

# Your Money, Your Goals too

Financial empowerment toolkit



Consumer Financial  
Protection Bureau

# DISCLAIMER

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# Welcome housing, workforce staff

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## Part I

- ☐ **Welcome, training purpose, objectives, agenda topics , how to use this information with clients and consumers**
- ☐ **Special Invited Guest, Joseph B. Diehl, Deputy Director, National American Indian Housing Council on the importance of personal money management topics for Indian Country**
- ☐ **Money & Me interactive exercise**
- ☐ **The CFPB Your Money, Your Goals and Focus on Native Communities guide topics**
- ☐ **Financial Empowerment Self-Assessment and My Money Picture Client Assessment ; Goal setting ; Savings for emergencies, irregular bills, short and long-term goals ; ☐ Earned Income Tax Credit ; Making ends meet through cash flow budgeting**

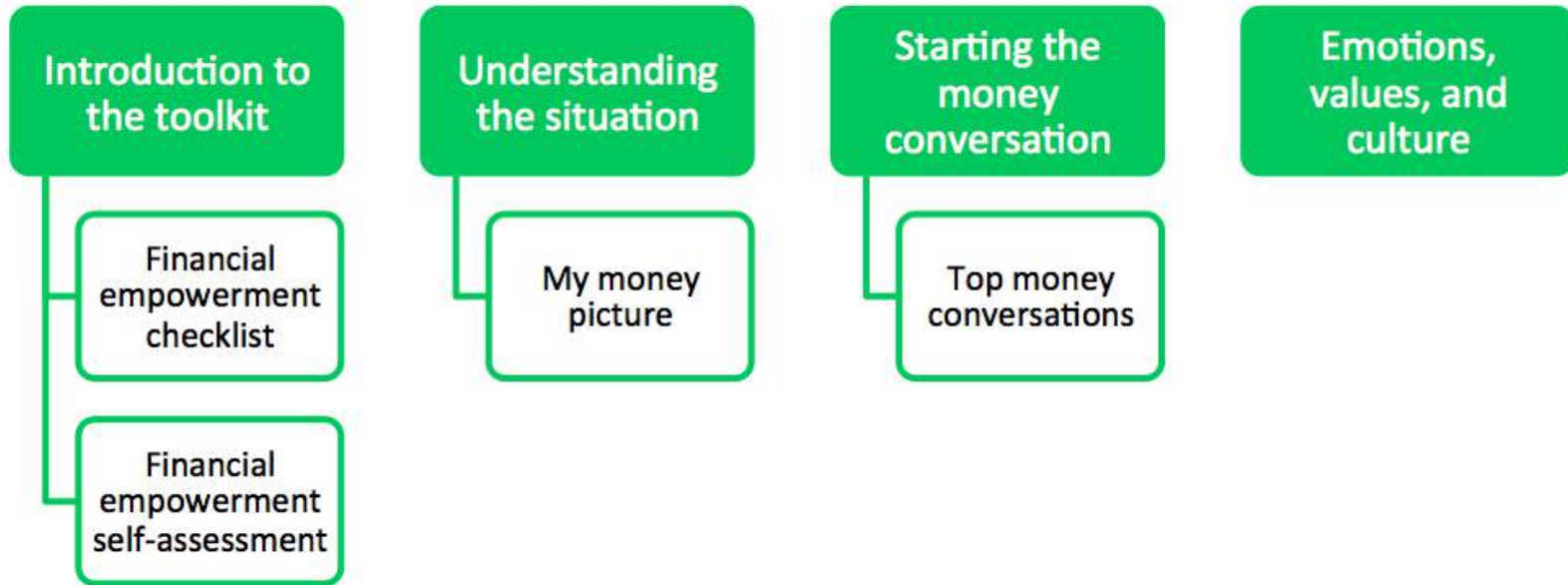
# Part II agenda

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- ❑ Welcome
- ❑ Review of Part I takeaways; ❑ Training purpose, objectives, agenda topics
- ❑ Debt: tracking, debt to income ratio, reducing debt with snowball and highest interest rate methods, medical debt, student debt
- ❑ Credit: how to read credit reports, pulling and fixing credit reports, FICO credit score
- ❑ Financial services and products, according to what we need
- ❑ Consumer protection, especially identity theft
- ❑ Bringing financial empowerment topics to front line staff, children, grandchildren
- ❑ Next steps and adjourn

