Instructor Guide

FDIC Money Smart

FDIC Financial Education Curriculum

Revision Date: 03–2010

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Getting Started

Use this guide to help you teach this module in an informative, engaging, and effective manner.

You can customize the information in Money Smart to meet the needs of your audience. The layering tables on page 4 can help you choose the most relevant module sections. However, it is usually a good idea to include:

- **Introductions**. Allows you to "break the ice," create active instructor-participant dialogue, and set the tone for the session.
- **Agenda and Ground Rules**. Helps participants understand the subject matter and how the class will be conducted.
- **Expectations**. Gives participants the opportunity to tell you what they expect and want to learn from the module.
- **Objectives**. Helps participants place the information to be learned in the proper context and ensures that the content is consistent with their expectations.
- **Explanation of Participant's Guide Format and Contents**. Serves to keep participants on track with the instructor.
- **What Do You Know? Form and/or Pre-Test**. Helps you and participants determine what they already know or do not know so you can customize the presentation accordingly.
- **Module Content and Activities**. Helps participants to reinforce learning.
- **What Do You Know? Form and/or Post-Test**. Helps you and participants gauge how well they learned the content, what content to review, if any, and what additional materials participants may want to review on their own.

Module 11: Financial Recovery Layering Table

Please read the Layering Table Instructions in the Guide to Presenting Money Smart for Adults.

Pages	Time (Min.)	Topic	Subtopic & Activities	Target Audiences
7-8	5	Checking In	• Introduction of instructor and the materials	• Everyone
9-10, 42	5	Pre-Test and/or What Do You Know?		• Everyone
11-12	5	Financial Recovery	• Steps to financial recovery, the financial recovery process	• Those trying to recover from financial setbacks
13-20	30	Step 1: Evaluate Your Current Financial Situation	• Assess your current financial situation, increase your income, decrease your expenses, prioritize your expenses • Activity 1: Monthly Income and Expenses	• Those needing to learn how to track and prioritize their expenses
21-23	15	Step 2: Develop a Financial Recovery Plan	• Develop a financial recovery plan, set financial goals, develop a spending plan, spending plan tools • Activity 2: My Financial Goals	• Those needing to learn how to set financial goals and develop a spending plan
24-34	20	Step 3: Implement Your Plan	• Take action, seek assistance, rebuild your credit, get a copy of your credit report, check for errors, identity theft, paying your creditors, contacting your creditors, using a credit counseling agency, credit repair scams	• Those planning to implement a financial recovery plan on their own or with the assistance of a financial counselor
35-38	20	Step 4: Review and Adjust Your Plan	• Review/adjust your financial recovery plan and insurance coverage, rebuild your investments and savings, prevent future financial setbacks	• Those trying to recover from financial setbacks
39	5	Wrap-up		• Everyone
40-42	5	Post-Test and/or What Do You Know?		• Everyone
43-44	5	Evaluation		• Everyone

Icons Guide

The following icons may be used throughout the Instructor Guide to indicate activity type.

Presentation

Present information or demonstrate an idea.

Review

Refer participants to and summarize material provided in the Participant Guide.

Activity

Guide participants through an activity to support their learning.

Assessment

Direct participants to take a short test.

Discussion

Facilitate a discussion about a topic as directed.

Ask a Question

Present a problem or question for discussion.

Module Overview

Purpose

The *Financial Recovery* module describes steps participants can take to recover financially and rebuild their credit after experiencing a financial setback.

Objectives

After completing this module, the participants will be able to:

- Assess their current financial situation
- Identify ways to increase income and decrease and prioritize expenses
- Develop a financial recovery plan
- Identify steps to successfully implement a financial recovery plan
- Recognize how to guard against credit repair scams
- Identify timeframes to review and adjust their financial recovery plan

Presentation Time

Each topic has an approximate completion time listed in the Financial Recovery Layering Table. Use the suggested times to personalize the module based on your participants' needs and the given time period. Allow extra time for activities and questions if you are teaching a larger group.

Completing the entire presentation may take two or more hours. The class can be divided into two sessions taught on different days if this is more convenient for participants.

Materials and Equipment

The materials and equipment needed to present all of the *FDIC Money Smart: A Financial Education Curriculum* modules are listed in the *Guide to Presenting the Money Smart Program*. Review the Guide thoroughly before presenting this module.

Module Activities

- Activity 1: Monthly Income and Expenses
- Activity 2: My Financial Goals

Instructor Notes	Presentation

Checking In

5 minutes

Welcome

Welcome to the *Financial Recovery* module! Whether you are experiencing financial difficulties for the first time or you have experienced ongoing financial problems, this module will provide you with the steps you can take to develop a financial recovery plan and rebuild your credit.

Agenda and Ground Rules

Slide 2

We will discuss concepts, complete group and individual activities, and have time for your questions. There will be at least one 10-minute break during the class.

If you have experience or knowledge in some aspect of the material, please share your ideas with the class. One of the best ways to learn is from each other. You might be aware of some method that has worked well for you or some pitfall to avoid. Your contribution to the class will make the learning experience that much better. If something is not clear, please ask questions!

Introductions

Record participants' expectations, questions, and concerns on chart paper. If there is anything you will not teach, tell participants where the information can be obtained (e.g., another module, a website). Check off their responses at the end of the training to show that the lesson content met their expectations.

Before we get started, I will share a little about myself and I would like to know a little bit about you.

[Introduce yourself and share a little of your background and experience.]

As you introduce yourself, tell me briefly about:

- Your current financial situation if you are willing to share
- Your expectations or what you hope to gain from the training
- Any questions and/or concerns you have about the training content

Objectives

After completing this module, you will be able to:

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

Instructor Notes	Presentation

plan

Slides 3–4

Participant Materials

Review Participant Guide contents and organization with participants.

Each of you has a copy of the *Financial Recovery* Participant Guide. It contains:

- Information and activities to help you learn the material
- Tools and instructions to complete the activities
- Checklists and tip sheets
- A glossary of the terms used in this module

What questions do you have about the module overview?

What Do You Know?

Slide 5

Use the What Do You Know? form and/or the Pre-Test to gauge participants' prior knowledge of the content and customize your presentation, focusing on content with which they are least familiar.

Before we begin, we will see what you know about financial recovery.

[If using the What Do You Know? form]

The What Do You Know? form on page 29 of your Participant Guide lets you measure how much you know before the training and how much you learned after the training. Please take a few minutes now to complete the "Before the Training" column. Which statements did you answer with "disagree" or "strongly disagree"? *[Note: If time is limited, make sure you cover these content areas.]* We will complete the second column when we finish the training.

[If using the Pre-Test]

Take a few minutes to complete the Pre-Test on pages 4 and 5 of your Participant Guide. Which questions were you unable or unsure of how to answer? *[Note: If time is limited, make sure you cover these content areas.]* As we progress through the module and cover the related material, you will be able to determine whether you answered each question correctly.

Pre-Test

Test your knowledge about financial recovery before you go through the course.

1. If you are experiencing financial difficulties, what first steps should you take before developing a financial recovery plan? Select all that apply.
    a. Develop a spending plan
    b. File for bankruptcy
    c. Track your spending
    d. Assess your current financial situation

2. Which of the following are ways you can increase your income without negatively impacting your financial future or financial recovery plan? Select all that apply.
    a. Take money out of your retirement or investment accounts to pay off debt
    b. Rent out an extra bedroom in your home
    c. Use your talents or hobby to make extra money
    d. Make sure you receive any tax credits for which you are entitled

3. Which of the following are ways you can decrease your expenses without negatively impacting your financial future or financial recovery plan? Select all that apply.
    a. Buy items you want but do not need
    b. Use local assistance programs to offset food, housing, and utility costs
    c. Eat out at restaurants less frequently
    d. Sell assets (e.g., an extra vehicle, furniture, or jewelry)

4. When prioritizing your expenses, which of the following expenses should you pay first?
    a. Your basic necessities (e.g., mortgage/rent, food, utilities, transportation)
    b. Credit card bills
    c. Collection agency bills
    d. Other expenses or loans (e.g., medical bills, education loans, personal expenses)

5. Which of the following actions can help you build your credit and prevent future financial setbacks?
    a. Save money
    b. Review your credit report and correct any errors
    c. Work with your creditors when you cannot make your payment
    d. Ask for assistance when needed
    e. All of the above

6. Select all that apply. You can guard against credit repair scams by:
    - **a. Avoiding companies that ask for payment before services are provided**
    - **b. Checking for complaints filed against the credit repair company with your local Better Business Bureau**
    - c. Avoiding organizations that tell you your rights and ways you can repair your own credit
    - **d. Avoiding companies that advertise fast and easy credit repair solutions**

7. How frequently should you review and adjust your financial recovery plan?
    - a. Every month
    - b. Every six months
    - c. Every 12 months
    - **d. As needed, but at least every 12 months**

Instructor Notes	Presentation

Financial Recovery

5 minutes

Steps to Financial Recovery

If you are struggling with reduced income, little to no savings, and increasing expenses and debt, you are not alone! As you can see, there are others here today who may be in a similar situation.

