A+ CLASS

DEBTOR EDUCATION COURSE

The greatest gift one can ever receive
is the opportunity for a second chance



The Psychology of Spending: Talking and Thinking About Money

*If you are living in a **family**, there are likely several people involved in your financial decisions. You have earners, spenders, and savers in the family. So, everyone needs to be on the "same page" about your family's finances. Are you a saver or a spender? How about your spouse? Your kids? It's more than how we are brought up that determines how we spend, it's also our brain chemistry and our life experiences. Past impressions can affect how you feel about your money today. Don't forget, the financial decisions that you make don't just affect you, they affect those around you. Communicating about your feelings is a very important part of achieving your financial success. Sometimes talking about money can be difficult. Here are some tips to get you started:*

- ➔ Choose a good time to discuss! The end of the day when you are tired may not make for the best conversations. Turn it into a date/family fun night so you look forward to it.
- ➔ Be clear about your own feelings before you share them with others. State the issue clearly.
- ➔ Be a good listener. Take turns in the conversation so everyone can share their thoughts.
- ➔ Don't jump to conclusions or point blame at another person. Only address one topic at a time.

During these conversations you might discover you are quite different in how you view money. But don't forget, you can still be a great team. Identify your strengths and weaknesses and build a plan that works for both of you.

> *Human beings experience change in stages: denial, anger, bargaining, depression, and acceptance. Having all of these feelings about filing bankruptcy is normal.*

*If you are **alone**, you need someone to talk to. Ask a good friend or a family member who you know manages money well and you can trust. This person can discuss your challenges and help you solve them – or just listen. Having someone to talk to can be essential to your mental and financial health.*

- → *Work through any issues about your past financial difficulties.*
- → *What are positive things you can do now to ensure you can pay your bills?*
- → *Can you change your living arrangements to save money and still be happy?*
- → *Are you living on a fixed income? Discuss the challenges you faced and steps you have taken to overcome them and avoid future financial hardships.*
- → *Create a budget and stick to it. Using a budget will help you cut out any unnecessary expenses.*
- → *Pay for necessities first*
- → *Shop wisely. Ask friends and family members how they save money on purchases.*
- → *Be and think creatively about everything you want and need*
- → *Share a garden with a friend. Working outside, in the soil, can help feed you and lift your spirits.*

→ *Visit your local library for books, newspapers, movies, Internet and computer use.*

If you have **recently filed Chapter 13**, pay close attention to all we discuss in this course. There are many ideas to help you adjust to making a plan payment every month and successfully manage your money.

If you are **about to complete your Chapter 13 payments**, then you have already successfully transitioned to a disciplined lifestyle. Congratulations! When you have made your last trustee payment, do you have a plan for what you will do with that amount of money going forward? Will you save it for a future large purchase, put it in a retirement account, make extra payments on your mortgage to pay it off faster? You are used to no having that money each month. Take that money and make it work for you and your future!

Planning for the Future: Hopes, Dreams, Goals

Each person has his/her own definition of financial success. Your first goal should be to make sure you have enough money to take care of your NEEDS (and hopefully some WANTS!).

Make a list of **what is most important to you now**. Knowing what is important can guide your future decisions. Goals should directly relate to what you value, what is most important in your life. Goals help you set daily, weekly, monthly, and yearly priorities. They can help focus your attention and give you something to look forward to. Then **set S.M.A.R.T. goals**.

Specific Goals must be clear and say what, when, and how much. Use precise terms to describe your goals. Notice the difference between, "I want to save more money" vs. "I want to have $500 in my savings account in six months."

Measurable Track your goals to know if you are making progress. Break the goal into parts. Count the number of paychecks you will receive between now and the date you want to save $500. How much will you save from each paycheck?

Attainable Goals that are set too high can lead to failure. You should have to stretch to achieve them, but don't expect too much too soon. Saving $20 a month for six months is better than failing to save $100 per month within 3 months.

Relevant Goals should be close to your heart, reflect what's important to you. If your goals don't appeal to you deep down inside, you won't work very long or may not be happy even if you achieve them.

Time-Related Goals need starting and ending dates. Goals without deadlines or schedules for completion tend to get lost in day-to-day life. Mark your calendar have reminders for your goals that you see every day.



You can be financially successful even on a limited income if you have a plan to reach your goals over time.

Short-term and Long-term Financial Goals... You Need to Have BOTH

Short-term financial goals

- Generally achieved in 1 to 2 years or less
- Make a list of your short-term financial goals

Long-term financial goals

- Cover longer periods, years or maybe a lifetime
- Usually require more resources to achieve them

Prioritizing Your Goals

There are always more things we want, or want to do, than there is time or money to achieve them. Don't get overwhelmed by your list. Concentrate on the ones that are most important to you. Once achieved, set your sights on the next goal!

Achieving Your Goals

Goals and dreams are important, and they are specific to YOU. Develop skills and make plans to achieve your goals. Don't be concerned with keeping up with the Joneses...they might be broke!

- Have a visual reminder that you can see daily to remind you of the goal.
- Discipline yourself to continue to save regularly and adopt a practical lifestyle that allows you to spend less than you earn.
- Manage your time according to your priorities.
- Evaluate your progress and adjust your goals if necessary.
- Remember to celebrate your successes along the way!



PRESENT: PROTECT YOUR FINANCIAL RESOURCES

Creating a Financial Plan or Developing a BUDGET

All great ideas start with a plan, your finances are no different. A plan will allow you to see how your money is working in your life and help you make good decisions about your money.