# Organization of *Your Money, Your Goals*

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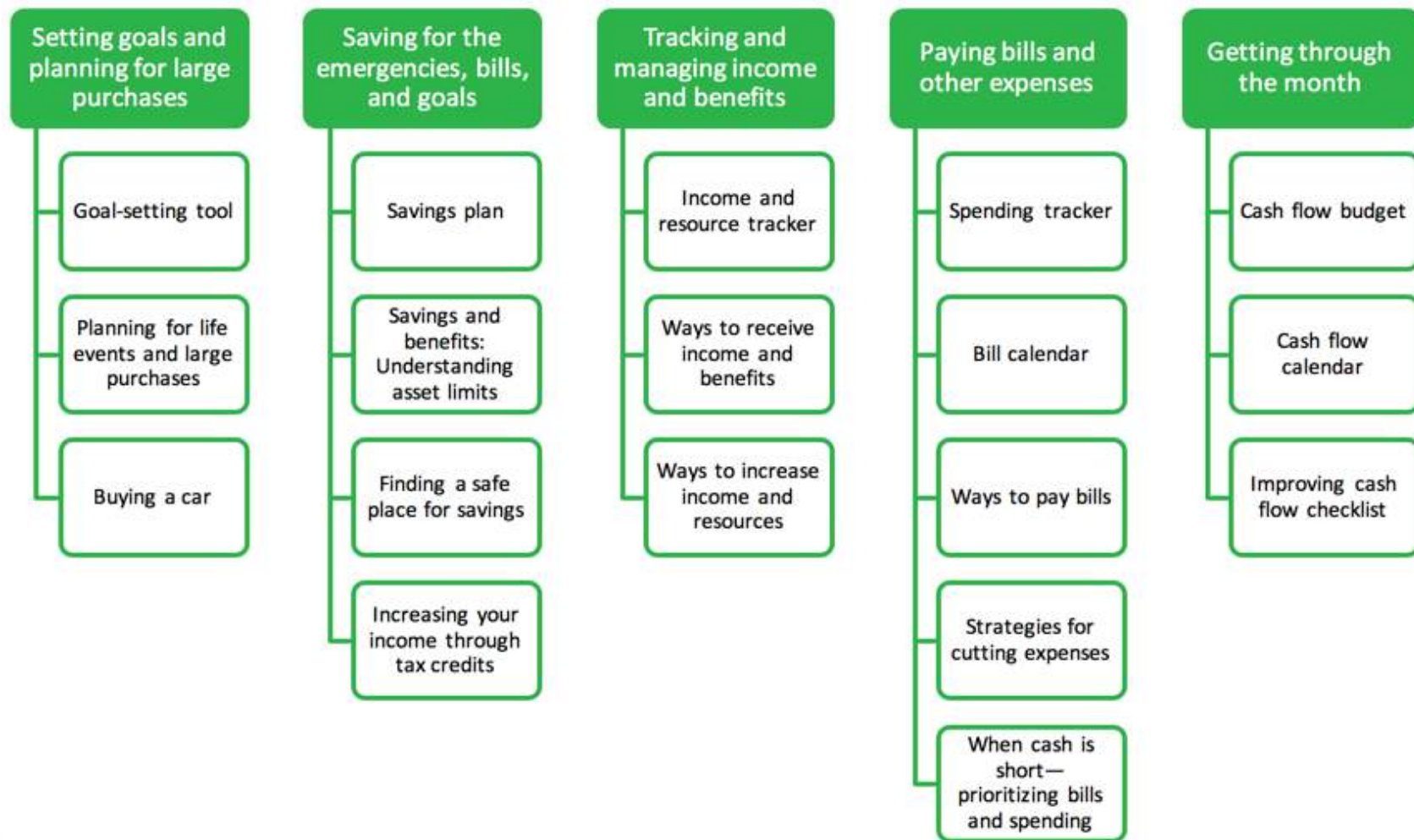


# Organization of *Your Money, Your Goals*

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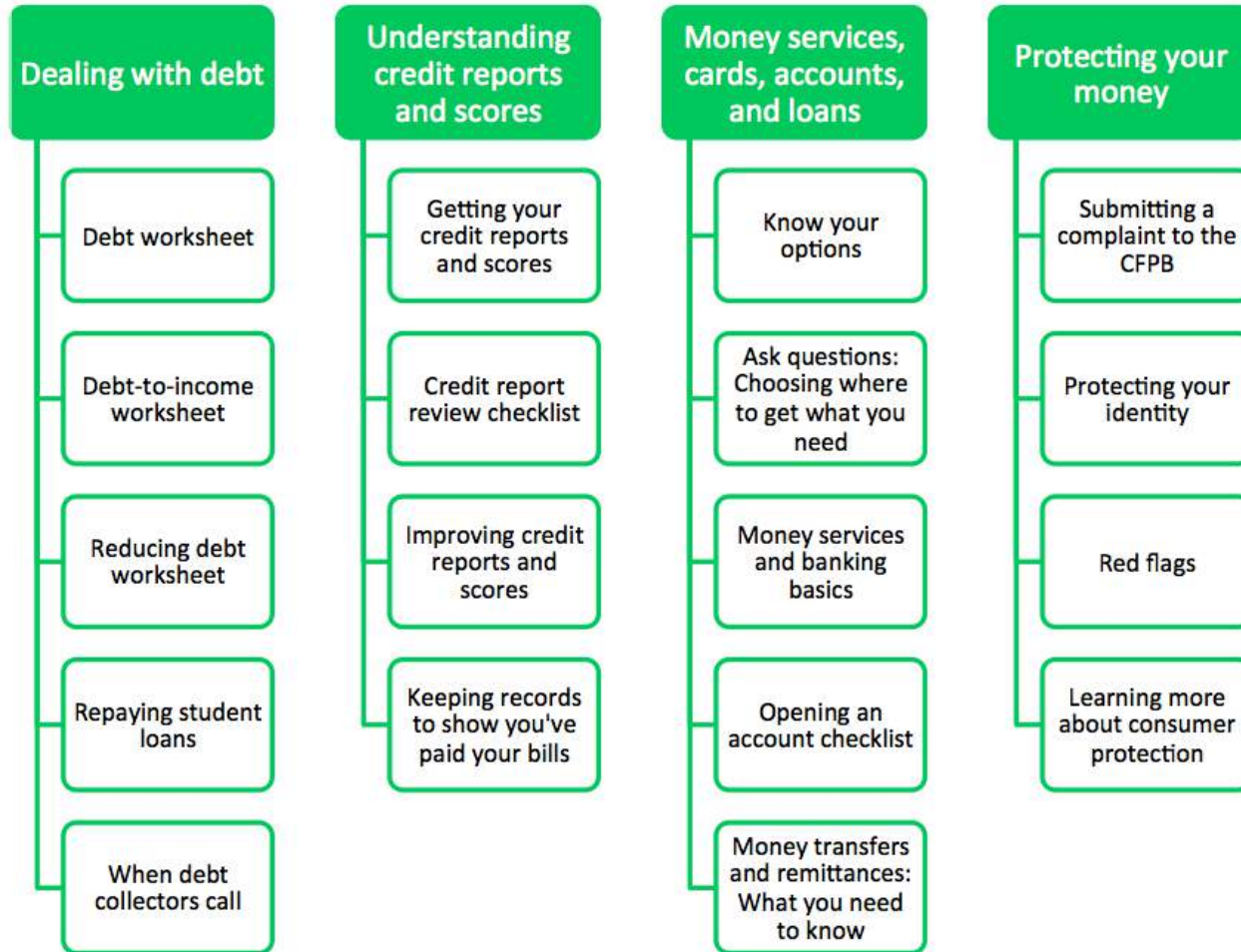
- Content modules
  - Module 1: Setting goals and planning for large purchases
  - Module 2: Saving for the emergencies, bills, and goals
  - Module 3: Tracking and managing income and benefits
  - Module 4: Paying bills and other expenses
  - Module 5: Getting through the month
  - Module 6: Dealing 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
- Resources