[Note: Please have participants briefly share their current financial situation with the class or a person sitting next to them if this was not completed during introductions. Otherwise, summarize the various financial situations participants are facing.]

Once you feel overwhelmed by your financial situation, it may be difficult to know where to turn for help or how to begin improving your situation. However, you have taken a first and important step to your financial recovery by attending this training today!

When you finish you will have information, resources, and tools to help you get started on your own financial recovery process.

The Financial Recovery Process

Slide 6

Set realistic expectations with participants.

When discussing the financial recovery process, we will break the process down into four basics steps:

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

As we work through the module, we will examine these steps in more detail and discuss what actions you should take for each step. There are a few things to keep in mind as we discuss the financial recovery process:

- The financial recovery process is a slow and steady one. It can take several years to fully recover financially and repair, or rebuild, your credit.
- You may need to ask for help along the way. This allows you to accomplish your financial recovery goals faster. For instance, a reputable financial counselor may be able to negotiate lower interest rates than you can, or you may be able to pay off your debt quicker if you seek assistance through local programs (e.g., rent, mortgage, food, and utility assistance programs).

Instructor Notes	Presentation

- You should expect to experience an occasional setback during the financial recovery process. When setbacks occur, you may need to re-evaluate and adjust your plan. However, try not to let setbacks discourage you or take you off course from your plan. By being prepared for setbacks, you will be able to adjust and recover quicker.
- Remember that you are not alone. Many people are embarrassed to share their financial situation with others. However, you may find that it helps to talk with and learn from others who are, or have been, in a similar situation.

Answer any questions. Then introduce the next topic.

What questions do you have before we begin?

We will begin with Step 1: Evaluate your Financial Situation.

Instructor Notes	Presentation

Step 1: Evaluate Your Current Financial Situation

30 minutes

Slide 7

Assess Your Current Financial Situation

Before you can effectively evaluate your current financial situation, you must first accept your financial situation. This may be easier said than done, especially if you are dealing with the emotional aspects of losing a job, your retirement savings, investments, a partner, or your health and ability to work.

You must also accept that you may need to change your financial lifestyle and sacrifice certain items for a period of time in order to meet your goals and recover financially. There is no doubt that changing your financial lifestyle will be challenging, though necessary.

You might also be experiencing financial difficulties related to an abusive relationship. If you need help evaluating how domestic violence has affected your financial situation, consider talking to a local domestic violence service program. For more information, visit www.womenshealth.gov/violence.

Once you are able to assess your current financial situation, examine your income and expenses including your debts. Some questions to ask yourself:

- How much income do I have each month?
- When do I receive that income?
- How do I currently prioritize and spend the money I receive?
- How much am I overspending each month?

How many of you know (for the most part) where your money goes each month or even each day? If you do not know where your money goes, track your spending so you can examine your income and expenses.

There are a number of ways you can track your spending, so pick a method (or methods) that work best for you. For instance:

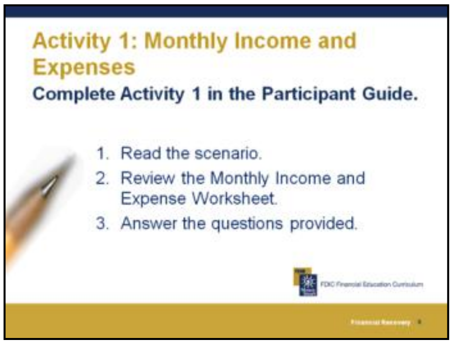
- Use your monthly checking account statements and/or check register to track your spending.
- Use money management software to track your income and expenses.
- Ask for and save receipts if you use cash regularly. Add the receipts on a daily or weekly basis so you are not overwhelmed with this task at the end of each month.
- Consider writing down your cash expenses on a regular basis if you do not always collect receipts. This will help you remember how you spent your money at the end of the month.

Instructor Notes	Presentation

Answer any questions.

What questions do you have about tracking your income and expenses?

Activity 1: Monthly Income and Expenses



Slide 8

Refer participants to Activity 1: Monthly Income and Expense Worksheet beginning on page 7 of their Participant Guide. Complete the activity as a class, or have participants work in small groups or individually.

Once you know your monthly expenses, you can use a Monthly Income and Expense Worksheet (similar to the one on page 8 of your Participant Guide), a money management software program, or an online budgeting worksheet to determine:

- How much money you have coming in (income)
- How much is going out (expenses)
- How you can balance your income and expenses

Let us look at Shanise's situation. Review her Monthly Income and Expense Worksheet and assess her financial situation. *[Alternatives to the scenario include providing participants with a budgeting worksheet and having them estimate their monthly income and expenses in class, or reviewing how to complete a budgeting worksheet and having participants complete the worksheet at home.]*

Scenario

Shanise is recently divorced and has two children. Her ex-husband has not been able to provide child support for the last two months because he was laid off from work. Shanise was working part-time before the divorce, and had planned to do so until her youngest child went to school. However, that plan has changed and she had to get a full-time job. Her monthly net wages, or take-home pay, is about $1,850. She also receives an Advance Earned Income Credit (EIC) of $150 a month.

During the divorce, Shanise and her husband lost their house because neither of them could afford the mortgage. She is currently renting a place for $750 a month. She has a $420 car payment and it costs her about $100 a month for gas. Car insurance averages about $75 a month.

She has been able to save some money on child care because her husband is able to care for the kids some of the time. However, she still pays about $150 a month on child care. Shanise also pays $110 for her cable, Internet, and home phone and $45 a month for her cell phone. Water is included in the rent, but her electric bill averages out to about $80 a month with budget billing. She pays about $400 a month for groceries and at least $150 on personal expenses for herself and the kids. Additionally, her monthly credit

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card payments are about $100 a month. When she does not have time to prepare meals she takes the kids out to eat or eats out for lunch, which probably totals about $120 a month.

Shanise's Monthly Income and Expense Worksheet

Income		**Expenses**	
Wages	$1,850	**Fixed Expenses**	
Public Assistance		Rent/Mortgage	$750
Child Support/Alimony		Property Taxes/Insurance	
Interest/Dividends		Cable/Telephone/Internet	$110
Social Security		Cell Phone	$45
Advance EIC	$150	Car Payment	$420
Other		Car Insurance	$75
		Health Insurance	
		Other Loan Payments	
		Flexible Expenses	
		Savings	
		Water	
		Electric	$80
		Gas/Oil	
		Groceries	$400
		Eating Out	$120
		Transportation/Gas	$100
		Credit Cards	$100
		Day Care/Elder Care	$150
		Car Maintenance	
		Education	
		Personal Expenses	$150
		Donations	
Total Income	**$2,000**	**Total Expenses**	**$2,500**

Now look at Shanise's Monthly Income and Expense worksheet. Do her expenses exceed her income? **Answer: Yes. Each month she is living beyond her means by at least $500 each month or $6,000 ($500 x 12) each year.**

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Looking at Shanise's income and expenses, can you identify some ways she might change her spending to help balance her income and expenses? **Answers may vary according to each person's spending priorities and personal experiences. Accept any reasonable answers.**

If Shanise is unable to balance her income and expenses, how would you recommend she prioritize her spending or expenses? Explain your reasoning. **Answer: She should pay for her rent, food, primary utilities, and transportation costs first. These are important basic necessities for her and her family. Her child care and car insurance payments should be the next priority after paying her basic necessities. She needs the child care in order to work and car insurance protects her from large expenses that she might incur if she were involved in a car accident. If she has money left over her next priority should be paying her credit card payments and other expenses (i.e., cable television, Internet, phone, and cell phone bills). She may even consider giving up one or more of these expenses if she cannot afford them to avoid the service charges, late fees, and penalties for disconnecting and reconnecting service. We will talk more about prioritizing your spending shortly.**

Answer any questions. Then introduce the next topic.