First, you need to understand how much money you have to work with. Your **gross pay** is the amount you are paid before any deductions are made for federal tax withholding, Social Security, Medicare, insurance, required dues, etc. Your **net pay** is the amount you actually bring home after all deductions are made.

Calculating How Much Money You Have to Spend Each Month

How often are you paid? How much is your average or usual paycheck? Don't use the highest paycheck you might receive, with overtime. Don't use the lowest when you have missed a day or two of work during that pay period. ***Use the amount you can count on every pay period!***

Use this chart to calculate your monthly income, depending on how often you are paid.

What is Your Typical Paycheck Amount?	How Often Are You Paid?	Total Monthly Income
	Weekly (Multiply by 4.3)	
	Every 2 weeks (Multiply by 2.16)	
	Twice a Month (Multiply by 2)	
	Once a month (Multiply by 1)	

If you have multiple sources of income, add all of them together. Include any disability payments, child support, or other income.

Total Net Monthly Income from All Sources $ _____

Tracking your Spending… Where Does Your Money Go?

You probably have a good idea of how much money comes in every month, but where does your money go? Understanding that can be the key to your financial success!

Types of Expenses: Fixed, Variable, and Periodic

You have different types of expenses each month that can make it hard stick to your plan.

Fixed expenses are the same each month (house or car payment, child support, and insurances).
Variable expenses happen each month but the amount you spend may change (groceries, electricity, and fuel).
Periodic/Unexpected expenses happen infrequently, but may be very costly (home or auto repairs, medical emergencies).
Annual expenses are expenses that happen once per year (car registration, taxes, or holiday spending).

Annual and periodic expenses can be hard to plan for! They don't happen every month, and often we forget about them in our plans. Try to think about how much you would likely spend on these things over the course of a year. Budget for these expenses by dividing the estimated annual expense by 12, making it a monthly expense. Put this more manageable monthly amount in your savings account so you are prepared when it is time to pay the expense.

Tracking your spending – like a business does inventory

Think of your household as actually a small business. When a business takes inventory, they learn a lot of information about how well the business is operating. You too, should take inventory periodically. Your inventory is **writing down everything you spend every day for at least a month**. The only way to know where your money goes each month is to write it down as you spend it. You may "think" you, but until you see it in black and white, you may not know the truth. You will discover your **actual** spending habits. These methods can help you with tracking.

- ***If you have a smart phone, there are lots of FREE apps that can help you track expenses. It can work if you have several family members spending money and you need to track everyone's spending.***

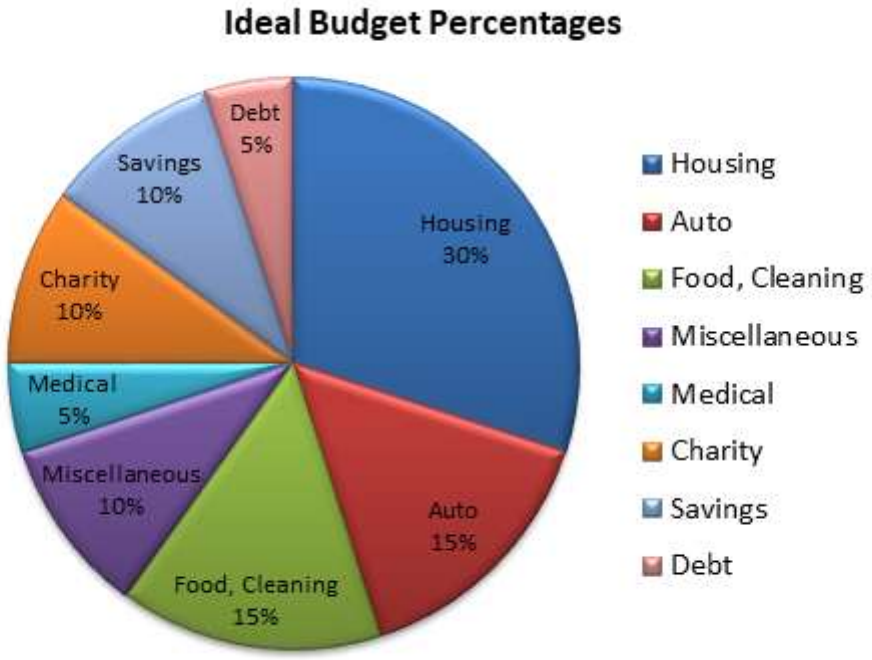
- ***You can also save receipts and file them in envelopes labeled for various categories. Keep the envelopes in an accessible place, maybe on your kitchen table. Have everyone put their receipts in the correct envelopes and add them up at the end of the month.***

- ***Carry a 3 x 5 index card with you every day. Put the date on it and record all the money you spend that day. Put expenses in categories and total them at the end of each week, then for the whole month. This is for ALL your spending! Here are some categories that are easy to miss:*** **Eating Out, Entertainment, Pet Supplies, Hair Cuts, Coffee, Sports, Kids Activities, Subscriptions**

When you have tracked your spending, you may be surprised where your money is going. More meals out than you realized? Does gas cost more than you thought? Family spending MUST be adjusted to stay within your income limits and help you reach your savings goals. Here are some tips to help reduce expenses and balance your budget every month:

- Eating out too much? Pack your lunch for work or school a few days a week instead.
- Grocery bills high? Shop with a list. Use phone apps, coupons, and generic brands.
- Entertainment costs high? Rent movies (or swap with friends), use the library, cut out cable and use Netflix, get an HD antenna. Find FREE community events and visit local parks.
- What other ways can you save?

