

# Your Money, Your Goals

A FINANCIAL EMPOWERMENT toolkit FOR SOCIAL SERVICE PROGRAMS

Training for case managers and frontline staff



Consumer Financial  
Protection Bureau

# 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 associations about money come from?
- How do these associations reflect attitudes and feelings about money?
- How are attitudes and feelings related to 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 toolkit
  - 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](http://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 public or 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
- Understanding the situation and starting the money conversation
- Setting goals and planning for large purchases
- Saving for the emergencies, bills, and goals
- 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
- Protecting your money
- 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

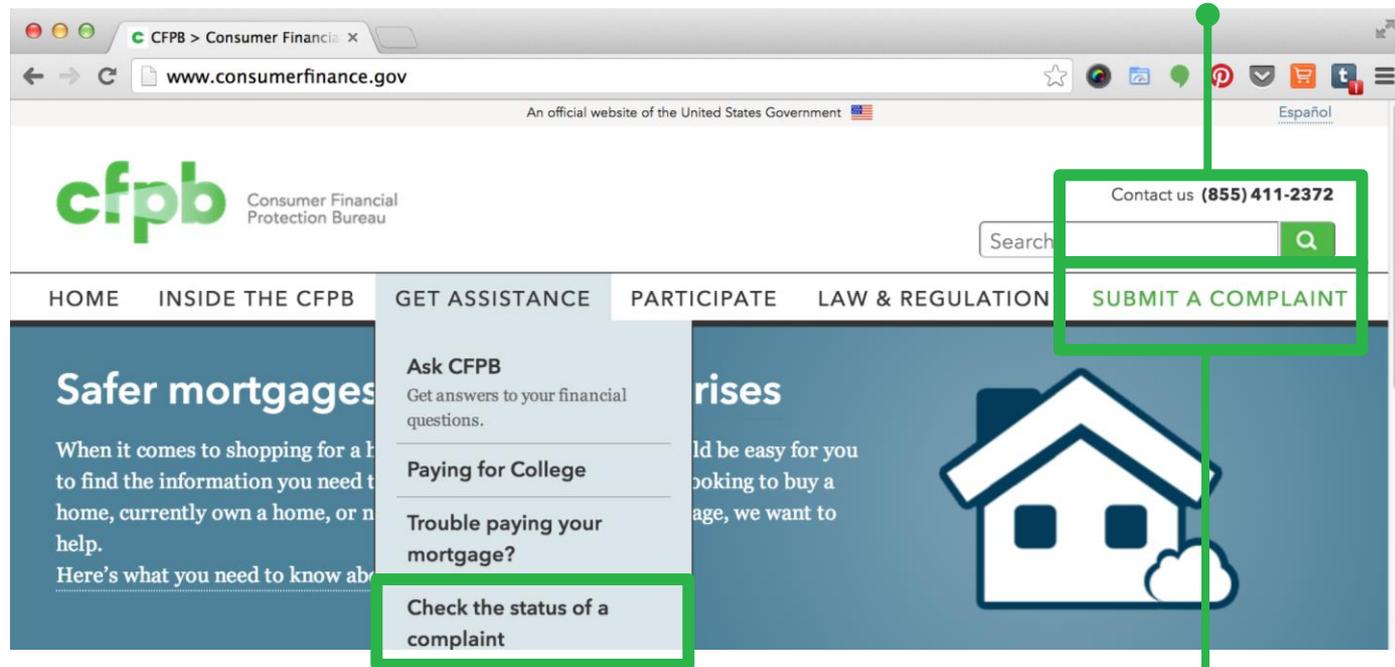
---

- Education
- Enforcement
- Study

# Submitting a complaint

(855) 411-2372

180+ languages, TTY/TDD



[www.consumerfinance.gov/complaint](http://www.consumerfinance.gov/complaint)

Check complaint status

# Submitting a complaint

The screenshot shows a web browser window with the URL <http://www.consumerfinance.gov/complaint/>. The page content includes:

Choose a product or service to get started  
If you don't want to submit a complaint, you can [tell your story](#).

**LOANS**

- [Mortgage](#)
- [Student loan](#)
- [Vehicle loan or lease](#)
- [Payday loan](#)
- [Other consumer loan](#)

**PRODUCTS AND SERVICES**

- [Bank account or service](#)
- [Credit card or prepaid card](#)
- [Credit reporting](#)
- [Debt collection](#)
- [Money transfer or virtual currency](#)
- [Other financial service](#)

The browser interface includes a back button, address bar, and menu options like File, Edit, View, Favorites, Tools, and Help. The status bar at the bottom shows a zoom level of 100%.