What questions do you have about tracking and determining your monthly income and expenses?

Like we did for Shanise, after you track your income and expenses determine if there are ways you can increase your income and reduce your expenses to pay your bills. If you are still unable to meet all your monthly expenses, prioritize your expenses according to importance.

Increase Your Income

Slide 9

Let us look at several more scenarios and discuss how each person or persons might increase their income. You may be able to apply these tips to your own situation. *[Alternatives to the scenarios include having participants' list ways they can increase their own income, or having participants pair off and each person share two to three ways they can increase their income.]*

Samar was doing well financially until he was laid off from work. He has not been able to find work yet, and is concerned about how he is going to pay his bills because he has almost depleted his savings. What steps could he take to increase his income?

Instructor Notes	Presentation

Possible answers may include:

- **Seek unemployment assistance if applicable.**
- **Update his resume and search for a new job.**
  Note: when there are more unemployed people than available jobs, you need to change the way you look for a job. Sending out a resume may not be enough. Find ways to network (e.g., use social media, attend networking events, and ask your friends and family to share your resume with people they know).
- **Take on a part-time, freelance, or temporary job in his field or similar field.**
- **Enroll in a training program to learn a new skill or increase his job skills, if there is little opportunity for employment in his current field.**
- **Sell some of his assets (e.g., an extra vehicle).**
- **Rent out an extra bedroom in his home.**
- **Use a talent or hobby to increase his income.**

The Jacksons' home was recently destroyed by a *(select what is most applicable for your area: hurricane, tornado, flood, earthquake, etc.)*. They did not have adequate insurance coverage to cover the damages. How might they increase their income?

Answer: Whether the Jacksons' are still employed or unemployed due to the disaster, they may be able to use some of the previous answers to increase their income. They may also be able to receive loans or assistance from local, state, and national agencies, including:

- **The Federal Emergency Management Agency (FEMA)**
- **The Small Business Administration, which offers disaster-relief loans**
- **Local city or county government or non-profits that offer loans or assistance (e.g., property tax relief)**
- **American Red Cross**

Refer participants to Increase Your Income beginning on page 9 of their Participant Guide.

Additional tips for increasing your income are listed in your Participant Guide.

Instructor Notes	Presentation

Decrease Your Expenses

Slide 9

If you struggle to figure out how to begin decreasing your spending:

- Start small by reducing or eliminating one new expense every month or two
- Eliminate or reduce expenses that are wants and desires versus needs
- Think twice before spending or purchasing items that do not help you reach your financial recovery goals
- Plan and save for certain items rather than using your credit card

Let us look at another scenario and discuss how Debra might decrease her monthly expenses. You may be able to apply these tips to your own situation. *[Alternatives to the scenarios include having the class list ways they can increase their own income, or having participants pair off and each person share two to three ways they can increase their income.]*

Scenario

Dedra and her husband, Leon, had always lived within their means. Then their world was turned upside down when Leon passed away. A year later, Dedra is still struggling with the loss of her husband, large medical bills, and the need to provide for her children. While she received some life insurance money, she cannot maintain their previous lifestyle, and she has some difficult decisions to make.

She has been watching her spending and thinking of ways she can cut expenses or save money. For instance, going out to eat is now a special treat rather than a regular occurrence. Dedra cooks more and has started making grocery lists and menus based on sale items to save money. She has also eliminated extra telephone services (e.g., caller ID and call waiting), and reduced her cable and Internet service plans.

If Dedra is tempted to buy something, she considers whether the purchase is a "want" or a "need," how it fits into her financial goals, and whether the purchase will impact those goals. If Dedra determines she or her children really need something, she no longer goes straight to the store to purchase it. She shops at thrift and consignment stores, yard sales, or goes online to find the cheapest deal.

Refer participants to Decrease Your Expenses on page 11 of their Participant Guide.

Can you think of other ways Dedra and others may be able to decrease their expenses? Additional tips for decreasing your expenses are listed in your Participant Guide.

Instructor Notes	Presentation

Slide 9
Click the space bar, right arrow, or mouse to display each of the bullets for prioritizing your expenses as you discuss them.

Refer participants to Prioritize Your Expenses beginning on page 11 of their Participant Guide.

Prioritize Your Expenses

[If you skipped Activity 1:]
When struggling to meet your monthly expenses, how might you prioritize your expenses? Can you think of any reason why you should pay some bills before others? *[Facilitate a discussion on spending priorities. Assess how participants prioritize their spending based on the recommendation provided.]*

[If you used Activity 1:]
When reviewing Shanise's situation, we briefly discussed how to prioritize your expenses when you cannot meet all of your expenses. Let us talk a little more about how you might do that.

Basic Necessities
Your basic human necessities (mortgage/rent, food, utilities, and transportation) should always come before paying other expenses or creditors.

What should you do if you fear you cannot make your mortgage payment?

- If you cannot make a mortgage payment, or fear you are at risk of foreclosing on your home, contact your lender immediately to explain your situation and negotiate a payment plan until you can resume regular payments.
- You may also want to contact the United States (U.S.) Department of Housing and Urban Development (HUD) at www.hud.gov, or **1-800-569-4287** to locate a HUD-approved housing counselor near you.

What should you do if you fear you cannot make your car payment?

- If you are having difficulties paying your car loan and foresee that you are getting close to defaulting on your loan, consider selling the car yourself to pay off the loan to avoid the repossession expenses (e.g., towing and storage costs) and the negative impact on your credit report.

High-Priority Expenses
If you have other high-priority expenses you would pay these after paying your basic necessities. High-priority expenses may include:

- Insurance premiums to ensure you have adequate coverage on your home, home contents, car, health, and life
    - You may be tempted to cut or eliminate these premiums, but

Instructor Notes	Presentation

think twice before you do. Having adequate insurance may help you and your family avoid further financial setbacks should something unexpected happen.

- Medicines, medical bills and health, vision, and dental expenses
- Other expenses that you deem important and a high priority

Remaining Expenses

Prioritize any remaining expenses based on the money you have left each month. If you are unable to meet all of your expenses after determining ways to increase your income and decrease your expenses, contact your creditors and explain your situation. We will talk about contacting your creditors later in the module.

Refer participants to My Spending Priorities on page 13 of their Participant Guide. If time permits, have participants begin listing their expenses by priority, or have them share how they might reprioritize their expenses.

Think about the way you have been prioritizing your spending or paying expenses up to this point. Have you followed this recommendation? Do you need to reprioritize your expenses? As you are evaluating your current financial situation, you can use the My Spending Priorities table on page 13 of your Participant Guide to revise your spending priorities and identify ways you can decrease your expenses.

Answers any questions. Note: Now may be a good time to take a short break.

What questions do you have about increasing your income and prioritizing and decreasing your expenses?

Now that we have discussed the first step to financial recovery, we will move on to Step 2: Develop a Financial Recovery Plan.

Instructor Notes	Presentation

Step 2: Develop a Financial Recovery Plan

15 minutes

Slide 10

Why Develop a Financial Recovery Plan?

A *financial recovery plan* will help you determine strategic ways you can:

- Save money
- Pay your bills
- Reduce or eliminate your debt

Your financial recovery plan should include:

- Financial goals
- A spending plan to meet these goals

To reach your financial goals, it is extremely important to involve all family members, including older children, in determining how you might increase your income or decrease your expenses to meet your financial goals.

Let us talk more about setting financial goals.

Set Financial Goals

Slide 11

Provide goal setting tips.