- Budget Development – Ideal Budget Percentages - It is important to understand how much of your pay you should allocate to each type of expense, especially if you are looking to make



changes like a new place to live or a new car.
Consider each type of expense below.

To calculate, use this formula: _____ ÷ _____ = _____ %
Total monthly expense costs divided by net income

1. What are your monthly **housing costs**? Ideally they should be about **30% of your net income**.
   (Rent/mortgage, HOA fees, insurance, utilities, and maintenance)

2. What are your monthly **auto/transportation costs**? **Ideally they should be about 15%**.
   (Car/Truck payment, insurance, toll/parking, gasoline, oil changes, repairs, inspections, registration)

3. What are your monthly **food, grocery, cleaning and household supplies**? **The ideal is 15% or less.**
   (Groceries, snacks, sodas, work and school lunches, eating out, household supplies)

The three expenses above should not be greater than 65% of net your income. So, if housing is 40%, then the percentages of food and auto together cannot be greater than 25%.



4. How much are you spending on **miscellaneous** goods and services? This is usually an easier area to make changes if you are having trouble sticking to your budget. **The ideal would be about 10%.**
   (Phone, cable, internet, clothing, haircuts, nails, hobbies, entertainment, pets, alcohol, tobacco, etc.)

5. How much are you spending on **medical expenses? Ideally it should be less than 5% each month**.

(Prescriptions, doctor, dentist, co-pays, glasses, contact lens, deductibles, and premiums **not withheld from your paycheck**). If you spend more than 5% for medical expenses, you may have to reduce spending in other categories such as miscellaneous.

6. How much do you set aside for **charitable contributions/tithes**? **The ideal would be 10%**. However, it is important to note that you must be able to meet your own needs first.

7. How much are you setting aside for your **savings?** Maybe it's not possible now, **but set a goal to save 10% each month.**

8. How much are you spending on consumer **debt**? **The maximum amount would be 5% or less.**

Remember, don't "double count" expenses. If you have expenses such as medical premiums deducted from your paycheck, don't add it in as an additional expense. You have already paid it!

Importance of keeping good financial records

It is very important to know how much money you're bringing home to pay the bills and where that money is going each month. Add to that idea the importance of keeping your important financial and personal records in a safe place and organized.

Saving financial records is essential to knowing your larger financial position and protecting yourself and your money. Keep records of payments made on credit cards or loans you have paid off. If your credit reports contain mistakes, your records would be your proof to send to the bureaus for correction. If you experience a loss, records of your insurance coverage that explain your benefits and premium payments you have made, can ensure you are reimbursed.

Keep federal, state and local tax records for at least five years. This includes receipts used for deductions, employment records, and copies of filed tax forms. Bank statements and bank loan documents can also serve as proof. They help you keep track of your income and expense. Keep records of certificates of deposit or other long term investments. Keep passports and social security cards in a very safe place. Only take them away from your home if you are required to show them for employment, to obtain benefits, or verify your identity.

Record Keeping

Keep the following important documents in one place where you can get to them easily:

- Health insurance information and family health records
- Credit card information and current loan documents
- Insurance policies, wills, healthcare directives
- Social security/Medicare/Medicaid cards
- Bank and investment records
- Bankruptcy documents, including Notice of Filing and discharge paperwork

Wants v. Needs: Decision-Making Skills

Knowing how to distinguish between needs (things you must have to live) and wants (things you'd like to have) can give you a lot of power over your money. The basic needs of life are food, clothing, shelter and

transportation, but with so many choices and so much advertising, it becomes hard to determine if you want it or need it.

- Take care of basic needs first... food, shelter, and transportation.
- Prioritize purchasing, shop with specific goals in mind, not just to see what's on sale.
- Create notes or pictures to remind you of your goals and priorities when shopping.
- Before making a purchase, stop and ask yourself if you really need it.
- Compose, ahead of time, your response to friends or family members who may try to get you to spend money for something you know is not needed.
- Ask yourself if there is a cheaper or free way to get something.
- Ask yourself why you want something and see if there is a really good reason or if it is just an emotional desire

Getting the Most for Your Money

Comparison Shopping

Getting the best deal makes your money go further, so compare before you buy! Don't be stuck with a bad deal because you bought it on impulse! Compare apples to apples. Many grocery stores have pricing labels on the shelves that help you make this comparison. Also, just because an item is on display doesn't mean it is the best deal... it means the company paid to advertise!

Sales Techniques

Don't forget the salesman works for the store, not for you. Coupons and rebates might have good deals, but only if they are for things you would normally buy. Beware of "free gifts"! Nothing is really free. The gift you get is not worth as much as the store will profit from your purchase. Beware of "bait and switch" where an advertised item is not available, but a high priced item is!

Impulse Buying

Ever have a purchase that you regretted later? Shop from a list and stick to it no matter how short it is! If you come across an item not on the list, consider putting it on the list for next time to decide if you really need it. Make sure not to shop when you are tired, hungry, or short on time. Never buy a large, important purchase on the spur of a moment.

Hidden Costs

Don't forget about things like shipping, tax, and handling charges that can make an online purchase more expensive! Do you need batteries to make it work? Interest free financing may not be a good deal… the cost may actually be built into the price! Same as cash, 12 month financing can be expensive if not paid off in time!