# Complaint process

---



Complaint submitted



Review and route



Company response



Complaint narrative published



Consumer review



Analyze and report



Contact us **(855) 411-2372**

[HOME](#) > [YOUR MONEY, YOUR GOALS](#)

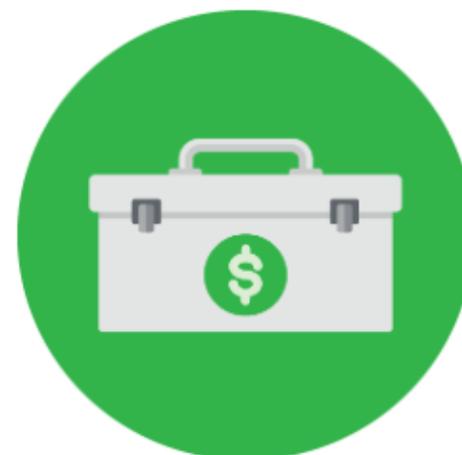


# Your Money, Your Goals

## ARE YOU HAVING THE MONEY CONVERSATION?

Your Money, Your Goals is a toolkit to help front line staff and volunteers as they work with consumers to...

- Make spending decisions that can help them reach their goals
- Order and fix credit reports
- Avoid tricks and traps as they choose financial products
- Make decisions about repaying debts and taking on new debt
- Keep track of their income and bills
- Decide if they need a checking account and understand what they need to open one



## TOOLS AND TRAINING TAILORED TO YOUR NEEDS

[Social Services](#) | [Community Volunteers](#) | [Legal Aid](#) | [Workers](#)

# Getting the Social Services Version

---

## CHOOSE YOUR VERSION

### ● Social Services

#### THE TOOLKIT

Help clients work through short- and long-term financial issues.

[English](#) | [Spanish](#)

#### THE TRAINING

Use these to train case managers:

[Implementation guide](#)

[Training in English \(PPT | PDF\)](#)

[Training in Spanish \(PPT | PDF\)](#)

[Creating a referral guide](#)

[Train the trainer videos](#)

#### FOLLOW-UP RESOURCES

Sample surveys trainers can use:

- [Pre-training](#)
- [Post-training](#)
- [Follow-up](#)

### ● Community Volunteers

#### THE TOOLKIT

Create a stronger foundation by helping your community members strengthen financial skills.

[English](#) | *Spanish coming soon.*

#### THE TRAINING

Use these to train your volunteers:

[Implementation guide](#)

[Training in English \(PPT | PDF\)](#)

[Creating a referral guide](#)

#### FOLLOW-UP RESOURCES

Sample surveys trainers can use:

- [Pre-training](#)
- [Post-training](#)
- [Follow-up](#)

# Sign up for YMYG updates

---

- You will receive news of:
  - Training and technical assistance opportunities
  - Toolkit updates
- Sign up today or visit the *Your Money, Your Goals* page to sign up.
  - You can unsubscribe at any time.



# Financial empowerment

---

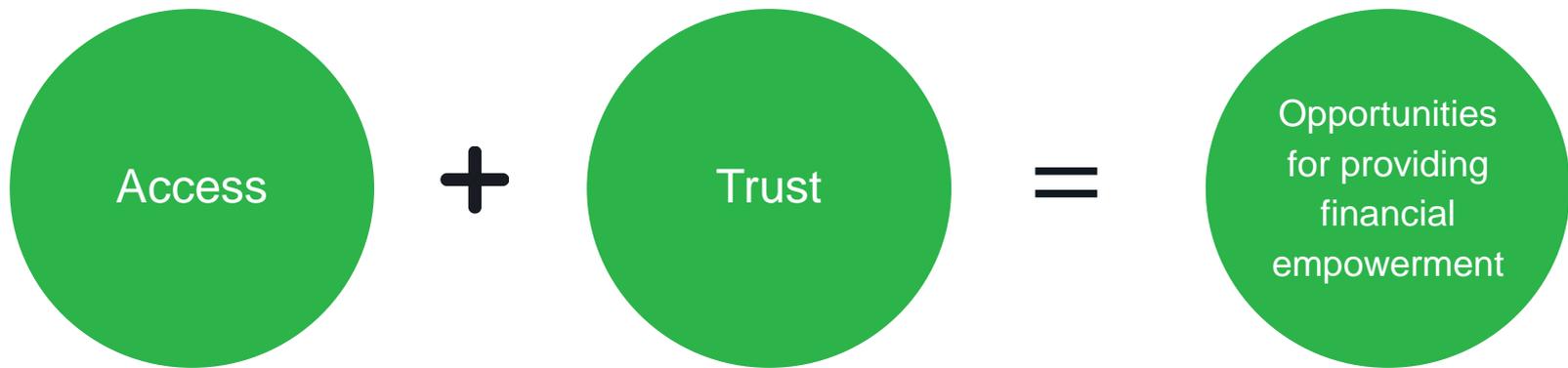
## What is financial empowerment?

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



# Financial empowerment and case managers

---



# 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
  - Introduction Part 1: Introduction to the toolkit
  - 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?

# Organization of *Your Money, Your Goals*

---

- Content modules

- Module 1: Setting goals and planning for large purchases
- Module 2: Saving for the emergencies, bills, and goals
- Module 3: Tracking and managing income and benefits
- Module 4: Paying bills and other expenses
- Module 5: Getting through the month
- Module 6: Dealing with debt
- Module 7: Understanding credit reports and scores
- Module 8: 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 the Toolkit 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?

