

Financial empowerment self-assessment

Take this self-assessment to better understand your own financial knowledge, skills, and overall confidence.

As someone who helps your organization serve individuals and families, it's important for you to understand your own level of financial empowerment. The questions asked in this assessment are directly related to the module topics contained within the Your Money, Your Goals toolkit. This tool has three parts:

- **Part 1: What you know** helps you benchmark your knowledge, so you know where to build upon and fill in the missing gaps
- **Part 2: How you feel** helps you identify how you feel about your own financial life
- **Part 3: Your experiences** helps you understand which financial products and services you're familiar with and which are new to you

What to do

- **Answer the questions in Part 1 and compare your responses with the answer key.** If you didn't answer an item correctly, review the toolkit module listed next to the answer for more information.
- **Answer the questions in Part 2.** There are no right or wrong answers here because it's about your own financial knowledge, feelings, and situation.
- **Answer the questions in Part 3.** There are no right or wrong answers here because you're identifying your experiences. This is important because the people you're working with may have experienced situations or used products and services you haven't.

A step further

If parts 1 or 3 of this tool reveal topics you're not familiar with, take a look at the relevant modules. This information can help you build knowledge and confidence.



Part 1: What you know

Decide if each of the following statements is true or false.

STATEMENT	TRUE	FALSE
1. Only income and expenses matter when you're making a budget.		
2. To have enough money for an emergency, you must save at least 3 to 6 months' worth of living expenses.		
3. If you make and stick to a monthly budget, you'll be able to pay your bills on time.		
4. If you can't pay all of your bills and debt collectors are calling, just pay the one who calls the most.		
5. The only way to receive employment income is a paycheck.		
6. Credit is when you owe someone money.		
7. Your total monthly debt payments may affect your ability to borrow more money.		
8. A poor credit history can keep you from getting an apartment, and in some states, insurance or even a job.		
9. The only cost of having a checking account is the monthly service fee.		
10. As a consumer, you have almost no rights when it comes to financial products.		



SELF-ASSESSMENT

Part 2: How you feel

Use check marks to show how you feel today about each statement. Then tally up the total number of check marks in each column at the bottom.

STATEMENT	AGREE	DISAGREE	NOT SURE/ DOESN'T APPLY
1. I have enough money set aside for emergencies and goals.			
2. I am not worried about how much money I owe.			
3. I am confident about how to make sure the information on my credit reports is correct.			
4. I don't worry about being able to pay my bills and expenses.			
5. I understand how credit works.			
6. I feel confident about helping people begin to manage financial challenges.			
7. I know where to get help if I have an issue with a financial product or service.			
8. I know where people in my community can get financial counseling and free tax filing assistance.			
TOTAL			



SELF-ASSESSMENT

Part 3: Your experiences

Use check marks to show your level of experience with the concept described in each statement.

STATEMENT	YES	NO	I DON'T KNOW
1. I have a savings or checking account at a bank or credit union, and I use it regularly.			
2. I have applied for, received, and used a credit card.			
3. I have used a loan to help me purchase a car or a home.			
4. I have taken out a payday loan or an auto title loan.			
5. I have requested my own credit report and reviewed it.			
6. I make and stick to a budget.			
7. I have used a check cashing business.			
8. I have been contacted by debt collectors.			
9. I understand my rights and know what to do if I believe a financial services provider has tried to take advantage of me.			
10. I receive income via a method other than a paycheck (payroll card, direct deposit, or cash, for example).			

Answer key for Part 1: What you know

Check your answers for “Part 1: What you know.” If there are any you're unsure of or that you answered incorrectly, review the module listed for more information. Reading through the module can help you build your financial knowledge and confidence.

STATEMENT	TRUE	FALSE	MODULE
1. Only income and expenses matter when you're making a budget.		✓	1 Setting Goals
2. To have enough money for an emergency, you must save at least 3 to 6 months' worth of living expenses.		✓	2 Saving
3. If you make and stick to a monthly budget, you'll be able to pay your bills on time.		✓	5 Getting through the Month
4. If you can't pay all of your bills and debt collectors are calling, just pay the one who calls the most.		✓	4 Paying Bills
5. The only way to receive employment income is a paycheck.		✓	3 Tracking Income and Benefits
6. Credit is when you owe someone money.		✓	7 Understanding Credit Reports and Scores
7. Your total monthly debt payments may affect your ability to borrow more money.	✓		6 Dealing with Debt
8. A poor credit history can keep you from getting an apartment, and in some states, insurance or even a job.	✓		7 Understanding Credit Reports and Scores
9. The only cost of having a checking account is the monthly service fee.		✓	8 Choosing Financial Products and Services
10. As a consumer, you have almost no rights when it comes to financial products.		✓	9 Protecting your Money

NUMBER CORRECT **TOPICS TO LEARN MORE ABOUT**

_____ out of 10	
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Answer key for Part 2: How you feel

There are no right or wrong answers for "Part 2: How you feel." The answers are your opinions about your own financial knowledge, feelings, and situation. Take a look at the total number of statements with which you agreed and disagreed, at the bottom of the assessment page.

 If the **total of Agree is greater** than the total of Disagree, you feel good about many aspects of your financial life.

 If the **total of Disagree is greater** than the total of Agree, you may be feeling stress about many aspects of your financial life.

There are modules in the toolkit you can review that may help you feel more in control of your financial situation. Take a look at the modules or information that correspond with any statement with which you disagreed.

STATEMENT	IF YOU DISAGREE, CHECK OUT THESE MODULES
1. I have enough money set aside for emergencies and goals.	<ul style="list-style-type: none"> 1 Setting Goals 2 Saving
2. I am not worried about how much money I owe.	<ul style="list-style-type: none"> 6 Dealing with Debt 7 Understanding Credit Reports and Scores
3. I am confident about how to make sure the information on my credit reports is correct.	<ul style="list-style-type: none"> 7 Understanding Credit Reports and Scores
4. I don't worry about being able to pay my bills and expenses.	<ul style="list-style-type: none"> 4 Paying Bills 5 Getting through the Month
5. I understand how credit works.	<ul style="list-style-type: none"> 7 Understanding Credit Reports and Scores
6. I feel confident about helping people begin to manage financial challenges.	Consider reviewing some or all of the content modules.
7. I know where to get help if I have an issue with a financial product or service.	<ul style="list-style-type: none"> 9 Protecting your Money

STATEMENT

IF YOU DISAGREE, CHECK OUT THESE MODULES

8. I know where people in my community can get financial counseling and free tax filing assistance.

See the information in the Your Money, Your Goals Implementation Guide about creating a strong referral network at consumerfinance.gov/practitioner-resources/your-money-your-goals/training-implementation. Our online resources could also be helpful: consumerfinance.gov/practitioner-resources/your-money-your-goals/online-resources.

Answer key for Part 3: Your experiences

There are no right or wrong answers for "Part 3: Your experiences." It helps you identify the financial products, services, and situations you have had experience with. This is important because the people you're working with may have experienced situations or used products and services you haven't. If you're not familiar with some of these topics and want to learn more, you can use the modules listed in the right column. You may also find it helpful to review those modules even if you have experience with these situations, products, services, and providers.

STATEMENT	MODULES OF INTEREST
1. I have a savings or checking account at a bank or credit union, and I use it regularly.	8 Choosing Financial Products and Services
2. I have applied for, received, and used a credit card.	6 Dealing with Debt 7 Understanding Credit Reports and Scores
3. I have used a loan to help me to purchase a car or a home.	6 Dealing with Debt 7 Understanding Credit Reports and Scores 8 Choosing Financial Products and Services
4. I have taken out a payday loan or a vehicle title loan.	6 Dealing with Debt 8 Choosing Financial Services
5. I have requested my own credit report and reviewed it.	7 Understanding Credit Reports and Scores
6. I make and stick to a budget.	3 Tracking Income and Benefits
7. I have used a check cashing business.	3 Tracking Income and Benefits 8 Choosing Financial Products and Services
8. I have been contacted by debt collectors.	6 Dealing with Debt
9. I understand my rights and know what to do if I believe a financial services provider has tried to take advantage of me.	9 Protecting your Money
10. I receive income via a method other than a paycheck (payroll card, direct deposit, or cash, for example).	3 Tracking Income and Benefits 8 Choosing Financial Products and Services

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My money picture

This tool gives you a picture of where someone is and where they want to go financially. This can help you choose a good place to start within the toolkit.

When you feel the time is right, you can ask someone to complete the tool on their own or review it together. Reading the questions together may be useful if you're working with someone that has limited literacy levels, is an English language learner, or when a dialogue would be more productive.

What to do

- **Have the person you're working with answer the questions** based on their current situation and attitudes. There are no right or wrong answers.
- **Review their answers with them and match their answers to the modules** in the toolkit. This can help you determine which module will be the most useful right now.

A step further

If you keep a copy of this tool, be sure you have a system for keeping the information completely confidential. Be ready to describe your system for keeping this information secure. As you proceed, follow your organization's policies when it comes to storing and handling people's personal information.



Use **My money picture** to find a place to start your conversation

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

QUESTION	YES	NO
1. Do you have dreams for you or your children that require money to make them happen?		
2. Are you behind on rent, car payments, or other bills?		
3. Do you usually have about the same amount of income every week?		
4. When unexpected expenses or emergencies happen, do you have some money set aside to cover them?		
5. Can you cover all of your bills and living expenses each month with the money, benefits, and other resources you have?		
6. Are you having trouble paying student loans or other debts?		
7. Has your credit history made it hard to get a car, insurance, a phone, or a job?		
8. Do you have an account at a bank or credit union?		
9. Do you feel like you're spending too much on things like fees and interest to access and use your money?		
10. Have you had issues with a financial product or service like a bank account, loan, mortgage, debt collector, or credit report that you haven't been able to resolve?		

Answer key for My money picture

Use the chart to help you determine where to start financial empowerment work.

QUESTION	YES	NO	MODULE
1. Do you have dreams for you or your children that require money to make them happen?	✓	✓	1 Setting Goals
2. Are you behind on rent, car payments, or other bills?	✓		4 Paying Bills
3. Do you usually have about the same amount of income every week?		✓	3 Tracking Income and Benefits
4. When unexpected expenses or emergencies happen, do you have some money set aside to cover them?		✓	2 Saving 4 Paying Bills
5. Can you cover all of your bills and living expenses each month with the money, benefits, and other resources you have?		✓	4 Paying Bills 5 Getting through the Month
6. Are you having trouble paying student loans or other debts?	✓		6 Dealing with Debt 4 Paying Bills
7. Has your credit history made it hard to get a car, insurance, a phone, or a job?	✓		7 Understanding Credit Reports and Scores
8. Do you have an account at a bank or credit union?		✓	8 Choosing Financial Products and Services
9. Do you feel like you're spending too much on things like fees and interest to access and use your money?	✓		8 Choosing Financial Products and Services
10. Have you had issues with a financial product or service like a bank account, loan, mortgage, debt collector, or credit report that you haven't been able to resolve?	✓		9 Protecting your Money

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Activity: “Bank Smarter, Not Harder”

Module 8: Choosing Financial Products and Services

Time: 20 minutes

Goal: Your team will identify banking needs and compare account features using CFPB tools, with a focus on low-fee, safe accounts.

1. How many people in your group have been surprised by a bank fee before?

What Bank Works Best?

Instructions:

Working as a team, use the table highlighting bank accounts comparison to evaluate and select the most appropriate bank account for 5 scenarios. Each scenario is designed to represent a different population commonly served in community-based financial empowerment work. Then work individually to reflect on your own banking for scenario 6!

Participants should use the chart from the handout to choose the best banking option for each person based on their needs.

Scenario 1: Maria, Young Adult Student

- **Age:** 17
- **Status:** High school student working part-time
- **Needs:** No-fee or low-fee account, accepts school ID, mobile access
- **ID:** State ID + school ID
- **Goal:** Learn money management and set up direct deposit for her job

Things to Consider: Which banks offer accounts to minors and accept school ID? Which offer waived fees for young account holders?

Maria should use: _____

Why?

Scenario 2: José, Older Adult on a Fixed Income

- **Age:** 67
- **Status:** Retired, receives Social Security
- **Needs:** No monthly fee, online bill pay, Spanish language services
- **ID:** Tribal ID and waiting for state ID in mail
- **Goal:** Avoid overdraft and manage monthly bills

Things to Consider: Which accounts offer fee waivers for older adults? Which institutions accept Tribal ID and provide Spanish support?

José should use: _____

Why?

Scenario 3: Ana, Refugee Newcomer

- **Age:** 35
- **Status:** Recent arrival to the U.S. working at a grocery store
- **Needs:** Accepts ITIN, multilingual support, low opening deposit
- **ID:** ITIN + foreign passport
- **Goal:** Secure a safe, affordable account to avoid check cashing services and has Chinese as language option.

Things to Consider: Which accounts are accessible to immigrants using ITIN and offer language support? What's the lowest deposit required?

Ana should use: _____

Why?

Scenario 4: Alex, Community College Student

- **Age:** 19
- **Status:** Attends CNM and lives at home
- **Needs:** Accepts school ID, low monthly fees, mobile banking
- **ID:** School ID + driver's license
- **Goal:** Learn budgeting and access digital banking

Things to Consider: Which accounts accept student ID and have mobile access with fee waivers for students under 21?

Alex should use: _____

Why?

Scenario 5: Carla, Cash-Only Worker

- **Age:** 41
- **Status:** Babysitter and house cleaner paid in cash
- **Needs:** Low or no monthly fees, ATM access, English/Spanish support
- **ID:** Matricula consular and utility bill
- **Goal:** Deposit cash, avoid check-cashing fees, and get a debit card

Things to Consider: Which banks have low monthly fees, Spanish language support, and flexibility with forms of ID?

Carla should use: _____

Why?

Scenario 6: Yourself

You may need more time for self-reflection and might not be able to fill in the entire chart. See if you know the answers to your current bank and dive into the bank that looks like a potential for a better fit for yourself.

Questions to Consider	Your Current Bank ()	Compared Bank ()
What are the monthly fees? Can they be waived?		
Is there a fee for going below a minimum balance?		
Is there a fee for using checks? How much?		
Is there a fee for making a deposit? How much?		

<p>Will you earn interest on the account? What's the interest rate?</p>		
<p>Do they offer a Bank On account option (sometimes called "second chance" accounts)?</p>		
<p>Are there ATMs near you for convenient access?</p>		
<p>How can you pay your bills?</p>		
<p>If you get a checking account, will you also get a debit card?</p>		

Are there limits on where you can use the accounts card?		
Can you choose your own due date for paying the cards bill?		

Group Debrief

Once you finish walking through each situation, as a group discuss what information was new to you. Did anything create barriers you weren't aware of? What considerations would you have when comparing bank accounts that aren't included in this list?

Use the table below as a guide to answer the above questions and scenarios

Bank On Accounts

Bank Name	Monthly Fees	Opening Deposit	Minimum Age	Accepts ITIN	Accepts Tribal ID	Accepts School ID	Languages Available
Bank of America	\$4.95/month	\$25.00	16 or 13 with parent/guardian	No	Yes, as secondary	Yes, as secondary	English, Spanish, Chinese, Korean, Russian, Portuguese
Chase	\$4.95/month	\$0.00	18	Yes	No	Yes	English, Spanish, Chinese, French, German, Greek, Italian, Japanese, Korean, Polish, Portuguese, Russian, Vietnamese
First Convenience	\$5.00/month	\$0.00	15	Yes	Yes	Yes	English, Spanish
First National	\$5.00/month	\$25.00	18	Yes	No	Yes	English, Spanish
Nusenda CU	\$5.00/month (waived if under 21)	\$25.00	18 15 with an adult guarantor	Yes	Yes	Yes	English, Spanish
PNC	\$5.00/month (waived if 62 and older)	\$0.00	18	Yes	No	Yes	English, Spanish
Rion Grande CU	\$5.00/month	\$25.00	18	Yes	No	Yes	English, Spanish
US Eagle Federal CU	\$3.00/month	\$25.00	18	No	No	Yes	English, Spanish
Wells Fargo	\$5.00/month (waived for primary account owners 13-24)	\$25.00	17 or 13 with adult co-owner	No	Yes	Yes, as secondary	English, Spanish, Chinese, Hmong, French, Korean, Russian, Vietnamese

U.S. Bank	\$4.95/month	\$25.00	18	Yes with valid ID	Yes	Yes	English, Spanish, Chinese
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Traditional Accounts

Bank Name	Monthly Fee	Opening Deposit	Minimum Age	Accepts ITIN	Accepts Tribal ID	Accepts School ID	Languages Available
Bank of America	\$12	\$25	18	Yes	Varies by Branch	Varies by Branch	English, Spanish, Chinese, Korean, Russian, Portuguese
Chase	\$12	\$25	18	Yes	Varies by Branch	Varies by Branch	English, Spanish, Chinese, French, German, Greek, Italian, Japanese, Korean, Polish, Portuguese, Russian, Vietnamese
First Convenience	\$12	\$1	18	Yes	Varies by Branch	Varies by Branch	English, Spanish
First National Bank	\$7	\$100	18	Yes	Varies by Branch	Varies by Branch	English, Spanish
Nusenda CU	\$5	\$25	18	Yes	Yes	Yes	English, Spanish
PNC	\$7	\$25	18	Yes	Varies by Branch	Varies by Branch	English, Spanish
Rio Grande CU	\$5	\$25	18	Yes	Yes	Yes	English, Spanish
US Eagle CU	\$5	\$5	18	Yes	Yes	Yes	English, Spanish
Wells Fargo	\$10	\$25	18	Yes	Varies by Branch	Varies by Branch	English, Spanish, Chinese, Hmong, French, Korean, Russian, Vietnamese
US Bank	\$6.95	\$25	18	Yes	Varies by Branch	Varies by Branch	English, Spanish, Chinese
Bank of the West	\$10	\$50	18	Yes	Varies by Branch	Varies by Branch	English, Spanish
Bank of Albuquerque	\$10	\$100	18	Yes	Varies by Branch	Varies by Branch	English, Spanish

Avoiding checking account fees

Save money with strategies to help you reduce checking account fees.

No one likes to see fees chipping away at their checking account balance every month. You may not be able to eliminate all the fees charged by your bank or credit union, but there are some ways to reduce the number or kind of fees you pay.

What to do

- **Identify a strategy for reducing fees** that you want to try.
- **Implement that strategy.**
- Once you're done with the first strategy, **pick a new one** until you've completed them all.



Save money by **Avoiding checking account fees**

1. Read the different strategies for reducing or avoiding checking account fees.
2. Check the box of one strategy that you can commit to trying now.
3. Once that one is complete, try incorporating one or two more.

STRATEGY	TIPS FOR AVOIDING FEES	NEXT STEPS
I'll keep track of my checking account balance and never spend more than I have available.	<ul style="list-style-type: none">● Track when you write a check, use your debit card, or pay a bill online to avoid spending more than you have● Make sure you don't go under the minimum balance requirement for your account, which can lead to fees● Monitor your account online or from a mobile app at any time● Ask your bank when the funds from your deposits become available and don't spend money you deposit until you know it's available in your account	Determine where you'll track your balance (like a checkbook or spreadsheet) or use your bank's mobile app.
I'll set up a low-balance alert with my bank.	<ul style="list-style-type: none">● Get a text or email alert when your account balance drops below a certain dollar amount so you know when you're close to spending more than you have● Get alerts if there's a scheduled payment coming up and your account doesn't have enough to cover it	Ask your bank if they offer balance alerts and how much they cost. An alert could save you a fee for a bounced check or a non-sufficient funds fee.

STRATEGY**TIPS FOR AVOIDING FEES****NEXT STEPS**

I will see if I can get a low-fee or free checking account.

- Get monthly service fees waived by maintaining a minimum balance or signing up for services like direct deposit
- Ask about senior accounts, student accounts, and basic checking accounts that often offer a low minimum balance requirement and a limited number of “free” checks and withdrawals each month

Ask your bank if you qualify for a low-fee or free account.

