education Programs Serving Immigrant Populations
- Federal Financial Education Resources
- Take Control of Your Auto Loan
- Financial Rules to Live By
- Resources for Parents
- Tips for Strengthening Financial Education Curriculum
- Resources for Parents and Caregivers
- Resources for Financial Caregivers
- Measuring Financial Well-Being
- Owning a Home
- Tax Time Savings
- Your Money, Your Goals Toolkit

Resources for financial educators webpage

The screenshot shows the top navigation bar of the CFPB website. On the left is the CFPB logo (Consumer Financial Protection Bureau). On the right are search and 'Submit a Complaint' links. Below the navigation bar are five menu items: Consumer Tools, Practitioner Resources, Data & Research, Policy & Compliance, and About Us. The main content area is split into two columns. The left column features a section titled 'Financial education for adults' with a sub-header 'Financial education for adults' and a paragraph: 'We help you help the people you serve. For adult financial educators, the tools here show our latest thinking on consumer financial behavior and effective financial education practices.' Below this is a 'Featured event' box for 'Your Money Your Goals', listing dates (Tuesdays, April 2nd, 9th, 16th, 23rd from 2-3 p.m. ET) and a 'View details and enroll' link. To the right of the text is an illustration of a computer monitor displaying various icons (gear, speech bubble, person, car, etc.) and a blue mug with a pen. The right column has an 'About us' section with a paragraph: 'We're the Consumer Financial Protection Bureau (CFPB), a U.S. government agency that makes sure banks, lenders, and other financial companies treat you fairly.' and a link 'Learn how the CFPB can help you'. Below this is a 'CONNECT WITH US' section with a paragraph: 'Join the CFPB Financial Education Exchange (CFPB FinEx) to get the latest news, invitations to webinars, and to learn from your peers.' and an 'Email address' field with the placeholder 'mail@example.com', a 'Sign up' button, and a link 'See Privacy Act statement'. At the bottom of the right column is a 'CONNECT WITH OTHERS' section with a partially visible paragraph: 'We also invite you to join our discussion'.

Resources

Bureau Resources for Financial Educators webpage:
consumerfinance.gov/adult-financial-education

To sign up for the Financial Education Exchange:
CFPB_FinEx@cfpb.gov

To sign up for the Financial Education Discussion Group:
linkedin.com/groups/CFPB-Financial-Education-Discussion-Group-5056623

Next Webinar: *Your Money, Your Goals Toolkit (Part 3 of 4)* will be held on Tuesday, April 16, 2019 at 2-3 pm ET