Before you create a spending plan, you should have financial goals in mind. Here are some steps to help you set financial goals:

1. **Identify and write down your financial goals** to keep you accountable and focused on your goals.

   Make sure your financial goals are SMART:

   - **S**pecific
   - **M**easurable
   - **A**ttainable or Achievable
   - **R**elevant
   - **T**ime-bound or time-based

   Example: Shanise wants to buy a house *(Note: you can replace house with townhouse or condo if more applicable.)* within five years. She would like to save $15,000 for the down payment and closing costs. If she can save $3,000 each year, or $250 each month, she can reach her goal.

   Her goal is specific, measurable, and time bound. We assume it is relevant to a need or desire she has. However, if she has experienced a financial setback, her overall goal and her yearly and monthly goals may

Instructor Notes	Presentation

not be attainable within the timeframes she has set. We will come back to this example in a minute.

2. **Organize your financial goals** by timeframes (e.g., you may have an immediate goal to develop a spending plan and future goals to pay off credit card debt or save for a home, a car, a vacation, your children's college education, or retirement).

3. **Evaluate your progress.** To make your SMART goals SMARTER, you must **E**valuate and **R**eevaluate your goals regularly. At a minimum, consider evaluating your goals semi-annually. If you are not making satisfactory progress toward reaching a particular goal, reevaluate your approach and make changes as necessary.

   Example: Shanise currently has more expenses than income and cannot save $250 a month. How might she adjust her goals?
   Answer: She may choose to extend her savings timeframe to six or seven years, or change her monthly and year goals (e.g., reduce her monthly/yearly savings amount the first year or two and increase the amounts after her financial situation has improved). She might also talk with a HUD-approved financial counselor to see if she qualifies for any homebuyer assistance programs to reduce the amount she needs to save.

Answer any questions.

What questions do you have about setting financial goals?

Now let us take a minute so you can think about your financial goals.

Activity 2: My Financial Goals

Slide 12
Refer participants to Activity 2: My Financial Goals on page 14 of their

Turn to page 14 of your Participant Guide and write down one or two main financial goals and any supporting goals to help you achieve these main goals. Make sure they are SMART goals.

Would anyone like to share one of their goals and a supporting goal?

[Ask the person and/or class:] Are the goals specific, measurable, attainable, realistic, and timely? If not, what changes can be made to make them more specific, measurable, attainable, realistic, and/or timely?

Now that you have started thinking about your financial goals, you can

Instructor Notes	Presentation

Participant Guide. Answer any questions before continuing.

complete this form and further define your financial goals after this class.

What questions do you have before we continue?

Develop a Spending Plan

Slide 13
Ask for a show of hands. Then allow several participants to share benefits of a spending plan before clicking the space bar, right arrow, or mouse to review the points.

A good way to start taking control of your financial situation is to develop a personal spending plan. A *spending plan* is a step-by-step plan for meeting expenses and financial goals in a given period of time.

How many of you already have a spending plan? What are some of the benefits of 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 because a spending plan is all about choices—choosing how to use your money
- Helps you build assets that will improve the quality of life for you and your family

Spending Plan Tools

Refer participants to Spending Plan Tools beginning on page 15 of their Participant Guide.

There are many different tools you can use to document your spending plan. Several spending tools are listed in your Participant Guide. Select the tool you are most comfortable with. More information about spending plan tools is covered in the *Money Matters* module.

Keeping accurate records helps you successfully implement and follow a spending plan. Here are some recordkeeping tips:

- Keep financial records in a safe place or in a safe deposit box.
- Organize your files so it is easy to find important financial information.
- Keep your tax records for at least three years.

Answer any questions. Then introduce the next topic. Note: Now may be a good time to stop if dividing the class into two sessions.

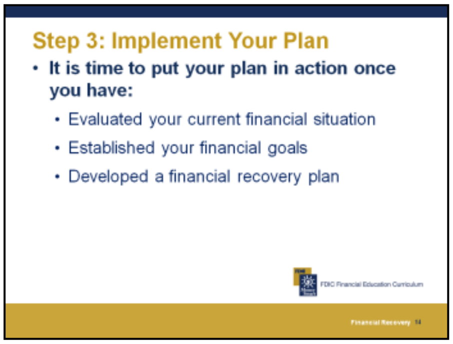
What questions do you have about developing a spending plan or using these tools?

Now we are ready to move on to Step 3: Implement Your Plan.

Instructor Notes	Presentation

Step 3: Implement Your Plan

20 Minutes



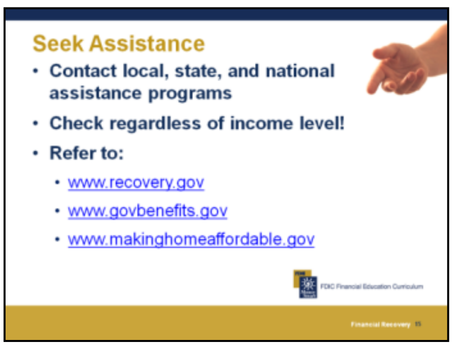
Slide 14

Take Action

It is time to put your plan into action once you have:

- Evaluated your current financial situation
- Established your financial goals
- Developed a financial recovery plan

Seek Assistance



Slide 15

Refer participants to Seek Assistance on page 16 of their Participant Guide. Provide participants with any local and state assistance programs that are specific to your area.

When you are ready to put your financial recovery plan into action, you may need assistance to help cover your monthly expenses (e.g., mortgage, rent, food, and utility bills).

To identify and learn about local, state, and national assistance programs:

- Ask friends and family members if they are familiar with any assistance programs.
- Contact your utility providers and ask about assistance programs, or visit their website for information and enroll if applicable.
- Call 211 or visit www.211.org.
- Look for food banks and national food assistance programs that may operate in your area.
- Contact your local Department of Human Services or Social Services.
- Seek referrals through your Employer Assistance Program, unemployment office, financial counselor, or financial advisor.

If you think you make too much money to qualify for assistance programs, do not assume! Check regardless of your income level. There are programs available that do not have income guidelines or provide benefits to those in a medium or moderate income level.

Additionally, you can refer to:

- www.recovery.gov for more information about initiatives resulting from the Recovery Act

Instructor Notes	Presentation

- www.govbenefits.gov for details on the broader array of federal loan programs and to determine if you are eligible for government benefits
- www.makinghomeaffordable.gov to determine if you are eligible for programs that help you avoid foreclosure or overcome obstacles to refinancing your home loan
    - Note: you can also call your mortgage lender or loan servicer to find out if your loan is eligible. If you already know that your loan is held or guaranteed by Fannie Mae or Freddie Mac, you can contact them at **1-800-7FANNIE** or **1-800-FREDDIE** to see if you qualify for this program.

Answer any questions. Then introduce the next topic.

What questions do you have?

Now, we will talk about how to handle your creditors.

Rebuild Your Credit

Slide 16

After experiencing a financial setback, there are two ways to rebuild your credit: do it yourself or use a reputable credit counseling agency.

To repair 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 to avoid the temptation of applying for them.

Get a Copy of Your Credit Report

Slide 17

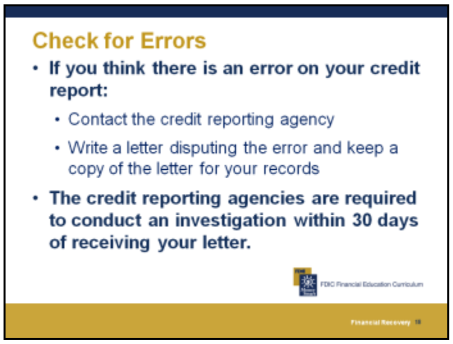
Refer participants to page 17 of their Participant Guide.

When trying to recover financially, it is important to review your credit report and make sure there are no errors impacting your credit score. The Federal Fair Credit Reporting Act requires each of the credit reporting agencies (Equifax, Experian, and TransUnion) to provide you with a free copy of your credit report, at your request, once every 12 months.

You may order your credit report from www.annualcreditreport.com. This is the only online source authorized to do so. Beware of other sites that may look and sound similar.