I won't opt in to services that allow ATM withdrawals and debit card purchases to overdraw my account, causing it to dip below \$0.

- If you've already opted in to this service, you can opt out
- Keep an eye on your checks and online bill payments; you can still be charged fees for overdrafts caused by checks or online bill payments

Check with your bank or credit union to see if you're opted in, and, if you are, ask to opt out.

I'll link my checking account to my savings account.

- Link your savings account to your checking account so that money can automatically be transferred if you spend more than you have in checking. You'll sometimes pay a transfer fee, but it's usually much lower than an overdraft fee
- Make sure you're asking for the right service. This one is often known as overdraft protection (which is different than opt in services that allow ATM withdrawals and debit card purchases to overdraw your account)

Check with your bank or credit union to see if overdraft protection linked to your savings account is available and how much the transfer fees are. If you don't already have a savings account, you would have to open one.

STRATEGY**TIPS FOR AVOIDING FEES****NEXT STEPS**

I'll visit only ATMs in my bank's network.

- If you have to use an ATM that charges a fee, reduce fees by taking out money you need for the week, rather than visiting the ATM more often

Use your bank's website or mobile app to find their ATMs near where you live, work, or shop. There's usually no charge for using ATMs within your bank's network.

I'll open and review all of my mail, both electronic and paper, from my bank or credit union.

- Review account statements every month to make sure they're correct and you aren't being charged extra fees
- Make sure you're up to date with what fees the bank or credit union charges for your account. You have the right to receive written notice if your minimum balance requirement, fees, or certain other account terms change

Set up a system for reviewing your paper statements and email to be sure you haven't missed anything—and report any transactions you didn't authorize or other errors immediately.

I'll make sure I have enough money in my account before I write checks or have automatic payments scheduled.

- Avoid overdrawing your account by linking your savings account to your checking account. This can save you from having to pay a non-sufficient funds fee from your bank and bounced check fees from the company you paid by check. You may have to pay a transfer fee

See if you can move your due date for a bill or delay a purchase until you have the money to cover the cost.

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Comparing financial service providers

Compare different financial service providers so you can choose the one that works best for you.

The financial marketplace is very competitive. Once you've decided what kind of financial product or service you need, you'll likely have to choose between different companies that provide it. When possible, talk to more than one provider and shop around until you find the one that best meets your needs. This could mean it's the one closest to your home or workplace, the one that offers the lowest fees, or a combination of many different factors.

Getting answers to common questions about things like fees, services, and convenience from several companies can help you choose the best option for you.

What to do

- **Choose at least two companies to evaluate.**
- **Read through the list of questions** and identify the ones most important to you.
- **Make notes** about how each company addresses these questions.
- **Compare the companies** and pick the one that best meets your needs.



What to ask when **Comparing** financial service providers

1. Decide which two companies you'd like to compare, and write their names at the top of the first table.
2. Write down the answers for each company—you may need to talk with someone there or do some research online for some of the questions. Ask only the questions that apply to the product you're considering.
3. Compare the answers to help you decide which company best meets your needs.
4. Make copies if you want to compare more than two companies at once.

Company 1:

Company 2:

For bank accounts with debit cards

	QUESTIONS TO ASK	COMPANY 1	COMPANY 2
Fees and other costs	Are there monthly fees for the account? How much? Can they be waived?		
	Is there a fee for going below a minimum balance in the account?		
	Is there a fee for using checks? How much?		
	Is there a fee for making a deposit? How much?		
	Is there a fee for inactivity on the account? How much?		
	Will I earn interest on the account? What is the interest rate?		

	QUESTIONS TO ASK	COMPANY 1	COMPANY 2
Services offered	Do they offer check cashing, money transfer, or bill payment services? How much does each cost?		
	Do they offer "second chance" or "lower risk" accounts that don't offer overdraft services?		
	Are there convenient, free ATMs located near where I live, work, or shop?		
	Can I pay my bills and check account balances any time of day by phone, online, or with a mobile app? Is there a fee for this? How much?		
	If I get a checking account, will I also get a debit card?		
	Can I link my checking account to my savings account to avoid paying overdraft fees?		
	How often will I receive account statements? Can I choose between paper and electronic statements?		
	Do they offer additional services like notary services or safe deposit boxes? How much do they cost?		

	QUESTIONS TO ASK	COMPANY 1	COMPANY 2
Security	Do I get my money back if someone steals my debit card information and uses it without my permission?		
Other			

For credit cards

	QUESTIONS TO ASK	COMPANY 1	COMPANY 2
Fees and other costs	What are the fees associated with the card (annual fee, late fee, etc.)?		
	What is the APR, or annual percentage rate, on the card? Is it a promotional rate? If so, what will the new APR be after the promotion ends?		
	Are there fees to use the card in another country? How much?		
Services offered	Are there limits on where I can use the card?		
	Can I check my balance any time of day by phone, online, or with a mobile app? Is there a fee for this? How much?		
	Can I choose my own due date for the bill?		

	QUESTIONS TO ASK	COMPANY 1	COMPANY 2
Other			

For loans (including mortgages, personal loans, and other loans)

	QUESTIONS TO ASK	COMPANY 1	COMPANY 2
Fees and other costs	What are the fees associated with getting the loan?		
	What is the interest rate on the loan?		
Services offered	How long will it take before I find out if I'm approved for the loan?		
	Can I choose my own due date for the loan payments?		
	Can I choose the length of the loan? How long do I have to repay the loan?		
	If I make all of the payments on time, will I still owe any money at the end of the loan?		
Other			

For money transfer services

	QUESTIONS TO ASK	COMPANY 1	COMPANY 2
Fees and other costs	How much are fees, taxes, or costs for exchanging currencies?		
	What is the total amount that the person I am sending money to will get?		
	What ways can I pay for the transfer?		
Services offered	How convenient is it for the recipient to receive the funds?		
	How fast will money arrive?		
Other			

For prepaid cards

	QUESTIONS TO ASK	COMPANY 1	COMPANY 2
Fees and other costs	Are there monthly fees for the account? How much? Can they be waived?		
	What are the ways I can add money to the card? Are there fees for each of those ways? How much?		

	QUESTIONS TO ASK	COMPANY 1	COMPANY 2
	<p>Is there a fee for inactivity (or “dormancy”) on the account? How much? How often do I need to use my card to avoid the inactivity fee?</p>		
	<p>Are there any per-transaction fees on the account? Would a monthly account fee be cheaper than per-transaction fees?</p>		
Services offered	<p>Are there limits on where I can use the card?</p>		
	<p>Can I use the card at ATMs that are convenient for me? At what ATMs will I be charged a fee?</p>		
	<p>Are there limits on how much I can spend or withdraw in a day, or in one transaction?</p>		
	<p>Can I check my balance any time of day by phone, online, or with a mobile app? Is there a fee for this? How much?</p>		
	<p>Does the prepaid card have a savings wallet feature that would allow me to easily save some of my money for my goals? Is there a fee for this feature? How much?</p>		

	QUESTIONS TO ASK	COMPANY 1	COMPANY 2
Security	Will I get my money back if someone steals my prepaid card information and uses it without my permission?		
Other			

Friendliness, convenience, and access (for all products)

	QUESTIONS TO ASK	COMPANY 1:	COMPANY 2
Friendliness	Do they treat me with respect?		
	Are the people I've dealt with friendly to me?		
Convenience	Do they have locations close to where I live, work, or shop?		
	Is it open at convenient times for me (such as during lunch, after work, or on weekends)?		
Access	Can I get information in my own language or in a form that's accessible to me?		
	Are there people to answer my questions in person, by phone, or via text, email, or online chat when I need them? Is there a fee for this? How much?		

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Evaluating your prepaid or payroll card

Carefully read the terms and fee descriptions when you get your prepaid or payroll card to learn how much you'll pay each month to have and use your card.

Each prepaid and payroll card has its own set of rules and fees. Before you use your card, it's important to understand the fees you'll pay to maintain your account, make purchases, and withdraw money. After adding up the fees, you can compare cards and also compare the cost of a card to the costs of a bank or credit union account.

Most prepaid cards have their own policies about loss, theft, and errors. Information about these policies can be found in the cardholder agreement.

Most prepaid cards also offer details about terms and fees on their website, so you can look online if you want to compare cards before buying one.

What to do

- **Review the definitions** of common prepaid card fees so you know what they are.
- **Find the terms and fees** for your prepaid or payroll card. These are usually on the back or inside of the card packaging.
- **Get all the facts.** Make sure you have all the answers about how the card works and what fees are involved. Consider researching prepaid cards online, so you can read about all the features before you buy it.

A step further

A prepaid or payroll card can also give you the services that you would get with a debit card linked to a checking account. Review the "Finding financial products and services" tool to learn more. If your employer pays wages by payroll card, you must be offered at least one other option to get paid. Learn more with the "Knowing your prepaid card rights" handout.

DEFINITIONS OF COMMON PREPAID CARD FEES

All fees vary from card to card, so check your cardholder agreement for terms, conditions, and costs. Here are some of the fees you might see.

Additional card	For a second card when adding another person as an authorized user to your account
ATM withdrawal	To use your card to withdraw money from an ATM; usually varies depending on if the ATM is within your card provider's network or not
Balance inquiry	To check your card balance using certain methods, like at an ATM or by calling customer service (there might be a fee for some methods or if you check often)
Bill payment	To pay a bill online through the card provider's website; may be charged a fee for each bill paid
Card cancellation	To cancel a card at any time (there usually isn't a fee); you might pay a fee to get a check for the remaining balance on the card
Card replacement	To replace your card if it's lost, stolen, or damaged
Card-to-card transfer	To transfer money between two prepaid cards (also called a person-to-person transfer fee)
Cash reload	For adding money to your card at a retail location
Decline	If you attempt to use your card for something that costs more than the amount of money you have left on your card
Foreign transaction	When you use your card in a foreign country or to pay in a foreign currency
Inactivity	If you don't use your card for a certain period of time
Monthly	A fixed fee you pay each month, even if you don't use your card, that's automatically deducted from your account balance (often waived if you sign up for direct deposit)
Paper statement	If you request paper statements for your card transactions
Transaction	Charged every time you use the card for certain types of transactions (sometimes called a "per purchase fee")



Learn about fees by **Evaluating your prepaid or payroll card**

1. Look at your cardholder agreement to answer the questions about fees and card protections.
2. Write in the response for each question. If there is no fee, enter \$0.
3. Use these answers to help manage the cost of having and using your card.

Don't forget to register your prepaid card to get all the protections offered.

Adding money and getting cash

Questions to ask before using your card	Notes
<p>What's the fee to withdraw money from an ATM that's in-network? That's out-of-network?</p> <p>Things to consider: You may pay zero or smaller ATM fees by using your prepaid card at in-network ATMs, depending on the terms of your cardholder agreement.</p> <p>Your payroll card may allow you a certain number of free ATM withdrawals each month.</p>	
<p>What's the fee for reloading my prepaid card with cash at a retail location? Can I reload my card at the retail location where I purchased it?</p> <p>Things to consider: Many retail stores don't allow you to reload your card at the store and those that do sometimes charge a fee. Most prepaid cards provide other options for loading money to your card without a fee, such as direct deposit.</p> <p>Payroll cards usually don't allow you to reload with cash.</p>	
<p>What's the fee for spending or withdrawing money in another country?</p> <p>Things to consider: Also called a currency conversion fee, this is usually a percentage of your purchase, withdrawal, or other transaction, rather than a flat fee.</p>	

Checking my balance

Questions to ask before using your card	Notes
<p>What ways can I check my balance and what do they cost? How do I check my balance for free?</p> <p>Things to consider: Most cards offer at least one free way to check your balance, such as online or request by email or text.</p>	
<p>Is there a fee for receiving a paper statement in the mail?</p> <p>Things to consider: You may be able to go online to get a statement, or at least a list of your recent card purchases and other transactions, without a fee.</p>	

Loss and errors

Questions to ask before using your card	Notes
<p>What's the fee for replacing a lost, stolen, or damaged card?</p> <p>Things to consider: Write down your card number and the customer service phone number and keep it in a safe place. Call customer service right away to report a lost or stolen card.</p>	
<p>What protections do I have if my card is lost or stolen? Am I responsible for the charges?</p> <p>Things to consider: Your rights to recover money taken from your card account depend on what type of card it is, whether its been registered, and how quickly you report the loss after you discover it. Call your provider right away if your card or PIN is lost or stolen or if you see unauthorized charges.</p>	
<p>What protections do I have if there are charges I didn't authorize or some other error with my card?</p> <p>Things to consider: If your card is registered (or is a payroll card or a certain type of government benefit card), you may have certain "error resolution" rights that require that you get your money back after an error or theft (as long as you report it promptly).</p>	

Managing my card

Questions to ask before using your card	Notes
<p>What’s the monthly fee for having my card?</p> <p>Things to consider: Some prepaid cards that charge a monthly fee may waive the fee under certain circumstances, such as if you arrange to have your pay or benefits directly deposited into your account. Payroll cards usually don’t charge a monthly fee.</p>	
<p>Will I be charged a fee if I don’t use my card for a certain length of time? If so, what is the fee and how long can I go without using my card before I am charged?</p> <p>Things to consider: If your card charges inactivity fees, try to see what kinds of transactions or activity you can conduct to avoid the fee. Many cards don’t charge inactivity fees.</p>	
<p>What’s the fee if I get an additional card for an authorized user?</p> <p>Things to consider: That additional card lets someone else spend your money, so think carefully about whether to add an authorized user to your account. Any new authorized users will have to register online or call customer service to verify their identity.</p>	
<p>Is there a fee to cancel my card? What about to receive a check for the remaining unused balance after I cancel?</p> <p>Things to consider: You can spend or withdraw the remaining funds on your card before you cancel the card to avoid a potential fee for sending you any unused funds. Most cards don’t charge to cancel the account.</p>	

Using my card

Questions to ask before using your card	Notes
<p>What's the fee for paying bills through my card provider's website?</p> <p>Things to consider: Consider whether there are free ways to pay your bills, such as setting it up for the biller to debit your card account.</p>	
<p>What's the fee to transfer money between two cards?</p> <p>Things to consider: Not all card providers allow you to transfer funds to another person using the same type of card.</p> <p>Compare this cost with other money transfer services.</p>	
<p>Is there a fee if my transaction is declined because there's not enough money on the card?</p> <p>Things to consider: To avoid a decline fee, check your card balance before making a purchase to make sure there's enough money on the card. Many cards offer free ways to check your balance, such as with a mobile app, by text message, or calling a toll-free number.</p>	
<p>Is there a fee for each transaction I make? Do I have a choice between a "pay-as-you-go" plan that charges a fee per transaction and a monthly fee plan?</p> <p>Things to consider: Some cards let you choose between a plan that charges transaction fees and one that charges a single monthly fee. Depending on how much you use your card in a month, one plan could be significantly cheaper than the other.</p>	
<p>Can I set aside funds on the card for a specific purpose?</p> <p>Things to consider: Some prepaid cards offer a savings wallet feature that allows you to save for your goals.</p>	

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Finding financial products and services

Before you select a financial product or service, you should first understand what each offers and how it can help you achieve your goals.

The financial products you pick can help you accomplish different goals. They may help you build savings or improve your credit history. Some make it easier to access your paycheck, while others help turn your paycheck into cash.

Thinking about what you want to accomplish can help you narrow down the choices of products that fit your needs.

What to do

- **Think about your financial goal.** Review the products that can best help you achieve that goal.
- **Read about the products and services you're interested in** to learn more about how they work and where you can get them.

A step further

Once you pick a product that's right for you, review the "Comparing financial service providers" tool to learn what kinds of questions to ask as you shop around.



Finding financial products and services that meet your needs

1. Think about why you want or need a financial product or service. Check the boxes of the goal(s) that are most important to you.
2. Read more about the financial products and services that meet those needs and decide which might be the best for you.

GOAL	PRODUCTS TO CONSIDER
I want a secure place to keep my money.	<ul style="list-style-type: none">▪ Certificate of deposit (CD)▪ Checking account▪ Prepaid card▪ Savings account
I want to make purchases without having to carry cash or go into debt.	<ul style="list-style-type: none">▪ Checking account (with linked debit card)▪ Prepaid card
I want a low-cost and easy way to pay and manage my bills.	<ul style="list-style-type: none">▪ Bill payment service▪ Checking account▪ Money order▪ Prepaid card
I want to pay my bills online or from my mobile device.	<ul style="list-style-type: none">▪ Bill payment service▪ Checking account▪ Prepaid card
I want access to online or mobile banking (to do things like check my balance online or deposit a check using my phone).	<ul style="list-style-type: none">▪ Checking account▪ Prepaid card
I want my paycheck deposited directly into an account I can access.	<ul style="list-style-type: none">▪ Checking account▪ Payroll card▪ Prepaid card▪ Savings account

GOAL	PRODUCTS TO CONSIDER
I want to turn my paycheck into cash.	<ul style="list-style-type: none"> ▪ Check cashing service ▪ Checking account ▪ Payroll card ▪ Prepaid card
I want to build up savings.	<ul style="list-style-type: none"> ▪ Certificate of deposit (CD) ▪ Prepaid card (with savings wallet feature) ▪ Savings account
I want to save for education and training for myself or my child.	<ul style="list-style-type: none"> ▪ 529 Plan
I want to buy a car.	<ul style="list-style-type: none"> ▪ Auto loan
I want to buy a house.	<ul style="list-style-type: none"> ▪ Mortgage
I want to get a small loan quickly.	<ul style="list-style-type: none"> ▪ Auto title loan ▪ Credit card ▪ Pawn loan ▪ Payday loan
I want to build my credit history.	<ul style="list-style-type: none"> ▪ Auto loan ▪ Credit builder loan ▪ Credit card ▪ Mortgage ▪ Secured credit card
I want to send money to someone.	<ul style="list-style-type: none"> ▪ Money or wire transfer service ▪ Peer-to-peer transfer service

Review details of the products and services that you’re considering.
 Learn about how each works and where they’re offered.

