

Your Money, Your Goals

A FINANCIAL EMPOWERMENT TOOLKIT FOR SOCIAL SERVICE PROGRAMS

Training for case managers



Your Money, Your Goals

Introduction

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?
- What does this mean when we are working with clients?

Your Money, Your Goals

Overview of the training and introductions

Training purpose

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

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 and client outcomes.
- Demonstrate increased confidence in your own knowledge about core financial management topics.
- Assess clients' financial condition or situation.
- Provide the right financial content at the right time in the context of your case work with clients based on assessment.

Training objectives

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

- Use specific tools to help your clients reach their own goals in different cultural and situational contexts.
- Access and use tools and materials available at www.consumerfinance.gov.
- Make appropriate and specific referrals to help clients manage their financial challenges.
- Know where to go for unbiased information or help in working with clients.

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 non-profit 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
- Assessing the situation and starting the conversation
- Setting goals
- Saving for the unexpected, emergencies, and goals
- Managing income and benefits
- Paying bills and other expenses
- Managing cash flow
- Dealing with debt
- Improving credit reports and scores
- Evaluating financial service providers, products, and services
- Protecting consumer rights
- Closing

Your Money, Your Goals

Introduction to the CFPB and financial empowerment

Introduction to the CFPB



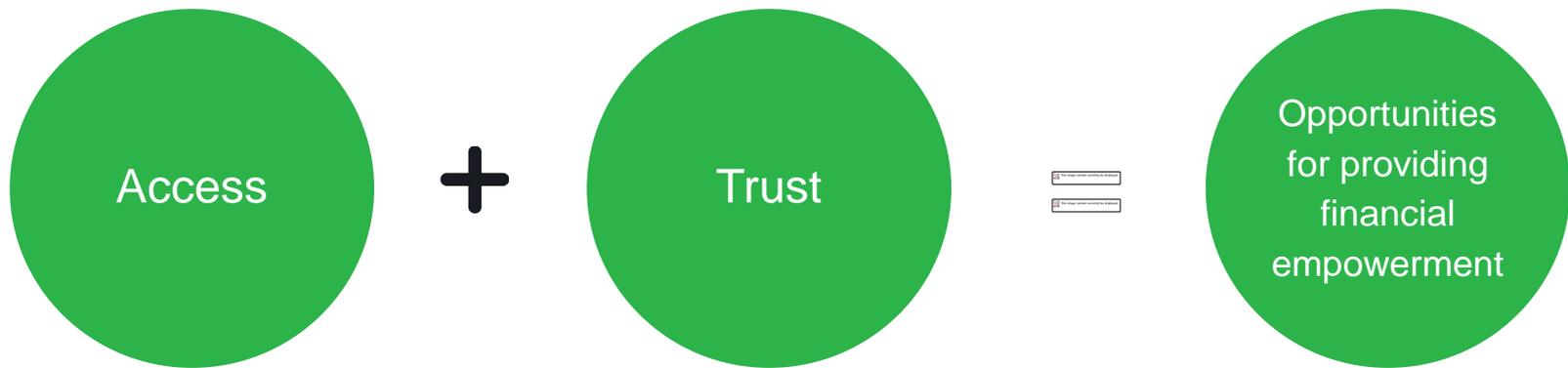
Consumer Financial
Protection Bureau

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

Introduction to the CFPB

- Education
- Enforcement
- Study

Financial empowerment, and case managers



Financial empowerment

What is financial empowerment?

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



Debate

Team 1

- As case managers, we *should* provide financial empowerment services to our clients.

Team 2

- As case managers, we *should not* provide financial empowerment services to our clients.

Benefit / Cost analysis

What are the *benefits* of financial empowerment

- For you?
- For your clients?
- For your program?

What are the *costs* of financial empowerment

- For you?
- For your clients?
- For your program?

