

Financial Recovery



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Welcome



1. Agenda
2. Ground Rules
3. Introductions



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Objectives



- **Assess your current financial situation**
- **Identify ways to increase income and decrease and prioritize expenses**
- **Develop a financial recovery plan**



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Objectives

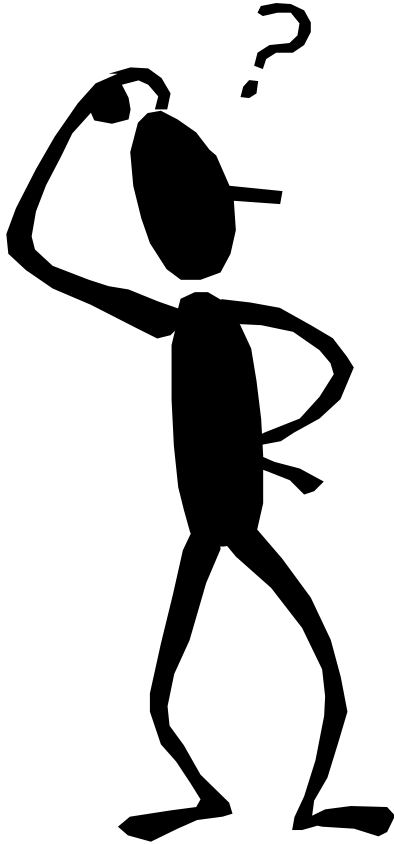


- **Identify steps to successfully implement a financial recovery plan**
- **Recognize how to guard against credit repair scams**
- **Identify timeframes to review and adjust your financial recovery plan**



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What Do You Know?



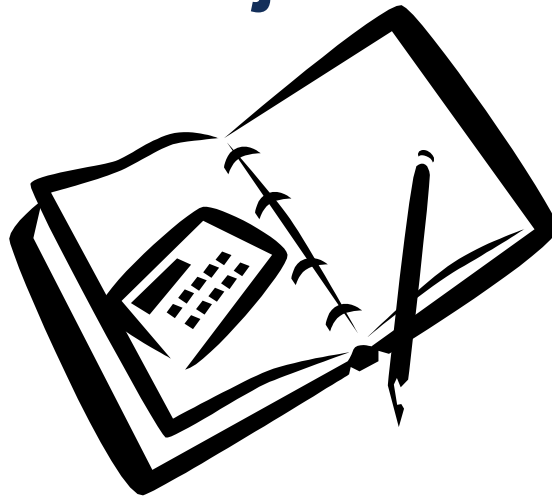
What do you know or want to learn about financial recovery?



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Steps to Financial Recovery

1. Evaluate Your Current Financial Situation
2. Develop a Financial Recovery Plan
3. Implement Your Plan
4. Evaluate and Adjust Your Plan



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Step 1: Evaluate Your Current Financial Situation


- **Assess your current financial situation**
 - Examine your income and expenses
 - Track your spending



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Activity 1: Monthly Income and Expenses

Complete Activity 1 in the Participant Guide.

- 
1. Read the scenario
 2. Review the Monthly Income and Expense Worksheet
 3. Answer the questions provided



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Monthly Income and Expenses

- **Consider ways you can:**
 - Increase your income
 - Decrease your expenses
- **Prioritize your expenses:**
 - Pay basic necessities first
 - Pay high-priority expenses next
 - Pay remaining expenses last



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Step 2: Develop a Financial Recovery Plan

- **A financial recovery plan:**
 - Helps you save money, pay your bills, and eliminate or reduce your debt
 - Should include financial goals and a spending plan



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Set Financial Goals


1. **Identify & write down your financial goals**
 - Make sure they are **S**pecific, **M**easurable, **A**ttainable/achievable, **R**elevant, **T**ime-bound
2. **Organize your goals by timeframes**
3. **Evaluate your progress and reevaluate your goals regularly**



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Activity 2: My Financial Goals

Complete Activity 2 in the Participant Guide.