	Consider this option if you want...	How it works	Where it’s offered
529 Plan	<ul style="list-style-type: none"> To save for education and training costs for you or your child 	<ul style="list-style-type: none"> Savings plan that goes into an investment account with special tax benefits Can be used to pay for qualified educational or training expenses for yourself or dependent children If used for other purposes, may pay income tax and penalty fees on money 	<ul style="list-style-type: none"> Financial investment firm From your state’s program (find your state’s contact information at plans.college-savings.org/viewstate.aspx)
Auto loan	<ul style="list-style-type: none"> To buy a car or truck (see the “Comparing auto loans” tool in Module 6 for more information) To build a credit history 	<ul style="list-style-type: none"> Borrow money to buy a new or used car or truck Repay monthly over set period of time (loan term) Loan is secured by the car or truck as collateral, so if you default on the loan your car or truck could be repossessed 	<ul style="list-style-type: none"> Bank or credit union Car dealer

	Consider this option if you want...	How it works	Where it's offered
Auto title loan	<ul style="list-style-type: none"> ▪ To get small loans quickly 	<ul style="list-style-type: none"> ▪ Borrow money for a short term and give up the title to your car or truck until you repay it ▪ Often loan amount is for 25 to 50 percent of the car's total value ▪ Can be repaid in installments or all at once ▪ If you're unable to pay, lender can repossess your car and sell it 	<ul style="list-style-type: none"> ▪ Online lender ▪ Title loan company
Bill payment services	<ul style="list-style-type: none"> ▪ A low-cost, easy way to pay and manage bills ▪ To pay bills online or from your mobile device (see Module 4: Paying Bills for more information) 	<ul style="list-style-type: none"> ▪ Pay your bill online through a service (from your bank's website, for example) or in person (at a location like a grocery store or large retail store) instead of mailing directly to the company ▪ Offered as a feature of certain financial products to help you pay your bills 	<ul style="list-style-type: none"> ▪ Bank or credit union ▪ Check cashing store ▪ Grocery, retail, or other store ▪ Online provider ▪ Prepaid card

	Consider this option if you want...	How it works	Where it's offered
Certificate of deposit (CD)	<ul style="list-style-type: none"> ▪ A secure place to keep money ▪ To build savings 	<ul style="list-style-type: none"> ▪ Deposit a fixed amount of money for a specific length of time (for example, \$50 for one year) ▪ Can withdraw that money after the time is up ▪ Pay penalty to withdraw your money early (fee varies and could be more than interest already earned, meaning you could lose money) 	<ul style="list-style-type: none"> ▪ Bank or credit union
Check cashing service	<ul style="list-style-type: none"> ▪ To turn your paycheck into cash 	<ul style="list-style-type: none"> ▪ Receive cash for your paycheck without first depositing it into an account ▪ Often charged a fee ▪ Don't have to have a checking account 	<ul style="list-style-type: none"> ▪ Bank or credit union ▪ Check cashing store ▪ Grocery, retail, or other store

	Consider this option if you want...	How it works	Where it's offered
Checking account	<ul style="list-style-type: none"> ▪ A secure place to keep money ▪ To make purchases without carrying cash or going into debt (with a debit card) ▪ A low-cost, easy way to pay and manage bills ▪ To pay bills online or from your mobile device (see Module 4: Paying Bills for more information) ▪ To bank online or from your mobile device ▪ To have your paycheck directly deposited 	<ul style="list-style-type: none"> ▪ Deposit or withdraw money from your account at a branch or at an ATM using your debit card ▪ Pay for things by writing checks or using a debit card ▪ Keep track of your balance to avoid overdraft fees or bounced checks with fees when there isn't enough money to cover payments or withdrawals ▪ Usually includes access to mobile and online banking and bill payment services ▪ Deposits are insured in case your bank fails ▪ You have federal rights if money is lost electronically through error or theft 	<ul style="list-style-type: none"> ▪ Bank or credit union
Credit builder loan	<ul style="list-style-type: none"> ▪ To build a credit history 	<ul style="list-style-type: none"> ▪ A loan (usually small) that you repay before you get access to the loan amount ▪ Establishes a good payment history that can improve your credit scores 	<ul style="list-style-type: none"> ▪ Bank or credit union ▪ Non-profit organization
Credit card	<ul style="list-style-type: none"> ▪ To get small loans quickly ▪ To build a credit history 	<ul style="list-style-type: none"> ▪ Borrow money up to an approved credit limit amount ▪ Pay at least the monthly minimum until the balance is repaid ▪ Charged interest if you don't pay your balance in full each month and other fees if your payment is late ▪ May charge an annual fee 	<ul style="list-style-type: none"> ▪ Credit card company ▪ Large gas station chain (gas credit card) ▪ Large retail store (store credit card)

	Consider this option if you want...	How it works	Where it's offered
Money order	<ul style="list-style-type: none"> A low-cost, easy way to pay and manage bills 	<ul style="list-style-type: none"> Like a check, except you pay for the full amount of the money order (plus any fees) upfront when you get it No checking account needed Usually available only in smaller amounts (up to \$1,000) Used to guarantee a payment to a person or company since it can't bounce like a check might because it's already been "funded" during the initial purchase Can be cancelled or reissued if it gets lost or stolen Can be harder to prove payment, since there isn't a bank record that it was cashed (like a check would have) 	<ul style="list-style-type: none"> Bank or credit union Check cashing store U.S. Postal Service
Money or wire transfer service	<ul style="list-style-type: none"> To send money to someone else 	<ul style="list-style-type: none"> Use a service to send money to another person or place Often charged a fee Depending on which service you use, delivery method can be to the person's bank account, mobile phone, or cash from a participating location Depending on which service you use, pay for it with cash, credit card, debit card, prepaid card, or from your bank account 	<ul style="list-style-type: none"> Bank or credit union Check cashing store Grocery, retail, or other store Online provider

	Consider this option if you want...	How it works	Where it's offered
Mortgage	<ul style="list-style-type: none"> To buy a house 	<ul style="list-style-type: none"> Borrow money to buy or build a house Repay monthly over set period of time (loan term) Loan is secured by the house as collateral, so if you default on the loan your house could go into foreclosure 	<ul style="list-style-type: none"> Bank or credit union Mortgage broker Online lender
Pawn loan	<ul style="list-style-type: none"> To get small loans quickly 	<ul style="list-style-type: none"> Paid cash in exchange for an item that the pawn shop keeps (like jewelry or electronics) during the loan Loan amount is often much less than actual value of item If loan isn't paid back as agreed, shop can sell the item to cover the debt 	<ul style="list-style-type: none"> Pawn shop
Payday loan	<ul style="list-style-type: none"> To get small loans quickly 	<ul style="list-style-type: none"> Borrow small amounts of money, generally to be repaid plus fees when you get your paycheck Lender either cashes a check you give them or electronically debits the payment from your checking account when payment is due (usually two weeks after the loan) If loan isn't repaid as agreed, you may be able to renew it by paying another fee 	<ul style="list-style-type: none"> Payday loan provider Some banks or credit unions (usually called a short-term loan rather than a payday loan)

	Consider this option if you want...	How it works	Where it's offered
Payroll card	<ul style="list-style-type: none"> To have your paycheck directly deposited 	<ul style="list-style-type: none"> Employer loads your salary or wages onto a prearranged prepaid card where you can access the funds Can use like a prepaid or debit card and accepted at most merchants May have service fees or inactivity fees Has full consumer protections in case of electronic error or theft Employer must provide you at least one other way to receive your salary or wages 	<ul style="list-style-type: none"> Employer, working with a financial institution that provides the card
Peer-to-peer transfer service	<ul style="list-style-type: none"> To send money to someone 	<ul style="list-style-type: none"> Service allowing you to electronically transfer funds to another person Send and receive funds using a mobile device or computer May be charged a fee 	<ul style="list-style-type: none"> Bank or credit union Online provider

	Consider this option if you want...	How it works	Where it's offered
Prepaid card	<ul style="list-style-type: none"> ▪ A secure place to keep money ▪ To make purchases without carrying cash or going into debt ▪ An easy way to pay and manage bills ▪ To pay bills online or from your mobile device (see Module 4: Paying Bills for more information) ▪ To bank online or from your mobile device ▪ To have your paycheck directly deposited ▪ To set aside funds for specific purposes 	<ul style="list-style-type: none"> ▪ Access money you've paid or loaded in advance that's stored on a card ▪ Accepted at most merchants ▪ Some let you take out money from an ATM or reload money onto the card (often charging a monthly maintenance fee or usage fee) ▪ Some provide separate savings wallet feature that allow you to save for your goals ▪ Funds may be insured in case the bank that offers the card fails ▪ You have rights if money is lost electronically through error or theft 	<ul style="list-style-type: none"> ▪ Bank or credit union ▪ Check cashing store ▪ Grocery, retail, or other store ▪ Online provider
Savings account	<ul style="list-style-type: none"> ▪ A secure place to keep money ▪ To have your paycheck directly deposited ▪ To build savings 	<ul style="list-style-type: none"> ▪ Deposit and withdraw money from your account when you want ▪ Earns interest ▪ Build up money for savings or emergencies ▪ Not intended for frequent transactions ▪ Deposits are insured in case your bank fails ▪ You have federal rights if money is lost or stolen electronically through error or theft 	<ul style="list-style-type: none"> ▪ Bank or credit union

	Consider this option if you want...	How it works	Where it's offered
Secured credit card	<ul style="list-style-type: none"> ▪ To build a credit history 	<ul style="list-style-type: none"> ▪ Borrow money up to an amount that's backed by a deposit you've already paid ▪ Charged interest if you don't pay your balance in full each month and late fees if you miss a payment ▪ Many charge an annual fee ▪ Accepted at the same merchants as other credit cards 	<ul style="list-style-type: none"> ▪ Bank or credit union ▪ Credit card company

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Knowing your prepaid card rights

You have certain rights under the law and the terms of your cardholder agreement for your prepaid card. It's important to know your rights and how to exercise them.

YOU'LL HAVE THE MOST PROTECTION IF YOU REGISTER YOUR PREPAID CARD

Your use of a prepaid card might be limited until it's registered. Instructions for how to register your card are usually provided on the card packaging. Registration provides you with more protections if your card is lost or stolen. Some prepaid card providers may require you to register your card and verify your identity when you buy or receive the prepaid card, or soon after.

CHOOSING HOW YOU GET PAID

Some employers might pay you only using a traditional paper check. If your employer offers to pay your wages by payroll card, you must be offered at least one other option. That option might be a paper check, or it could be direct deposit to an account of your choosing (such as a checking or savings account or your own prepaid card). Some states require employers to offer paper checks, while others permit employers to mandate electronic pay for wages. In those cases, you might have to choose between a payroll card and direct deposit.

CHOOSING HOW YOU RECEIVE SOME GOVERNMENT BENEFITS

For some types of government benefits, you may have a choice between receiving the benefits on a government-arranged prepaid card and having them directly deposited into your bank account or onto your own prepaid card.

PROTECTIONS FROM FRAUD AND ERRORS

For most prepaid cards, you have protections in case of an unauthorized transaction or other error if you have registered your card (or if it's a payroll card or certain type of government benefit card). These protections are not available for needs-tested government benefits provided on a prepaid card and administered by state or local government, such as SNAP or TANF. Benefits administered by the federal government, such as SSI, are protected.

For example, you generally can't be held responsible for unauthorized charges or other errors if you report them promptly. The card provider may be required by federal law to credit the disputed amount to your account while investigating the problem if the investigation will take longer than 10 business days. **You should call your card provider as soon as you notice your card is missing or notice charges you don't recognize.**

Opening a checking or savings account

Learn what documents you need and what questions to ask before you open an account.

Showing up prepared to the bank or credit union when you're ready to open an account will help you save time and money.

Most banks and credit unions require two forms of identification to open an account. Some will take one form of identification (such as your driver's license or passport) and a bill with your name and address on it. The other part of being prepared is understanding the terms and costs of opening an account. Get answers to common questions before you sign your paperwork.

What to do

- **Gather your documents.** Make sure you have the proper identification and documents to open an account.
- **Bring the required amount of money to open the account.** You'll usually need between \$25 and \$100 to open a checking or savings account at a bank. Some credit unions and banks don't require an opening deposit and some require a deposit as low as \$5 to open an account.
- **Get all the facts.** Call the bank or credit union or do research online to answer the questions in the checklist. Make sure you know how the account works and what fees are involved.

A step further

Make the most of your account and keep your costs low by reviewing the "Avoiding checking account fees" tool.



Gather what you need before **Opening a checking or savings account**

1. Review the items you need to open the account and check them off as you gather them. Write down any questions you have.
2. Get answers to all the questions listed to make sure you're aware of the terms, costs, and limitations of the account.

WHAT I NEED TO OPEN AN ACCOUNT

QUESTIONS I HAVE

A picture ID issued by a state, or the U.S. or foreign government (check which foreign IDs your bank or credit union accepts)	
<p>One of these second forms of identification:</p> <ul style="list-style-type: none"> ● Social Security card ● Birth certificate ● Bill with your name and address on it 	
Your Social Security number or ITIN; if you don't have one, you may be able to open only a no-interest account	
Money to put into the account	

QUESTIONS I WILL ASK THE BANK OR CREDIT UNION

RESPONSES

Is there a monthly fee? If so, how much is it and can it be waived?	
Is direct deposit available?	
Do I have to pay for checks?	
Are there per-check or transaction fees? How much are they?	

QUESTIONS I WILL ASK THE BANK OR CREDIT UNION**RESPONSES**

QUESTIONS I WILL ASK THE BANK OR CREDIT UNION	RESPONSES
Are there convenient, free ATMs located near where I live, work, or shop?	
Is there access to online banking? What's the cost to use?	
Is there access to online bill paying services? What's the cost to use?	
What happens if I try to spend or withdraw more money than I have in my account (overdraft)?	
Are there alerts when my balance gets low?	
Will I earn any interest on the money in the account? What is the interest rate?	

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Sending money abroad

You have certain rights and protections when you send money to other countries.

Know what your rights are and eliminate surprises before you send money to family, friends, or others outside of the United States.

CERTAIN FEDERAL PROTECTIONS APPLY IF YOU SEND MONEY ABROAD

Under federal law, many money-transfer companies, banks, credit unions, and other types of financial services companies qualify as “remittance transfer providers.” Before you send money, the provider must generally provide you with information about:

- The amount that will be transferred by the provider
- Fees and taxes you pay them
- The total amount you will pay the provider
- The exchange rate
- Fees charged by the company’s agents abroad and certain other institutions involved in the transfer process
- The amount of money expected to be received (which may not include certain foreign taxes or fees that are charged to the recipient), in the currency in which the money will be received
- If appropriate, a statement that additional foreign taxes and fees may be deducted from the transfer amount

After you send money, the provider must generally provide you with a receipt, which includes all of the information just described, as well as:

- The date on which the money will be available at its destination
- The name (and if you provide it, the telephone number and address) of the recipient
- Instructions on your right to cancel transfers
- What to do in case of an error
- The provider’s name, telephone number(s), and website
- Contact information for the state agency that regulates the provider and the Bureau, in case you have questions or a complaint
- If you scheduled the transfer at least three business days in advance, or are scheduling a series of transfers, the date on which the provider will make the transfer

The provider may choose to combine these disclosures and give them all to you before you send money.

PROBLEMS WITH YOUR TRANSACTION?

You have the right to cancel. You’ll typically have 30 minutes (sometimes more) after paying to cancel the transaction with no charge, unless the transfer has already been picked up or deposited into the recipient’s account. If you scheduled your transfer in advance, to cancel your transaction you must notify the provider at least three business days before the transfer is scheduled.

You have the right to have errors resolved.

Remittance providers must investigate complaints. If you think a mistake was made and promptly contact the company, it generally has 90 days to investigate the complaint and must notify you of the investigation's results. For certain types of errors, such as if the money never arrives, you may be able to get a refund or have the transfer sent again.

Other protections may be available to you, depending on how you send the money and the laws in your state.

WHAT'S COVERED?

The federal protections apply to most transfers (including wire transfers) that are:

- More than \$15
- Made by a consumer in the United States
- Sent to a person or company in a foreign country

The federal protections don't apply to transfers sent by companies that consistently provide 100 or fewer money transfers each year.

Activity: “Your Debt, Your Plan”

Module 6: Dealing with Debt

Time: 20 minutes

Goal: Your team will assess a realistic debt scenario, evaluate two primary repayment strategies, and explore debt consolidation as an alternative to reduce financial strain to learn how different scenarios could hold different benefits for different kinds of debt.

Scenario: Diane’s Dilemma

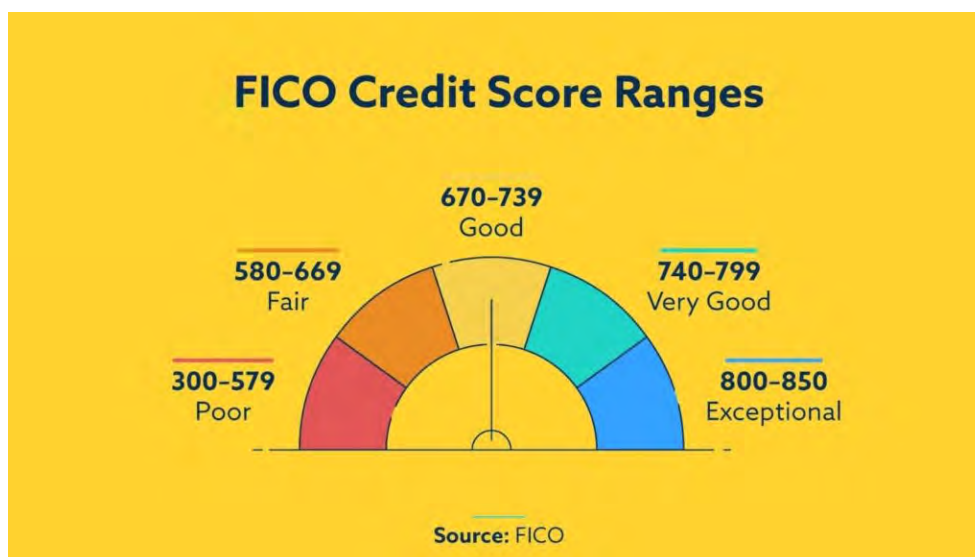
Diane is 33, a single parent earning \$2,700/month. She’s falling behind on some debts and feeling overwhelmed. A debt collector just called her about a past-due medical bill.

Diane’s debts:

Debt Type	Balance	Monthly Payment	Interest Rate	Status
Credit card	\$900	\$40	19%	Up to date
Medical bill	\$1,200	\$50	0%	In collections
Payday loan	\$400	\$100	35%	Behind 2 payments
Auto loan	\$5,800	\$250	7%	Current
Student loan (federal)	\$6,000	\$0	0% (deferred)	Deferred

Bonus detail: Diane owns a second car worth about \$4,000 (paid off), and her credit is fair.

Credit Score Measurements



Debt Payment Methods

1. Snowball Method: Pay off the smallest debt first, then roll that payment into the next smallest.

Pros: Quick wins can boost motivation.

Cons: May pay more in total interest.

2. Avalanche Method: Pay off the highest interest rate debt first, regardless of balance.

Pros: Saves money in the long run.

Cons: May take longer to feel progress.

Prioritize and Plan

Instructions:

- As a group, use the Debt Action Log to list Diane's debts.
- Using the Methods above, on the Debt Action Plan chart, sort her top 3 debts by that method.
- Estimate how her payments might change as each debt is paid off.

Introduction to Debt Consolidation Option

Third Strategy

3. Consolidation or Refinancing Using Low-Interest Loans: Diane could take out a personal loan or use her second (paid-off) car as collateral for a low-interest loan to **pay off high-interest debts** like the payday loan or credit card.

Pros:

- Reduces total interest paid.
- Simplifies repayment (one payment).
- Could lower monthly payment.

Cons:

- Must qualify for a reasonable interest rate.
- Risk of losing the collateral (car) if she defaults.
- Doesn't solve underlying spending issues.

Debt Action Plan Log

Snowball Method

Debt	\$	Payment due this month	Payment is up to date	\$	Total amount left to pay	Interest rate (if any)	%	Payoff date or goal
	\$			\$			%	
	\$			\$			%	
	\$			\$			%	
	\$			\$			%	
	\$			\$			%	
	\$			\$			%	
	\$			\$			%	

Total monthly debt payment \$_____

Avalanche Method

Debt	\$	Payment due this month	Payment is up to date	\$	Total amount left to pay	Interest rate (if any)	%	Payoff date or goal
	\$			\$			%	
	\$			\$			%	
	\$			\$			%	
	\$			\$			%	
	\$			\$			%	
	\$			\$			%	
	\$			\$			%	

Total monthly debt payment \$_____

Consolidate Method: with Fair credit, average APR is 17% for personal loan. Try consolidate method for debt 17% and lower.

Debt	\$	Payment due this month	Payment is up to date	\$	Total amount left to pay	Interest rate (if any)	%	Payoff date or goal
	\$			\$			%	
	\$			\$			%	
	\$			\$			%	
	\$			\$			%	
	\$			\$			%	
	\$			\$			%	
	\$			\$			%	

Total monthly debt payment \$_____

Once all three logs are completed, as a group answer:

1. Should Diane consider using her car as collateral to get a low-interest loan to pay off her payday loan or credit card?
2. What would she need to be cautious about?
3. What is one method your team recommends?
4. What is one pro and one con of your recommendation?

Which is one tip Diane could use to avoid falling behind again?



Avoiding medical debt

Whether you're about to receive a medical procedure or are having trouble paying your medical bills, there are things you can do to help keep medical debt in check.