Your Money, Your Goals

An orientation to the toolkit

Organization of *Your Money, Your Goals*

- Introductory modules
 - Module 1: Introduction to the toolkit
 - Module 2: Assessing the situation
 - Module 3: Starting the conversation
 - Module 4: Emotional & cultural influences on financial decisions
 - Module 5: Using the toolkit

Organization of *Your Money, Your Goals*

- Content modules
 - Module 6: Setting goals
 - Module 7: Saving for the unexpected, emergencies, & goals
 - Module 8: Managing income & benefits
 - Module 9: Paying bills & other expenses
 - Module 10: Managing cash flow
 - Module 11: Dealing with debt
 - Module 12: Improving credit reports & scores
 - Module 13 Evaluating financial service providers, products, & services
 - Module 14: Protecting consumers rights

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 clients or assessments to figure out where to start.

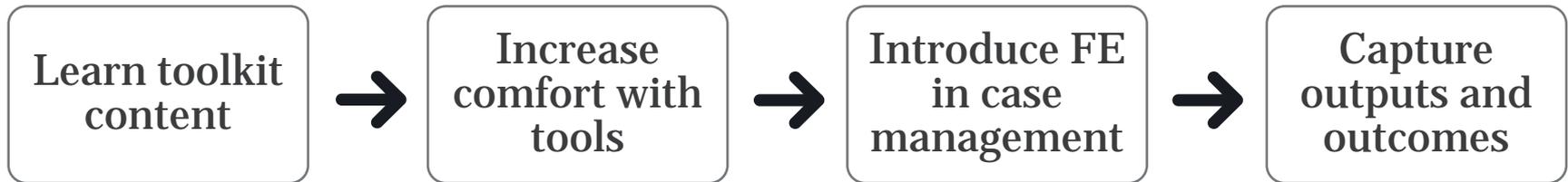
Where would you start if your client...

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

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

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

Integration: Using the toolkit with clients



What would you do if your client...

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

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

Your Money, Your Goals

Assessing the situation and starting
the conversation

Assessment

Complete Tool 1: 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

Client assessment role play

- **Role 1 = Client**

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

- **Role 2 = Case manager**

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

- **Role 3 = Observer**

Watch discussion, take notes using form, provide feedback.

Client assessment role play

Client

- How did it feel taking the assessment?
- What did the case manager do to do 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 the case manager outlined following the assessment made sense for you (if there was time during the role play)?

Client assessment role play

Case manager

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

Client assessment role play

Observer

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

Other strategies for starting the conversation

Brainstorm with table specific opportunities for beginning the financial empowerment conversation with clients.

Your Money, Your Goals

Model 6: Setting goals

Module 6: Setting goals

- **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.

Calculating amount to set aside each week



Module 6: Action plan

Goal: _____

Steps	Resources	Date to complete step	When complete

Your Money, Your Goals

Module 7: Saving for the unexpected, emergencies, and goals

Module 7: 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.

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.

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

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

Earned Income Tax Credit

Maximum tax credit (for 2013)

- \$6,044 with three or more qualifying children
- \$5,372 with two qualifying children
- \$3,250 with one qualifying child
- \$487 with no qualifying children

All information regarding tax credits from the Internal Revenue Service at www.irs.gov.

Tool 2: Benefits and asset limits

What are the reasons this tool is included?

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.

Key facts for Module 7

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

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Module 8: Managing income and benefits

Income, benefits and wage garnishments

Income

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

Benefits

Wage garnishments

Tool 1: Income tracker

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

Tool 2: Increasing cash and financial resources

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

Tool 3: Understanding the risks and benefits of...

- Cash
- Paychecks
- Direct Deposit
- Payroll Cards
- EBT

Your Money, Your Goals

Module 9: Paying bills and other expenses

Module 9: Paying bills and other expenses

Spending

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

Needs, wants, and obligations

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

Tool 1: Spending tracker

Savings	Saving for goals, saving for emergencies, saving for children's education, saving for retirement, saving for holiday purchases, saving for back to school shopping
Debt payment	Credit card payments, payday loan payments, pawn loan payments, car title loan payments, and other loan payments
Housing	Rent, mortgage, insurance, property taxes
Utilities	Electricity, gas, water, sewage, phone, television, Internet service, cell phone
Household supplies and expenses	Things for your home like cleaning supplies, kitchen appliances, furniture, other equipment
Groceries	Food and beverages to be brought into the home, including baby formula and food
Eating out (meals and beverages)	Any meals or beverages purchased outside of the home
Savings	Saving for goals, saving for emergencies, saving for children's education, saving for retirement, saving for holiday purchases, saving for back to school shopping
Debt payment	Credit card payments, payday loan payments, pawn loan payments, car title loan payments, and other loan payments