Instructor Notes | **Presentation**

Check for Errors



Slide 18

It is your responsibility to ensure that your credit report is accurate. Credit reporting agencies do not check the accuracy of reported information unless you ask them to.

- It is best to review your credit report from each of the three credit bureaus once every 12 months or, at a minimum, before making large purchases with credit (e.g., buying a home or a car).
- If you think there is an error on your credit report, contact the credit reporting agency and write a letter disputing the error. Keep a copy of the letter for your records. (A sample dispute letter can be found on page 17 of your Participant Guide.) You may also be able to file the dispute online through the credit bureau's website.
- The credit reporting agencies are required to conduct an investigation within 30 days of receiving your letter.

Answer any questions.

What questions do you have about how to dispute a credit report error?

Identity Theft

Refer participants to Identity Theft on page 18 of their Participant Guide.

It is important to make sure your credit report is accurate and you have not become a victim of identity theft. *Identity theft* occurs when thieves steal your personal information (e.g., your Social Security Number (SSN), birth date, or credit card number(s) and use your identity to commit fraud or other crimes.

If you believe you are a victim of identity theft, the Federal Trade Commission (FTC) recommends you immediately take the following actions:

- File a report with your local police, and get a copy of the report.
- Contact your creditors about any accounts that have been changed or opened fraudulently. Ask to speak with someone in the security or fraud department.
- Follow up in writing and include copies of supporting documents.
- Keep records of your conversations and all correspondence.
- Use the Identity Theft Affidavit at www.ftc.gov/idtheft to support your written statement.
- File a complaint with the FTC using the online complaint form (www.ftccomplaintassistant.gov) or call the FTC ID Theft Hotline.
- Ask for verification that the disputed account has been closed and the fraudulent debts discharged.

Instructor Notes	Presentation

You may have experienced identity theft or other forms of financial abuse in a domestic violence situation. If an abusive partner took out credit cards in your name without your knowledge or used your name in other ways (such as to rent furniture) without your permission, contact a local domestic violence program or legal services provider for help. See womenshealth.gov/violence/.

You can learn more about identity theft by:

- Completing the *Keep It Safe* and *To Your Credit* modules
- Calling the FTC's Identity Theft Hotline at **1-877-IDTHEFT (438-4338)** or visiting www.ftc.gov/idtheft.

Answer any questions. Then introduce the next topic.

What questions do you have about identity theft?

When rebuilding your own credit it can be challenging to deal with creditors. We will briefly discuss your rights and how to handle creditors.

Paying Your Creditors

If you are contacted by a creditor or debt collector, first make sure you really owe the money they claim. Every collector must send you a written "validation notice" saying how much money you owe within five days after they first contact you. This notice must include the name of the creditor to whom you owe the money, and how to proceed if you do not think you owe the money. If you send the debt collector a letter within 30 days stating that you do not owe any or all of the money, or asking for verification of the debt, that collector must stop contacting you. But a collector can begin contacting you again if it sends you written verification of the debt, such as a copy of a bill. Assuming you owe the debt, let us talk about how to handle it.

Allow several participants to respond to the questions. Then provide or confirm the answers.

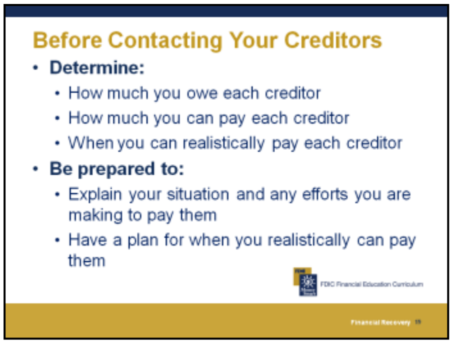
Refer participants to Paying Your Creditors on page 18 of their Participant Guide.

You may feel pressured by creditors and lenders to pay their bills first. However, you should pay your basic necessities (e.g., mortgage, rent, utilities) before paying other creditors (e.g., credit card companies).

What should you do if you are behind in your bills and cannot make a full or partial payment to your creditor?

Answer: Call your creditors as soon as you know you cannot make a payment. If you avoid their calls, they will only call more frequently. We will discuss ways to negotiate with your creditors later in the module.

Instructor Notes	Presentation



Slide 19

Refer participants to Before Contacting Your Creditors beginning on page 18 of their Participant Guide.

Before Contacting Your Creditors

Before you contact your creditors, determine:

- How much you owe each creditor
- How much you can pay each creditor, which you should know after completing Step 2: Develop a Financial Recovery Plan
- When you can realistically pay each creditor if you are unable to make a current payment

If you can pay the creditor some amount of money, consider whether you want to negotiate:

- A reduced monthly payment for a period of time
- A loan refinance to reduce the interest rate and lower your monthly payments
- A payment deferment if you will have regular income or can make regular payments in the next few months
- Reduced or dropped late charges while you are facing financial difficulties
- Interest only payments until you can make regular monthly payments

Keep in mind these options may require you to make payments for a longer period of time and incur additional finance charges. Yet, you may be able to avoid collections and further damage to your credit.

If you cannot pay your creditors:

- Be prepared to explain in detail why you cannot pay them and/or why you have fallen behind on past payments.
- Explain any efforts you are making (e.g., increasing income, decreasing expenses) in order to pay them.
- Have a plan of when you can realistically pay them and how much you can pay them.
- Understand that the creditor may turn your account over to a collection agency if your payments are more than 90 days late. The company may also take legal action against you for the unpaid debt as stated in the sales contract or loan agreement.

Under the Fair Debt Collection Practices Act (FDCPA), debt collectors other than your creditor cannot:

- Contact you at any unusual time or place
- Contact you at work if you have informed them not to call you there

Instructor Notes	Presentation

- Use threats of violence or other criminal means to harm you or your property
- Call you with the intent to annoy, abuse, or harass you
- Call you without identifying themselves
- Use deceptive or misleading methods to collect debt

If you feel you are being harassed or treated unfairly by creditors, make sure you know your rights. Learn more from the FTC website at www.ftc.gov. Report any problems you have with a debt collector to your state Attorney General's office (www.naag.org) and the FTC (www.ftc.gov).

Contact Your Creditors

Refer participants to Contact Your Creditors beginning on page 19 of their Participant Guide.

Slide 20

You may contact your creditor by phone or letter. However, if dealing with a local creditor (e.g., bank loan officer, store credit manager, physician, hospital, and dentist) you may choose or have to talk to them in person.

Consider the following tips when talking with your creditors or contacting them by phone:

- Document the conversation. Write down the name of the creditor and representative(s) you spoke with, the date and time of the conversation, and the discussion points or decisions made by you and the creditor.
- Do not yell or curse at the representative. Many creditors want to work out a solution to the debt that works for you and your budget, so stay calm. If you start to get frustrated because you are not getting what you had hoped for, thank the representative, end the conversation, and try speaking with another representative or supervisor later. If the creditor is not willing to work with you, you may want to consider using a reputable credit counseling agency to help you negotiate a better deal.
- Ask if they offer "hardship" programs for customers having financial difficulty. "Hardship" is a key term to use when seeking a temporary reduction in your monthly payment and interest rate.
- Be honest with yourself and your creditors. Do not accept any deal that you cannot fulfill. Be firm in stating what you can realistically pay and when.

Following the conversation:

- Send a letter to the creditor summarizing the agreement you made. Keep a copy for your records.

Instructor Notes	Presentation

- Stick to the agreement made and contact the creditor immediately if you cannot meet your obligations.

If initially contacting your creditor in writing:

- Provide your name and account number.
- State that you are unable to meet the minimum monthly payment on your account.
- Inform them of your financial difficulties. Be specific about your:
    - Budgeting and debt problems (e.g., state the number of creditors you owe, the total amount you owe, your net monthly income, and amount you have after paying basic living expenses)
    - Reasons for these difficulties (e.g., due to unemployment, illness, or disability).
- Explain the actions you have taken to evaluate and improve your situation (e.g., set up a realistic budget, and sought financial counseling).
- State your request (e.g., reduce the monthly payment, defer a payment for a month, or accept a payment in the amount of X on Y date).
- Include the date in which you plan to return to your regular monthly payments, if known.