# Organization of *Your Money, Your Goal*



# Organization of *Your Money, Your Goals*

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# What is debt?

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- **What is debt?**

- Money you owe.
- Debt is a liability.
- Debt may obligate future income.



- **How is debt different from credit? For our purposes...**

- Credit is the ability to borrow money.
- Debt is the result of using credit.

# Good debt, bad debt

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

# Rent-to-own arrangements

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## **Rent-to-own arrangements**

- Leasing consumer goods, typically with the option to purchase the item by continuing to make payments for some specified period of time
- Typically more expensive than if purchased outright
- Items can be confiscated if payments are not made as agreed
- You have the option to return the item at any time

# Co-signers: Agree to repay the loan

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## Co-signing on a loan

- Means you have the same obligation to pay the debt as the borrower
- Can result in you having to repay any missed payments
- Can affect your credit score and ability to obtain a future loan

***Before co-signing, read the terms of the loan and consider carefully before taking on the risk.***

# Medical debt

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## 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

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- 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

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**Borrower visits payday lender.**

*No credit check or consideration of borrower's ability to repay the loan*

**Borrower gets loan.**

*Median loan is \$350 and fees range \$10 - \$30 for each \$100 borrowed*

**Borrower gives lender 14-day post-dated check.**

*The amount borrowed + fees  
 $\$350 + 52.50 = 402.50$*

**In 14 days, if the borrower doesn't have the money, loan is renewed.**

*Borrower must pay \$52.50 to renew.*

**Every 14 days, the borrower must pay the loan or renew it.**

*The average borrower has 10 transactions per year. In this example, it would cost \$525 to borrow \$350.*

# Debt settlement services

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- What is debt settlement?
- Should you use a debt settlement service to deal with your debt?
- What are the consequences of using a debt settlement service?
- What are some red flags to watch out for when deciding to do business with a debt settlement service?



# Tool 1: Debt worksheet

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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

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## *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

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<b>Your total monthly debt payment</b> (from Tool 1)	
Divided by <b>your monthly gross income</b> (Income before taxes)	
Equals <b>your current debt-to-income ratio</b>	

# Tool 2: Debt-to-income worksheet

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## 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.

# Debt-to-income



\$.50 is going to debt

\$.50 for everything else:

- Taxes
- Utilities
- Cell phone
- Gasoline
- Food
- Clothing
- School fees
- Gifts
- Savings
- Car repairs
- Home repairs
- Appliances
- Furniture
- Household supplies
- Pet food and supplies
- And so on

# Debt-to-income calculation activity

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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

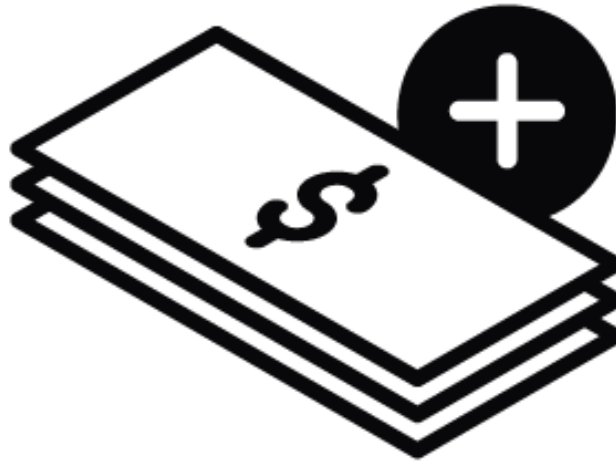
**What is the debt to income ratio without car loan? With the car loan?**

**Based on her DTI, do you think she can afford the loan?**

# Tool 3: Reducing debt worksheet

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



# Tool 4: Repaying student loans

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- Federal student loans versus private student loans
- Options for federal student loan repayment include:
  - Standard payment
  - Income-Based Repayment (IBR)
  - Pay As You Earn (PAYE)
  - Revised Pay As You Earn (REPAYE)
  - Graduated payment
  - Extended payment



# Student loan debt

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



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 together some tools and resources to help you make the best decisions for you.