Preparing for medical bills

CHECK WHAT'S COVERED BY INSURANCE AND MAKE SURE YOUR INFORMATION IS UP TO DATE

You should know what your insurance covers and what it doesn't. Ask your insurer what it will cover and the cost before getting a procedure or test done. If something isn't covered, ask if there are alternatives that are covered. This helps you avoid medical debt by reducing your out-of-pocket cost upfront.

KEEP GOOD RECORDS

Prepare an organized record of all your medical bills and explanation of benefits (EOB) from your insurance company (these are usually mailed to you with a line-by-line explanation of costs, what insurance covered, and what you may owe).

If you need to dispute a bill, send a written notice to the provider and include a copy of all relevant documents, such as records from doctors' offices or credit card statements. Do not send original documents.

REVIEW MEDICAL BILLS CAREFULLY

Check each bill carefully before you pay it. If you don't recognize the provider, check the date of service to see if you had a medical treatment on that day. Some providers who bill you directly may be associated with a hospital where you were treated, so you may not know you were receiving services from them at the time of treatment.

For more complicated procedures, ask for an itemized bill from the provider in order to check how much you were charged for each service. Ask questions if something seems high—a dose of Tylenol shouldn't cost \$1,000, for example. Sometimes a simple typing mistake or mis-categorization can result in a large error on your bill.

Disputing medical bills

NEGOTIATE YOUR BILL

Hospitals or doctor's offices may negotiate the amount of the bill with you. The total may be reduced if you pay the whole amount upfront.

You can also try asking for the rate that people with insurance get or if they offer a cash or prompt payment discount. The provider or hospital might also offer a plan that lets you pay off the debt in installments, with little or no interest. It doesn't hurt to ask what options there are if you expect that you won't be able to afford the bill.

Get your repayment plan agreement in writing and request the following terms:

- No interest on the debt
- Monthly statements showing the amount paid and the outstanding balance
- That the debt servicing stays with the healthcare provider and not be turned over to a third-party collection agency
- An agreement that you don't have to make full payment right away if you're late or miss a payment on your plan

ACT QUICKLY TO RESOLVE OR DISPUTE MEDICAL BILLS

First verify that you owe the amount on the bill. Check that the amount that insurance is covering is correct, and pay the bill right away or negotiate repayment if you can't afford to pay the entire bill all at once. If you delay payment and it ends up in collections, it can have a negative affect on your credit scores.

If you don't owe the bill or the amount is incorrect, dispute it as soon as possible. Bill disputes can take a while to clear up, and in the meantime the bill is still owed and could be subject to late fees or interest.

9 Paying medical bills

GET FINANCIAL ASSISTANCE OR SUPPORT

Many hospitals have financial assistance programs, which may be called "charity care," if you're unable to pay your bill. Ask your provider if they offer any kind of assistance before you get treatments—or immediately afterwards. There may be a time period to sign up for these kinds of programs, so check the deadlines for enrollment beforehand.

DON'T PAY FOR MEDICAL BILLS ON CREDIT CARDS UNLESS YOU CAN PAY THE BALANCE

If you aren't able to pay your medical bill, ask your provider for a payment plan with little or no interest before paying the bill with a credit card. Once you've paid with a credit card, you'll no longer be eligible for a payment plan. Putting large medical charges on your credit card is risky, especially if you don't have the money to pay off the card immediately. You can end up paying interest on that medical debt.

Also, your medical debt will look like credit card debt to creditors, who might weigh that differently when considering a loan application.

Comparing auto loans

Learn how to shop for an auto loan and evaluate the total cost to help you negotiate a deal you can afford.

KNOW WHAT YOU CAN NEGOTIATE

Shopping for an auto loan and negotiating the terms can save you hundreds or even thousands of dollars over the life of your loan. Learn more about what is negotiable at consumerfinance.gov/consumer-tools/getting-an-auto-loan/know-what-is-negotiable.

CHECK YOUR CREDIT SCORE

A higher score will help you get a lower interest rate and reduce the total loan cost. Learn how to raise your score in Module 7: Understanding Credit Reports and Scores.

REVIEW YOUR LOAN CONTRACT BEFORE SIGNING

Lenders are required to give you documents that explain the loan. Before you sign, check that the annual percentage rate (APR), amount financed, finance charges, and total of all payments are correct. Make sure you and the lender have copies of the signed paperwork.

If you don't understand something, ask them to explain it again until it makes sense. Consider bringing someone with you to help review the papers before you sign. Review the "Spotting red flags" handout in Module 9 to learn what to watch out for in the sales process.

What to do

- **Bring this tool with you** to each lender or car dealership and record each loan offer.
- **Compare the offers** using interest rate and length of the loan.

A step further

Consider more than just the monthly payment. A low payment over a longer term may mean you pay more interest and it could put you at risk of owing more on the car than it's worth.



Comparing auto loans helps you get the best deal

1. Bring this with you when you shop for an auto loan.
2. Fill in each row to help find the best deal.

⬆️ = things you can negotiate

Figure out your upfront costs

	EXAMPLE	CHOICE 1	CHOICE 2
A. Price of the car ⬆️	\$20,000		
B. Additional features, services, or add-ons ⬆️ Optional items like extended warranties, upgraded packages, or service plans	+ \$300	+	+
C. Taxes, title, and non-negotiable fees State and local taxes, title fees	+ \$1,400	+	+
D. Negotiable fees ⬆️ Delivery charges, origination fees, document fees, and preparation fees	+ \$100	+	+
E. Cost of the car before interest (add rows A, B, C, and D)	= \$21,800	=	=

Calculate how much you need to borrow

F. Down payment ⬆️ A larger down payment will lower the total cost of your loan	- \$3,000	-	-
G. Trade-in value ⬆️ (if you already have a car) A higher trade-in value will lower the total cost of your loan	- \$100	-	-
H. Total amount to finance (row E minus rows F and G)	= \$18,700	=	=

Determine how much money you'll pay over the life of the loan

Before deciding on the length of the loan and payment options, calculate the total amount you'll make in loan payments. You might write down several possible loan option scenarios for the same car to see what works best for you.

I. Interest rate ⬆️ Negotiating a lower interest rate will lower your total cost	3.5%	%	%	%	%
J. Length of loan ⬆️ A longer loan term will increase the total cost	48 months (4 years)	___ months (___ years)	___ months (___ years)	___ months (___ years)	___ months (___ years)
K. Monthly payment Use a loan calculator or ask your lender or dealer	× \$418.00	×	×	×	×
L. Total amount paid on the loan (multiply months in row J by amount in row K)	= \$20,067	=	=	=	=

Find the total cost of your purchase

Choose your two best offers from row L and compare your total cost.

M. Add in down payment and trade-in value (add rows F and G)	+ \$3,100	+	+
N. Total cost of your purchase (add rows L and M) Total cost of the car, including all of the interest over the life of the loan	= \$23,167	=	=
O. Total cost of car before interest (copy row E from the prior page)	- \$21,800	-	-
P. Total interest paid over life of the loan (subtract row O from N)	= \$1,367	=	=

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Debt action plan

Picking a strategy to repay your debt can help you start reducing it and make progress toward achieving your goals.

It can be difficult to make a dent in your debt if you only pay the minimum balance every month. If you have money left over in your budget to pay more than the minimum, there are two basic strategies on how to best apply it.

You can either pay your debts from smallest to largest or focus on repaying the ones with the highest interest rate first. One strategy isn't better than the other—they each have pluses and minuses to consider.

Choose the strategy that helps motivate you the most, so you feel encouraged to keep paying down the debt.



What to do

- **Pick a repayment method** that works best for you.
- **List your debts in order** based on the interest rate or the overall size of the debt.



Start reducing your debt by making a **Debt action plan**

1. Review the pros and cons of each strategy for paying down debt.
2. List your top three debts, sorted based on the strategy you chose—either by smallest total dollar amount or highest interest rate.

	PAY SMALLEST DEBT FIRST 	PAY HIGHEST INTEREST RATE FIRST 																
Description	After you've made all your minimum payments, increase your payment on the smallest debt. After it's paid off, add that extra amount to your minimum payment on the next smallest debt.	After you've made all your minimum payments, increase your payment on the debt that has the highest interest rate. After it's paid off, add that extra amount to your minimum payment on the next highest-rate debt.																
Pro	If you have many small debts, you might see progress quickly by reducing the number of debts you owe.	By paying off the debts that charge you the highest interest and fees first, you save money overall.																
Con	If the interest rate and fees are high on your larger debts and you pay the smaller ones first, you might pay more in total over the length of the debt.	You might not feel like you're making progress very quickly, especially if the first debt is large.																
	I'll pay down the smallest debt first, in this order:	I'll pay down the debt with the highest interest rate first, in this order:																
	<table border="1"> <thead> <tr> <th>DEBT</th> <th>AMOUNT</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>\$</td> </tr> <tr> <td>2.</td> <td>\$</td> </tr> <tr> <td>3.</td> <td>\$</td> </tr> </tbody> </table>	DEBT	AMOUNT	1.	\$	2.	\$	3.	\$	<table border="1"> <thead> <tr> <th>DEBT</th> <th>INTEREST RATE</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>%</td> </tr> <tr> <td>2.</td> <td>%</td> </tr> <tr> <td>3.</td> <td>%</td> </tr> </tbody> </table>	DEBT	INTEREST RATE	1.	%	2.	%	3.	%
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Debt log

Before you can make a plan for paying your debt, you first have to know what you owe.

A debt is money you owe. For things like rent-to-own arrangements, credit cards, payday loans, student loans, and mortgages, the total amount you borrowed is your debt. So your total monthly payment (including interest or fees) is part of your debt payment.

There are other kinds of debt besides loans. For instance, your monthly electric bill isn't a debt, but if you're past due on your bill, that amount and any fees become debt. That past due amount should be counted in this tool as part of your monthly debt.

The first step in managing and reducing your debt is to make a list of **who you owe money to and how much you owe them**. Be sure to include debts owed to friends and family, credit card companies, banks, department stores, and payday lenders. Also include any money you owe for past due court-ordered child support payments, past due rent, and past due payments to local, state, or federal government for things like property taxes and back income taxes. You can gather this information from your free credit report, bills, and loan statements.

What to do

- **Gather all of your bills and loan statements** to help you figure out what you owe.
- **Get a copy of your credit report.** Use the "Requesting your free credit reports" tool (in Module 7) if you don't have a recent copy. This can help you find any debt you may have forgotten about or has been sent to collections.

A step further

If you're worried about debt or thinking about adding to your debt, it helps to first understand your total level of debt. Use the "Debt-to-income calculator" to measure exactly how much debt you have compared to your income. You can also use the "Debt action plan" to help prioritize payments.

Documents that can help you complete the "Debt log"

If you don't have all the information you need to complete the "Debt log," these documents can help you fill in the blanks. Here's the type of information you can find on each.

CREDIT REPORT

- Your monthly payment amounts
- The balance (the amount you still owe)
- Whether you are up to date or more than 30 days late on payments
- Your status as owner, co-signer, or authorized user (if you're an authorized user on someone else's account, the debt showing on your credit report may be money they've spent that you aren't responsible to pay; only include that amount in this tool if it's money you're responsible for)

CREDIT CARD STATEMENT

- Payment date
- Minimum payment amount
- Interest rate
- Payoff date if you continue to make minimum payments

LOAN OR MORTGAGE AGREEMENT

- Interest rate
- Payment date
- Fees
- Payoff date

COURT ORDERS

- Payment amount
- Due date
- Any other terms

BILLING STATEMENTS

- Past-due amounts
- Late fees



Track your debts and how much you owe with this **Debt log**

1. List all the debts you have, including who you owe them to. Fill out the table to see your total monthly debt payment.
2. Repeat this exercise every few months to track if your debt is growing or shrinking.

Remember, a bill isn't always debt.

For instance, your phone bill isn't debt, but any past due amount for that bill is. If you're repaying a loan (like a credit card or mortgage), the entire amount is considered debt and should be included here.

Common debt types to help you brainstorm:



Auto loan



Back child support



Credit card debt



Friends and family



Medical debt



Mortgage or past-due rent



Past-due fees and fines



Payday loan



Student loan

Debt	Payment due this month	Payment is up to date?	Total amount left to pay	Interest rate (if any)	Payoff date or goal
	\$		\$	%	
	\$		\$	%	
	\$		\$	%	
	\$		\$	%	
	\$		\$	%	
	\$		\$	%	
	\$		\$	%	
	\$		\$	%	
Total monthly debt payment	\$				

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Debt-to-income calculator

Figure out your debt-to-income ratio to see how much of your income goes toward paying debt each month.

Determining your debt-to-income ratio is one way to check the overall health of your finances. It measures how much pressure debt is putting on your budget, which helps you decide if you can handle more debt.

For example, if you have a debt-to-income ratio of 36 percent, then 36 cents of every dollar earned is going to pay for debt, leaving you 64 cents to pay for everything else.

A high debt-to-income ratio could affect your ability to get additional credit because creditors may be concerned that you won't be able to handle their debt on top of what you already owe.

You can also use the debt-to-income ratio as a benchmark for reducing your debt—as your debt decreases, so will your debt-to-income ratio. This means money is being freed up to use on other things like saving, expenses, and emergencies.

What to do

- **Complete the "Debt log"** to figure out your total monthly debt payment. If you have court-ordered fixed payments, such as child support, count these as debt for this purpose.
- **Figure out your gross monthly income** (before taxes or insurance). This includes money earned from a job or child support payments you may receive. If your income varies from month to month, estimate your income on a typical month (it's better to estimate lower for the purposes of this tool).

A step further

If your debt-to-income ratio is above the guidelines, use the "Debt action plan" to help reduce your debt and lower your debt-to-income ratio.



The **Debt-to-income calculator** gives you a benchmark for planning

1. Enter your total monthly debt payment on the first line of the equation. You can copy it from the "Debt log."
2. Enter your gross monthly income on the second line. If your income varies from month to month, estimate what you receive in a typical month.
3. Calculate your debt-to-income ratio and review the recommended ratios to see how yours compares.

Lenders use your debt-to-income ratio when considering your loan application.

CALCULATE YOUR DEBT-TO-INCOME RATIO

Your total monthly debt payment includes credit card, student, auto, and other loan payments, as well as court-ordered fixed payments, like child support	
Divide by your gross monthly income which is all of your income before taxes and insurance	÷
Multiply by 100 to calculate your current debt-to-income ratio	%

Here are some guidelines to think about:

HOMEOWNERS



Consider maintaining a debt-to-income ratio for all debts of 36 percent or less. Some lenders will go up to 43 percent or higher. Your home mortgage is included in this ratio.

RENTERS



Consider maintaining a debt-to-income ratio for all debts of 15-20 percent or less. Your rent is not included in this ratio.

If your debt-to-income ratio is higher than the guideline (as either a homeowner or renter), you may want to think about ways to lower debt to put less pressure on your budget. Use the "Debt action plan" for help.

Mortgage lenders look at your debt-to-income ratios for both total debt and mortgage debt when considering your loan application. If you're a homeowner, you can also calculate your mortgage debt-to-income ratio.

CALCULATE YOUR MORTGAGE DEBT-TO-INCOME RATIO

<p>Your total monthly mortgage debt payment includes only the principal and interest on your mortgage. Your property taxes, insurance, and condo or homeowner association fees may or may not be included in your monthly mortgage payment</p>	
<p>Divide by your monthly gross income which is all of your income before taxes and insurance</p>	÷
<p>Multiply by 100 to calculate your current mortgage debt-to-income ratio</p>	%

Here are some guidelines to think about:

MORTGAGE DEBT FOR HOMEOWNERS



Consider maintaining a mortgage debt-to-income ratio of 28 to 35 percent.

If your ratio is higher than the guidelines, and you want help, consider contacting a certified HUD housing counselor. Find a certified counselor by visiting consumerfinance.gov/find-a-housing-counselor.

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Repaying student loans

Evaluate different repayment plans for your student loans to find one that best fits your needs, making it easier to repay.

There are generally two types of student loans: federal and private.

Federal student loans are loans made or guaranteed by the Department of Education. They usually have names like Direct Loan, Stafford, PLUS, or Perkins. They're the most common type of student loans.

Private student loans are any other type of student loans. They can be made by a bank, a credit union, a state agency, or a college or university. They may have names like "alternative" or "institutional" loans.

If you're not sure whether your loan is federal or private, you can check the National Student Loan Data System, or NSLDS, at nslds.ed.gov. It provides a list of all your federal student loans, including which servicer is handling your account(s). If your loan is not listed in the NSLDS, it's most likely a private loan.

The loan servicer is the company that actually handles your loan—it's the company you get your billing statement from. Both federal and private student loans are serviced by many different companies, so it's not always accurate to assume what type of loan you have based on where you get your statements from.

What to do

- **Figure out if you have a federal or private student loan.**
- **Identify your loan repayment status** (for example, if your payments are on time, if you're late on payments, or if you're in default).
- **Review the repayment options and select one that's best for you.**
- **Apply for that repayment option** and keep following up until you get a confirmation from your loan servicer about your payment plan.



You may have options for **Repaying student loans** if you're struggling

1. Check the box that best describes where you are with your monthly student loan payments.
2. Review what options you may be eligible for based on what you checked and the type of student loan you have.
3. Learn more about your repayment plan options on the next pages.

With my student loan payment...	If you have a federal student loan...	If you have a private student loan...
<p>I'm struggling to keep up.</p> <p>I've missed three or more payments.</p> <p>I've temporarily postponed my payments and am in deferment or forbearance.</p>	<p>Consider changing your repayment plan to decrease your monthly payments. There's never a fee to change your plan.</p> <p>With income-driven repayment plans, your monthly payments are based on your family size and household income. You don't need to have a job or income to qualify, and payment can be as low as \$0.</p>	<p>Contact your student loan servicer to find out if you're eligible for an alternative payment program that lowers your monthly payments for a limited time. (Your servicer is the company that sends your student loan bill each month, and their contact information is on the bill.)</p>
<p>I've missed my payments for over 270 days and have been contacted by a debt collector.</p>	<p>Get your loan back on track by contacting your debt collector and asking for a loan rehabilitation plan. They can set up affordable payments based on your family size and household income.</p>	<p>If your loan is in default, work with your debt collector to create a repayment plan that you can afford.</p>
<p>I don't know my loan repayment status.</p>	<p>Reach out to your student loan servicer (the company that sends your bill each month) and ask them about your repayment status. Then use this tool to review your options.</p>	

If you have federal student loans, you may have options when it comes to how and when you repay them.

The government offers different repayment options for federal student loans. Some have longer repayment periods (meaning your monthly payments are lower), while others base your payment on your income and family size. Keep in mind that switching to a plan with a lower monthly payment often means paying more over the life of your loan.

There's never a fee to change your repayment plan. Learn more at studentaid.ed.gov/repay-loans.