The Importance of Insurance

In addition to saving regularly, there are other things you can do to protect your financial future. One of the most important is to maintain adequate levels of insurance coverage, taking into account the types and costs of insurance.

Insurance needs change over time. The idea behind life insurance is to protect your income, not make anyone rich! If you are no longer supporting any children or a spouse, consider whether or not you still need the same coverage as you did when you had others depending on your income. While some insurance is required by law (for mortgage or auto), you have options on other insurance. Evaluate your insurance needs as your life situations change.

Before buying any insurance, know exactly what you're purchasing. Get a second opinion from someone other than the insurance agent or salesman. Consult others who know and understand insurance.

If your life insurance premiums are deducted from your paycheck ask what will happen to the policy if you are laid off. It might save you money to pick up the payments yourself. If you took out the policy years ago, your rates for the same coverage will be much higher now than they were then.

Most common types of Insurance coverage

Health and/or **Long term disability** (or Medicare/Medicaid
Life (Whole life or term)
Homeowners (required with a mortgage) or **Renters**
Automobile (liability, full coverage, and/or gap coverage)

Insurance coverage you may NOT need

Fear of the future sells insurance. You find yourself making a purchase and part of the transaction becomes buying a specialty insurance. Those selling these kinds of policies understand your fear. You're vulnerable - you think - what if something happened to me? These are policies that are expensive compared to the off chance you'd ever need it.

- Extended Warranties (if you are buying a quality product, you probably will never need it)
- Automobile Collision (only) Insurance
- Rental Car Insurance (most auto polices include rental cars)
- Car Rental Damage Insurance (again, included in most personal auto policies)
- Flight Insurance.
- Water Line Coverage
- Mortgage Life
- Cancer Insurance
- Accidental Death and Dismemberment ("sucker" policies)
- Insurance on outstanding credit card balances
- Flood insurance (unless you live in a flood plain or flood prone area, you don't need it)

The amount you pay in premiums over time compared to the amount you might recover if you make a claim makes these kinds of insurance costly investments. Before buying any insurance, be sure you know exactly what you're purchasing. Get a second opinion from someone other than the insurance agent or salesman.

Credit Scores and Insurance Rates

Your credit score can affect your **insurance rates**. Insurance companies base your rates (the premiums you pay), in part, on your credit score. The lower your score, the more "risky' you are as a customer, so they charge you more for a policy. This is a good reason to work toward achieving a good to excellent credit score.

Tips for lowering life insurance premiums

Raise your **deductible**. The deductible is the amount you pay toward a claim before the insurance company will begin to pay. In the event of an accident or claim, you need savings to cover the deductible you must pay to receive payment for the loss. Consult your insurance agent about the pros and cons of raising your deductible.

Shop around. Most of the larger/national insurance companies commonly raise your rates every year. Consult an independent insurance agent who sells policies for several smaller (more local) companies. One of them might offer you the same coverage with a lower payment.

Savings Categories – Two Kinds

Once you have identified where all your money is going, it is easier to find money to channel into a savings account. After you have filed bankruptcy, savings is very important as you may not have easy access to credit for emergencies.

1. **Short term savings** are used to set-aside money in an account to be used for periodic payments and annual expenses and to prepare for unexpected expenses and emergencies.
2. **Long-term savings** to be used for specific financial goals such as retirement or a down payment for a car or house, vacations or college education for children.

Make it a goal to have at least 3 months' worth of living expenses set aside in savings at all times!

Experts tell us that statistically, every 12-18 months, an American (individual or family) will experience an emergency that will cost a lot – "a BIG – unexpected expense." *Savings can reduce theimpart when this happens. Without savings, these expenses go on credit cards and paying for them means we don't pay other important bills. In other words, we must find a way to live on less than we make. Part of what we make today must be saved to cover things that haven't happened yet, but probably will in the future.*

In the beginning the habit is more important than the amount you save. Get in the habit of putting aside part of every paycheck to use for large expenses and purchases or save for your long-term goals.



Think about this: $20.00 per week saved for a year will give you $1,040. If saved every week for five years you will have $5,200 (Plus interest!).

PERSONAL FINANCIAL CHOICES

Using Credit Appropriately

Credit can be a blessing and a curse. Most of us need credit to buy a house, it would take a long time to save enough to pay cash. The benefits of a mortgage means we can live in the home and pay for it over time. The drawback - if we lose our source of income and it becomes more difficult to make the house payment we may end up losing the investment. Credit cards can be good and bad. They're convenient and allow us to stretch out payments for goods and services, but charging more than we pay off each month can lead to serious consequences.

Credit is the grease for the wheels of the American economy. Advertising tries to convinced us that credit can make us feel better, have what we want when we want it and help us appear to be more successful than we really are. Some say we have lost sight of "living within our means." When debt becomes a burden, we need to consider what's really important to us – like you were asked to do on page 2.

Types of Credit

There are many different kinds of credit available. The payment terms and interest rates can vary greatly! Make sure you understand the terms.

Revolving credit accounts – Credit cards are the most common. You have a credit limit and are only required to pay a minimum amount of your balance each month. If you only pay the minimum, the remaining balance will be rolled over (revolved) to the next month. You will pay interest charges on the balance. The average interest rates on new cards is 17%, on existing cards 14%

Installment accounts – These are mainly loans: mortgages, auto, and student loans. You are required to pay a fixed sum each month. It is based on terms set out in a contract. The payment is based on the amount you borrow, the interest rate, and the time period of the loan.