SHARE THIS PAGE



# Tool 5: When debt collectors call

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

# Verify the debt

\_\_\_\_\_  
Your name

\_\_\_\_\_  
Your return address

\_\_\_\_\_  
Your return address

\_\_\_\_\_  
Date

\_\_\_\_\_  
Debt collector name

\_\_\_\_\_  
Debt collector's address

\_\_\_\_\_  
Debt collector's address

Re: \_\_\_\_\_

Account number for the debt

Dear \_\_\_\_\_:

Debt collector name

I am responding to your contact about a debt you are trying to collect. You contacted me by \_\_\_\_\_, on \_\_\_\_\_ and identified the debt as  
phone or mail date

\_\_\_\_\_  
any information they gave you about the debt

\_\_\_\_\_  
any information they gave you about the debt

Please supply the information indicated below so that I can be fully informed:

Why you think I owe the debt and to whom I owe it, including:

- The name and address of the creditor to whom the debt is currently owed, the account number used by that creditor, and the amount owed.
- If this debt started with a different creditor, provide the name and address of the original creditor, the account number used by that creditor, and the amount owed to that creditor at the time it was transferred. When you identify the original creditor, please provide any other name by which I

# Verify the debt

might know them, if that is different from the official name. In addition, tell me when the current creditor obtained the debt and who the current creditor obtained it from.

- Provide verification and documentation that there is a valid basis for claiming that I am required to pay the debt to the current creditor. For example, can you provide a copy of the written agreement that created my original requirement to pay?
- If you are asking that I pay a debt that somebody else is or was required to pay, identify that person. Provide verification and documentation about why this is a debt that I am required to pay.

## The amount and age of the debt, specifically:

- A copy of the last billing statement sent to me by the original creditor.
- State the amount of the debt when you obtained it, and when that was.
- If there have been any additional interest, fees, or charges added since the last billing statement from the original creditor, provide an itemization showing the dates and amount of each added amount. In addition, explain how the added interest, fees or other charges are expressly authorized by the agreement creating the debt or are permitted by law.
- If there have been any payments or other reductions since the last billing statement from the original creditor, provide an itemization showing the dates and amount of each of them.
- If there have been any other changes or adjustments since the last billing statement from the original creditor, please provide full verification and documentation of the amount you are trying to collect. Explain how that amount was calculated. In addition, explain how the other changes or adjustments are expressly authorized by the agreement creating the debt or permitted by law.
- Tell me when the creditor claims this debt became due and when it became delinquent.

# Verify the debt

- Identify the date of the last payment made on this account.
- Have you made a determination that this debt is within the statute of limitations applicable to it? Tell me when you think the statute of limitations expires for this debt, and how you determined that.

## Details about your authority to collect this debt.

- I would like more information about your firm before I discuss the debt with you. Does your firm have a debt collection license from my state? If not, say why not. If so, provide the date of the license, the name on the license, the license number, and the name, address, and telephone number of the state agency issuing the license.
- If you are contacting me from a place outside my state, does your firm have a debt collection license from that place? If so, provide the date of the license, the name on the license, the license number, and the name, address, and telephone number of the state agency issuing the license.

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

Thank you for your cooperation.

Sincerely,

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Your signature



# Know your rights

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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

# Dealing with debt collectors

- **Take action to verify** whether the claim is valid
- **Know how to dispute** the claim if you do not owe the debt
- **Know what to do next** if you do own the debt

## DEALING WITH DEBT COLLECTORS

### How do I respond to a debt collector?



#### This tool will help you:

- **Take actions to verify** whether the claim is valid
- **Know how to dispute** the claim if you do not owe the debt
- **Know what to do next** if you do owe the debt

Start with one question:

**Are debt collectors contacting you?**

#### Know your rights:

A debt collector *cannot*:

- Call repeatedly to harass or abuse you
- Use obscene language
- Threaten you to take actions they can't or don't really plan to take
- Publish your name for not paying a debt
- Lie to you

If debt collectors harass you, they may be violating the law.

**Need to submit a complaint?**

[cfpb.gov/complaint](https://cfpb.gov/complaint)

# If a debt collector contacts you, don't ignore it!



## Be sure.

**Make sure you recognize the debt.** Does this debt collector have the right to collect it?

**Be cautious.** Don't give the debt collector sensitive info like your full Social Security or bank account numbers. No matter what they say, you don't have to give it to them.

**Keep records.** Save everything debt collectors send you and the original copies of anything you send them. Write down dates, times, and notes for every call. These will help if you have a dispute or go to court.

**Reply to court documents.** If you don't respond, the court will usually assume you agree with what the creditor says, and issue a money judgment against you. You may want an attorney to advise or represent you at the hearing.



## Ask questions.

**Ask for information.** If you're not sure about the debt or the amount, send a letter (or use the form to the right) asking for:

- the collector's name and address
- the original creditor's name and address
- the account number and amount owed
- documentation proving you're required to pay
- a copy of the last bill

**Find out** if the statute of limitations on the debt expired (when the collector can no longer sue you for the debt).

### Dates to ask for:

- when the account became delinquent
- when the collector obtained the debt and what the amount was then



## Resolve.

**If the claim is legitimate, don't despair!** At least now you know what you're dealing with. You still have options:

- Try to settle with the debt collector for a smaller amount that will fully resolve the account. (You can do this yourself by contacting the collector.)
- OR, negotiate a payment plan that will give you more time to pay down your debt.
- OR, pay the debt in full and move on.