Term to know: discretionary income

Some repayment plans are based on discretionary income. For most income-driven repayment plans, discretionary income is defined as the difference between your adjusted gross income and 150 percent of the Federal Poverty Guidelines. You can find this year's guidelines here: aspe.hhs.gov/poverty-guidelines

Standard repayment plans

Plan name	Payments	Loan period	Terms	Forgiveness	Availability
Standard Most borrowers start with this plan	Payments of at least \$50 a month that stay the same each year	Up to 10 years (up to 30 years for consolidated loans)	Payment is fixed Pay less over time than other repayment plans	None	All borrowers with federal student loans
Graduated Payment starts low and increases over time	Lowest in the first year and gradually increases every two years	Up to 10 years (up to 30 years for consolidated loans)	Payments based on your remaining loan balance Pay more over time than with Standard 10-year repayment plan	None	All borrowers with federal student loans
Extended A longer loan period with smaller monthly payments	Lower than standard or graduated repayment plans	Up to 25 years	Payment can be fixed or graduated	None	You must have more than \$30,000 in outstanding federal loans to qualify

Income driven repayment plans

Plan name	Payments	Loan period	Terms	Forgiveness	Availability
<p>Revised Pay As You Earn (REPAYE)</p> <p>Payment based on 10 percent of your discretionary income</p>	<p>10 percent of discretionary income, recalculated each year based on updated income and family size</p> <p>Your payment may be as little as \$0</p>	<p>Up to 20 or 25 years, depending on if the loan was for undergraduate or graduate studies</p>	<p>Payments could be higher than Standard repayment plan</p>	<p>If you haven't repaid loan in full after 20 or 25 years, remaining amount is forgiven</p> <p>You may have to pay income tax on forgiven amount</p>	<p>For borrowers with federal Direct Loans</p> <p>No income requirement</p>
<p>Pay As You Earn (PAYE)</p> <p>Payment based on 10 percent of your discretionary income</p>	<p>Up to 10 percent of discretionary income, recalculated each year based on updated income and family size</p> <p>Your payment may be as little as \$0</p>	<p>Up to 20 years</p>	<p>Payments won't ever be higher than Standard repayment plan</p> <p>Pay more over time than with Standard 10-year repayment plan</p>	<p>If you haven't repaid loan in full after 20 years, remaining amount is forgiven</p> <p>You may have to pay income tax on forgiven amount</p>	<p>For borrowers with federal Direct Loans</p> <p>Must show partial financial hardship</p> <p>Must be a new borrower on or after Oct. 1, 2007 and must have received a payout of a Direct Loan on or after Oct. 1, 2011</p>

Plan name	Payments	Loan period	Terms	Forgiveness	Availability
Income-based repayment (IBR) Payment based on up to 10 or 15 percent of your income	If you're a new Direct Loan borrower on or after July 1, 2014: Up to 10 percent of discretionary income Borrowers with any outstanding federal loan issued before July 1, 2014: Up to 15 percent of discretionary income Recalculated each year based on updated income and family size	If you're a new Direct Loan borrower on or after July 1, 2014: Up to 20 years Borrowers with any outstanding federal loan issued before July 1, 2014: Up to 25 years	Payments won't ever be higher than Standard repayment plan Pay more over time than with Standard 10-year repayment plan	If you haven't repaid loan in full after 20 or 25 years, remaining amount is forgiven You may have to pay income tax on forgiven amount	All borrowers with federal student loans are eligible (except Parent Plus loans) Must show partial financial hardship

Other temporary repayment options

In certain circumstances, you can work with your loan servicer to apply for deferment or forbearance on your student loans. This allows you to temporarily stop making payments or temporarily reduce the amount of your payment. But make sure you're still making payments on your loan until deferment or forbearance is set up. If you have federal student loans, both deferment and forbearance are options you can consider. Forbearance is also offered by many private student loan lenders.

DEFERMENT

In deferment, payment of both the principal loan amount and interest is delayed. If you have a subsidized federal loan, the government pays your interest during the deferment. If you have an unsubsidized loan, you must pay the accruing interest during the deferment or it will build up.

When interest builds up on deferred student loans and isn't paid, it can be capitalized, which means it becomes part of the original principal loan amount that you owe. This means you will end up paying interest on the interest and ultimately owing even more.

Deferments are only granted for specific circumstances including:

- At least half-time enrollment in college, trade school, a graduate fellowship, or a rehabilitation program for individuals with disabilities
- Unemployment
- Certain periods of military service
- Times of economic hardship
- Peace Corps service

FORBEARANCE

Forbearance means that you stop paying your loan or pay a lesser amount on your loan for up to 12 months.⁹ Like deferment, interest continues to build up during forbearance, even on subsidized federal loans. So if you don't pay the interest part during forbearance, it will be added to the loan principal and you'll pay interest on the interest.

Your loan servicer determines whether you qualify for forbearance. It can be granted if you're temporarily unable to make your loan payments because of:

- Financial difficulties
- Medical expenses
- Change in employment or loss of job
- Other reasons set by your loan servicer

LOAN FORGIVENESS

Certain federal student loans can be forgiven, which means you don't have to repay that amount. You may qualify for forgiveness due to a disability, the closure of your school, or due to your job. For instance, if you work as a public school teacher or for a qualified public service employer, you may be eligible for loan forgiveness. Find out if you might qualify for forgiveness at studentaid.ed.gov/sa/repay-loans/forgiveness-cancellation#when.

⁹ See studentaid.ed.gov/sa/repay-loans/deferment-forbearance#what-is-deferment.

TEACHER LOAN FORGIVENESS PROGRAM

You may qualify for loan forgiveness if you've taught full-time for five complete and consecutive academic years in a low-income school or educational service agency. Other factors may also affect your eligibility, such as when you took out the loan and when you started teaching. Under this program, teachers who qualify can be eligible for forgiveness of up to \$17,500 of their Direct Loans or Stafford Loans (it also applies to Direct Consolidation Loans and Federal Consolidation Loans in certain cases).

PUBLIC SERVICE LOAN FORGIVENESS PROGRAM

In order to qualify for this program, you must work full-time at a qualifying employer, regardless of the job you have there. If you work for a government organization or specific type of non-profit, you might be eligible to have the remaining balance of your Direct Loans forgiven. You must also make 120 qualifying monthly payments on your loan under a qualifying repayment plan in order to be eligible. If you want to try to qualify for this program now or in the future, you need to complete and submit an Employment Certification form—waiting to submit this could affect your ability to qualify. Find the form at studentaid.ed.gov/sa/sites/default/files/public-service-employment-certification-form.pdf.

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When debt collectors call

Learn about your rights concerning debt collectors and what to do if they contact you.

When companies decide they no longer want to try to collect overdue debts, they may assign or sell those debts to third-party debt collectors. There are laws about how debt collectors can act, what they can say, and how they can treat you. The Fair Debt Collections Practices Act provides you with rights when a debt collector is trying to get you to pay a debt.

A debt collector can't:

- Call repeatedly to harass you or abuse you
- Use abusive or obscene language
- Threaten you by saying they'll take action they can't or don't intend to take
- Call you without telling you who they are
- Lie to or mislead you
- Publish your name for not paying a debt

You may want to discuss your debt issue with a lawyer. Visit consumerfinance.gov/askcfpb/1433 to find a lawyer in your area.

What to do

- **Review the questions to ask** if a debt collector calls.
- Fill out the template to **request more information** from the debt collector. Carefully review and check the box next to the information you're requesting.
- If the debt isn't yours, fill out the second letter template to **dispute the debt**.

A step further

Find other letter templates for contacting debt collectors at consumerfinance.gov/consumer-tools/debt-collection.



You can be prepared to ask questions When debt collectors call

1. If you're contacted by a debt collector, ask them these questions and write down their answers.
2. To request more information about the debt, fill out and send the first template to the debt collector. Don't forget to check the boxes next to the information you're requesting.
3. If the debt isn't yours, fill out and send the second template to dispute the debt.

Be cautious and keep records.

- You don't have to share private information (like bank accounts) no matter what debt collectors say.
- Write down all dates, times, and detailed notes of what's said for each call.
- Save everything debt collectors send and make copies of anything before you send it (don't send originals).

WHAT TO SAY TO A DEBT COLLECTOR

NOTES

What is your (the debt collector's) name and address?	
What is the original creditor's name and address?	
What is the account number?	
What is the amount owed?	
What date did the account become delinquent?	
What date did you (the debt collector) obtain the debt?	
What was the amount of debt when you (the debt collector) obtained it?	
On what date will the debt's statute of limitations (the time you can no longer be sued for the debt) expire?	
If you don't believe you owe the debt or you already paid it:	
Please provide documentation proving I'm required to pay.	
Please provide me with a copy of the last bill.	

Resolve issues with debt collectors

If the debt is not legitimate (if it's not yours or you already paid it), don't delay in disputing it.

Use the second letter template to send the debt collector a letter disputing the debt immediately. You may lose your ability to dispute the debt if you wait.

If the claim is legitimate, don't despair.

At least now you know what you're dealing with. You still have options, depending on your financial situation and what you want to do with the debt.

- Negotiate a payment plan that will give you more time to pay down your debt.
See consumerfinance.gov/askcfpb/1447 for more information.
- Pay the debt in full and move on.
- Try to settle with the debt collector on a total amount of what you're willing to pay that will fully resolve the account. You can do this yourself by contacting the collector.

If you're sued by a debt collector, be sure to respond to court documents.

If you don't respond to court documents, or if you don't show up for a court hearing, the court will usually issue a money judgment against you. You may want a lawyer to advise or represent you at the hearing. To find a lawyer in your state to discuss debt collection with, visit consumerfinance.gov/askcfpb/1433.

I am responding to your contact about a debt you are trying to collect. Please supply the information I have marked so that I can be fully informed.

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

In addition to providing the information requested below, please let me know whether you are prepared to accept less than the balance you are claiming is owed. If so, please tell me in writing your offer with the amount you will accept to fully resolve the account.

Thank you for your cooperation. Sincerely,

Name

About the debt you're trying to collect

Today's date

Debt collector's name and address

Name and return address

Account number for the debt

You contacted me on this date

Any other information given to me

You contacted me by

Phone

Mail

Please supply the information I have marked so that I can be fully informed.

WHY YOU THINK I OWE THE DEBT AND TO WHOM I OWE IT, INCLUDING:

The name and address of the creditor to whom the debt is currently owed, the account number used by that creditor, and the amount owed.

If this debt started with a different creditor, provide the name and address of the original creditor, the account number used by that creditor, and the amount owed to that creditor at the time it was transferred. When you identify the original creditor, please provide any other name by which I might know them, if that is different from the official name. In addition, tell me when the current creditor obtained the debt and who the current creditor obtained it from.

Provide verification and documentation that there is a valid basis for claiming that I am required to pay the debt to the current creditor. For example, can you provide a copy of the written agreement that created my original requirement to pay?

If you are asking that I pay a debt that somebody else is or was required to pay, identify that person. Provide verification and documentation about why this is a debt that I am required to pay.

THE AMOUNT AND AGE OF THE DEBT, INCLUDING:

A copy of the last billing statement sent to me by the original creditor.

State the amount of the debt when you obtained it, and when that was.

If there have been any additional interest, fees or charges added since the last billing statement from the original creditor, provide an itemization showing the dates and amount of each added amount. In addition, explain how the added interest, fees or other charges are expressly authorized by the agreement creating the debt or are permitted by law.

If there have been any payments or other reductions since the last billing statement from the original creditor, provide an itemization showing the dates and amount of each of them.

If there have been any other changes or adjustments since the last billing statement from the original creditor, please provide full verification and documentation of the amount you are trying to collect. Explain how that amount was calculated. In addition, explain how the other changes or adjustments are expressly authorized by the agreement creating the debt or permitted by law.

Tell me when the creditor claims this debt became due and when it became delinquent.

Identify the date of the last payment made on this account.

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

DETAILS ABOUT YOUR AUTHORITY TO COLLECT THIS DEBT.

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

If you are contacting me from a place outside my state, does your firm have a debt collection license from that place? If so, provide the date of the license, the name on the license, the license number, and the name, address and telephone number of the state agency issuing the license.

I am responding to your contact about collecting a debt. I do not have any responsibility for the debt you're trying to collect.

If you have good reason to believe that I am responsible for this debt, mail me the documents that make you believe that. Stop all other communication with me and with this address, and record that I dispute having any obligation for this debt. If you stop your collection of this debt, and forward or return it to another company, please indicate to them that it is disputed. If you report it to a credit bureau (or have already done so), also report that the debt is disputed.

Thank you for your cooperation. Sincerely,

Name

About the debt you're trying to collect

Today's date

Debt collector's name and address

Name and return address

Account number for the debt

You contacted me on this date

Any other information given to me

You contacted me by

Phone

Mail

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Activity: “Week-by-Week: Cash Flow Challenge”

Module 5: Getting Through the Month

Time: 20 minutes

Goal: You will build a weekly cash flow budget and practice adjusting income/expenses to prevent shortfalls and improve month-to-month stability.

Scenario: Tasha’s Month

Tasha works part-time and receives SNAP benefits. She gets paid twice a month: on the 7th and 21st. Her monthly expenses often outpace her income by Week 3, causing her to miss payments or overdraft.

Week	Income Source	Total Income
1	Starting balance: \$150 + SNAP \$150	\$250
2	Paycheck \$600	\$600
3	No Income	\$0
4	Paycheck \$600	\$600

Weekly Expenses	Amount
Rent (due 5 th)	\$700
Utilities (due 10 th)	\$150
Groceries (each week)	\$100
Bus pass (each week)	\$25
Cell phone (due 20 th)	\$60
Credit card (due 28 th)	\$50

Instructions:

1. In your group, complete Tasha’s weekly cash flow chart using the Creating a Cash Flow Budget tool.
 - o Add income per week.
 - o Subtract weekly and fixed expenses.
 - o Track starting and ending balances.
2. Identify when Tasha runs out of money or goes negative.

Adjusting & Improving Cash Flow

Instructions:

1. Use the Adjusting Your Cash Flow calendar tool to explore strategies:
 - o Can Tasha move a bill payment to align with her paycheck?

Creating a Cash Flow Budget

1. Enter Tasha's starting balance for the month under Week 1.
2. Write down the amounts Tasha receive during Week 1 from the categories listed. Add up all income for Week 1 and enter under "Total income."
3. Write down the amounts Tasha spend during Week 1.
4. Subtract all the expenses for Week 1 from the "Total income" for Week 1. Write this amount in "Ending weekly balance."
5. Copy the amount from "Ending weekly balance" from Week 1 into the "Starting balance" for Week 2. Repeat steps 2 through 5 for the remaining weeks in the month.

	Week 1	Week 2	Week 3	Week 4	Week 5
Beginning Week Balance	Starting Balance \$				
Add money you receive each week	+	+	+	+	+
	+	+	+	+	+
	+	+	+	+	+
Total income	=	=	=	=	=
Subtract your weekly expenses	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
Ending Weekly Balance	=	=	=	=	=

Adjusting Cash Flow

- Write in next month's name and dates on the calendar. Enter Tasha's income sources (jobs, benefits, etc.) and amounts on the day Tasha received them with a plus (+) sign. Enter Tasha's expenses and amounts on the day She pays them with a minus (-) sign.

- Use ideas from the "Improving cash flow" tool to adjust the timing of expenses. For instance, draw an arrow from an expense you can move to a date that's after Tasha gets paid.

Month: _____						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Example Groceries -\$100	Gas bill (cannot move) -\$79		Paycheck +\$250			
Week 1						
Week 2						
Week 3						
Week 4						
Week 5						

Adjusting your cash flow

See how you can improve your cash flow by adjusting your expenses on this calendar.

Learning about strategies for improving your cash flow is one thing, but actually putting them into action is another. Laying out your income and expenses on a calendar can help you visualize your cash flow, making it easier to make adjustments.

What to do

- **Fill in the calendar with the dates for that month.**
- **Use your cash flow budget to enter your income (including benefits) and expenses.** It's helpful to use a pencil to make it easier to move things around.
- **Try moving expenses around to better align with when you have income** in places where you're coming up short.
- **Take action to make the changes a reality.** You can do this by adjusting your spending habits, calling your creditors about changing the due dates of your bills, or splitting large periodic bills into smaller more frequent ones to make them more manageable to pay.



Better align expenses with income by Adjusting your cash flow

1. Write in next month's name and dates on the calendar.
2. Enter your income sources (jobs, benefits, etc.) and amounts on the day you receive them with a plus (+) sign.
3. Enter your expenses and amounts on the day you pay them with a minus (-) sign.
4. Use ideas from the "Improving cash flow" tool to adjust the timing of your expenses. For instance, draw an arrow from an expense you can move to a date that's after you get paid.
5. Make copies of this calendar and repeat in a few months to see how you're doing.

Month: _____

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Example	Groceries - \$85	Gas bill - \$79		Paycheck Job 1+\$750			
Week 1							
Week 2							
Week 3							
Week 4							
Week 5							

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Creating a cash flow budget

A cash flow budget is all about tracking the timing of your income and expenses to make sure you have enough from week to week.

Before you can build a cash flow budget, you will need to track your income, resources, and expenses for at least one month. Use the "Income and benefits tracker" in Module 3 and the "Spending tracker" in Module 4 to help you get started. You'll need the information from both of these tools to create your cash flow budget.

What to do

- **Enter your beginning balance for the week.**
- **Add all of the income and benefits you receive that week. Subtract all of your expenses for that week.** Include the money you spend on everyday expenses, bills, and savings. Also include benefits you use to pay for things that would otherwise be paid for with cash, such as SNAP and TANF. Remember that some benefits may only be used for specific expenses. For example, like SNAP benefits can be used for food, but not household items, like paper towels. If you receive a housing subsidy, include the full value of the subsidy under income and resources and the full market rate of your rent under expenses.
- **What's left is your ending balance.** If it's positive, you have enough income and benefits to make it through the week. If it's negative, you're falling short.
- **Copy your ending balance for the week to the beginning balance of the next week.** Repeat these steps for the rest of the weeks that month.

A step further

If it looks like there are weeks where your expenses are more than your income and benefits, you can use the "Improving cash flow" tool to brainstorm some strategies for getting back on track.



Consider expense and income timing by **Creating a cash flow budget**

1. Enter your starting balance for the month under Week 1. This is the total amount of money available to you from cash on-hand, prepaid cards, and checking and saving accounts.
2. Write down the amounts you receive during Week 1 from the categories listed. If you have income from other categories, add them together and write them under "Other."
3. Add up all your income for Week 1 and enter under "Total income."
4. Write down the amounts you spend during Week 1. If you have expenses from other categories, add them together and write them under "Other."
5. Subtract all the expenses for Week 1 from the "Total income" for Week 1. Write this amount in "Ending weekly balance."
6. Copy the amount from "Ending weekly balance" from Week 1 into the "Starting balance" for Week 2. Repeat steps 2 through 5 for the remaining weeks in the month.

		WEEK 1	WEEK 2	WEEK 3	WEEK 4	WEEK 5
BEGINNING WEEKLY BALANCE		Starting balance \$250	\$400	\$	\$	\$
+	1	+ 300				
ADD MONEY YOU RECEIVE EACH WEEK	2	+ 100				
		+				
		Total income	= 650	=	=	=
-	3	- 200				
SUBTRACT YOUR WEEKLY EXPENSES	4	- 35				
		- 15				
ENDING WEEKLY BALANCE	5	= 400	=	=	=	=
	6					

		WEEK 1	WEEK 2	WEEK 3	WEEK 4	WEEK 5
BEGINNING WEEKLY BALANCE	Your starting balance is a total of your cash, prepaid card, and account balances.	Starting balance \$	Wk. 1 ending balance \$	Wk. 2 ending balance \$	Wk. 3 ending balance \$	Wk. 4 ending balance \$
+ ADD MONEY YOU RECEIVE EACH WEEK	Job 1	+				
	Job 2	+				
	Housing subsidy	+				
	SNAP	+				
	TANF	+				
	Other	+				
	Total income	=	=	=	=	=
- SUBTRACT YOUR WEEKLY EXPENSES	Cell phone	-				
	Debt payment	-				
	Eating out	-				
	Education and childcare	-				
	Entertainment	-				
	Groceries and other supplies	-				
	Health expenses	-				
	Helping others	-				
	Housing and utilities	-				
	Pets	-				
	Savings for emergency fund	-				
	Savings for goals like education or retirement	-				
	Transport	-				
	Other	-				
ENDING WEEKLY BALANCE		=	=	=	=	=

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Improving cash flow

There are several strategies you can use to improve your cash flow.

You can make sure you have the income and benefits at the right time by avoiding large periodic payments. Instead, make smaller payments throughout the month or year.

You can also try to change the timing of when you pay your expenses. For example, you may be able to change the due dates of some of your bills or loan payments, so that they better match the times of the month when you receive income.

What to do

- **Read through the strategies** for improving your cash flow.
- **Write down any questions you have or next steps you can take.**
- **Commit to implementing one or two strategies** for the coming month and see if your cash flow improves.

A step further

Use the “Adjusting your cash flow” tool to see where you can change the timing or amount of some of your expenses using the strategies learned here.