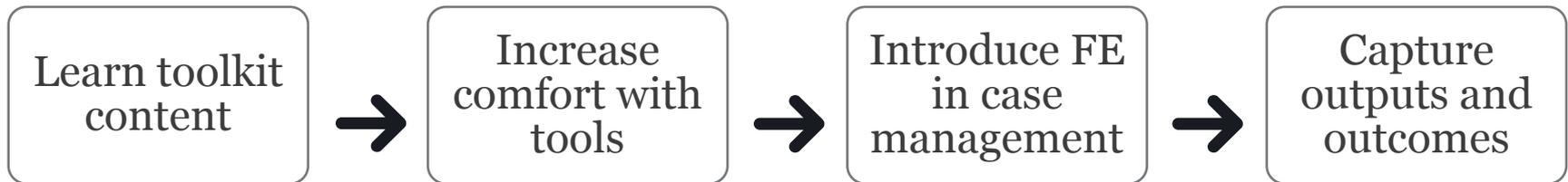
# Where would you start if your client... (continued)

---

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

---



# Financial empowerment checklist

---

- The goal is not to cover all of the tools with each person.
- Instead, find the right module or tools based on:
  - Their most pressing financial empowerment problem
  - The area in which they've expressed an interest in getting more help

# Intro Part 1, Tool 1: Financial empowerment checklist

- Print off and keep with an individual's file if appropriate
- Use to connect meetings you've had

*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?*

| Check or date | Tool   | Notes and referral information |
|---------------|--|--------------------------------|
|               | Goal setting tool                            |                                |
|               | Planning for life events and large purchases |                                |
|               | Buying a car                                 |                                |

*Module 2: Saving for emergencies, goals, and bills—Does the person have money set aside for emergencies or unexpected expenses?*

| Check or date | Tool  | Notes and referral information |
|---------------|---|--------------------------------|
|               | Savings plan  |                                |
|               | Savings and benefits:<br>Understanding asset limits |                                |
|               | Finding a safe place for savings                    |                                |
|               | Increasing your income through tax credits          |                                |

# 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

---

| <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*

# Tool 1: My money picture

---

If you could change one thing about your financial situation, what would it be?

---

---

| Question  | Response |    |              |
|---|----------|----|--------------|
| 1. Do you have dreams for you or your children that require money to make them happen?                  | Yes      | No | I don't know |
| 2. Are you behind on rent, car payments, or your mortgage?  | Yes      | No | I don't know |
| 3. Are you behind on utility payments?  | Yes      | No | I don't know |
| 4. Can you count on having about the same amount of income every week?                                  | Yes      | No | I don't know |
| 5. When unexpected expenses or emergencies happen, do you have some money set aside to cover them?      | Yes      | No | I don't know |
| 6. Do your money, benefits, and other resources cover all of your bills and living expenses each month? | Yes      | No | I don't know |
| 7. Do you have student loans or other debts you're having trouble paying?                               | Yes      | No | I don't know |

# Tool 1: My money picture

---

| Question  | Response  | Quick Tips   |
|---|---|--|
| <p>1. Do you have dreams for you or your children that require money to make them happen?</p> | <p>If <i>No</i> or <i>I don't know</i>, see Module 1.</p>   | <ul style="list-style-type: none"> <li>▪ Brainstorm a list of your hopes, wants, and dreams.</li> <li>▪ Pick one and turn it into a goal with a timeframe. Make it specific and measurable.</li> <li>▪ Figure out how much you need to save or set aside each week (or month) to reach your goals.</li> </ul>  |
| <p>2. Are you behind on rent, car payments, or your mortgage?</p>                             | <p>If <i>Yes</i>, call 211 or an emergency assistance center. For homeowners, call (888) 995-HOPE.</p> <p>See Module 4, <i>Tool 5: When Cash is Short</i></p> | <ul style="list-style-type: none"> <li>▪ If “yes”, call 211 or local emergency assistance center. By dialing 211, people in need of assistance are referred, and sometimes connected, to appropriate agencies and community organizations.</li> <li>▪ For homeowners, call 888-995-HOPE or CFPB at (855) 411-CFPB (2372). You can find certified housing counselors on CFPB’s website at <a href="http://www.consumerfinance.gov/find-a-housing-counselor">http://www.consumerfinance.gov/find-a-housing-counselor</a>.</li> </ul> |
| <p>3. Are you behind on utility payments?</p>   | <p>If <i>Yes</i>, call 211 or local emergency assistance center.</p>  |  |

# Client assessment role play

---

- Role 1 = Client

Role play a client and complete the 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 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 your group **specific opportunities** for *beginning the financial empowerment conversation* with clients.

# Your Money, Your Goals

Module 1: Setting goals and planning for large purchases

# 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.



## *Strong goal*

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

I want to get out of credit card debt.



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

# Tool 1: Goal-setting tool

---



# Action plan

---

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

| <b>Steps to goal</b> | <b>Resources needed</b> | <b>Date to complete step</b> | <b>Check when complete</b> |
|----------------------|-------------------------|------------------------------|----------------------------|
|                      |                         |                              |                            |
|                      |                         |                              |                            |

# Calculating amount to set aside each week

---



# Life cycle events and large purchases

---

What is a life cycle event likely to cost?