Answer any questions. Then introduce the next topic.

Note that you could even write a letter to your creditor and use it as a script when calling your creditor. Then, include any agreements made before sending the letter to your creditor.

What questions do you have about contacting your creditors?

Now we will review some additional tips for rebuilding your credit.

Additional Tips to Rebuilding Your Own Credit

Refer participants to Additional Tips to Rebuilding Your Own Credit on page 20 of their Participant Guide. Review

Here are some additional tips to rebuilding your own credit:

- Recognize when you can realistically start to rebuild your credit. Having poor credit may be necessary or a reality in order to ensure you keep your home, have food and basic utilities for your family, and have transportation in order to work.
- Continue to communicate with your creditors as you rebuild your credit, and contact them right away if you cannot make a payment.
- Reduce your expenses by paying off the balance on loans with the

Instructor Notes	Presentation

some of the main points and encourage participants to review these tips after class.

highest interest rate first. These are usually your credit cards.

- Avoid using credit cards or loans for purchases. Plan and pay for future purchases using cash or a debit card linked to your checking account.
- Turn to a reputable credit counselor if you have serious problems paying off your credit card debt. Some can help you for little or no cost.
- Avoid *debt consolidation traps*. These are loans that you get in order to help pay off what you owe on several credit cards. They can be either secured loans (e.g., home equity loans) or unsecured loans. Some dishonest lenders may also trick you into signing up to consolidate bills with a loan that costs more than the old loan. This can leave you paying more in interest and loan origination fees. Shop around so that you have a way of deciding on the debt consolidation loan that best meets your needs and budget.
- Avoid debt settlement companies and credit repair websites that charge high rates and application fees.
- Use bankruptcy only as a last resort.

Bankruptcy:

- Eliminates most debts; however, certain back taxes, child support, alimony, and student loans must still be paid
- Forces you to pay higher credit rates and receive less favorable terms on future loans
- Stays on your credit report for seven to ten years
- Makes it difficult to get a mortgage, open a bank account, buy life insurance, or get a job because creditors and employers can run a credit check to determine your history of past financial commitments

The law now requires that you receive credit counseling before filing for bankruptcy. You should also seek sound legal counsel before filing for bankruptcy. For more information on bankruptcy, visit:

- http://www.ftc.gov/bcp/edu/pubs/consumer/credit/cre41.shtm
- http://www.uscourts.gov/bankruptcycourts/bankruptcybasics.html

Answer any questions. Then introduce the next topic.

What questions do you have about rebuilding your credit?

I mentioned there were two ways to rebuild your credit, so let us talk about using a credit counseling agency.

Instructor Notes	Presentation

Using a Credit Counseling Agency

Slides 21-22

Refer participants to Tips for Choosing a Credit Counseling Agency beginning on page 21 of their Participant Guide. Encourage participants to review the questions in more detail after class if they decide to use a credit counseling agency.

You may choose to contact a credit counseling agency when rebuilding your credit.

Has anyone worked with a credit counseling agency in the past? Who would like to share their experience?

A credit counseling agency might be right for you if you:

- Need help creating a spending plan
- Have trouble sticking 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

They can help you:

- Manage your money and debts
- Develop a spending plan
- Learn about consumer credit, money and debt management by offering free educational materials and workshops

If you decide to use a credit counseling agency when rebuilding your credit, the FTC provides the following tips for choosing a reputable credit counseling agency:

- Interview several credit counseling agencies before signing a contract.
- Check with your state attorney general, local consumer protection agency, and the Better Business Bureau to find out if consumers have filed complaints about the agency you are considering. A reputable agency will send you free information about itself and the service it provides without requiring you to provide any details about your situation. If the agency will not do this, find another agency.
- Ask questions about services, fees, and a repayment plan. These questions are listed in your Participant Guide.

For additional information on choosing a reputable financial counselor, visit www.ftc.gov/bcp/edu/pubs/consumer/credit/cre26.shtm.

Answer any questions. Then introduce the next topic.

What questions do you have about using a credit counseling agency? Before we continue, let us discuss credit repair scams.

Instructor Notes	Presentation

Slide 23

Refer participants to Credit Repair Scams on page 22 of their Participant Guide.

Credit Repair Scams

Only consistent efforts and making payments on your debts will improve your credit. Therefore, choose your credit counseling agency carefully. Some businesses make promises about repairing your credit that they cannot deliver.

Beware of companies that:

- Promise to erase your bad credit or to remove bankruptcies and judgments from your credit file. No one can have accurate information removed.
- Promise fast and easy credit repair. If you have bad credit, it can take years to repair your credit legitimately.
- Offer to create a new identity for you. If you make false statements on loan applications or use a fake SSN you will be committing fraud. You can also be charged with mail or wire fraud if you use the mail or telephone to apply for credit and provide false information.
- Want you to pay for credit repair services before providing any service. Legitimate companies provide a service before requesting payment.
- Will not tell you your rights and what you can do yourself: Remember, you can order your credit report yourself. If you see errors on your report, you can also request that the credit reporting agencies make appropriate changes.

Now I am going to read a few credit repair scams. I want you to tell me which credit repair statement on the slide indicates that the statement I read might be a scam.

The credit repair agency promises to erase negative credit information and remove bankruptcies and judgments from your credit file. Which statement on the slide indicates this could be a scam?
Answer: No one can have accurate information removed from your credit report.

The credit repair agency offers to create a new SSN for you. Which statement on the slide indicates this could be a scam?
Answer: No one can create a new identity for you.

If you make false statements on loan applications or use a fake SSN you will be committing fraud. You can also be charged with mail or wire fraud if you

Instructor Notes	Presentation

use the mail or telephone to apply for credit and provide false information. This credit repair agency promises you fast and easy credit repair. Which statement on the slide indicates that this is a scam?
Answer: It can take years to repair bad credit legitimately.

In addition to credit repair scams, be aware of other frauds tied to economic difficulties (e.g., con artists preying on people who need jobs).

- One common example involves attractive offers to work part-time from home, but the end result is that the new "employer" commits identity theft or check fraud.
- Another involves mystery shopper programs, in which you are supposedly hired to report on your experience doing business at a retailer, but instead you lose money in a fake check scam.

You can protect yourself from these and other financial scams by:

- Being extremely skeptical of unsolicited offers that involve "updating" or "confirming" personal information, or requirements that you send a payment or provide bank account information before receiving anything in return.
- Walking away from any offer from a stranger that would involve a large check to be deposited into your account and instructions to wire any of that money back, perhaps to someone in another country. In this type of scam, victims may end up owing thousands of dollars to the financial institution that wired the money.

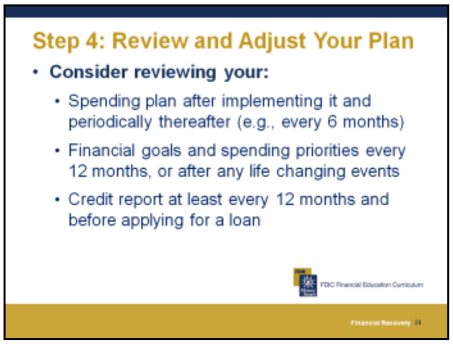
Answer any questions. Then introduce the next topic. Note: Now may be a good time to take a short break.

What questions do you have about implementing your financial recovery plan?

In the next section, we will discuss Step 4: Review and Adjust Your Plan.

Instructor Notes	Presentation

20 Minutes



Slide 24

Refer participants to page 23 of their Participant Guide.

Step 4: Review and Adjust Your Plan

Review Your Financial Recovery Plan Regularly

There are many unexpected and life-changing events that can impact your financial status. Therefore, you should regularly:

- Review your financial situation
- Adjust your financial recovery plan accordingly

Consider reviewing your:

- Spending plan a month or two after implementing it, and periodically thereafter (e.g., every six months)
- Financial goals and spending priorities every 12 months, or after any life changing events
- Credit report at least every 12 months to check for errors and monitor your progress if rebuilding your credit and before applying for a loan

Slide 25

Adjust Your Financial Recovery Plan

You may need to review and adjust your financial recovery plan:

- When your income and/or expenses change (increase or decrease)
- When you accomplish, adjust, or create a new financial goal
- When you transition to a new life stage (e.g., get married, have a baby, pay for children's college education, or prepare for retirement)
- Before something unexpected happens (e.g., a car accident or natural disaster that destroys your home)

When reviewing your financial recovery plan, do not forget to review any insurance coverage, retirement plans, and investments you have.