Strategies for Improving cash flow

1. Read the different strategies for improving your cash flow.
2. Check the box of one that you can commit to trying now. Write down any questions you may have about how you can accomplish this.
3. After you've completed that strategy, try another to keep improving your cash flow.

STRATEGY	THINGS TO CONSIDER	QUESTIONS I HAVE
I'll negotiate a new due date for my bills with the company so they're due after I receive income.	First contact companies where you have a good payment history and long-standing relationship. They are more likely to be open to adjustments.	
I'll negotiate splitting a large monthly payment into two smaller ones due at different times.	For example, if you can cover your \$700 rent with a \$350 payment on the first and fifteenth of the month, it might free up more money at the beginning of the month to cover other bills.	
I'll change large lump-sum payments into smaller monthly payments on things like car insurance.	There may be a small fee to pay monthly, but it can still make handling these payment more manageable by breaking them into smaller chunks.	

I'll check to see if I qualify for an energy assistance program in my area.

There are local and national programs that can help low-income families pay for part of their energy costs. Get information on how and where to apply for energy assistance at liheapch.acf.hhs.gov/help.

I'll explore level payment plans for utility bills.

This averages your annual use over a 12-month period, so that you pay the same each month and avoid seasonal spikes in cost. This is especially helpful for budgeting in extreme climates where you have high bills in the summer and winter months. Check with your utility providers to see if you qualify.

I'll automatically deposit a monthly amount into a savings account or savings wallet feature of a prepaid card, so when a large lump-sum payment is due the money is already saved.

This helps reduce stress when large, periodic payments (like car insurance or school tuition) are due. To do this, you'll need regular income, an account at a bank or credit union, or a prepaid card. See "Evaluating your prepaid or payroll card" in Module 8 if you're considering a prepaid card.

I'll look to make sure that I'm withholding enough tax from my paycheck.

Generally, selecting more allowances (also called exemptions) means fewer taxes are withheld from your paycheck. But if you have more allowances, you could end up owing more when you file your taxes. Learn more at irs.gov/individuals/irs-withholding-calculator.

I'll explore options to consolidate my debt.

You can usually consolidate debt with a bank or credit union if you have good credit. This can improve your cash flow because the monthly payment may be smaller and you'll have fewer debt payments to make each month. But the tradeoff is it could take you longer to pay off the debts or cost more over the length of the loan.

If you consolidate your debts into your mortgage, falling behind on those payments could put your home at risk. Be sure you understand the terms of the consolidation and aren't paying more interest with the new loan.

Consider talking through your options with a certified credit counselor. You can find one in your area by visiting consumerfinance.gov/askcfpb/1451.

I'll refinance my home for a lower interest rate or talk with my lender about a loan modification.

Refinancing doesn't always save money after factoring in fees, so do the math to ensure the new rate saves you money. Learn more about choosing a home loan at consumerfinance.gov/owning-a-home.

I'll consider selling my car and buying a less expensive one.

Reducing your auto loan payments can help free up money for other things, but keep in mind that older cars may require more costly maintenance. So think about whether your cost of ownership, which includes insurance, fuel, and maintenance, will also go down with a less expensive car.

STRATEGY**THINGS TO CONSIDER****QUESTIONS I HAVE**

I'll explore options for refinancing my auto loan to something with a lower interest rate.

Reducing your interest rate can lower your monthly payments. Make sure you understand all the loan terms, so you don't end up paying more in the long run. To help prepare you to shop for and compare auto loans, visit consumerfinance.gov/consumer-tools/auto-loans.

I'll check to see what repayment options I have to reduce my student loan payment.

You may qualify for an income-based repayment plan, which will lower your student loan payment based on your income and family size. Learn more with the "Repaying student loans" tool (in Module 6).

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Activity: “Plan to Pay: Building a Bill Calendar”

Module 4: Paying Bills

Time: 20 minutes

Goal: Your team will work on a provided scenario to space bills out over the course of a month to ensure all bills get paid on time and you have remaining expenses to make it to the next paycheck to learn tools to then apply to your own bills.

Scenario: Meet Michael

Michael is 29, works full-time at a grocery store, and gets paid every other Friday. He lives with his younger sister and is responsible for most of the household bills. He’s working on improving his credit but has sometimes paid bills late and wants to avoid late fees.

Here’s Michael’s monthly financial information:

Income & Pay Schedule

\$1,000 every other Friday (net income)

Payday: 1st and 3rd Friday

Bills & Expenses

Rent: \$800 – due on the 5th by money order and is fixed

Internet: \$55 – due on the 6th, paid online

Car insurance: \$110 – due on the 11th, paid online and is fixed

Electric: \$95 – due on the 16th, by money order

Cell phone: \$65 – due on the 19th, auto paid

Credit card: \$50 minimum – due on the 25th, paid online

Streaming service: \$20 – auto-pay on the 27th, auto paid

Build Michael’s Calendar

1. Label the calendar for the month (the current month).
2. Mark both income dates.
3. Record bill payment dates:
 - If a bill is paid online, mark **2–3 days before due date**.
 - If a bill is paid by mail or money order, mark **5–7 days before due date**.
4. Create a symbol system and use different symbols for:
 - Income
 - Fixed bills
 - Auto-pay bills

Calendar to fill out for Michael

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Your Key:

Income

Fixed Bills

Auto-pays Bills

Bill calendar

You may be able to avoid late fees and other consequences of missed or late payments if you set up a bill calendar so you can see when payments are due.

Most people have recurring bills and expenses like rent, utilities, car payments, and insurance. Most of these bills have a fixed due date. If you are late, even by a few days, you will likely pay an extra fee. You may also risk a negative entry in your credit record.

Figuring out which bills to expect helps you plan to have enough money on hand. Some people find that thinking ahead helps reduce the stress when bills arrive.

What to do

- **Gather all the bills you pay in one month** or use the information from your spending tracker. Remember to include any bills that are paid automatically.
- **Write the date when you must send the payment** or when the money must be taken out of your account, in advance of the due date. If you're paying by mail, mark the due date at least seven days before it is due. For in-person or online bill payment, mark two or three days before the due date to ensure you are not late.
- **Write down the name of the company or person you owe the money to and the amount that's due** on the date the bill must be sent to arrive on time.
- **Put this calendar where you will see it every day.**

A step further

Once you have finished adding your bills, add your sources of income as well. Write in the dates and amounts you get paid or when you receive other income. Use the "Bill calendar" to compare your weekly bill totals to your weekly income totals. If you have more bills than income in a given week, consider asking to change the due dates of some of your bills. See the cash flow tools in Module 5: Getting through the Month for more information on balancing your income with your bills and expenses.



Creating a **Bill calendar** helps you see how income and bills line up each month

1. Select which month you're planning for and label the calendar for that month.
2. Make a list of all your bills.
3. For each bill, **mark the payment date**: 7 days before the due date for mail, 3 days before the due date for online.
4. Enter the dates you'll receive income and the amounts you expect.

Bills:

Month of: _____

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Choosing how to pay bills

Your choice of bill payment methods may help you save time, save money, avoid additional or unnecessary fees, and create a reliable track record of bill payments.

In general, you can pay your bills using:

- Cash
- Checks
- Credit or debit cards
- Money orders
- Online or mobile bill payments
- Prepaid cards

Picking a method that helps you consistently pay your bills on time can help you build a payment record that may improve your ability to access credit.

There are benefits and drawbacks to each method. For example, if you prefer to pay bills in-person using cash, you have to get to a payment location, which costs you time and gas money or transit fare. If you use automatic bill payment from a checking account, you'll save time, but you'll need to make sure you have enough money in the account to cover the payment. Otherwise, you may risk a rejected payment or an overdraft fee. If you pay by credit card and can't pay off the balance in full each month, you'll have to pay interest, which will add to what you owe.

What to do

- **Read through the bill payment methods.**
- **Consider the features of each.** Some features can be either advantages or disadvantages, depending on what is important to you.
- **Decide which method to pay your bills is the right choice for you.** Remember that you don't have to pick just one payment method for all your bills. For example, you might put your rent or mortgage on automatic payment but pay your other bills one by one with cash.



Choosing how to pay bills can help you save money and time

1. Evaluate the benefits and risks of each bill payment method.
2. Write down questions you have about options that you think could be right for you.

	✓ BENEFITS	! RISKS	? QUESTIONS I HAVE
Cash	<ul style="list-style-type: none">▪ Easy to use and understand▪ There are often no fees, unlike getting a money order or a prepaid card	<ul style="list-style-type: none">▪ Requires bills be paid in person▪ Difficult to prove payment unless you have a receipt▪ May be stolen	
Check	<ul style="list-style-type: none">▪ Convenient once checking account is set up▪ Can be mailed▪ Easy to prove payment if there's a dispute▪ Funds in the checking account are secure	<ul style="list-style-type: none">▪ Likely requires a checking account, which may not be possible if you have a negative banking history▪ If you don't have enough money in your account to cover your check, you may be charged nonsufficient fund or overdraft fees▪ Can get lost in the mail	

**BENEFITS****RISKS****QUESTIONS I HAVE**

	✓ BENEFITS	! RISKS	? QUESTIONS I HAVE
Credit card	<ul style="list-style-type: none"> ▪ Can pay bills by phone or online ▪ Can make one-time payments or set up recurring (automatic) payments, which reduce the chance of paying a bill late ▪ Easy to prove payment if there's a dispute ▪ Protected from paying for unauthorized charges 	<ul style="list-style-type: none"> ▪ Creates debt—you are borrowing money when you use a credit card ▪ Costs more if you can't pay the full balance and have to pay interest ▪ Creates another bill to pay once the credit card bill is due 	
Debit card	<ul style="list-style-type: none"> ▪ Convenient and saves time ▪ Can make one-time payments or set up recurring (automatic) payments, which reduce the chance of paying a bill late ▪ Easy to prove payment if there's a dispute 	<ul style="list-style-type: none"> ▪ If there isn't enough money in the account when the automatic debit happens, you may have to pay additional fees ▪ If you have to replace the card, you will have to remember to update the information with the billers that are being paid with automatic debit 	
Money order	<ul style="list-style-type: none"> ▪ Easy to understand ▪ Can be mailed ▪ Can be more secure than a check in some cases, as no personal banking information is on the money order 	<ul style="list-style-type: none"> ▪ May be inconvenient because you have to buy the money order ▪ Cost per money order ▪ May be hard to prove payment unless you have the money order receipt and receive the receipt for payment ▪ Hard to recover if lost 	

✓ **BENEFITS**

! **RISKS**

? **QUESTIONS I HAVE**

<p>Online or mobile bill payment</p>	<ul style="list-style-type: none"> ▪ Convenient and saves time ▪ Can be set up with a bank, credit union, or prepaid card account (through the account provider's online website or mobile app), or through the biller's website ▪ Can make one-time payments or set up recurring (automatic) payments, which reduce the chance of paying a bill late ▪ If set up through your bank, credit union, or prepaid card account, you may be able to receive warnings or alerts if your account balance goes below a certain amount ▪ You can often use a mobile app for bill payment 	<ul style="list-style-type: none"> ▪ Takes time to set up and learn ▪ Possible risks of overdraft and fees or a rejected payment if there isn't enough money in the account when the payment occurs ▪ Data may be collected and shared in ways that you don't want ▪ Mobile device can be lost or stolen, allowing potential access to your financial information ▪ Financial information may be vulnerable to theft if mobile app is used on public Wi-Fi ▪ Some checking account and prepaid card providers don't let you set up recurring bill payments through their websites. But you can likely still do so through the biller's website 	
<p>Prepaid card</p>	<ul style="list-style-type: none"> ▪ Convenient ▪ Can pay bills over the phone, online, or through a mobile app ▪ Easier to prove payment if there is a dispute 	<ul style="list-style-type: none"> ▪ Possible fees for using the card to pay a bill, which would be listed in the card agreement 	

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Cutting expenses

Finding ways to reduce your expenses can help you better afford the necessities you can't live without. It can also give you more money every month to save for your goals.

You may still find yourself short on money to pay your bills even after tracking your expenses and cutting back. This is even more likely to happen if your hours at work get cut or you're temporarily out of work.

Here are some tips and suggestions that can help you try to match what's going out with what's coming in. They focus on ways to decrease spending or uses of income and other financial resources. Not all of these may apply to you.

What to do

- **Read through the list of expenses and the strategies for how to reduce them.**
- **Check the ideas that may be possible for you.** Use this as a plan for getting more information or resources.
- **Share options you've identified with others** in your household and start implementing the strategies as soon as possible.



Cutting expenses can help you have money for what you need most

1. Review the strategies for cutting expenses and think about if they are realistic for you.
2. Check off the strategies that you can commit to or add your own at the bottom.

EXPENSE

STRATEGY



Car expenses

I will renew my license and registration on time to avoid late fees.

I will get regular oil changes and keep my tires inflated to reduce car repair expenses.



Eating out

I will bring lunch to work instead of buying it.

I will avoid buying fountain drinks.

I will find out if local restaurants have cost-saving specials like "kids eat free" nights and will check what's included.



Financial service fees

I will research if my accounts charge maintenance fees, ATM or overdraft fees, or fees to cash checks.

I will look into switching to lower-fee or no-fee accounts.

I will switch to a different credit card with no, or a lower, annual fee.



Furniture and clothing

I will buy clothing and furniture second-hand or wait for sales.



Groceries and supplies

I will use coupons.

I will join with other family or friends to buy groceries and supplies in bulk (if the cost per serving saves money).

EXPENSE**STRATEGY****Home energy expenses**

I will find out if I'm eligible for energy assistance, weatherization programs, or discounted utility rates.

I will set my thermostat lower during the winter and higher during the summer.

I will unplug appliances when not using them.

**Insurance**

I will increase the deductible on my car insurance to lower my premium payment.

I will ask about a good student discount for the young driver in my family.

I will check rates at other companies and look for discounts for moving home and car insurance coverage to one company.

**Late fees**

I will pay bills on time to avoid penalties or late fees.

I will request a new due date for some of my bills to make them better align with my income.

**Memberships**

I will cancel my gym membership if I don't use it regularly.

I will cancel discount store memberships if I don't use them.

**Phone**

I will check to see if I qualify for a "Lifeline" phone rate. (visit lifelinesupport.org/do-i-qualify).

I will consider prepaid or fixed-rate plans.

**TV, Internet, streaming services**

I will check with my providers about lower-cost plans.

I will discontinue my cable or streaming services.

**Other:**

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Prioritizing bills

Making a short-term plan can help you identify the consequences of failing to pay certain bills. This can help you prioritize your expenses if you just can't pay everything.

You're responsible for paying all of your expenses on time. If you miss payments now, you'll have to make them up in the future. But when you don't have enough money to cover your needs and obligations, you may have to make a short-term plan to get through the month.

Sometimes your plan may involve paying some bills late or missing a bill. When bill collectors are calling or you're trying to decide which of your obligations to pay first, it can sometimes just seem easiest to pay the "squeakiest wheel"—but this might not be the best approach. Sometimes you may need to ignore the squeaky wheel for a short time while you pay for necessities and build a plan for repayment.

What to do

- **Read through the list of expenses.** Identify what you need to pay to protect your housing and income, keep your insurance, and meet any court-ordered obligations.
- **Prioritize your bills.**



A step further

Don't ignore bills you can't pay. If you must miss a payment, call the person or company you owe the money to and explain that you will miss a payment and the reason for it. You may wish to contact a certified housing counselor or credit counselor for specialized assistance in building a plan to pay your debts and pay your monthly bills and expenses. Module 6: Dealing with Debt describes your rights in debt collection and includes tips for responding to debt collectors. For additional information on what debt collectors can and cannot do visit [consumerfinance.gov/
consumer-tools/debt-collection/](https://consumerfinance.gov/consumer-tools/debt-collection/).





Prioritizing bills helps you manage issues when you can't pay them on time

1. Read through the items that apply to you and write down the monthly amount of each bill. It's OK to estimate if this amount changes from month to month.
2. If you can't pay all your bills at once, think about the order you pay them in. Weigh the risks of not paying each one, then number them in the order you want to pay them, based on priority.

		AMOUNT	PRIORITIZE YOUR BILLS	CONSIDER...
 THINGS I NEED FOR A JOB	Transportation to get to work (car payment, gas or bus fare)			If you miss a car payment, you may have to pay a late fee. You risk possible repossession of your car, a negative entry on your credit record, and lowered credit scores.
	Equipment or uniform			
	Childcare			If your car is repossessed, you might have trouble getting to work and risk losing your job.
 INSURANCE I NEED TO PAY	Car insurance			Not having insurance may mean you can't drive your car, and it puts your assets, including your health and your family's health, at risk.
	Health insurance			
	Renters or home insurance			

**PRIORITIZE
YOUR BILLS CONSIDER...**

AMOUNT

 THINGS I NEED FOR HOUSING	Rent, mortgage, or property taxes			<p>If you're late with rent, you may have to pay a late fee, risk possible eviction, and strain your relationship with your landlord.</p> <p>If you don't pay your utility bills, they may get cut off. Utility companies may charge fees to get reconnected.</p>
	Gas, electric			
	Water, garbage, sewer			
 OBLIGATIONS I HAVE TO PAY	Credit cards			<p>If you're late with your credit card payment, you may have to pay a late fee. You also risk a negative entry on your credit record, lowered credit scores, and higher interest rates.</p> <p>If you don't pay court-ordered obligations, like child support, you may face legal consequences.</p> <p>Visit consumerfinance.gov/askcfpb/1433 to find a lawyer in your area.</p>
	Loans (student, payday)			
	Child support			
	Court-ordered fines and fees			

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Spending tracker

Before deciding on changes to your spending, it's a good idea to understand how you use your money now.

Keeping track of what you earn and everything you spend money on for a month, rather than just a week or two, lets you see all of your income and expenses in one place. Many people who track their spending for a month discover that they're spending money in small ways that add up and sometimes don't match their priorities. Once they track their spending, many people can find money to save for emergencies, unexpected expenses, and goals. Others are able to balance their budgets.

What to do

- **Get a small container or envelope.** Every time you spend money, get a receipt and put it into the case or envelope. If the receipt doesn't list what you purchased, take a few seconds and write it on the receipt. If you don't get a receipt, write down the amount and what you purchased on a piece of paper and add it to the stack. If you use a mobile device to keep track of your spending, make sure you read the "Protecting your information on digital money apps" tips in Module 4.
- **Analyze your spending.** Go through your receipts and enter the total you spent in each category for each week. Add the weekly amounts per category. Write these down in the "Category totals" column. Once you have these totals, add them together to get your total spending for the month. If tracking your spending for a whole month seems too difficult, try it for just one or two weeks.
- **Notice trends.** Circle items that are the same every month (like rent, car, or cell phone payments). These are often your needs and obligations. This will make creating your budget easier. Identify any areas you can eliminate or cut back on—these will generally be wants.

A step further

Once you've tracked your spending, be sure to add it into your budget or cash flow budget. Learn more about cash flow budgets in Module 5: Getting through the Month.

CATEGORIES USED IN THE SPENDING TRACKER

	Cell phone	Any costs related to having and using your cell phone
	Debt payment	Credit card payments, payday loan payments, pawn loan payments, auto title loan payments, other loan payments
	Eating out	Any meals or beverages purchased outside of the home
	Education + childcare	Childcare costs, school supplies, school materials fees, field trips, other activity fees
	Entertainment + personal care	Movies or concerts, sports equipment/fees, sporting events, lottery tickets, alcohol, books/CDs, subscriptions, streaming services, haircuts, hygiene items, dry cleaning
	Groceries + other supplies	Food and beverages brought into the home, household supplies (diapers, paper towels, etc.)
	Health expenses	Co-payments, medication, eye care, dental care, health insurance premiums
	Helping others	Donations to religious organizations or other charities, gifts
	Housing + utilities	Rent, mortgage, insurance, property taxes, electricity, gas, water and sewage, landline, television, Internet service
	Pets	Food, vet bills, and other costs associated with caring for your pets
	Transport	Gas, car payment, insurance, repairs, transit fares, ride services, cabs
	Other	<ul style="list-style-type: none"> ● Court-ordered expenses (child support, restitution) ● Household items (things for your home like cleaning supplies, kitchen appliances, furniture, other equipment) ● Savings (saving for emergencies, goals, back-to-school expenses, holiday purchases, children's education, retirement) ● Tools or other job-related expenses (equipment, special clothing, job-related books, machinery, working animals or livestock, union dues)



A **Spending tracker** can help you analyze and change your spending habits

1. Get an envelope to collect your receipts.
2. Use the table to track your spending in the categories below. Don't forget about bills you share with others.
3. At the end of the month, add up each category.