Tool 1: Spending tracker

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

Tool 3: Strategies for cutting expenses

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

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: Prioritizing bills

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

Your Money, Your Goals

Module 10: Managing cash flow

Module 10: Managing 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 for your clients?

Module 10: Managing cash flow

- **Keeping track of everything you earn and spend money on for a week, two weeks, or one month.** *Tool 1: Income Tracker from Module 8: Managing Income and Benefits and Tool 1: Spending Tracker from Module 9: Paying Bills and Other Expenses.*
- **Analyzing your spending.** *Tool 1: Spending Tracker from Module 9: 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.**

Tool 1: Cash flow budget

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

Ending balance from previous week.

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

Tool 1: Cash flow budget

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Housing	\$650.00	
Utilities	\$59.97	\$95.50
Groceries	\$180.00	\$80.00
Eating out (meals and beverages)		
Transportation	\$240.00	\$60.00
Total uses of cash and other financial resources	\$1,129.97	\$235.50
Ending balance for the week	\$142.37	\$197.67

Total sources
minus total
uses.

This becomes
your beginning
balance for next
week.

Reading a cash flow budget: Scenario overview

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

Managing Cash Flow Scenario

	Week 1	Week 2	Week 3	Week 4
Beginning Balance for the Week	\$257.00	-\$411.00	-\$127.48	-\$621.22
Sources of Cash & Other Financial Resources				
<i>Income from Job</i>		\$932.00		\$932.00
<i>Income from Part-Time Job</i>	\$60.00	\$60.00	\$60.00	\$60.00
<i>SNAP</i>	\$412.00			
Total Sources of Cash & Other Financial Resources	\$729.00	\$581.00	-\$67.48	\$370.78
Uses of Cash & Other Financial Resources				
<i>Debt Payments</i>				
Credit Card Payments			\$45.00	
Personal Loans				\$100.00
Student Loan		\$235.00		
<i>Savings</i>	\$0.00	\$0.00	\$0.00	\$0.00
<i>Housing (Rent including utilities)</i>	\$785.00			
<i>Utilities</i>				
Television		\$63.48		
Internet Service			\$22.74	
Phone and Cell Phone Service			\$66.00	
<i>Household Supplies & Expenses</i>		\$25.00		
Groceries	\$200.00	\$80.00	\$80.00	\$80.00
Eating Out (Meals and Beverage)	\$25.00	\$25.00	\$25.00	\$25.00
<i>Transportation</i>				
Car Payment			\$185.00	
Fuel	\$60.00	\$60.00	\$60.00	\$60.00
Auto Insurance		\$150.00		
Childcare	\$50.00	\$50.00	\$50.00	\$50.00
Misc.	\$20.00	\$20.00	\$20.00	\$20.00
Total Uses of Cash & Other Financial Resources	\$1,140.00	\$708.48	\$553.74	\$335.00
Ending Balance for the Week (Sources - Uses)	-\$411.00	-\$127.48	-\$621.22	\$35.78

Cash flow analysis questions

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

Module 10: Managing 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.

Key facts for Module 10

- Plan to match the amount *and* timing of income/benefits with amount *and* timing of spending and bills
- Timing matters

Your Money, Your Goals

Module 11: Dealing with debt

Module 11: Dealing with debt

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

Good debt, bad debt

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

Tool 1: Debt management 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 - .20, or 15% - 20%, or less.