Open accounts - The most common examples are: utilities and cell phone contracts. The balance must be paid in full each month. These accounts usually don't charge any interest, but there are penalties if you don't pay on time.

Best Sources of Personal Credit

Banks, Credit Unions, Mortgage Lenders, Finance Companies, Credit Card Companies

Very Expensive Credit – STAY AWAY! These loans may be easy to get, but look how much you pay!

- Rent-to-own: 300% or more in interest or cost of credit
- Pawn shop loans: 15 to 20% per month, or 240% per year
- Payday loans: annual interest rate of about 400%
- Cash advance loans: annual percentage rate of 600%
- Auto pawn or title loans: up to 250% per year

Make sure you understand the terms of a loan – BEFORE – you sign the contract.

Alternatives to Using Credit

- If you use a credit card, use a prepaid card that your money is already loaded.
- Use your debit card; money you already have in your checking account.
- Save enough to make the entire purchase. Use cash, use cash, use cash!
- Trade for goods or services that you can provide.
- Look for free goods around your community or on sites like www.freecycle.org.

The Truth About Payday Loans



A large unexpected expense or a sudden drop in your income can leave you searching for quick access to cash. After watching a commercial full of friendly smiling faces, you may consider picking up your car keys and running down to your local payday or title loan company to get the cash you need. STOP! Put the car keys down, and first consider the consequences of borrowing money from a payday or title loan company.

First, payday and title loans are expensive. Payday lenders provide quick access to cash for a set fee, based on the amount borrowed – typically $10 to $20 per $100 borrowed. A $15 charge on a $100, 2-week loan is equal to an annual percentage rate (APR) of 390%! Interest rates for title loans are often quoted at a monthly rate – 12% monthly interest is equal to 144% APR. Second, borrowing from a payday lender or title loan company can quickly turn a small financial setback into a much bigger crisis. Borrowers often do not have enough money in their next paycheck to pay off the loan and still pay all their monthly expenses. The payday or title loan company will then offer a new loan with new finance charges, or extend the original loan with an additional fee.

REBUILDING YOUR CREDIT

You may not want credit now, but in the future you may need to finance a large purchase, take a trip, rent a car, reserve a hotel room, or even buy a house. A good credit score means better interest rates when you borrow. It can improve your job prospects. Understanding how to rebuild your credit means it will be there for you IF you need it!

Check Your Credit Reports (Rating)

It is important to check your credit reports even if you don't have any active credit accounts. You need to make sure the information on the report is accurate and there is no fraud. **The Fair Credit Reporting Act** (FCRA) is a federal law. It allows you to **request a FREE copy of your credit report from each of the credit reporting agencies (Experian, Equifax and Transunion) once every 12 months.** That means you can get your credit report three times a year – once from each of the major credit bureaus. If you find an error in your credit report, follow the guidelines provided by each credit reporting agency to dispute the information and get your record corrected.

Web Address: www.annualcreditreport.com Toll-free: **877-322-8228**

What To Look For in Your Credit Report

- Check that it contains only accurate information about you - personal information, accounts and loans.
- Identity Errors - wrong name, wrong address, accounts not belonging to you (may be **Identity Theft** or just someone with a similar name).
- Incorrect reporting of account status - accounts marked open that have been closed, accounts reported as late or delinquent, same debt listed more than once (possibly with different names or different creditors listed).
- Accounts with incorrect balances or credit limits.
- Remember, any creditor included in your bankruptcy, will be noted as such.

How To Dispute Inaccurate Information on Your Credit Report

- Write a letter to the credit reporting agency stating what information is incorrect and why.
- Include any supporting information such as cancelled checks reflecting payment, Bankruptcy schedules showing an account was included and finally discharged through bankruptcy, etc.
- Include a copy of the report circling or highlighting the disputed items.
- Request that the information be removed or corrected.
- Send by certified mail/return receipt so you have proof the credit reporting agency received your letter.
- Allow 30 - 45 days for complaint to be investigated and to receive a response.

Why Improving Your Credit Score Is Important

Your credit score is a number between 300 and 850. This tells a potential lender how risky it is to give you credit. The number is based on your credit history. Higher scores are better! The higher your score, the lower the interest rate you will likely receive on any loans. It can also affect the rates you get for insurance. Potential employers may base hiring decisions based on a credit score. Even if you don't plan to use credit, having a good score is important if you do need it in the future to apply for a loan for a new car or a home. You CAN rebuild your credit score even after filing bankruptcy. Good repayment habits and time are the best ways to improve your score. It may take time to raise your score, but stay the course so it will be there when needed!

First, establish a savings plan and make regular contributions to build up your reserves. These are necessary funds to protect you from income gaps and help cover emergency expenses. ***That way you don't have to resort to using credit and then being unable to pay it back on time.***

- Obtain a **secured card** by making a deposit that will be security for the account. Typically, if you get a secured card a bank will put a "hold" on your account until you have paid a loan back at least partially.
- Apply for a store credit card (JCPenney, Kohls, Home Depot). While these cards typically have higher interest, they are easy to get and can help you rebuild your credit if you **use them correctly and pay the balance off in full every month on time.**
- **Make all payments on time, including utilities and cell phones.**
- Do not have more than 2 credit cards.
- **Pay your balance off in full, on time, every month!**
- Don't charge more than 30% of your credit limit. Charging more than this means your "debt to credit ratio" is too high, which lowers your score. For example, if the limit is $1000 you should not have a balance or more than $300 on the card.