**If the claim is not legitimate, don't delay!** Send the debt collector a letter (or use the form to the right) disputing the claim immediately. You may lose your ability to dispute the claim if you wait until after a court issues judgment.

My name is \_\_\_\_\_

My address is \_\_\_\_\_

I am writing about \_\_\_\_\_

*Check all that apply:*

☐ I want to ask: \_\_\_\_\_

☐ Send me the dates the debt was incurred, and the name and address of the original creditor.

I want to dispute this debt because:

☐ This is not my debt.

☐ The amount is wrong.

☐ I do not think that you are the right person to pay.

☐ I already paid this debt in full or settled it.

☐ Other: \_\_\_\_\_

*account number*





# Dealing with debt collectors

## Resources:

- Ask CFPB
- Sample letters to debt collectors
- Submit a complaint
- Debt counseling
- Finding a lawyer

## Additional resources

**Have more questions about debt collection?**

Visit Ask CFPB: [cfpb.gov/askcfpb](https://cfpb.gov/askcfpb)

**Sample letters to debt collectors can be found on the CFPB's website:** [cfpb.gov/askcfpb/1695/](https://cfpb.gov/askcfpb/1695/)

**Having an issue with debt collection?** Submit a complaint with the CFPB: [help.cfpb.gov/app/debtcollection/ask#current](https://help.cfpb.gov/app/debtcollection/ask#current)

**Need debt counseling?** To find a certified nonprofit credit counselor, call National Foundation for Credit Counseling: 800.388.2227

**If a debt collector sues,** be sure to keep records and respond to any court documents. If you can't go to court on the scheduled date, you may want to find an attorney to help you ask for a different date.

**Need help finding a lawyer?** [lawhelp.org](https://lawhelp.org) and [lsc.gov/what-legal-aid/find-legal-aid](https://lsc.gov/what-legal-aid/find-legal-aid)

*This guide references third-party resources or content that consumers may find helpful. The inclusion of links or references to third-party sites does not necessarily reflect the Bureau's endorsement of the third-party, the views expressed on the outside site, or products or services offered on the outside site. The Bureau has not vetted these third-parties, their content, or any products or services they may offer. There may be other possible entities or resources that are not listed that may also serve your needs.*

# Your Money, Your Goals

## Module 7: Understanding credit reports and scores

# Why do credit reports and scores matter?

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

# Understanding credit reports & scores

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



# Negative information

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

# Negative information

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

# Reading a credit report

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

# National credit-reporting agencies

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- Equifax
- Experian
- TransUnion

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



# Getting free, annual credit reports

← → ↻ <https://www.annualcreditreport.com/index.action> ☆

## AnnualCreditReport.com


The only source for your free credit reports. Authorized by Federal law.

[Home](#) [All about credit reports](#) [Request yours now!](#) [What to look for](#) [Protect your identity](#) [Frequently asked questions](#) [Contact us](#)

### Spot identity theft early. Review your credit reports.

Suspicious activity or accounts you don't recognize can be signs of identity theft. Review your credit reports to catch problems early.

[Learn more about Identity Theft](#)



PLAY ▶ **SPOT IDENTITY THEFT** GOOD CREDIT DON'T BE FOOLED MORE THAN A SCORE NOT LIKE THE OTHERS

**Your credit reports matter.**




- Credit reports may affect your mortgage rates, credit card approvals, apartment requests, or even your job application.
- Reviewing credit reports helps you catch signs of identity theft early.

[Request your free credit reports](#)

**FREE Credit Reports. Federal law allows you to:**

- Get a free copy of your credit report every 12 months from each credit reporting company.
- Ensure that the information on all of your credit reports is correct and up to date.

**BROUGHT TO YOU BY**

[Home](#)[All about credit reports](#)[Request yours now!](#)[What to look for](#)[Protect your identity](#)[Frequently asked questions](#)[Contact us](#)

# Getting free, annual credit reports

## Request your free credit reports

**1** Fill out  
a form**2** Pick the reports  
you want**3** Request and Review  
your reports online

### Legal Name

\* First

Middle initial

\* Last

Suffix

\* Birthday

\* Social Security Number

\* Verify Social Security Number

Display Social Security Number ☐

### Current U.S. Address

\* Address

Address

\* City

\* State

\* Zip  -

This site provides credit information  
only for U.S. credit files.

To request your report, you must list U.S.  
addresses in the address section of this  
form. If you give your foreign address,  
the credit reporting companies will not be  
able to find your information.

\* Have you lived at this address for 2 years or more? ☐ Yes ☐ No

### Previous U.S. Address

\* Address

Address

\* City

\* State

\* Zip  -

If you have lived at the address above  
for less than 2 years, enter your previous  
address.

# Getting free, annual credit reports

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- **Online:** Get a free copy of your credit report at [AnnualCreditReport.com](https://AnnualCreditReport.com)
- **By mail:** Download and complete the [Annual Credit Report Request Form](#) and mail it to:  
Annual Credit Report Request Service  
P.O. Box 105281  
Atlanta, GA 30348-5281

<https://www.annualcreditreport.com/manualRequestForm.action>

EQUIFAX

Experian

TransUnion

# Annual Credit Report Request Form

You have the right to get a free copy of your credit file disclosure, commonly called a credit report, once every 12 months, from each of the nationwide consumer credit reporting companies, Equifax, Experian and TransUnion.