Homeowners

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

Tool 3: Debt reduction worksheet

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

Tool 3: Debt reduction worksheet

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

Tool 4: Student loan debt

- Federal student loans versus private student loans
- Options for federal student loan repayment
 - Standard payment
 - Graduated payment
 - Extended payment
 - IBR
 - Pay as you earn
 - Consolidated loan

Student loan debt

CFPB's "Paying for College" online tool:

- Researching schools
- Filling out the Free Application for Federal Student Aid (FAFSA), a first step in figuring out how to pay for college
- Choosing a loan
- Comparing financial aid packages and college costs across more than one school
- Managing your money while in college
- Repaying your student loans

Student loan debt

The screenshot shows the top portion of the CFPB website. At the top left is the CFPB logo with the text 'Consumer Financial Protection Bureau'. To the right is a search bar with a magnifying glass icon and the text 'Search'. Further right is a contact number: 'Contact us (855) 411-2372'. Below this is a navigation menu with links: 'HOME', 'INSIDE THE CFPB', 'GET ASSISTANCE', 'PARTICIPATE', 'LAW & REGULATION', and 'SUBMIT A COMPLAINT'. The main content area has a green background with a white box on the left containing the heading 'Paying for College' and the text: '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 this text is an illustration of a pencil, a calculator, a document with a dollar sign, and a book. Below the illustration is a dark teal bar with four buttons: 'Get started', 'Student financial guides', 'Compare financial aid offers', and 'Repay student debt'. Below this bar is a white section with the heading 'Welcome!' and the 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 the heading 'SHARE THIS PAGE' and three social media icons: Facebook, Twitter, and Email.

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

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?

Continued...

Dealing with debt exercise

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

Tool 5: When debt collectors call

- 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

Know your rights

The Fair Debt Collection Practices Act protects consumers from harassment:

- 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 12: Understanding credit reports and scores

Module 12: Understanding credit reports & scores

- Header/identifying information
- Public record information
- Collection agency account information
- Credit account information
- 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?