Slide 26

Explain the need for adequate

Review and Adjust Your Insurance Coverage

Insurance is an important part of managing your money.

- It is protection for you (and your family) from financial loss if the unexpected happens (e.g., you can get insurance to protect you if you become ill or disabled and are unable to work, to protect you in the event of an accident or property damage, or to provide for your loved ones in the event of your death).
- If you do not plan ahead and protect yourself with insurance, you may have to use funds set aside for other financial goals or emergencies, or go further into debt by borrowing money.

Instructor Notes	Presentation

insurance coverage.

Review your insurance coverage at least once a year and consult with an insurance representative about purchasing additional insurance or adjusting the coverage, if necessary. There are many types of insurance and determining how much and what type of insurance you need will depend on your circumstances.

If you own a home know what natural disasters are covered by your standard homeowners insurance policy, and whether you need to purchase additional insurance to cover events (e.g., floods, tornados, hurricanes, earthquakes, or landslides). Often people think they are adequately covered, until a natural disaster strikes. Do not let that happen to you!

For free tips and online tools and information about insurance, check with organizations (e.g., your state's department of insurance, the Better Business Bureau, and the FTC) and visit:

- www.mymoney.gov
- www.dol.gov
- www.ssa.gov
- www.naic.org
- www.insureuonline.org

Review and Rebuild Your Investments

Slide 27

Some people take money out of their retirement or investment accounts when they suffer a serious setback, and in the process:

- They must pay thousands of dollars in taxes and penalties for withdrawing the money.
- They may deplete or greatly decrease the amount of money they had saved for retirement or other expenses (e.g., their children's college education or a home).

Others may experience investment losses due to risky or poor investment choices or a drop in the stock market.

Here are some tips for reviewing and rebuilding your investment portfolio:

- Review your investment portfolio at least once a year, when you experience any major life changes, or when the market changes.
- Review and adjust your allocations according to your risk tolerance and the amount of time you have before you need to use the money.
- Assess the fees and annual expenses you are charged and shop around for funds with lower fees and expenses.

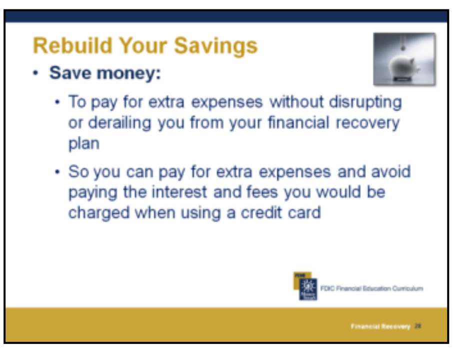
Instructor Notes	Presentation

- Reinvest your dividends.
- Increase your retirement contributions by one or two percent. You will not see a significant drop in your paycheck, but you should see significant increases in your earnings over time.
- Educate yourself and learn more about managing and building your investments rather than following investment advice blindly.
  - Read the prospectus of an investment product or instrument carefully.
  - Get more information from reliable sources:
    - **Internal Revenue Service**: www.irs.gov
    - www.pueblo.gsa.gov/cic_text/money/401k/401k.htm
  - Use resources at the public library to educate yourself.

Answer any questions.

What questions do you have about reviewing and adjusting your insurance coverage and investment plans?

Rebuild Your Savings



Slide 28

Once you are on the path to recovery, you should consider rebuilding your savings. This allows you to pay for extra expenses without disrupting or derailing you from your financial recovery plan. These extra expenses may include:

- Unexpected home or car repairs and other unexpected expenses (e.g., medical expenses)
- Expenses that occur once or twice a year (e.g., property taxes and insurance premiums)
- Foreseen future expenses (e.g., a heat pump, water heater, or roof that is getting old and needing to be replaced)

If you can pay for extra expenses with your savings you can avoid paying the interest and fees you would be charged when using a credit card.

However, here are a few tips to consider when beginning to save:

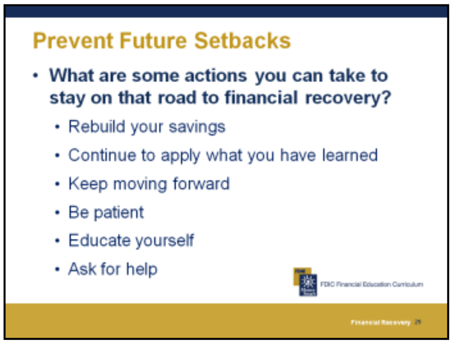
- Start small and slowly increase the amount of money you save.
- Be respectful of your savings and only use it when necessary (e.g., car breaks down and you need to repair it so you can get to work).
- Make extra monthly payments to yourself once you have paid off a credit card or loan, or when you receive extra income.

Answer any questions.

What questions do you have about rebuilding your savings?

Instructor Notes	Presentation

Prevent Future Financial Setbacks



Slide 29

Allow participants to respond. Click the space bar, right arrow, or mouse to reveal the points. Refer participants to Prevent Future Financial Setbacks on page 24 of their Participant Guide.

You have learned about the steps you can take to recover financially, even when faced with financial setbacks. Now let us review some actions you can take to stay on that road to financial recovery. Can you name a few?

Answers:

- **Rebuild your savings to pay for extra expenses and avoid incurring debt while trying to recover financially.**
- **Continue to apply what you have learned about financial recovery and managing your finances (e.g., controlling and monitoring your spending and regularly reviewing and adjusting your plan) even after you have recovered.**
- **Keep moving forward. If you experience a setback or get off track do not panic or let it get you down. Learn from any mistakes you might have made, make adjustments, and get back on track.**
- **Be patient. Remember, the financial recovery process is a slow and steady one. It can take several years to fully recover financially and rebuild your credit.**
- **Educate yourself. You have done that today by completing this module but do not stop here. Continue to educate yourself and learn how you can better manage your finances. Everyone's situation is unique, so take what you have learned and determine how it can be applied to your situation.**
- **Ask for help and talk with others in a similar financial situation. Many people do not like to disclose their financial situation to others, but you must be able to recognize when help is necessary so you can achieve your financial goals. You may also feel better if you can share your situation with others who understand what you are going through and can offer helpful advice.**

Answer any questions.

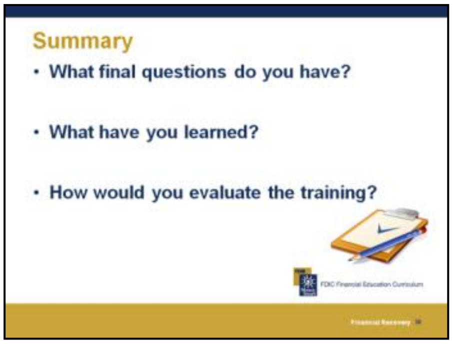
What questions do you have about reviewing and adjusting your financial recovery plan?

Let us review what you have learned.

Instructor Notes	Presentation

Wrap-Up

15 minutes



Slide 30

Answer any final questions. Have participants complete the Post-Test and/or What Do You Know? form along with the evaluation form.

Summary and Post-Test

We have covered a lot of information today about financial recovery. What final questions do you have?

Now we will see what you have learned by completing *[a short Post-Test beginning on page 25 of your Participant Guide and/or the "After the Training" column of the What Do You Know? form that you completed earlier]*.

Who would like to share one thing they learned from this training?

To improve the training, we need your feedback. Please complete the Evaluation Form on pages 30 and 31 of your Participant Guide.

Slide 31

Review what was covered in the module and ensure participants' expectations, questions, and concerns have all been covered.

Conclusion

Congratulations! You have completed the *Financial Recovery* module. 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

You should now be able to take steps toward recovering financially and rebuilding your credit. Great job on completing the *Financial Recovery* module! Thank you for participating.

Post-Test

Now that you have gone through the course, see what you have learned.