For instant access to your free credit report, visit [www.annualcreditreport.com](http://www.annualcreditreport.com).

For more information on obtaining your free credit report, visit [www.annualcreditreport.com](http://www.annualcreditreport.com) or call 877-322-8228.

Use this form if you prefer to write to request your credit report from any, or all, of the nationwide consumer credit reporting companies. The following information is required to process your request. Omission of any information may delay your request.

Once complete, fold (do not staple or tape), place into a #10 envelope, affix required postage and mail to:  
Annual Credit Report Request Service P.O. Box 105281 Atlanta, GA 30348-5281.

Please use a Black or Blue Pen and write your responses in PRINTED CAPITAL LETTERS without touching the sides of the boxes like the examples listed below:

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z 0 1 2 3 4 5 6 7 8 9

Social Security Number:

-  -

Date of Birth:

/  /

Month

Day

Year

Fold Here

Fold Here

First Name

M.I.

Last Name

JR, SR, III, etc.

Current Mailing Address:

House Number

Street Name

Apartment Number / Private Mailbox

For Puerto Rico Only: Print Urbanization Name

City

State

ZipCode

Previous Mailing Address (complete only if at current mailing address for less than two years):

House Number

Street Name

Fold Here

Fold Here

Apartment Number / Private Mailbox

For Puerto Rico Only: Print Urbanization Name

City

State

ZipCode

Shade Circle Like This → ●

Not Like This → ☒ ☑

I want a credit report from (shade each that you would like to receive):

☐ Equifax  
☐ Experian  
☐ TransUnion

☐ Shade here if, for security reasons, you want your credit report to include no more than the last four digits of your Social Security Number.

If additional information is needed to process your request, the consumer credit reporting company will contact you by mail.

Your request will be processed within 15 days of receipt and then mailed to you.

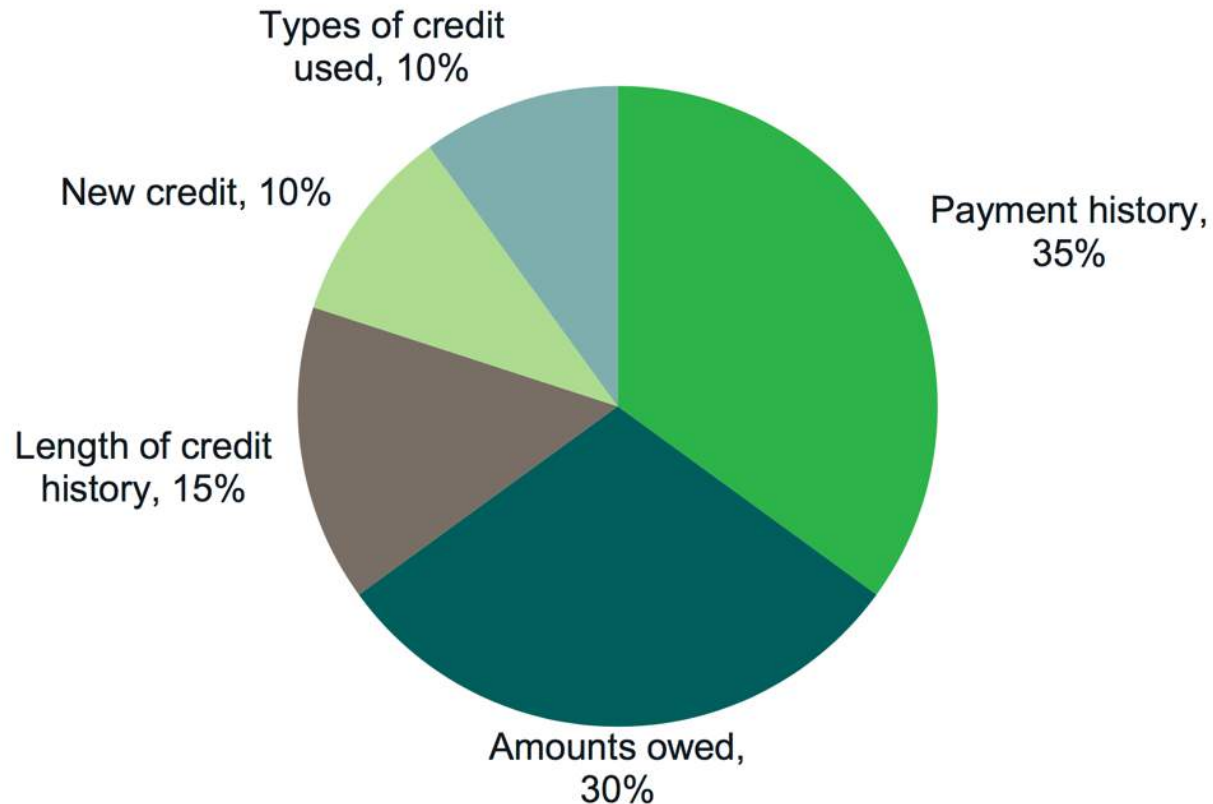
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# Credit scores: Example based on FICO score

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



# Credit utilization rate example

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- \$5,000 credit limit
- \$3,500 charged
- $\$3,500 \text{ (amount charged)} \div \$5,000 \text{ (credit limit)} = 0.7$  or 70%



# Factors that influence credit scores: VantageScore example

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	<b>Payment history</b> Extremely influential
	<b>Age and type of credit</b> Highly influential
	<b>Percent of credit limit used</b> Highly influential
	<b>Total balances/debt</b> Moderately influential
	<b>Available credit</b> Less influential
	<b>Recent credit behavior and inquiries</b> Less influential

# Tool 1: Getting your credit reports and scores

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



# Tool 2: Credit report review checklist

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**Today's date:** \_\_\_\_\_ **Name of credit reporting company:** \_\_\_\_\_

 Yes	Check to make sure these items are correct
	Is your name correct?
	Is your Social Security number correct?
	Is your current address correct? Is your current phone number correct?
	Are the previous addresses they have listed for you correct?
	Is your marital status listed correctly?
	Is the employment history they have listed for you accurate?
	Is everything listed in the personal information section correct?
	Is there anything listed in the public record information? Is it correct? Highlight the information you think may <b>not</b> be correct.