Module 12: Understanding credit reports & scores

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

Module 12: Understanding credit reports & scores

- Equifax
- Experian
- TransUnion

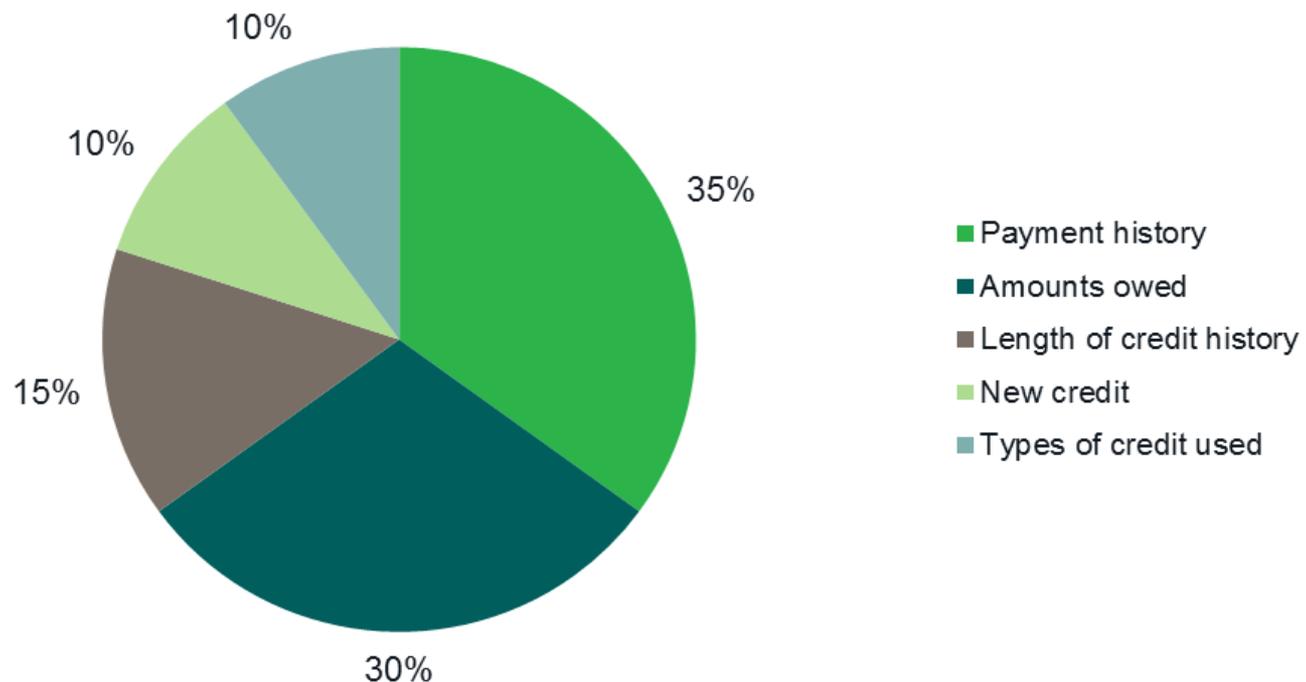
www.annualcreditreport.com

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).

Credit scores: Example based on FICO score

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



Ordering, reviewing, and improving

- Ordering = Use Tool 1
- Reviewing = Use Tool 2
 - 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 13: Evaluating financial service providers, products, and services

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

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

Tool 1: Selecting a financial service provider

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

Tool 1: Selecting a financial service provider

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

Understanding financial products and services

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

Checking account

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

Prepaid debit card

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

Money transfer

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

Bill payment service

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

Savings account

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

Line of credit

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

Car title loan

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

Online banking

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

Credit building loan

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

Money order

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

Tool 4: Opening an account checklist

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

What is needed

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

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

Your Money, Your Goals

Module 14: Protecting consumer rights

Mortgage complaint form

Bureau of Consumer Financial Protection help.consumerfinance.gov/app/mortgage/ask#currentPage=2

Reader

✓ What happened? ✓ Desired resolution 3. My information 4. Product information 5. Review

Select both boxes if submitting this complaint for a joint account. Select "Someone else" if assisting someone in submitting a complaint. Provide your information under "My contact information" and the other person's information under "Someone else".

I am submitting on behalf of Myself Someone else

Submitting on behalf of someone else may require signed, written permission.

[Form trouble?](#)
[Chat now.](#)

Tip 3
Only check "someone else"

My contact information

Salutation (Optional)

First name *

Last name *

Suffix (Optional)

Mailing address *

Apartment, suite, building (Optional)

City *

State *

ZIP code *

United States

Phone (Optional)

Email *

Account Holder's age is (Optional)

Tip 1
Your contact information goes in the "My contact information" section

Tip 2
Be sure to enter your email address

Mortgage complaint form

Bureau of Consumer Financial Protection help.consumerfinance.gov/app/mortgage/ask#currentPage=2

What happened?
 Desired resolution
 3. My information
 4. Product information
 5. Review

[Form trouble?](#)
[Chat now.](#)

Select both boxes if submitting this complaint for a joint account. Select "Someone else" if assisting someone in submitting a complaint. Provide your information under "My contact information" and the other person's information under "Someone else".

I am submitting on behalf of
 Myself
 Someone else

Submitting on behalf of someone else may require signed, written permission.

Someone else

Relationship to person

Salutation (Optional)

First name *

Last name *

Suffix (Optional)

Mailing address *

Apartment, suite, building (Optional)

City *

State *

ZIP code *

United States

Phone (Optional)

Email *

Account Holder's age is (Optional)

Tip 4
Tell us your relationship to the consumer

Most advocates choose:

- Advocate
- Attorney
- Housing counselor

Tip 5
Enter the consumer's contact information here

Submitting a complaint to the CFPB

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

Tool 1: Identifying red flags

- Watch the skit.
- See if you can identify the red flags (up to 3 in each skit) 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.
- **Mandatory arbitration**
 - Language is included in the fine print of the loan terms and conditions making it illegal for the borrower to take legal action against the lender. The loan documents require the borrower to submit to arbitration. Borrowers can find it difficult to find legal representation for mandatory arbitration proceedings.

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.

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

- Pressure 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

Teach back: Consumer protection laws

- 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 clients you serve.
- Share where to go if someone feels their rights protected under your law or regulation have been violated.

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/>

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?