Why Various Credit Scores Are Different

Your credit score will differ depending on the scoring model used, how and when data is gathered, and even the day it is calculated. FICO is the largest credit score provider. VantageScore is the other big credit score provider. In addition, there are over 400 agencies that collect and sell personal consumer information and focus on areas such as banking, health data, medical payments, tenancy, employment and insurance claims. These reports can be used by potential employers, landlords, insurance companies and banks and may affect your ability to be hired, open bank accounts and impact your insurance rates.

Check Your Credit Score There are many sites out there that will provide your credit score to you for free. **Just be sure not to get pressured into applying for a credit card or purchasing monthly credit monitoring services.** Remember to be careful with the information that you share on any website.
www.FreeCreditScore.com www.quizzle.com www.creditkarma.com www.creditsesame.com

Each credit bureau and credit grantor uses a unique formula to determine a credit score, but the following are general guidelines to help understand how to achieve the highest credit scores:

35% - Payment History: Paying on time every month
30% - Debt-to-Available-Credit Ratio: Have you charged too much in relation to your limit?
35% - Amount of Time You Have Managed Credit: How long have you made payments?
10% - How Many Different Types of Credit: Car Loan, Home Loans, Credit Cards, etc.
10% - New Credit Applications (inquiries): Too many inquiries make your score go down

Note: it takes TIME to rebuild your credit.





Eliminating Unsolicited Offers for Credit

Don't be tempted to take a bad offer! Being pre-approved for credit does not mean it is a good offer. Eliminate these offers from coming to you and also reduce your risk of identity theft.



- Be very cautious about phone, text or email offers that appear "too good to be true" Ask your friends or do a separate, online search for the person or company before you respond to or speak with someone, text, or click on anything in a suspicious email
- You can choose to stop receiving "prescreened" credit and financing offers by calling toll-free 888-5-OPT-OUT 888-567-8688 or visit www.optoutprescreen.com (make sure you are at THIS site
- You may also have the option of blocking the number from your phone to stop future calls from a number that has called you. Check your phone service.

CONSUMER INFORMATION

If you find yourself under financial strain now or in the future, remember that there are many resources that can help you get back on track. Make sure to use all your resources BEFORE you consider any type of loan or credit. Also, if you think you are a victim of fraud, make sure to act immediately to get assistance and protect your assets and credit!

Public Resources for consumer assistance

Federal and state laws and agencies are ready to provide information to and protect consumers. They can be called upon when you are in a crisis, in need, or have been treated unfairly or fraudulently by businesses or individuals.

The Fair Credit Reporting Act (FCRA) is the law that focuses specifically on the credit reporting agencies. It holds them responsible for the accuracy and security of personal information collected and shared with third parties. This law that makes sure credit bureaus like Equifax, Experian, and TransUnion manage and handle consumer's credit information in a fair and safe manner. (See more on page 11)

The purpose of the *Fair and Accurate Transactions Act (FACTA)* is to enhance consumer protections in relation to identity theft. It gave all citizens of the U.S. free access to their credit reports once a year through the website: www.annualcreditreport.com You have the right to know what information these credit reporting agencies have on you. By law, they must give you access to review and contest the accuracy of the information they collect on you and share with others. (find the phone number on page 11)

The *Consumer Financial Protection Bureau (CFPB)* enforces laws that outlaw discrimination in consumer finance. It is charged with rooting out unfair, deceptive, or abusive acts or practices. It is an independent bureau within the Federal Reserve System. It provides consumers with the information they need to make financial decisions in their own and their family's best interests. families. (see page 15)

The Bureau of Consumer Protection overseen by the Federal Trade Commission (FTC) stops unfair, deceptive and fraudulent business practices by collecting complaints. It also conducts investigations, sues companies and people that break the law, develops rules to maintain a fair marketplace, and educates consumers and businesses about their rights and responsibilities.

If you do not have a computer or Internet to search for help from these sources, visit your public library. Someone there can assist you.

Your state probably has a state agency that enforces consumer protection laws. You can find this office and contact information by searching with your state name and using these search terms. For example, "Texas consumer protection or Texas consumer assistance."



If you think (or know!) you may be a victim of Identity Theft, place a **fraud alert** on your credit reports. Do this if your wallet, purse, Social Security card, or other personal, or financial account information is lost or stolen. Contact one of the credit bureaus. (see phone numbers below) The one you contact must tell the other two about your alert. The alert stays on your report for one year.

How do you know if you are a victim of Identity Theft?

- You might get a notice from the IRS or find unfamiliar accounts on your credit report.
- You might notice strange withdrawals from your bank account, get bills that aren't yours, or get calls about debts that you don't owe.
- You notice you are not receiving your household bills in the mail. An identity thief may have changed your billing address.
- If you are being billed for purchases you didn't make or you receive invoices for purchases you don't recognize.
- If you're being billed for overdue payments for credit accounts you don't own.
- • Your tax return is rejected. If you filed your tax returns and received a rejection notice from the Internal Revenue Service, that could indicate a return has been fraudulently filed in your name.