Spending for the month of: _____

	WEEK 1	WEEK 2	WEEK 3	WEEK 4	WEEK 5	CATEGORY TOTALS
 Cell phone						
 Debt payment						
 Eating out						
 Education + childcare						
 Entertainment + personal care						
 Groceries + other supplies						
 Health expenses						
 Helping others						
 Housing + utilities						
 Pets						
 Transport						
 Other						

Total spending this month:

This tool is included in the Bureau of Consumer Financial Protection's Your Money, Your Goals: A financial empowerment toolkit. The Bureau has prepared this material as a resource for the public. This material is provided for educational and information purposes only. It is not a replacement for the guidance or advice of an accountant, certified financial advisor, or otherwise qualified professional. The Bureau is not responsible for the advice or actions of the individuals or entities from which you received the Bureau educational materials. The Bureau's educational efforts are limited to the materials that the Bureau has prepared.

This tool may ask you to provide sensitive information. The Bureau does not collect this information and is not responsible for how your information may be used if you provide it to others. The Bureau recommends that you do not include names, account numbers, or other sensitive information and that users follow their organization's policies regarding personal information.

Activity: “Spot It and Stop It: Identity Theft and Fraud Red Flags”

Time: 20 minutes

Module 9: Protect Your Money

Goal: Your team will identify common red flags of identity theft and scams, learn protective steps, and prepare a response plan if they suspect identity theft.

Scenario: *James and the Suspicious Call*

James is 55 and recently retired. One morning, he received a phone call from someone claiming to be from his bank's "security department." The caller said there was "suspicious activity" on his account and that they needed to "confirm his identity" to secure his account. They already knew the last four digits of his Social Security number and his full name, which made James feel it was legitimate.

The caller said if he didn't act fast, his account could be frozen. He was told to verify his full Social Security number, credit card number, and online banking username. After hesitating, James complied. The caller gave him a "case number" and said a secure email would follow.

Later that day, James received a professional-looking email confirming his "case" and offering a link to reset his online banking password. He clicked the link, but the page didn't load, so he exited the browser.

Later in the week, James noticed a \$200 charge from a sporting goods website he's never used. He also started getting calls from unfamiliar numbers and pre-approved credit card offers in the mail.

A few days later, a person claiming to be from a credit bureau called and asked him to confirm recent loan inquiries "to protect his credit file."

Red Flag Scavenger Hunt

Instructions: In small groups, review James's situation and highlight or list at least **3 red flags** in his experience on the spotting red flags handout.

1.

2.

3.

What are the signs that this might be identity theft or a scam?

Red Flags	Description
Pressured sales tactics	You're pressured to purchase things or take our loans you don't want or can't afford
No consistency	Different staff or salespeople are telling you different things regarding pricing or other information
Won't put it in writing	No one will give you clear information in writing, even when you ask for it
Unexpected fees	No one can explain what certain fees are for or what they pay for
No clear cancellation or return policy	There's no clear cancellation or return policy. Don't assume you're able to return a product or cancel a purchase
Inconsistent information on interest rates	The salesperson tells you about an interest rate, but the numbers on the form are much higher
Steering and coercing	Aggressive sales tactics are used to steer and coerce you toward a high-cost loan, even though you could have qualified for a regular prime loan
Confusing fine-print	A simple rule to follow is to refuse to sign anything that you don't understand
Incomplete paperwork	Never sign a contract with blank spaces to be filled in later
Additional insurance and other add-on products	Some lenders may insist on or imply that borrowers must buy unnecessary items like additional insurance, warranties, monitoring services, etc.

Prepayment penalties	Prepayment penalties are fees lenders required a borrower to pay if the borrower pays off a loan early
----------------------	--------------------------------------------------------------------------------------------------------

Know the Warning Signs + Protections

Instructions: Using the **Protecting Your Identity** list, complete a quick checklist:

3 ways James could protect himself next time? Examples: Never give info over the phone, freeze credit, opt out of pre-approved offers.

1.

2.

3.

What online or offline habits put someone at risk?

Protecting Your Identity

Limit Access to Personal Information. **1)** Don't carry your Social Security card or number in your wallet. **2)** Store personal documents (birth certificates, tax records, etc.) in a locked or safe location. **3)** Cut up old credit/debit cards before discarding.

Stop Unwanted Mail & Calls. **1)** Opt out of pre-screened credit/insurance offers: Call **888-567-8688** or visit optoutprescreen.com **2)** Block telemarketing calls: Register at donotcall.gov

Review and Monitor Your Credit. **1)** Check your credit reports for free once a year from all three credit bureaus: AnnualCreditReport.com **2)** Look for accounts or charges you don't recognize.

Don't Share Personal Info Over the Phone 1) If someone calls asking for private info—even if they say it's your bank—**don't give it. 2)** Hang up and call back using the number on your bank statement or card.

Protect Yourself Online

- Use strong passwords (a mix of letters, numbers, and symbols).
- Never share passwords or write them down near your computer.
- Use secure websites (look for https:// and a lock icon).
- Avoid using public Wi-Fi to access financial accounts.

Secure Your Devices

- Use passcodes on your phone and tablets.
- Don't allow browsers to save passwords on public or shared computers.

Shred Sensitive Documents 1) Shred mail, bills, and medical info before throwing it away. **2)** Don't leave papers with personal details in your car or out in the open.

Check your credit report yearly: [AnnualCreditReport.com](https://www.annualcreditreport.com)

Don't carry your Social Security card.

Shred personal documents before discarding.

Action Plan Relay – What to Do If You're a Victim

Instructions: Each group reviews James's case and maps out:

Where should he report the fraud?

Should he file a police report?

What credit protections can he use? (e.g., freeze, fraud alert)

Personal reflection: What are some actions you will take to protect your identity and money?



How to handle identity theft

Here's what you can do if you suspect you're the victim of identity theft or fraud.

ORDER YOUR CREDIT REPORTS FROM ALL THREE NATIONWIDE CREDIT REPORTING COMPANIES

Each company's credit report about you is slightly different, so order a report from each company. When you order, you must answer some questions to prove your identity. Read your reports carefully to see if the information is correct. If you see mistakes or signs of fraud, contact the credit reporting company to take further action.

See Module 7: Understanding Credit Reports and Scores for tools that can help you order, review, and correct mistakes on your credit reports.

REPORT IDENTITY THEFT

Report identity theft to the Federal Trade Commission (FTC) at [identitytheft.gov](https://www.ftc.gov/identitytheft) or (877) 438-4338. You'll answer some questions about what happened and they'll use your information to:

- Create a personal recovery plan
- Pre-fill letters to send to merchants, banks, and others affected by the identity theft
- Complete an "Identity Theft Report," which is your official statement about the crime

In most cases, you can use your Identity Theft Report in place of a police report to clear your

account and credit history of transactions that resulted from the identity theft.

Contact the police to report identity theft if:

- You know who did it or have information that could help a police investigation
- An identity thief used your name in a traffic stop or any encounter with police
- If you're asked to produce a police report

CONSIDER A CREDIT PROTECTION TOOL

There are three types of credit protection tools that you can request from credit reporting companies: a security freeze, an initial fraud alert, or an extended fraud alert.

SECURITY FREEZE

A freeze on your credit report generally helps prevent new credit accounts from being opened in your name. Usually, third-party-access to your credit file is completely blocked from new users without your express authorization.

A freeze helps prevent identity thieves from opening fraudulent accounts in your name. This also means you won't be able to apply for credit as easily if you were planning to open a new account or apply for a loan.

You must contact each of the credit reporting companies to freeze your credit report. You will have to contact them to lift the freeze before a third-party can access your credit report.

INITIAL FRAUD ALERT

An initial fraud alert requires creditors to verify your identity before opening a new account, issuing an additional card, or increasing the credit limit on an existing account. This is a good first step if you're worried that your identity may be stolen, like after a data breach. The alert lasts for one year and can be renewed after it expires.

EXTENDED FRAUD ALERT

An extended fraud alert requires creditors to contact you before approving credit and lasts for seven years. It also requires credit reporting companies to remove you from lists prepared for pre-screen offers of credit or insurance for five years. This is available if you've filed an identity theft report with one of the three nationwide credit reporting companies.

CREDIT PROTECTION AND REQUIREMENTS	SECURITY FREEZE	INITIAL ALERT	EXTENDED ALERT
Lender is required to verify your identity before approving new credit		✓	✓
Completely prevents your report from being shared with most third parties unless lifted	✓		
Triggers heightened verification procedures for the people who use your credit report		✓	✓
Request if you believe you're a victim of ID theft	✓	✓	
Requires an identity theft report			✓
Extra free credit report		✓	✓
Exclusion from prescreening lists			✓
Free in every state	✓	✓	✓

CONTACT INFO FOR THE THREE NATIONWIDE CREDIT REPORTING COMPANIES

Equifax Security Freeze

P.O. Box 105788
Atlanta, Georgia 30348
(800) 685-1111

[equifax.com/personal/credit-report-services](https://www.equifax.com/personal/credit-report-services)

Experian Security Freeze

P.O. Box 9554
Allen, TX 75013
(888) 397-3742

[experian.com/blogs/ask-experian/credit-education/preventing-fraud/security-freeze](https://www.experian.com/blogs/ask-experian/credit-education/preventing-fraud/security-freeze)

Transunion

P.O. Box 2000
Chester, PA 19016
(800) 680-7289

[transunion.com/credit-freeze/place-credit-freeze](https://www.transunion.com/credit-freeze/place-credit-freeze)



Protecting your identity

Help keep your identity safe by practicing online security and limiting access to your personal information.

Identity theft is when someone steals your personal information or identity to commit fraud. This could be things like your name, Social Security number, credit card number, or bank account information. Thieves can use this kind of information to rent apartments, take out loans, open accounts in your name, or put charges on your existing accounts without your permission.

Identity theft, fraud, and data breaches affect tens of millions of people in the U.S. each year. This is why it's important to be cautious with your identifying information—both online and in the real world.

CHECK YOUR CREDIT REPORT

Check your credit report at all three nationwide credit reporting companies (Equifax, Experian, and TransUnion) each year using the free website annualcreditreport.com. If you see anything in your report that's incorrect or suspicious, contact the credit reporting company and the company that furnished the information immediately. If you're concerned about past or future identity theft, you can also freeze or put a fraud alert on your credit file. See Module 7: Understanding Credit Reports and Scores for more information.

You can also opt out of receiving offers for credit or insurance, known as prescreened

offers. This can help prevent credit or insurance offers that are meant for you from falling into other people's hands—these offers can then be used to take out fraudulent loans in your name. Remove your name from mailed pre-screened offers by opting out at (888) 567-8688 or online at optoutprescreen.com. Choose the "5-year" removal option to stop prescreened offers for five years—or make a request by mail if you want to opt out permanently. Choose the "forever" removal option. Even if you opt out of these offers, you can still apply for credit when you want it by contacting the lender directly or applying online.

LIMIT ACCESS TO YOUR INFORMATION

Don't carry your Social Security card or number in your wallet or purse. Keep it somewhere safe at home.

Remove your name from many direct mail marketers' lists by registering with the Direct Marketing Association using the online form at dmachoice.thedma.org. This will create fewer opportunities for thieves to steal your information.

Remove yourself permanently from most telemarketers' lists by registering your cell phone or landline number with the Do Not Call Registry at (888) 382-1222 or at donotcall.gov.

Never give your personal information to someone who calls you and asks for it, even if they say they're from your financial institution. If you want to confirm if the call was legitimate, hang up and call that financial institution back using a phone number you trust, like the one

on your bank statement or the back of your credit card.

Use a shredder, scissors, or your hands to tear all papers with identifying information or account numbers into tiny pieces before throwing them out. Also cut up any old or cancelled credit cards or debit cards.

Only give out your Social Security number when it's absolutely necessary. Often when someone asks for it, you are not required to give it to them.

Protect information like your mother's maiden name, which is often used as a way to verify identity with financial institutions. Be cautious of where this might appear online, so don't put it on your social media account.

PRACTICE ONLINE SECURITY

There are many things you can do to safeguard your personal information online.

Commit all passwords to memory. Never write them down (not even on a post-it by your computer!) or carry them with you.

Make sure passwords are long and include upper- and lower-case letters and numbers. Don't include any words that can be found in a dictionary or names and dates that can be associated with you (your children's names or birthdates, for example).

The best practice is to have a different password for each account. If you find it too hard to keep track of so many different passwords, have separate, longer, harder-to-guess passwords for your financial accounts.

Don't give out your financial or personal information over the Internet, unless you have initiated the contact or know for certain with whom you are dealing.

Never share identity information online unless the site is secure with an encryption program, so no one can intercept your information.

If secure, the website address will start with https, not http. There will also be a lock symbol near the web address (🔒). A secure website is not necessarily a legitimate one. Don't let your guard down just because you see the "https" and lock symbol.

Don't use public WiFi when sending financial or personal information. And if you're using a public computer, like at your local library, never give the browser permission to save your password, always log off any website you signed into, and close the browser before you leave the computer.

Passcode protect your phone and tablet. Many people use apps on their mobile devices that save their passwords and log them in automatically, giving thieves easier access to personal information. Using a passcode helps ensure that someone else can't get into sensitive information stored on your device.

Don't reply to emails asking for personal banking information, even if they have a company logo! **Financial institutions will never ask for personal information via email.**



Spotting red flags

If you spot one of these sales tactics or red flags when you're shopping for financial products or services, think twice before you sign anything. It's always okay to walk away from a purchase if something doesn't feel right or you see a red flag.

RED FLAG	DESCRIPTION
Pressured sales tactics	You're pressured to purchase things or take out loans you don't want or can't afford
No consistency	Different staff or salespeople are telling you different things regarding pricing or other information
Won't put it in writing	No one will give you clear information in writing, even when you ask for it
Unexplained fees	No one can explain what certain fees are for or what they pay for
No clear cancellation or return policy	There's no clear cancellation or return policy—don't assume you're able to return a product or cancel a purchase
Inconsistent information on interest rates	The salesperson tells you about an interest rate, but the numbers on the form are much higher
Pushed to purchase	You are being pushed to make a big-ticket purchase immediately—if a salesperson says the offer won't still apply if you take a day to think about it, be suspicious
Steering and coercing	Aggressive sales tactics are used to steer and coerce you toward a high cost loan, even though you could have qualified for a regular prime loan
Paperwork doesn't match the sales pitch	The promises made to you by a salesperson aren't in the papers or the online documents that you're asked to sign

RED FLAG	DESCRIPTION
Confusing fine-print	A simple rule to follow is to refuse to sign anything that you don't understand
Incomplete paperwork	Never sign a contract with blank spaces to be filled in later
Additional insurance and other add-on products	Some lenders may insist on or imply that borrowers must buy unnecessary items like additional insurance, unneeded warranties, monitoring services, etc. They get incorporated into the loan amount, and the borrower pays interest on them over the life of the loan
Prepayment penalties	Prepayment penalties are fees lenders require a borrower to pay if the borrower pays off a loan early



Submitting a complaint

Having an issue with a financial product or service? If so, you can submit a complaint to the CFPB and we'll work to get you a response from the company.

The CFPB has handled over three million complaints, helping consumers connect with financial companies to get direct responses about problems with mortgages, student loans, debt collection, credit reports, and other financial products and services.

Every complaint we receive gives us insights into problems that people are experiencing in the marketplace and helps us to identify and prioritize problems for potential action.

THE COMPLAINT PROCESS

After you submit a complaint, it goes through several steps.

1. Complaint submitted

You submit a complaint about an issue you have with a company about a consumer financial product or service. You'll receive email updates and can log in at <https://www.consumerfinance.gov/complaint/> to track the status of your complaint.

2. Review and route

We'll forward your complaint and any documents you provide to the company and work to get a response from them. If we find that another government agency would be better able to assist, we'll forward your complaint to them and let you know.

3. Company response

The company reviews your complaint, communicates with you as needed, and reports back about the steps taken or that will be taken on the issue you identify in your complaint.

4. Complaint published

We publish information about your complaint—such as the subject and date of the complaint—on our public Consumer Complaint Database (<https://www.consumerfinance.gov/data-research/consumer-complaints>). If you consent, we also publish your description of what happened, after taking steps to remove personal information.

5. Consumer review

We'll let you know when the company responds. You'll be able to review the company's response and will have 60 days to give us feedback about the complaint process.

HOW TO SUBMIT A COMPLAINT



Online

www.consumerfinance.gov/complaint



By phone (180+ languages)

M-F, 8 a.m. - 8 p.m. ET

(855) 411-2372

(855) 729-2372 TTY/TDD



By mail

Consumer Financial Protection Bureau

P.O. Box 27170

Washington, DC 20038

If you are sending complaint from prison, remember to include your prison number.

Activity: “Save Smarter, Not Harder”

Module 2: Savings

Time: 20 minutes

Goal: Your team will define a savings goal, calculate a weekly target, brainstorm strategies to save, and choose a safe place to store savings.

Scenario: *Kayla's Goal*

Kayla is 30 and recently paid off her credit card. She wants to start saving \$600 in 4 months to create an emergency fund. She gets SNAP and Medicaid.

As a group discuss the following questions

What is one thing you wish you had savings for right now?

Kayla’s goal: Save \$600 in 4 months (16 weeks). How much does she need to save weekly?

Create Your Savings Plan

Instructions:

1. Write Kayla's savings goal in the chart below
2. Fill out:
 - Total amount to save
 - Timeframe in weeks
 - Weekly savings target
3. Brainstorm 2–3 strategies to cut costs or increase savings.

	Example	Kayla
Savings goal	Save \$1,000 for an emergency fund within 10 months (40 weeks)	
Total amount needed	\$1,000	\$
Weeks to reach goal	÷ 40	÷
Weekly amount to save	=	=

Strategies to cut cost and increase savings

1.

2.

3.

Now repeat this process with your own personal goals:

	Example	Your Savings Goal
Savings goal	Save \$1,000 for an emergency fund within 10 months (40 weeks)	
Total amount needed	\$1,000	\$
Weeks to reach goal	÷ 40	÷
Weekly amount to save	= \$25/week	=

Strategies to cut cost and increase savings

1.

2.

3.

Where Will You Keep It?

Use **Finding a Place for Savings** tool. As a team answer:

What's safest and most practical for Kayla? Pick 2 options and provide **3 pros and 3 cons** for each

Option 1:

Pros:

1.

2.

3.

Cons:

1.

2.

3.

Option 2:

Pros:

1.

2.

3.

Cons:

1.

2.

3.

If Time Allows.... Optional: **Saving at Tax Time.**

Discuss how Kayla might set aside part of a refund in a separate account or savings bond.

If Kayla gets SNAP and Medicaid, will her \$600 emergency fund affect her benefits?

Clarify: Most benefits like SNAP and Medicaid **do not have strict asset limits**, but programs like SSI **do**. Encourage checking program-specific rules before large savings.