# Filing a dispute

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

# Tool 3: Improving credit reports and scores

---

✓ I'm doing this	Strategy for improving credit reports and scores	Next steps
	Obtain your free credit reports annually. Online: <a href="https://www.annualcreditreport.com">https://www.annualcreditreport.com</a> By phone: Call 877-322-8228 By mail: Go to <a href="https://www.annualcreditreport.com">https://www.annualcreditreport.com</a> to print the form.	Use <i>Tool 1: Getting your credit reports and scores.</i>
	Review your credit reports for accuracy.	Use <i>Tool 2: Credit report review checklist.</i>
	Dispute errors found on your reports.	Use <i>Tool 2: Credit report review checklist.</i>
	Understand your credit scores.	Review the content of Module 7 on <i>What are credit scores?</i> .
	Pay bills on time. It is the most effective way to improve your credit reports and credit scores.	Review the tools in <i>Module 4: Paying bills and other expenses.</i>
	Keep the amount of credit available that you use low. (While there is not an "official" published limit, many financial experts recommend keeping the amount of credit used between 25 and 30 percent <sup>58</sup> of the credit available.)	

# Tool 4: Keeping records to show you've 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've paid bills

---

 <b>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.
	Technology and appliance instructions and warranties

# 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 281.
- 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.
	I want to save for retirement, my children's education, or other life events.

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

---

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

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

---

## Convenience and access

	<b>Financial service provider 1:</b> _____	<b>Financial service provider 2:</b> _____	<b>Financial service provider 3:</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



# Tool 4: Opening an account checklist

What you need	✓ Got it	✓ Need it
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)		
Minimum amount of money to open the account		
Information about minimum balance required in the account to avoid monthly service fees		
Information about monthly service fees		
Information about direct deposit and if it eliminates the monthly fee		

# 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 requires companies to give disclosures to consumers before they pay for the remittance transfers, requires companies to provide a receipt with specific information about the transfer, and creates error resolution and cancellation rights for consumers. The pre-payment 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

# Tool 1: Submitting a complaint

 An official website of the United States Government

[Español](#) [中文](#) [Tiếng Việt](#) [한국어](#) [Tagalog](#) [Русский](#) [العربية](#) [Kreyòl Ayisyen](#) (855) 411-2372



 Search

 Submit a Complaint

[Consumer Tools](#)

[Educational Resources](#)

[Data & Research](#)

[Policy & Compliance](#)

[About Us](#)

## Submit a complaint

Have an issue with a financial product or service? We'll forward your complaint to the company and work to get a response from them.

Have questions?  
¿Preguntas?

(855) 411-2372

[Check complaint status](#)

[First login?](#)

## Choose a product or service to get started

If you don't want to submit a complaint, you can [tell your story](#).

Want to find others like you? Visit the [complaint database](#) to read about consumers' experiences, in their own words.

### 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](#)



## Submit a prepaid card complaint

# Submitting a Complaint

WHAT HAPPENED?  
Incomplete

1

MY INFORMATION  
Incomplete

2

COMPANY INFORMATION  
Incomplete

3

REVIEW AND SUBMIT  
Incomplete

4

[Form trouble? Chat now.](#)

### What happened

[Why do we need this? +](#)

Which of these  
best describes  
your issue?

- ☒ Managing, opening, or closing your account
- ☐ Fees
- ☐ Unauthorized transactions or other transaction issues
- ☐ Advertising, marketing or disclosures
- ☐ Adding money
- ☐ Overdraft, savings or rewards features
- ☐ Fraud or scam

Describe what  
happened so we  
can understand  
the issue...

3900 characters remaining

Do not include sensitive information like your name, contact information, account number, or social security number in this field. We will collect certain personal information at a later step.

☐ I want the CFPB to publish this description on [consumerfinance.gov](#) so that others can learn from my experience. The CFPB will take steps to remove my personal information from this description but someone may still be able to identify me. [Learn how it works.](#) I consent to publishing this description after the CFPB has taken these steps.

Publishing this description will not affect how the CFPB handles your complaint.

### Desired resolution

[Why do we need this? +](#)

What do you think  
would be a fair  
resolution to your  
issue?

# Complaint process

---



Complaint  
submitted



Review  
and route



Company  
response



Complaint  
published



Consumer  
review



Analyze  
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

---

## Steps to protect your identity checklist

### Check your credit report

Steps to protect your identity	✓ Done
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="https://www.optoutprescreen.com/?rf=t">https://www.optoutprescreen.com/?rf=t</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 7: Understanding your credit reports and scores</i> for more information.)	