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

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

# Planning for life events and large purchases

---

- **Group 1:** 18-year old graduating from high school. Plans to attend trade school to become a skilled welder.
- **Group 2:** 28-year old food services manager at a state university diagnosed with cancer. He is married and has an infant.
- **Group 3:** 36-year old mother who is getting divorced. She has two children ages 4 and 8. Must find a job for the first time in 9 years; before having 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 long-haul truck driver who would like to retire in 6 years. Has saved minimally for retirement. Children are grown and out of the house; however, one has lost his job and has plans to return home with his two preschool children.

# 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 individuals?
- How can an exercise like this backfire?
- What did you learn from this exercise?

# Tool 2: Planning for life events and large purchases

---

|                                | <b>Large purchase or life event</b> | <b>Cost of large purchase or life event</b> | <b>Ways to pay</b> | <b>Ways to cut expenses/ reduce the overall cost</b> |
|--------------------------------|-------------------------------------|---|--------------------|--|
| Within 1 year                  |                                     |   |                    |  |
| Between 1 and 2 years from now |                                     |   |                    |  |
| Between 2 and 5 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 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 the emergencies,  
goals, and bills

# 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

# Tool 1: Savings plan

---

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

# 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

# Tool 2: Savings and Benefits

*What are the reasons this tool is included?*

| Benefit   | Do you have this? | Asset limits  | Contact and other information  |
|---|-------------------|---|--|
| <b>SNAP Supplemental Nutrition Program, also called Food Stamps</b> |                   | <p>While the states have discretion, the Federal Asset Limits for SNAP benefits are up to \$2,250 in countable resources (bank account) or \$3,250 if one household member is over 60 or disabled.</p> <p>States using broad-based categorical eligibility have no asset limits. This means that if an individual qualifies for TANF, SSI, or General Assistance, he or she automatically qualifies for SNAP.</p> <p>In 23 states and the District of Columbia there are no asset limit tests for SNAP. In an additional 13 states, households with seniors or people with disabilities and gross income under 200 percent of poverty do not face an asset limit.</p> | <p>To get information about SNAP benefits in your state, call your state hotline number. You can find the hotline number by visiting:</p> <p><a href="http://www.fns.usda.gov/snap/state-informationhotline-numbers">http://www.fns.usda.gov/snap/state-informationhotline-numbers</a></p> |
| <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>Eight states have eliminated asset limit tests for TANF.</p>  | <p>To find out more about your state or tribal TANF program, visit: <a href="http://www.acf.hhs.gov/programs/ofta/help">http://www.acf.hhs.gov/programs/ofta/help</a></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.

# Tool 3: Finding a safe place for savings

---

| Safe place to keep your money  | Benefits  | Risks   | Other important information |
|--------------------------------|---|---|-----------------------------|
| A secret place in your home    | No costs to maintain it<br>Easy to access<br>Convenient | Can be lost, stolen or destroyed in a fire or natural disaster<br><br>Might put you at risk of a home invasion crime                          |                             |
| With a family member or friend | No costs to maintain it                                 | Can be lost, stolen or destroyed in a fire or natural disaster<br><br>Might put your friend or family member at risk of a home invasion crime |                             |

# Banking history reports

---

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

# Tool 4: Increasing your income through tax credits

---

For the 2015 tax year the following income limits and maximum tax credits apply:

| Household size                    | Income limit if filing as single or married filing separately | Income limit if married filing jointly | Maximum tax credit |
|-----------------------------------|---|--|--------------------|
| Three or more qualifying children | \$47,747  | \$53,267                               | \$6,242            |
| Two qualifying children           | \$44,544  | \$49,974                               | \$5,548            |
| One qualifying child              | \$39,131  | \$44,651                               | \$3,359            |
| No qualifying children            | \$14,820  | \$20,330                               | \$503              |

Also, **investment income** must be \$3,400 or less for the year.

All information regarding tax credits from the Internal Revenue Service at [www.irs.gov](http://www.irs.gov).

# Module 2: Wrap up

---

- You may want to set aside income for your goals, emergencies, and bills.
- Many emergencies or unexpected expenses can be managed with \$500 to \$1,000 in an emergency fund.
- Use **Tool 1: Savings plan** to help you plan for and build your savings.
- Use **Tool 2: Savings and benefits** 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: Increasing your income through tax credits** to learn more about tax credits that may increase your income.

# Your Money, Your Goals

Module 3: Tracking and managing income and benefits

# Income, benefits and wage garnishments

---

## **Income**

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

## **Benefits**

## **Wage garnishments**

# Tool 1: Income and resource tracker

|  | <b>Week 1</b><br>_/_/_ | <b>Week 2</b><br>_/_/_ | <b>Week 3</b><br>_/_/_ | <b>Week 4</b><br>_/_/_ | <b>Total by source</b> | <i>Regular</i> | <i>Irregular</i> | <i>Seasonal</i> | <i>One-time</i> |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|----------------|------------------|-----------------|-----------------|
| Job  |                        |                        |                        |                        |                        |                |                  |                 |                 |
| Second job   |                        |                        |                        |                        |                        |                |                  |                 |                 |
| Self-employment Income                             |                        |                        |                        |                        |                        |                |                  |                 |                 |
| SNAP   |                        |                        |                        |                        |                        |                |                  |                 |                 |
| TANF   |                        |                        |                        |                        |                        |                |                  |                 |                 |
| Social Security/ SSI                               |                        |                        |                        |                        |                        |                |                  |                 |                 |
| Disability Insurance (SSDI) and veterans' benefits |                        |                        |                        |                        |                        |                |                  |                 |                 |