- 
1. List one or two main financial goals.
 2. List any supporting goals to help you achieve these main goals.
 3. Make sure they are SMART goals.



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Develop a Spending Plan



- **Following a spending plan:**
 - Helps you know what your income and expenses are every month
 - Reduces the anxiety of not being able to meet your expenses
 - Gives you a sense of control over your money
 - Helps you build assets that will improve the quality of life for you and your family



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Step 3: Implement Your Plan

- **It is time to put your plan in action once you have:**
 - Evaluated your current financial situation
 - Established your financial goals
 - Developed a financial recovery plan



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Seek Assistance

- **Contact local, state, and national assistance programs**
- **Check regardless of income level!**
- **Refer to:**
 - www.recovery.gov
 - www.govbenefits.gov
 - www.makinghomeaffordable.gov



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Rebuild Your Credit

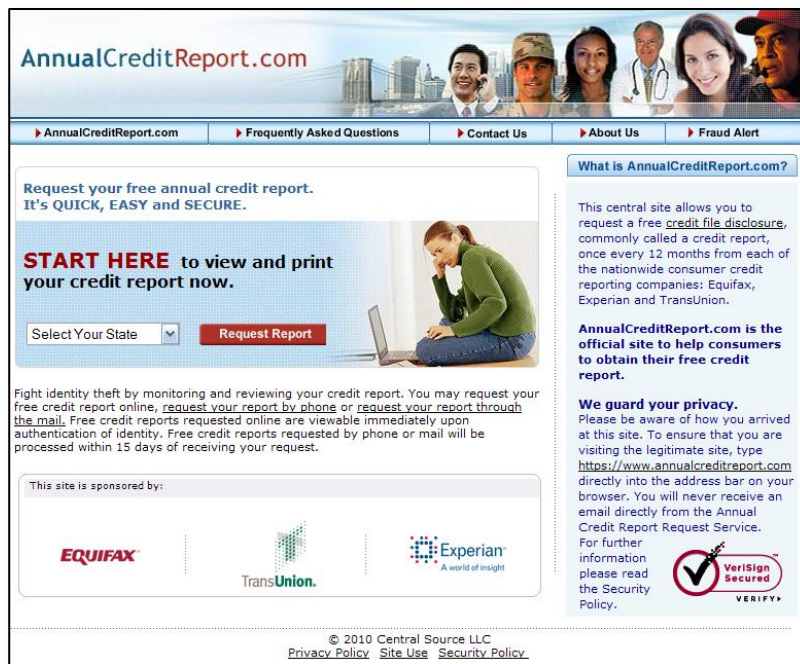
- **If repairing your own credit:**
 - Order a copy of your credit report
 - Identify and correct any errors
 - Contact your creditors to explain your situation
 - Negotiate payment plans with your creditors when you have some money to pay them
 - Opt-out of receiving unsolicited offers for credit cards



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Get a Copy of Your Credit Report

- Order a free credit report from each credit bureau once every 12 months through www.annualcreditreport.com



The screenshot shows the homepage of AnnualCreditReport.com. At the top, the logo "AnnualCreditReport.com" is displayed next to a banner image of diverse people. Below the logo is a navigation menu with links for "AnnualCreditReport.com", "Frequently Asked Questions", "Contact Us", "About Us", and "Fraud Alert".

The main content area features a large heading: "Request your free annual credit report. It's QUICK, EASY and SECURE." Below this is a prominent call to action: "START HERE to view and print your credit report now." A form with a "Select Your State" dropdown and a "Request Report" button is provided. An image of a woman sitting at a laptop is also visible.

Below the form, there is a section titled "Fight identity theft by monitoring and reviewing your credit report." It explains that users can request their free credit report online, by phone, or by mail. It notes that online reports are available immediately upon authentication, while phone or mail requests are processed within 15 days.