Protect your personal information as best you can

- Never give your personal information phone (social security number, driver's license number, bank account numbers, credit card numbers, etc.) to any person **calling you** on the phone.
- Beware if a person calls you and says they represent a company you do not recognize and asks for information it should already have on file. Do not give this person your information.
- Keep passports and social security cards in a very safe place. Only take them away from your home if you are required to show them for employment, to obtain benefits, or verify your identity.
- If you mail payments, try to mail them from the post office. Don't leave mail with payments in your home mailbox.
- Remove mail from your box promptly. if you will be out of town for several days or more, have your mail held at the post office. Or, have someone you can trust remove your mail from the box each day.
- If you're concerned about Identity Theft, data breaches, or someone gaining access to your credit report without your permission, consider placing a credit freeze on your reports. Contact the credit bureaus about this. (See phone numbers below)

- **Equifax** – 800-525-6285
- **TransUnion** – 800-916-8800
- **Experian** – 888-397-3742

- If you suspect someone is fraudulently using your Social Security number, file a complaint with the Federal Trade Commission

Remember, when faced with a financial CRISIS,
there are alternatives to using credit, especially payday and title loans!



- **Negotiate a payment plan with your creditors and/or utility companies.** Credit card and utility companies are often willing to work out a payment plan, or even delay payments for a few months, if you are having financial challenges. It is important to work with these companies right away because they are typically more willing to work with consumers who have not missed any payments. Check and adjust your insurance.
- **If you have a 401(k) consider borrowing from it.** You must set up a repayment plan and make payments so a withdrawal will not be considered as income for tax purposes.
- **Seek out non-profit credit counseling**. A credit counselor can work with you to develop a monthly budget, identify ways to reduce expenses, and help create a debt repayment plan. The National Foundation for Credit Counseling can help locate a non-profit credit counseling agency in your area.
- **Utilize local emergency financial assistance programs**. Many community and faith-based organizations provide emergency assistance to individuals in need. Contact your local United Way by dialing 211 for a list of organizations that may be able to provide assistance.
- **Sell non-essential household items**. Sometimes there is cash laying around your house in the form of furniture, electronics, or collectibles you no longer use.
- **Most of all, plan ahead for future financial emergencies**. The best place to go in a financial crisis is to your own savings. After you have worked through the current financial crisis, start putting money into an emergency savings fund that you can rely on in the future. Financial emergencies often happen without warning, so it is important to be prepared.

When you need help NOW

When you are in trouble, have experienced a loss whether it is your home, employment, or a family member, always remember there are people and organizations who are ready and willing to help you. Here are some you can start with:

- *Agencies on Aging* help a senior citizens find resources where they live. Contact this toll free number to find the one closest Agency to you: 800-677-1116
- *Federal Supplemental Nutrition Assistance* (public) Program (**SNAP)** formerly called Food Stamps www.fns.usda.gov/snap/
- *The United Way* (private) provides community resources for food, utilities, and jobs. www.unitedway.org or dial 211
- **211** – Dialing **211** helps direct callers to services for the elderly, disabled, those who do not speak English, those with a personal crisis, those with limited reading skills, and those who are new to their communities. Call this number to find local community information and referral services. Call this number if you are an individuals or family in need. 211 puts you in contact with resources in your community. They can connect you with the best private community-based organizations and government (public) agencies in your area.

Additional Resources

•Call the **Better Business Bureaus (BBB)** to check out a contractor or business before you hire them to do work. Knowing their reputation before they do the work and are paid is important to avoid being ripped off.

• The **Low Income Energy Assistance Program** provides financial assistance to qualifying individuals and families by supplementing their payment to cover electric and heating expenses. https://www.acf.hhs.gov/ocs/programs/liheap

• **U.S. Department of Housing and Urban Development (HUD**) www.hud.gov This site includes up to date information and referral services for home buying, avoiding foreclosure, finding rental assistance, and more.

Emotional Support

- **Debtors Anonymous** is a fellowship organization to help others solve common problems and recover from compulsive debt issues. 800-421-2383
- **Gamblers Anonymous** is a fellowship organization to share experience, strength, and hope with each other to help others to recover from a gambling problem. 213-960-3500

Consumer Resources and Protection

- **Consumer Financial Protection Bureau** If you have a problem with a financial product or issue you can contact www.consumerfinance.gov/complaint 855-411-2372
- **The Federal Trade Commission (FTC)** (www.ftc.gov) deals with fraud and deceptive business practices, and has the legal authority to file lawsuits and freeze company assets. The FTC has a number of consumer protection publications available on their website. Report Identity Theft to www.consumer.gov/idtheft or call 877-438-4338
- **The Federal Communications Commission** (www.fcc.gov) handles complaints concerning: obscene, profane and indecent broadcasts, slamming complaints, telemarketing, junk fax and email messages to wireless devices. (888) 225-5322



Debt Warning Signs



Put a check in front of each sentence if you find yourself in any of these situations.

_____ 1. Routinely spend more than you earn.

_____ 2. Skip payments on some bills to pay others.

_____ 3. Use credit cards to buy things you used to pay with cash (groceries, electric bill).

_____ 4. At, or over the limit on credit cards and make only minimum payments on cards.

_____ 5. Losing sleep worrying about debts

_____ 6. Transfer balances from one card to another instead of making a monthly payment.

_____ 7. Use cash advances to pay bills or make payments on other cards.

_____ 8. Trying to make a purchase with your credit card and it is declined or you are denied a loan.

_____ 9. Creditors or collectors are calling you about overdue bills.

_____10. You lie to or argue with your spouse or other family member about your spending or hide credit card statements from family members.

These are **debt warning signs**. ***In the future***, if you find yourself experiencing **two or less** of these, you may have caught the problem before it's unmanageable. You must act immediately to change your spending habits. If you are experiencing **three or more,** your problem is much more serious and will require more drastic steps. Contact a nonprofit credit counseling agency to get help.