# Tool 2: Ways to receive income and benefits

---

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

# Tool 2: Ways to receive income and benefits

## *Paper check*

| Definition   | Benefits   | Risks   | Tip   |
|--|--|---|---|
| A paper check for salary, wages, or benefits made out to an individual | <p>Income can be deposited to a checking or a savings account or onto a prepaid card.</p> <p>If you do not have a bank account, some banks and credit unions do not charge a fee to cash “on us” checks that are written from accounts that are held with their institution. Otherwise, you will have to pay a check cashing service to cash them.</p> | <p>Bank and credit union accounts are sometimes the only cost-free way to cash paychecks.</p> <p>If you don’t have an account, unless your employer’s bank or credit union cashes “on us” checks for free, you may have to pay to cash them at a bank, credit union, or check cashing service.</p> <p>If you deposit a paycheck in a bank or credit union account or onto a prepaid card, you may not be able to access all the funds immediately.</p> <p>May not be offered by all employers or government agencies.</p> | If you cash your checks at a check cashing store, these stores may try to offer you a payday loan or money transfer services. These services can be very expensive – if you’re considering one, make sure you understand the costs. |

# Tool 3: Ways to increase income and resources

---

- Review this tool.
- Think about the people that you serve.
- Which strategies listed do you think are most feasible for them?
  - Circle these.
- What strategies are missing?
  - Add these.

# Tool 3: 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                                       |  |
|                          | Change tax withholding (if you generally receive a large tax refund.)                 |  |
|                          | Get a part-time job   |  |
|                          | Do odd jobs (providing childcare, doing yard work, running errands for someone, etc.) |  |

# 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.
- Use ***Tool 1: Income and resource tracker*** to help you understand when and how much income and benefits you receive.
- Use ***Tool 2: Ways receive income and benefits*** to better understand the benefits and risks of different ways of receiving income and benefits.
- Use ***Tool 3: Ways to increase cash and financial resources*** to identify ways to possibly increase your income or financial resources.

# Your Money, Your Goals

## Module 4: Paying bills and other expenses

# 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>Housing and utilities</b>             | Rent, mortgage, insurance, property taxes, electricity, gas, water, sewage, phone, television, Internet service, cell phone |
| <b>Groceries</b>                         | Food and beverages to be brought into the home, including baby formula and food   |
| <b>Household supplies and expenses</b>   | Things for your home like cleaning supplies, kitchen appliances, furniture, other equipment                                 |
| <b>Transportation</b>                    | Gas, car payment, insurance payment, repairs  |
| <b>Health care premiums and expenses</b> | Co-payments, medication, eye care, dental care, health care premiums  |
| <b>Childcare and school expenses</b>     | Child care costs, diapers, school supplies, school materials fees, field trip and other activity fees                       |
| <b>Court-ordered obligations</b>         | Child Support, restitution, etc.  |
| <b>Debt payments</b>                     | Credit card payments, payday loan payments, pawn loan payments, car title loan payments, and other loan payments            |

# Tool 1: Spending tracker

---

|  |   |
|--|---|
| <b>Tools or other job-related expenses</b> | Tools, equipment, special clothing, job-related books, machinery, working animals or livestock, union dues                                      |
| <b>Savings</b>                             | Saving for goals, emergencies, children's education, saving for retirement, holiday purchases, for back to school shopping                      |
| <b>Pets</b>                                | Food, healthcare costs, and other costs associated with caring for your pets  |
| <b>Personal care</b>                       | Haircuts, hygiene items, dry cleaning   |
| <b>Eating out (meals &amp; beverages)</b>  | Any meals or beverages purchased outside of the home  |
| <b>Entertainment</b>                       | Going to the movies, going to concerts, sports equipment/fees, sporting events, lottery tickets, memberships, alcohol, books/CDs, subscriptions |
| <b>Gifts, donations, and other</b>         | Donations to religious organizations or other charities, gifts, other expenses  |

# Tool 2: Bill Calendar

---

| <b>Sun. 1</b> | <b>Mon. 2</b>                             | <b>Tues. 2</b> | <b>Wed. 4</b> | <b>Thurs. 5</b> | <b>Fri. 6</b>            | <b>Sat. 7</b> | <b>End of Week</b>                |
|---------------|---|----------------|---------------|-----------------|--------------------------|---------------|-----------------------------------|
|               | Phone bill,<br>\$60<br><br>Rent,<br>\$500 |                |               |                 | Car<br>payment,<br>\$180 |               | Total bills<br>for week:<br>\$740 |

# Tool 3: Ways to pay bills

---

| Bill payment method | Advantages  | Disadvantages  |
|---------------------|---|--|
| <b>Cash</b>         | <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> |

# Tool 4: Strategies for cutting expenses

---

- Review this tool on page 157 - 161.
- Think about your clients.
- Which strategies listed do you think are most feasible for them?
  - Circle these.
- What strategies are missing?
  - Add these.