# Tool 3: Red flags

---

✓ Sounds familiar	Red flag	Description
	Pressured sales tactics	You are pressured to purchase things or to take out loans you don't want or can't afford.
	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.
	Unexplained fees	No one can explain what certain fees are for or why they are so high.
	No clear cancellation or return policy	There's no clear cancellation or return policy. Don't assume that you are able to return a product or cancel a purchase.
	Inconsistent information on interest rates	The salesperson tells you about an interest rate, but the numbers on the form are much higher.
	Pushed to purchase	You are being pushed to make a big-ticket purchase immediately.
	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 regular prime loans.

# 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.

# Resources

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- If you have a consumer complaint, visit:  
<http://www.consumerfinance.gov/complaint/>
- For additional resources, visit the Consumer Financial Protection Bureau website: <http://www.consumerfinance.gov/>
- This toolkit also includes links or references to third-party resources or content that consumers may find helpful.
- Links are organized by topics corresponding to the content modules
  - Example: Understanding credit reports and scores:
    - If you would like help managing your debt or rebuilding credit, visit the National Foundation for Credit Counseling:  
<https://www.nfcc.org/>

# Resource cards

- Connect to resources and referrals for
  - **Paying** utility bills
  - **Finding** a job or benefits
  - **Dealing** with debt
  - **Getting** a response from banks and debt collectors
  - **Finding** a lawyer
  - **Exploring** health care programs

## RESOURCE CARDS

Who else can I turn to  
for help?



### These resources may help you:

- **Pay** utility bills
- **Find** a job or benefits
- **Deal** with debt
- **Get a response** from banks and debt collectors
- **Find** a lawyer
- **Explore** health care programs

### What to do:

1. **Add** any relevant local resources
2. **Photocopy and cut** into eight referral cards
3. **Keep** the cards in your wallet or a handy place

Start with one question:

**Is there anything else you're concerned about?**



### Need help with housing or paying utility bills?

- \_\_\_\_\_
- Call the FCC to see if you qualify for a "Lifeline" phone rate: **888.225.5322**
- To find out about public housing and eligibility, call HUD's Housing Counseling Office: **800.569.4287**



### Need help finding a job?

- \_\_\_\_\_
- \_\_\_\_\_
- Search for a job: [usa.gov/find-a-job](https://www.usa.gov/find-a-job)
- Call the American Job Centers to find out what's required for different careers: **877.872.5627**



### Need help dealing with debt?

- \_\_\_\_\_
- For debt management, call the National Foundation for Credit Counseling (NFCC): **800.388.2227**
- To find out more about student debt, visit: [cfpb.gov/paying-for-college](https://cfpb.gov/paying-for-college)



### Need help finding a lawyer?

- \_\_\_\_\_
- For legal resources listed state by state, visit: [lawhelp.org](https://www.lawhelp.org)
- To find out if you're eligible for assistance from a Legal Services program funded by the Legal Services Corporation, visit: [lsc.gov/what-legal-aid/find-legal-aid](https://lsc.gov/what-legal-aid/find-legal-aid)



### Need help getting a bank or debt collector to respond?

- \_\_\_\_\_
- Submit a complaint with the CFPB: [cfpb.gov/complaint](https://cfpb.gov/complaint)
- Contact your state attorney general's office: [naag.org/naag/attorneys-general/whos-my-ag.php](https://naag.org/naag/attorneys-general/whos-my-ag.php)



### Need help with benefits?

- \_\_\_\_\_
- To find out which benefits you may qualify for, visit: [benefits.gov](https://www.benefits.gov)
- To check your Social Security status, visit: [ssa.gov](https://www.ssa.gov)



### Need help with health care bills?

- \_\_\_\_\_
- To enroll in health insurance, visit: [healthcare.gov](https://www.healthcare.gov)
- To find out about your state's Medicaid and CHIP programs, visit: [medicaid.gov](https://www.medicaid.gov)
- To get local help with Medicare and SHIP programs, visit: [shiptacenter.org](https://www.shiptacenter.org)



### Need help with...?

- \_\_\_\_\_
- Have money questions? Visit "Ask CFPB": [cfpb.gov/askcfpb](https://cfpb.gov/askcfpb)



# Resource cards

## A step further

**Make sure you get unbiased information.** It's important to get accurate, up-to-date information. Unbiased individuals and organizations 1) do not try to sell you products and services, 2) do not ask for payment up front, 3) are able to show you the impact any actions you take may have on your financial situation.

### Key questions for

additional resources:		Y	N		Y	N
1. Does this individual or organization earn revenue by selling financial products or services?	<input type="checkbox"/>	<input type="checkbox"/>		4. Can it provide references?	<input type="checkbox"/>	<input type="checkbox"/>
2. Does it require cash up-front?	<input type="checkbox"/>	<input type="checkbox"/>		5. Will it provide unbiased information and not try to sell you financial products or services?	<input type="checkbox"/>	<input type="checkbox"/>
3. Has the state Attorney General's Office or Better Business Bureau, or another entity taken action against it?	<input type="checkbox"/>	<input type="checkbox"/>		6. Do you know anyone personally whom it has helped?	<input type="checkbox"/>	<input type="checkbox"/>

*If the answer to 1, 2, or 3 is "yes," consider finding a different source of information.*

*If the answer to 4, 5, or 6 is "no," consider a different place to seek information.*

# Closing

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- What is the most important thing you are taking away from this training?
- How will you bring financial empowerment topics and tools to your setting? (housing, workforce; children, grandchildren)
- What is something you would like to learn more about?

# Your Money, Your Goals

Closing