A "This site is sponsored by:" section lists the three credit bureaus: Equifax, TransUnion, and Experian. At the bottom, there is a copyright notice for 2010 Central Source LLC and links to the Privacy Policy, Site Use, and Security Policy.

On the right side of the page, there is a section titled "What is AnnualCreditReport.com?" which explains that the site allows users to request a free 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. It also states that the site is the official site to help consumers obtain their free credit report.

Below this, a "We guard your privacy." section advises users to be aware of how they arrived at the site and to ensure they are visiting the legitimate site by typing the URL directly into the browser. It mentions that users will never receive an email directly from the Annual Credit Report Request Service and encourages them to read the Security Policy for further information. A VeriSign Secured logo is also present.



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Check for Errors

- **If you think there is an error on your credit report:**
 - Contact the credit reporting agency
 - Write a letter disputing the error and keep a copy of the letter for your records
- **The credit reporting agencies are required to conduct an investigation within 30 days of receiving your letter.**



Before Contacting Your Creditors

- **Determine:**
 - How much you owe each creditor
 - How much you can pay each creditor
 - When you can realistically pay each creditor
- **Be prepared to:**
 - Explain your situation and any efforts you are making to pay them
 - Have a plan for when you realistically can pay them



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Contact Your Creditors

- **Document the conversation or write a letter to your creditor**
- **Stay calm**
- **Ask about “hardship” programs**
- **Be honest with yourself and the creditor**
 - Do not accept any deal you cannot fulfill



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Using a Credit Counseling Agency

- **An agency might be right for you if you:**
 - Need help creating a spending plan
 - Are not disciplined enough to stick to a spending plan
 - Prefer not to negotiate with your creditors or cannot work out an acceptable repayment plan with them
 - Are unable to keep track of bills



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Using a Credit Counseling Agency

- **A credit counseling agency can help you:**
 - Manage your money and debts
 - Develop a spending plan
 - Learn about consumer credit, money and debt management, and budgeting



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Credit Repair Scams

- **No one can remove accurate information from your credit report.**
- **It can take years to repair bad credit legitimately.**
- **No one can create a new identity for you.**
- **Legitimate companies provide a service before requesting payment.**
- **You can order your credit report yourself.**



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Step 4: Review and Adjust Your Plan

- **Consider reviewing your:**
 - Spending plan after implementing it and periodically thereafter (e.g., every 6 months)
 - Financial goals and spending priorities every 12 months, or after any life changing events
 - Credit report at least every 12 months and before applying for a loan



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Adjust Your Financial Recovery Plan

- **When your income and/or expenses change**
- **When you accomplish, adjust, or create a new financial goal**
- **When you transition to a new life stage**
- **Before something unexpected happens**



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Review and Adjust Your Insurance Coverage

- **Review your coverage at least once a year**
 - How much and what type of insurance you need depends on your circumstances
 - Know what natural disasters are covered by your standard homeowners insurance policy and make sure you are adequately protected



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Review and Rebuild Your Investments



- **Review your investment portfolio:**
 - At least once a year
 - When you experience any major life change
 - When the market changes
- **Adjust your allocations, considering:**
 - How soon you need the money
 - Your risk tolerance



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Rebuild Your Savings



- **Save money:**
 - To pay for extra expenses without disrupting or derailing you from your financial recovery plan
 - So you can pay for extra expenses and avoid paying the interest and fees you would be charged when using a credit card



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Prevent Future Setbacks

- **What are some actions you can take to stay on that road to financial recovery?**
 - Rebuild your savings
 - Continue to apply what you have learned
 - Keep moving forward
 - Be patient
 - Educate yourself
 - Ask for help



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Summary

- **What final questions do you have?**
- **What have you learned?**
- **How would you evaluate the training?**



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Conclusion

- **You learned about:**
 - Developing, implementing, and adjusting a financial recovery plan
 - Identifying ways to increase income and decrease expenses
 - Prioritizing your spending
 - Developing financial goals and a spending plan
 - Rebuilding your credit and how to avoid credit repair scams



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