# Tool 4: Strategies for cutting expenses

---

*Cut back on regular (recurring expenses)*

| <b>Check if an option for you</b> | <b>Strategy for cutting expenses and other uses of financial resources</b> | <b>Additional information or resources you need to access this information</b> | <b>Estimate \$ value of spending cut you select</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>                       |   |

# 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  | Pay your obligations  | Protect your assets and health   |
|--|---|---|--|
| <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 needed to keep your job, such as the tools you need or to pay for required licenses.</i></p> | <p>Whether you rent or have a mortgage, the costs of losing your home are big. <i>Remember to include the taxes, condo fees, and mobile home lot payments you need to stay housed.</i></p> <p><i>If possible, maintain your utilities. They are difficult to live without, and reconnection is expensive.</i></p> | <p>Examples include:</p> <ul style="list-style-type: none"> <li>▪ Child support</li> <li>▪ Income taxes</li> <li>▪ Student loans</li> </ul> | <p>Don't let essential insurance coverage lapse; this includes auto, renters / homeowner's, and health insurance premiums. Include the cost of your co-pays and needed prescriptions.</p> <p><i>Not having insurance may mean you cannot drive your car and puts your assets, including your health/your family's health, at risk.</i></p> |
| <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.
- Use **Tool 3: Ways to pay bills: Know your options** 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

# Getting through the month

---

- What is a cash flow budget?
- How is it different from a regular budget?
- What do you think may be the benefit of this approach for your clients?

# Developing 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 and Resource Tracker from Module 3: Managing Income and Benefits and Tool 1: Spending Tracker from Module 4: Paying Bills and Other Expenses.*
- **Analyze your spending.** *Tool 1: Spending Tracker from Module 4: Paying Bills and Other Expenses.*
- **Use this information to create a cash flow budget.** *Tool 1: Cash Flow Budget 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   |
|--|------------|----------|
| <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

# Tool 1: 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  |
|---|---------------------------------|----------|---------|-----------|---------|--------------------|--|
| <b>What came in (Income/Benefits/Resources)</b> |                                 |          |         |           |         |                    | Beginning bal.:<br>\$130 +<br>Total sources including SNAP:<br>\$585 –<br>Total uses<br>\$450 =<br>Ending bal.:<br>\$265 (including \$100 in SNAP) |
|   | SNAP, \$280                     |          |         |           |         | Pay, \$305         |  |
| <b>What went out (Bills/Spending)</b>           |                                 |          |         |           |         |                    |  |
|   | Food, \$180<br>Phone bill, \$60 |          |         | Gas, \$30 |         | Car Payment, \$180 |  |

# 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

---

## *Smooth out cash flow*

| <b>Check if option for you</b> | <b>Strategy for improving cash flow</b>   | <b>Tips and more information</b>   | <b>Notes</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

---

- 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 and Resources Tracker from Module 3 and Tool 1: Spending Tracker from Module 4.*
  - **Analyze your spending.** *Tool 1: Spending Tracker from Module 4.*
  - **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

# 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-\$30 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 payments 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 to 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 purchase it, or wait until you have the money for it.

# 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

# 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 and a copy of your credit report.

# 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.
- The **debt-to-income ratio** is good measure of how much of your income is obligated to debt.

# Tool 2: Debt-to-income worksheet

---

|  |   |
|--|---|
| Your <b>total month debt payment</b><br>(from Tool 1)                                |   |
| DIVIDED BY your <b>monthly gross income</b> (your income before taxes are taken out) | ÷ |
| EQUALS your <b>debt-to-income</b> 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.**

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: Reducing debt worksheet

---

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

# Tool 3: Reducing debt worksheet

---

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

# Tool 4: Repaying student loans

---

- 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 (Consumer Financial Protection Bureau). To the right is a contact number (855) 411-2372 and a search bar. 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 the heading 'Paying for College'. Below the heading is a text box that says: '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, a blue backpack, and a green folder. 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 a paragraph: '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 the paragraph is a 'SHARE THIS PAGE' section with icons for Facebook, Twitter, and Email.

cfpb Consumer Financial Protection Bureau

Contact us (855) 411-2372

Search

HOME INSIDE THE CFPB GET ASSISTANCE PARTICIPATE LAW & REGULATION SUBMIT A COMPLAINT

## Paying for College

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](#).

Get started Student financial guides Compare financial aid offers Repay student debt

### Welcome!

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

SHARE THIS PAGE

f t e

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?

## 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

# 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: Reducing debt worksheet*** to identify a strategy for reducing or eliminating your debts.
- Use ***Tool 4: Repaying student loans*** to understand some of the key terms related to student loans as well as repayment options.
- Use ***Tool 5: When debt collectors call: Steps you can take*** to help you understand your rights in debt collection.