OATH

Oath for a Single Person – Please print your name then sign and date this document

I, _____ (printed name) certify that I read the entire packet of course materials, participated in the entire class by telephone, and answered the Quiz questions to the best of my knowledge.

_____
Signature

_____
Date

Oath for second filer (spouse or joint filer) – Please print your name then sign and date this document

I, _____ (printed name) certify that I read the entire packet of course materials, participated in the entire class by telephone, and answered the Quiz questions to the best of my knowledge.

_____
Signature

_____
Date

A+ Telephone Class Quiz

Name(s) _____ Date_____

You're almost done! Complete the quiz and mail it back to our office in the enclosed envelope. Please mark your answer by putting a circle around the letter (example: A.) that represents the correct answer.

1. Some types of insurance are necessary. One of these may not be and might be expensive. Which one?
A. Health B. Auto C. Mortgage D. Life

2. Income: The amount your employer pays you **after** deductions are taken out for federal withholding, Social Security, Medicare, insurance, dues, qualified retirement deductions, etc.; and should be the basis for your spending plan/budget. **A. Net Income B. Gross Income**

3. According to the Spending Percentages provided, what is the **minimum** percentage of your income you should set aside for **savings**?
A. 5% B. 10% C. 15% D. 20%

4. Which of the following are alternatives to credit?
A. Debit Card B. Cash C. Using savings to pay for large purchase
C. Prepaid Credit Card E. All of the Above

5. Expenses that do not change amounts from month to month are called _____ expenses.
A. Variable B. Fixed C. Periodic

6. When setting short- and long-term goals they should be specific and measurable.
A. True B. False

7. Which of the following are "wants"? (Select all that apply)
A. Food B. Gym membership C. Shelter D. Clothing E. Cable TV F. Smartphone

8. To avoid being a victim of identity theft, you should:
A. Don't put papers or documents in the trash that show your personal information, shred them
B. Leave your social security card at home in a safe place, not in your wallet.
C. Never give your personal information/numbers to any person calling you on the
D. All of the above

9. To maintain a safe amount of debt, consumer debt should not exceed _____ of your net income.
A. 30% B. 20% C. 15% D. 10% E. 5%

10. When securing any type of loan or credit, always read the _____.
A. Headline B. Intro C. Rules D. Fine Print E. Last Paragraph

11. Smart shopping means: Which of these skills are useful in achieving your goals?
A. Compare products, use the pricing labels to compare ounces or pounds
B. Beware of "FREE GIFTS."
C. Shop with a list, stick to it, avoid impulse buys
D. All of the Above

12. The FCRA allows you to request a free copy of your credit report once every _____.
A. Week B. 3 months C. Quarter D. Sunday E. 12 months

13. A $15 charge on a $100, 2-week loan is equal to an annual percentage rate (APR) of _____!
A. 390% B. 200% C. 100% D. 39% E. 3.9% F. 1%

14. Which of the following are important financial records to keep?
A. Health insurance information and family health records B. Current loan documents
C. Social Security, Medicare, Medicaid cards D. Bankruptcy notice and discharge papers
E. Insurance policies F. All of the above (and more)

15. Public and nonprofit resources might include:
A. Consumer Credit Counseling B. Consumer Financial Protection Bureau
C. Your local 211 Hotline D. All of the above

16. Spending more than you earn, having more than three major credit cards, routinely using cash advances to pay bills, skipping payments on some bills to pay others, being contacted repeatedly by creditors, lying or arguing about credit issues with your spouse or family are all:
A. Perfectly normal B. Debt warning signs C. Impertinent D. Credit warning signs

17. *Debtors Anonymous* and *Gamblers Anonymous* are fellowship organizations that provide _____ support and do not charge dues or fees for membership. The only requirement is a desire to change.
A. Moral B. Financial C. Emotional D. Physical

18. *Agency on Aging*, the *SNAP Program, United Way,* and *211* are examples of agencies that provide _____ support.
A. Moral B. Financial C. Emotional D. Physical

19. During a financial crisis, instead of payday loans, what are some alternate means of handling expenses?
A. Non-profit credit counseling B. Sell non-essential household items
C. Savings D. Negotiate a payment plans with creditors and/or utility companies
E. All of the above

20. Which of the following are highly expensive forms of credit? (Circle all that apply)
A. Bank loans B. Pawn shop loans C. Mortgage lending D. Auto title loans
E. Payday loans F. Credit union loans G. Rent-to-own

PLEASE RETURN YOUR OATH, COMPLETED QUIZ and EVALUATION to:

A+ Class
126 Park Crest Drive
Red Oak, TX 75154
Or email to: support@bestbkclass.com
Or fax to: 1-888-533-3423 Telephone: 888-533-3423

DEBTOR EDUCATION EVALUATION

We appreciate your feedback about the course. Please take a few minutes to complete this short survey about your experience and your instructor.

Date of Class: _____ **Name of Instructor:** _____

Place a ✓ in the YES or NO box for each statement.

COURSE	YES	NO
Goals were explained clearly.		
Class topics were relevant to my life.		
Learning materials were helpful.		
Class content was easy to understand.		
INSTRUCTOR	**YES**	**NO**
Instructor was well prepared.		
Instructor was helpful.		
COURSE RESULTS	**YES**	**NO**
I learned something I can use.		
I will (or currently) use a budget at home.		

Please share any additional comments and suggestions concerning your experience with this class.

_____

_____

What information do you wish you had learned?

_____

_____

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