1. What is the final step in the financial recovery process?
    a. Evaluate your current financial situation
    b. Develop a financial recovery plan
    c. Establish financial goals
    d. Evaluate and adjust your financial recovery plan

2. To assess your current financial situation you should examine your:
    a. Income
    b. Expenses
    c. Debt
    d. All of the above

3. Which of the following are ways to increase your income without negatively impacting your financial future or financial recovery plan if you are experiencing a financial setback? Select all that apply.
    a. Seek financial assistance (e.g., unemployment or emergency assistance)
    b. Take out a loan
    c. Take money out of your retirement or investment accounts
    d. Use your talents or hobby to make extra money

4. Which of the following are ways you can decrease your expenses without negatively impacting your financial future or financial recovery plan? Select all that apply.
    a. Buy items you want but do not need
    b. Reduce or eliminate extra expenses
    c. Pack lunches or eat at home rather than eating out
    d. File for bankruptcy

5. Which of the following are specific and measureable financial goals? Select all that apply.
    a. Save money to buy a home, car, etc.
    b. Pay off my credit card with the highest balance first
    c. Reduce my expenses by $100 a month so I can pay my mortgage/rent
    d. Try to rebuild my credit for six months before determining whether to use a credit counseling agency

6. When prioritizing your spending, what order should you pay your expenses? Rank each with the number 1, 2, 3, or 4. Number 1 represents the highest priority or first expense you would pay.
    a. Creditors or lenders **4**
    b. Basic necessities **2**
    c. Yourself (savings) **1**
    d. Other high-priority expenses (e.g., insurance premiums, medical bills) **3**

7. Select all that apply. To guard against credit repair scams, you should be careful of companies that:
   a. Ask for payment before you receive any services
   b. Promise to help you repair your credit in a slow and steady manner
   c. Tell you your rights and what you can do to repair your own credit
   d. **Promise to erase your bad credit, or to remove bankruptcies and judgments from your credit file**

8. What should you do before you contact your creditors when you know you cannot make a payment?
   a. Calculate how much you owe each creditor
   b. Know how much you can pay each creditor
   c. Establish when you can realistically pay each creditor
   d. All of the above

What Do You Know? – Financial Recovery

Instructor: ________________________________ Date: ___________________

This form will allow you and the instructors to see what you know about financial recovery both before and after the training. Read each statement below. Please circle the number that shows how much you agree with each statement.

	Before the Training				After the Training			
I can:	Strongly Disagree	Disagree	Agree	Strongly Agree	Strongly Disagree	Disagree	Agree	Strongly Agree
1. Assess my current financial situation	1	2	3	4	1	2	3	4
2. Identify ways to increase income and decrease and prioritize my expenses	1	2	3	4	1	2	3	4
3. Develop a financial recovery plan	1	2	3	4	1	2	3	4
4. Identify steps to successfully implement a financial recovery plan	1	2	3	4	1	2	3	4
5. Recognize how to guard against credit repair scams	1	2	3	4	1	2	3	4
6. Identify timeframes to review and adjust my financial recovery plan	1	2	3	4	1	2	3	4

Evaluation Form

This evaluation will enable you to assess your observations of the *Financial Recovery* module. Please indicate the degree to which you agree with each statement by circling the appropriate number.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1. Overall, I felt the module was: [ ] Excellent [ ] Very Good [ ] Good [ ] Fair [ ] Poor					
2. I achieved the training objectives.	1	2	3	4	5
3. The instructions were clear and easy to follow.	1	2	3	4	5
4. The overheads were clear.	1	2	3	4	5
5. The overheads enhanced my learning.	1	2	3	4	5
6. The time allocation was correct for this module.	1	2	3	4	5
7. The module included sufficient examples and exercises so that I will be able to apply these new skills.	1	2	3	4	5
8. The instructor was knowledgeable and well-prepared.	1	2	3	4	5
9. The worksheets are valuable.	1	2	3	4	5
10. I will use the worksheets again.	1	2	3	4	5
11. The participants had ample opportunity to exchange experiences and ideas.	1	2	3	4	5
	None				Advanced
12. My knowledge/skill level of the subject matter before taking the module.	1	2	3	4	5
13. My knowledge/skill level of the subject matter upon completion of the module.	1	2	3	4	5
14. Name of Instructor: Instructor Rating: Please use the response scale and circle the appropriate number.	Response Scale: 5 Excellent 4 Very Good 3 Good 2 Fair 1 Poor				
Objectives were clear & attainable	1	2	3	4	5
Made the subject understandable	1	2	3	4	5
Encouraged questions	1	2	3	4	5
Had technical knowledge	1	2	3	4	5

What was the most useful part of the training?

___

___

___

What was the least useful part of the training and how could it be improved?

___

___

___

Glossary

Annual Percentage Rate (APR): The cost of your loan expressed as a yearly percentage rate.

Credit: The ability to borrow money.

Credit Cards: Credit cards allow you to buy goods or services and pay for them over time, receiving a bill each month.

Credit Report: A full credit history within a consumer's credit file at the credit bureaus.

Credit Score: A calculation based on a consumer's credit history that is intended to predict future credit performance for that consumer.

Fair Debt Collection Practices Act: A law that helps eliminate abusive debt collection practices.

Fees: The amount charged by financial institutions for various activities.

Finance Charge: The finance charge is the cost of credit. It includes interest, service charges, and transaction fees.

Financial Recovery Plan: A strategic way you can increase your income and reduce your expenses so that you can ultimately save money, pay your bills, and reduce or eliminate your debt.

Fixed Rate: The interest rate stays the same throughout the term of the loan.

Grace Period: The number of days you have to pay your balance before a creditor starts charging interest.

Home Equity Loan: A loan that allows a homeowner to borrow money that is secured by their home.

Home Refinancing Loan: A process by which an existing home loan is paid off and replaced with a new loan.

Interest: The amount of money a financial institution charges for letting you use its money.

Investment: A long-term savings option that you purchase for future income or financial benefit.

Loan: Money borrowed on credit.

Minimum Payment: The minimum dollar amount that must be paid each month.

Opt Out: You can opt out of receiving mailed credit card offers by calling 1-888-5-OPTOUT (567-8688) or visiting www.optoutprescreen.com.

Periodic Rate: An interest rate applied to your balance to calculate the finance charge.

Previous Balance: The previous balance is the amount you owed at the end of the previous billing period.

Principal: The total dollar amount of purchases made on a credit card, or the balance remaining on a loan.

Retirement Investments: Money invested over a period of time for use when you are no longer working.

Savings Account: An account that earns interest.

Secured Loan: A loan where the borrower offers collateral for the loan. The borrower gives up his or her right to the collateral if the loan is not paid back as agreed.

Spending Plan: A step-by-step plan for meeting expenses in a given period of time.

Variable rate: An interest rate that may change during the loan term.

For Further Information

Federal Deposit Insurance Corporation (FDIC)
www.fdic.gov/consumer
Division of Supervision & Consumer Protection
2345 Grand Boulevard, Suite 1200
Kansas City, Missouri 64108
1-877-ASK-FDIC (275-3342)
Email: consumeralerts@fdic.gov

Visit the FDIC's website for additional information and resources on consumer issues. For example, every issue of the quarterly *FDIC Consumer News* provides practical hints and guidance on how to become a smarter, safer user of financial services. Also, the FDIC's Consumer Response Center is responsible for:

- Investigating all types of consumer complaints about FDIC-supervised institutions
- Responding to consumer inquiries about consumer laws and regulations and banking practices

U.S. Financial Literacy and Education Commission
www.mymoney.gov
1-888-My-Money (696-6639)
MyMoney.gov is the U.S. Government's website dedicated to teaching all Americans about financial education. Whether you are planning to buy a home, balance your checkbook, or invest in your 401k the resources on MyMoney.gov can help you. Throughout the site, you will find important information from federal agencies.

Federal Trade Commission
www.ftc.gov/credit
1-877-FTC-HELP (382-4357)
The Federal Trade Commission (FTC) website offers practical information on a variety of consumer topics, including privacy, credit, and identity theft. The FTC also provides guidance and information on how to select a credit counselor.