# Your Money, Your Goals

Module 7: Understanding credit reports  
and scores

# 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.
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?

# 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 7: Understanding credit reports & scores

---

- Equifax
- Experian
- TransUnion

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

# Tool 1: Getting your credit reports and scores

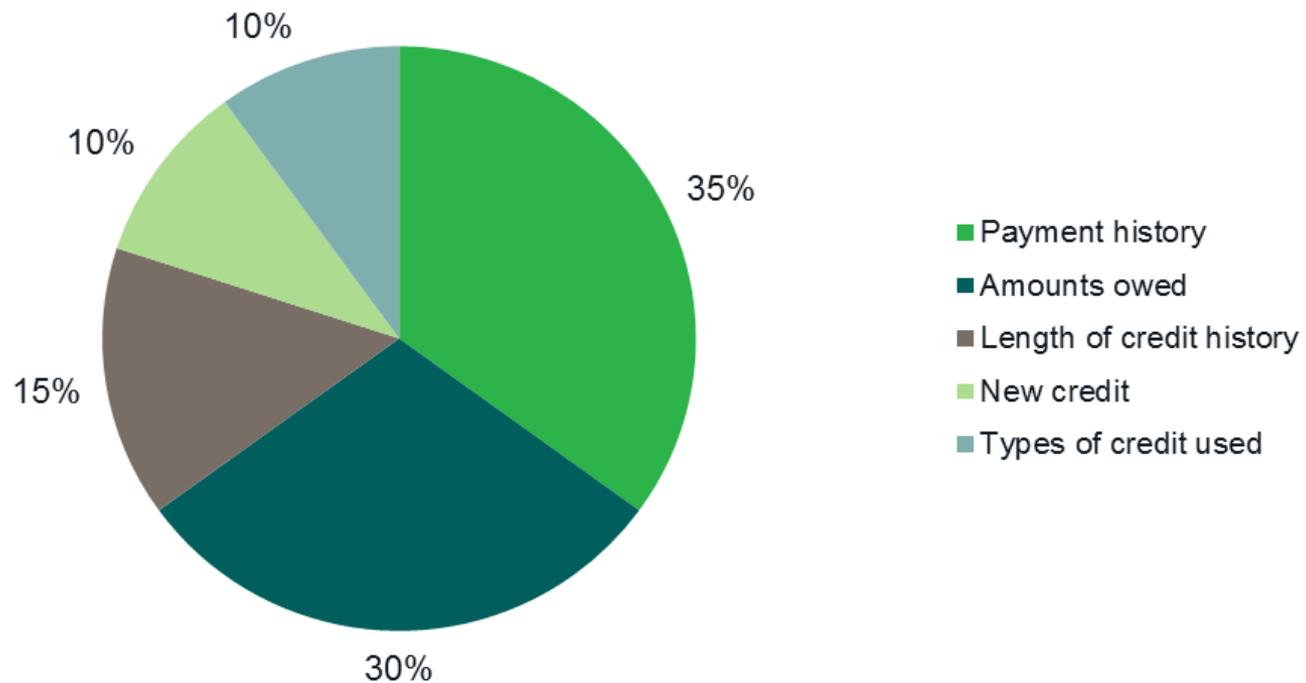
---

- 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.



# Tool 2: Credit report review checklist

---

| <b>Check for<br/>“yes”</b> | <b>Checklist item</b>  |
|----------------------------|--|
|                            | 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?      |

# 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.

# TransUnion Address Change

---

TransUnion's ZIP code has changed. Please make these updates in your toolkits by hand:

|                                | <b>Old Address</b>                   | <b>New Address</b>                          | <b>Page of Toolkit to Update</b> |
|--------------------------------|--------------------------------------|---|----------------------------------|
| <b>For disclosure requests</b> | P.O. Box 1000<br>Chester PA<br>19022 | P.O. Box 1000<br>Chester PA<br><b>19016</b> | 261                              |
| <b>For dispute requests</b>    | P.O. Box 2000<br>Chester PA<br>19022 | P.O. Box 2000<br>Chester PA<br><b>19016</b> | 268                              |

# Tool 3: Improving credit reports and scores

---

| <b>Check if you plan to implement</b> | <b>Strategy for improving credit reports and scores</b>  | <b>Other information or resources you need</b> |
|---------------------------------------|--|--|
|                                       | <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>  |  |

## Tool 4: Keeping records to show you have paid bills

---

When repairing or building credit – or managing finances more generally – it is important to ***create a paper trail***.

### ***What does this mean?***

It means you must **keep records** so you can prove that you have:

- **Paid a bill on time that a creditor has reported late.**
- **Paid a debt that a creditor has reported unpaid.**
- **Sent a letter to a debt collector who has claimed he did not receive it.**
- **Insurance coverage.**
- **A warranty for a cell phone.**
- **Paid your rent in cash (you have a receipt).**

# Tool 4: Keeping records to show you have paid bills

---

| <b>Check if<br/>“yes”</b> | <b>Important Record</b>   |
|---------------------------|---|
|                           | Tax returns and supporting documentation including e-filing confirmations   |
|                           | Paycheck stubs  |
|                           | Bank records  |
|                           | Debts—loan agreements, statements of payment  |
|                           | Insurance documents   |
|                           | Monthly credit card statements – paper or electronic  |
|                           | Receipts—for anything that you need to include on your taxes, for any big purchases, for anything you may want to return. |

# 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
- Proving = Use Tool 4
  - Keeping records to show you have paid bills

# Your Money, Your Goals

Module 8: Money services, cards, accounts, and loans: Finding what works for you

# 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
- 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: Know your options: Money services, cards, accounts, and loans

---

- Complete Tool 1 on page 291.
- Do not look ahead in your materials.

| Ranking | What I want to do or accomplish?  |
|---------|---|
|         | I want a safe and secure place to keep my money.                                  |
|         | I want to be able to make purchases without having to carry cash or go into debt. |
|         | I want a low cost and easy way to pay and manage my bills.                        |
|         | I want to bank and pay bills online.  |
|         | I want to have my paycheck directly deposited.                                    |
|         | I want to accumulate savings.   |

# Tool 1: Know your options: Money services, cards, accounts, and loans

---

- I want to be able to get small loans quickly and without a hassle.**

| Financial service provider   | Products that can meet your need                |
|------------------------------|---|
| Credit card company          | Credit card                                     |
| Pawn shop                    | Pawn loan                                       |
| Some credit unions and Banks | Deposit advance loans (requires a bank account) |
| Finance company              | Signature loan                                  |
| Payday loan provider         | Payday loan (requires a bank account)           |

**TIP:** Use the annual percentage rate (APR) to compare how much loans cost. You can compare the cost of loan products with different fee structures on an “apples-to-apples” basis. It also takes into account the amount of time you have to repay the loan.

# 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?

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

---

|  | Financial service provider 1:<br>_____ | Financial service provider 2:<br>_____ | Financial service provider 3:<br>_____ |
|--|--|--|--|
| <b>Convenience and access</b>  |  |  |  |
| Do I feel welcome?   |  |  |  |
| Is it close to where I live or work? Is it open during hours I can visit (such as lunch, after work, or on weekends)?            |  |  |  |
| Can I get information in my own language or in a format that is accessible to me?  |  |  |  |
| Can I pay bills and check balances any time of day by phone, online, or with a mobile app? Is there a charge for these services? |  |  |  |

# Tool 3: Money services and banking basics

---

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

# Checking account

---

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

# Prepaid debit card

---

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

# Money transfer

---

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

# Bill payment service

---

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

# Savings account

---

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

# Line of credit

---

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

# Car title loan

---

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

# Online banking

---

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

# Credit building loan

---

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

# Money order

---

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

# Tool 4: Opening an account checklist

---

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

## What is needed

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

# Tool 4: Opening an account checklist

---

| <b>Check for<br/>“yes”</b> | <b>Information needed</b>   | <b>Additional questions</b> |
|----------------------------|---|-----------------------------|
|                            | A U.S. or foreign government-issued form of identification with your picture on it. Note that each bank or credit union has its own policy on which foreign IDs it accepts. |                             |
|                            | Another form of identification: your Social Security card, a bill with your name and address on it, your birth certificate.   |                             |
|                            | A Social Security number or ITIN (individual taxpayer identification number). Without it, you may only be able to open an account that doesn't pay interest.                |                             |
|                            | Money to open the account   |                             |

# Overdraft coverage

---

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

# Tool 5: Money Transfers and Remittances

---

- A “remittance transfer” is an electronic transfer of money from a consumer in the United States to a person or business in a foreign country.
- The rules generally require companies to give disclosures to consumers before they pay for the remittance transfers. The disclosures must contain:
  - The exchange rate
  - Fees and taxes collected by the companies
  - Fees charged by the companies’ agents abroad and intermediary institutions
  - The amount of money expected to be delivered abroad, not including certain fees charged to the recipient or foreign taxes
  - If appropriate, a disclaimer that additional fees and foreign taxes may apply

# 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: Money services, cards, accounts, and loans (Which financial product or services do you need?)*** to help you figure out which financial products or services will meet your needs
- Use ***Tool 2: Ask questions: Choosing where to get what you need (Comparing financial service providers)*** to help you 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 (The basics of financial products and service)*** to help you 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 understand the specific steps for opening an account including information you may want to have before opening an account.
- Use ***Tool 5: Money transfers and remittances: What you need to know*** to learn more about using these products and services.

# Your Money, Your Goals

## Module 9: Protecting your money

# Tool 1: Submitting a complaint to the CFPB

---

[www.consumerfinance.gov/complaint](http://www.consumerfinance.gov/complaint)

855-411-CFPB (2372)

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

# 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

---

| <b>Steps to protect your identity</b>  | <b>Check for<br/>“yes”</b> |
|--|----------------------------|
| <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 “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 <i>Module 12: Understanding Your Credit Reports and Scores</i> for more information).        |                            |

# Tool 3: Red flags

---

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

# 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.
- 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

# 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.
- Pressure sales tactics
  - You are pressured to purchase things or to take out loans you don't want or can't afford.

# 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.

# Tool 4: Learning more 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 people 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 1. Submitting a complaint to the CFPB** and visit: <http://www.consumerfinance.gov/complaint/>
- 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.
- When applying for financial products or services, be aware of red flags. Use **Tool 3: Red flags** to become familiar with common red flags.
- If you are interested in learning more about consumer protection laws, use **Tool 4: Learning more 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?