Finding a Place for Savings

Place	Benefits	Risk	Questions to have
Account at bank or credit union (savings, checking)	<ul style="list-style-type: none"> • Money is protected if institution is federally insured, up to \$250,000 per depositor • Money can't be lost, stolen or destroyed in a fire or other disaster • You can generally get it back if someone steals it by using electronic means or a debit cards 	<ul style="list-style-type: none"> • May be charged fees if you don't follow the rules for the account, such as having to keep a minimum balance or overdraft fees • May be difficult to open an account based on previous banking history 	
Family member or friend	<ul style="list-style-type: none"> • No costs to maintain it 	<ul style="list-style-type: none"> • Can be lost, stolen or destroyed in a fire or natural disaster • Might put your friend or family member at risk of a home invasion • May put your money at risk if your friend or family member betrays your trust 	
Home	<ul style="list-style-type: none"> • No cost to maintain it • Easy to access • Convenient 	<ul style="list-style-type: none"> • Can be lost, stolen or destroyed in a fire or natural disaster • Might put you at risk of a home invasion 	

<p>Prepaid card</p>	<ul style="list-style-type: none"> • Easy to access • Convenient • No bank or credit union account needed 	<ul style="list-style-type: none"> • May have fees for activation, loading funds, using the card, etc. • May not have the same protections as a bank account if your card or account information is lost or stolen • NOTE: Check the card agreement to make sure you understand the fees and knowing your prepaid card rights 	
<p>U.S. savings bonds</p>	<ul style="list-style-type: none"> • The money can't be lost or destroyed in a fire or other disaster. If you have a paper bond, the funds can still be recovered 	<ul style="list-style-type: none"> • You lose some of the interest if you cash the bond before it matures • More difficult to access if you need the money right away 	

Activity: “Get SMART About Your Goals”

Module 1: Goal Setting

Time: 20 minutes

Goal: Participants will identify a meaningful personal goal and rewrite it as a SMART goal— Specific, Measurable, Achievable, Relevant, and Time-bound.

Value-Driven Visioning

Prompt: “We’re more likely to stick with goals when they align with what matters to us most.” **Instructions:** Begin by checking off 3 values from the list in the SMART Goals list.

Relationships & Community	Personal Growth	Well-being	Achievement & Purpose	Integrity & Ethics
Family	Self-respect	Health	Financial security	Honesty
Friends	Confidence	Mental wellness	Career success	Justice
Love	Courage	Work-life balance	Ambition	Respect
Community involvement	Education	Inner peace	Excellence	Fairness
Generosity	Wisdom	Spirituality or faith	Responsibility	Accountability
Loyalty	Creativity	Fun and enjoyment	Accomplishment	Humility
Belonging	Curiosity	Nature or outdoors	Persistence	Trust
Kindness	Independence	Simplicity	Recognition	Forgiveness
Support	Learning	Safety	Making a difference	Compassion
Connection	Open-mindedness	Stability	Innovation	Patience
Other:	Other:	Other:	Other:	Other:
Other:	Other:	Other:	Other:	Other:
Other:	Other:	Other:	Other:	Other:

1.

2.

3.

What's one thing you'd like to change or accomplish that connects to those values in relation to your financial health?

Write a SMART Goal

Instructions: Pick one goal and rewrite it using the SMART format:

- **Specific** – What exactly do you want to achieve?
- **Measurable** – How will you track progress or success?
- **Achievable** – Is it realistic with your current resources?
- **Relevant** – Why does it matter to you right now?
- **Time-bound** – By when will you accomplish it?

Example: “I want to save \$500 for car repairs in the next 5 months by putting aside \$25 each week.”

	Goal
Specific	<i>Ex. Lower Credit Card Debt</i>
Measurable	<i>Ex. Lower Credit Card Debt by \$1,200</i>
Achievable	<i>Ex. \$150 monthly payments</i>
Relevant	<i>Ex. Improve financial health</i>
Time-bound	<i>Ex. Over 8 months</i>

Action Planning in Small Steps

Instructions: List 3 small steps needed to get started. For each step, identify:

- What you need (info, support, time)

- A deadline or time frame
- Someone to check in with (optional accountability partner)

My SMART Goal is...

Steps: List specific steps in each box for achieving your goal	Resources I need: This can be things like tools, information, transportation, assistance or money	Date to complete step	Who will I check in with? And how often will I check in?
1.			
2.			
3.			

Planning for life events and large purchases

Planning makes it easier to achieve long-term goals, like buying a car or having a wedding. This tool helps you think about what you want to achieve and how you can get there.

Think about the life events you are likely to experience and the large purchases you might need to make. For most people, saving and starting early can make it easier. If you, like some people, end up borrowing money to make a big purchase, you can save in interest and fees if you have savings to cover some of the costs. You can also think about creative ways to save money.

What to do:

- **Brainstorm a list of expenses** using the categories at the top of the tool as a guide. Consider when you are likely to experience various life events (like a graduation party or having a child) or when you expect to make large purchases.
- **Research and estimate the actual costs.** Add in any associated expenses (like the interest you might pay on a car loan). If the life event or purchase is likely to happen more than five years from now, remember that the cost of almost everything increases over time, so add some extra money to the cost to cover this.
- **Identify how much you might borrow versus how much you'll need to save.** Many large purchases require a combination of borrowing and paying a portion up front.
- **Identify ways to keep the costs as low as possible.** For example, for a large party, you could save by asking family and friends to help you prepare food rather than hiring a catering company. You can also research when items are most likely to go on sale or ask for discounts. It may only be 5% or 10% off, but these can add up!

A step further

After you've thought about your plan, see Module 2: Saving to create a savings plan so you know how much to save each week or month to achieve your goal.



Planning for life events and large purchases can help you save for them

1. Brainstorm a list of expenses and when they're likely to happen.
2. Estimate the costs of these expenses.
3. Identify potential ways to pay for the expenses.

Common life events and large purchases to help you brainstorm:



Buying a car



Birth or adoption



Marriage



Tools for work



Birthday or rite of passage



Buying a house



College or training

Future purchase or life event I want to plan for	Timeframe	Cost	Amount I want to save	Amount of credit I'll need

This tool is included in the Bureau of Consumer Financial Protection's Your Money, Your Goals: A financial empowerment toolkit. The Bureau has prepared this material as a resource for the public. This material is provided for educational and information purposes only. It is not a replacement for the guidance or advice of an accountant, certified financial advisor, or otherwise qualified professional. The Bureau is not responsible for the advice or actions of the individuals or entities from which you received the Bureau educational materials. The Bureau's educational efforts are limited to the materials that the Bureau has prepared.

This tool may ask you to provide sensitive information. The Bureau does not collect this information and is not responsible for how your information may be used if you provide it to others. The Bureau recommends that you do not include names, account numbers, or other sensitive information and that users follow their organization's policies regarding personal information.

GETTING STARTED

Putting goals into action

Before you can accomplish a goal, you need a plan for how to achieve it. This tool helps you turn your SMART goals into an easy-to-follow action plan.

All goals take time and commitment to achieve. One of the most effective ways to accomplish your goals is to create an action plan outlining the steps you'll take.

Many goals also require external resources to achieve. These resources could include needing information, tools, transportation, or even a professional financial coach or counselor to help you. These kinds of resources should be added to your action plan.

Research shows that people who write down specific goals are much more likely to reach their goals than if they don't write them down.¹ Sharing those goals with a friend and checking in with them regularly about your progress also increases the chances that you'll reach your goals.

What to do

- **Break up your goal into small, actionable steps.** Write each step in a separate box.
- **Consider what resources you will need** to take each step and write them next to that step.
- **Set a deadline** for each step's completion.
- **Think about sharing your progress** with a friend or family member. Add their name next to the step and how often you will check in with them. This can help keep you motivated.

A step further

Now that you have an action plan for accomplishing your goals, take a look at Module 2: Saving to learn more about how to save money to achieve your goals.

¹ Based on research performed by Dr. Gail Matthews, Dominican University of California.
See: [dominican.edu/dominicannews/study-highlights-strategies-for-achieving-goals](https://www.dominican.edu/dominicannews/study-highlights-strategies-for-achieving-goals)



Make a plan for **Putting goals into action**

1. Pick a SMART goal that you want to achieve and break it up into steps.
2. Write down each step, the resources you'll need to achieve it, and the due date for completing it.
3. Pick a friend or family member to tell about your goal and check in with them on a regular basis. This will help you keep yourself accountable.

Select a SMART goal you want to achieve.

My SMART goal is...

Make an action plan for your SMART goal.

Steps List one specific step in each box for achieving your goal	Resources I need This can be things like tools, information, transportation, assistance, or money	Date to complete step	Who will I check in with? And how often will I check in?
1.			
2.			
3.			
4.			

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Revising goals

Goals aren't something you can "set and forget." You need to revise them as the situation changes or you may find yourself off track.

Here are some common reasons you may need to adjust your goals and some tips for how to revise them.

MY CIRCUMSTANCES HAVE CHANGED

When your circumstances change due to life events (such as losing or getting a job, earning more money, having a child, having a health emergency, etc.), review your new situation with your goals.

? Ask yourself:

- Do these goals still match up to my current circumstances?
- Are these goals still attainable with this new circumstance?
- Could my circumstance help me reach these goals faster?
- Could my circumstance make me reach these goals more slowly?

→ Take action

As circumstances change, your priorities may also shift. For example, if you lose your job, you might change your goal of saving for a nicer car to a goal of making sure that the car you have continues to run well.

If it's a critical goal that can't be adjusted, you can look at adjusting other goals to ensure you

have enough money to fund the more critical one.

If your circumstances change for the better and you have extra money to put toward a goal, like from a tax refund or an inheritance, think about putting some of the lump sum toward one of your savings goals. This can help you reach that goal faster.

I CAN'T MEET MY WEEKLY SAVINGS GOAL

If you come up short of your savings goal each week, that doesn't mean you should stop saving. You may just need to adjust your goal.

? Ask yourself:

- Can I change the total amount I'm trying to save?
- Can I change the length of time I have to save for my goal?

→ Take action

Let's say your goal is to buy a new \$600 TV three months from now. One month into saving, you have some unexpected medical bills and can no longer afford to save as much each week. You can choose to buy a less expensive TV two months from now, meaning you need to save less money overall. Or you could choose to wait six months to buy the \$600 TV, meaning you have longer to save.

Either way you adjust your goal, the amount of money you need to save each week is reduced. And you can still save enough to buy the TV.

I'VE USED UP MY EMERGENCY SAVINGS

If you've used your emergency savings, then they've served their purpose. But now it's time to replenish them.

? Ask yourself:

- Should I change how much I save each week for my emergency fund?
- Should I revise any other goals?

→ Take action

Determine how much you want in your emergency savings and by when. Calculate the amount you need to save weekly or monthly to meet that goal and start saving. See **Module 2: Saving** for more information on this topic.

You may need to adjust other goals in order to save enough each week. Think about where your priorities are and how you may be able to adjust the total amount or length of other saving goals.

MY GOAL DOESN'T FEEL IMPORTANT ANYMORE

Sometimes circumstances change and a goal no longer feels important. And that's OK. If the goal you set before no longer feels right for you, set it aside and make a new goal that does feel right.

? Ask yourself:

- Does this goal still support my values?
- What's important to me now?

→ Take action

Create a new goal that is important to you now. You can always add existing savings from the old goal to something new.

Remember, setting goals and working toward them is a process that never really ends. If one of your goals has been achieved, it's time to start the process again and set a new goal. Think about what you want for yourself and your family and keep working to achieve your goals.

Setting SMART goals

Setting goals is the first step toward achieving your dreams. This tool teaches you how to effectively set goals that are SMART—meaning they are **(S)**pecific, **(M)**easurable, **(A)**chievable, **(R)**elevant, and **(T)**ime bound

SMART goals provide an easy-to-follow structure for creating goals. This helps you really break down what you want into a format that makes it simpler to plan for, track, and ultimately achieve your goals.

To create your goals, first think about your values. When your goals match up with the values that are important to you and your family, you're more likely to prioritize achieving them.

If you're not sure what your goals are, think about what you want to change in your life. See if there's a goal you can create that would help bring about that change.

It's likely there are many things you want to achieve. But if you can focus on one or two priorities that align with your values, you'll have a better chance of reaching that goal.

What to do

- **List your values** to help you think about what is important to you and your family.
- **Brainstorm a list of dreams and goals.** Remember, dreams are aspirational and usually vague. Goals are specific things you can achieve to help you reach your dreams.
- **Create a SMART goal** from one or two items on your list of goals. Write down what makes this goal specific, measurable, achievable, relevant, and time bound.

A step further

After you've written down your SMART goals, take a look at the "Putting goals into action" tool to create an easy-to-follow plan for achieving your goals.



Setting SMART goals based on your values motivates you to achieve them

1. Think about your values and choose which ones are most important to you.
2. List some things you'd like to change about your life and dreams you have.
3. Pick one or two items from your list of brainstormed ideas and create a SMART goal.
Make copies of the next page if you want to set more than one goal.

Which values are most important to you?

Family/friends

Reputation

Status

Freedom

Self-respect

Other: _____

Happiness

Spirituality

Other: _____

Health

Stability

Other: _____

What are your hopes, wants, and dreams?

Thinking about your values, write a list of things you'd like to change and dreams you have. They can be short term (less than six months to achieve) or long term (more than six months to achieve).

Things I'd like to change	Dreams I have for myself and my family

Use your list of dreams to create a SMART goal.

Remember that SMART goals are **S**pecific, **M**easurable, **A**chievable, **R**elevant, and **T**ime bound.

My SMART goal is...

To make sure your goal is SMART, write in what makes your goal specific, measurable, achievable, relevant, and time bound.

SMART characteristic	Questions to ask yourself	Your answers
Specific	What will I achieve? Who will benefit from the goal? What specific thing will I accomplish?	
Measurable	How much? How many? How will I know when it's done?	
Achievable	Is this goal something that I can actually reach? Do I have the tools and support I need to accomplish this?	
Relevant	Is this something that I really want? Is now the right time to do this? Why is this goal important?	
Time bound	When will I reach this goal? Is the time frame reasonable?	

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Activity: “Know What’s Coming In”

Module 3: Tracking Income and Benefits

Time: 20 minutes

Goal: Your team will track and categorize all of Sam’s income and benefits over a sample month and explore strategies to increase or stabilize their income.

Scenario: *Sam’s Income Puzzle*

Sam works part-time at a coffee shop and picks up babysitting gigs on the side. They receive SNAP and occasional help from a rent assistance program. Sam is trying to understand when and how money comes in each month to better plan for bills and savings. This month Sam works 2 babysitting gigs the first and second week of the month.

Here’s what Sam receives in a typical month:

Source	Amount	Timing
Coffee shop paycheck	\$500	Biweekly
Babysitting gig	\$100	Irregular
SNAP	\$250	3 rd of the month
Rent assistance (partial)	\$200	15 th of month

Income Isn’t Just a Paycheck

What counts as income vs. benefits?

What is the difference between **regular** and **irregular** income?

Remember: not all income can be used the same way (e.g., SNAP vs. cash)

Track Sam's Income

Instructions: Using the Income and Benefits chart, as a group, fill in Sam's weekly income by category. Total the weekly and monthly income.

The month: _____

	Week 1	Week 2	Week 3	Week 4	Week 5
Job 1					
Job 2					
Child Support					
Disability benefits					
SNAP					
TANF					
Other govt. programs					
Other					
Total weekly income					

Total income for this month: \$_____

Answer the following questions:

Which of Sam's income sources are predictable?

What challenges might Sam face when budgeting?

What is Sam's total monthly income?

Getting Paid & Getting More

If Sam had a choice, what would be the best way to receive payments to avoid delays or fees?
(e.g., direct deposit vs. check vs. cash)

Method	Benefits	Risk	Question You Have
Cash	<ul style="list-style-type: none"> • Can spend it almost anywhere • Easy to access 	<ul style="list-style-type: none"> • Could be lost or stolen, especially if you carry large amounts with you or leave it in your home • Some people find it tempting to spend on a whim, making budgeting and saving more difficult • Can be more difficult to track spending for personal budgeting and tax purposes • Not all bill payments can be made in cash 	
Paper check: physical check given in person or by mail	<ul style="list-style-type: none"> • Can be deposited into a checking or savings account or may be able to load onto a prepaid card directly • If lost or stolen, usually can be canceled and reissued 	<ul style="list-style-type: none"> • Must wait until it arrives in the mail or can be picked up, possibly delaying when you receive the money • Requires you to take an action of depositing or cashing the check before you can use the money 	

	<ul style="list-style-type: none"> • Sometimes no fee to cash “on us” checks, which are written from accounts held with the bank or credit union where you’re cashing it 	<ul style="list-style-type: none"> • May need a bank or credit union account to cash a check without paying a fee • May not be able to access all the funds immediately after depositing (waiting period for check to clear) 	
<p>Direct Deposit: electronically sent to your bank account</p>	<ul style="list-style-type: none"> • Reduces your risk of loss or theft if funds are sent directly to a bank or credit union account because they are protected from unauthorized transfers • Usually available immediately • No check cashing • Fee often waived • Funds usually accessed in a variety of ways • May be able to split the deposit between checking and savings accounts 	<ul style="list-style-type: none"> • Direct deposits made to a prepaid card may not have protections for unauthorized transfers or other errors, unlike checking and savings accounts • Can be charged fees if you write checks, use your debit card, or make other transfers without sufficient funds in your account • Have to go to an ATM (could pay a fee) or get cash back at a merchant to receive cash, if there are no convenient branch locations 	
<p>Payroll card: employer loads your salary or wages onto a prearranged prepaid card where you can access the funds</p>	<ul style="list-style-type: none"> • More secure than cash or checks • Has full federal protection in case of unauthorized transfers or other errors • Funds can usually be accessed in a variety of ways 	<ul style="list-style-type: none"> • Potential service or inactivity fees, meaning you might have to pay to access your wages in certain ways (ask your employer about these) • Have to go to an ATM (could pay a fee) or get cash back at a merchant to receive cash, if there are no convenient branch locations, • Some cards limit how many times you can access an ATM in 24 hours 	

<p>Government benefits card: a government agency loads your benefits onto a prearranged prepaid card where you can access the funds</p>	<ul style="list-style-type: none"> • More secure than cash or checks • Has full federal consumer protections in case of unauthorized transfers • Funds can usually be accessed in a variety of ways 	<ul style="list-style-type: none"> • Potential service or inactivity fees, meaning you might have to pay to access your benefits in certain ways (read the cardholder agreement to check for these) • If cash access is permitted, have to go to an ATM (could pay a fee) or get cash back at a merchant to receive cash 	
<p>Electronic benefits transfer (EBT) card: a certain type of government benefits card used for needs-based programs such as TANF or SNAP</p>	<ul style="list-style-type: none"> • More secure than cash or checks • For some EBT cards, funds can usually be accessed in a variety of ways 	<ul style="list-style-type: none"> • There may be limits on where you can use the card or what you can purchase with it • May not have protections for returning funds taken through unauthorized transactions or other errors • If cash access is permitted, have to go to an ATM (could pay a fee) or get cash back at a merchant to receive cash • Some benefits can expire if they aren't used within a certain amount of time (ask if this applies to your benefit and keep track of your balance to avoid losing benefits); ask to have cash benefits sent to your bank account or your own prepaid card instead to avoid this 	

Personal Reflection:

Writes down one of **your own** sources of income or benefit.

Note whether it's **regular, irregular, or seasonal**.

What's one way you could track your income better or increase it a little this month?

Activity: “Know What’s Coming In”

Module 3: Tracking Income and Benefits

Time: 20 minutes

Goal: Your team will track and categorize all of Sam’s income and benefits over a sample month and explore strategies to increase or stabilize their income.

Scenario: *Sam’s Income Puzzle*

Sam works part-time at a coffee shop and picks up babysitting gigs on the side. They receive SNAP and occasional help from a rent assistance program. Sam is trying to understand when and how money comes in each month to better plan for bills and savings. This month Sam works 2 babysitting gigs the first and second week of the month.

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What counts as income vs. benefits?

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Remember: not all income can be used the same way (e.g., SNAP vs. cash)

Track Sam's Income

Instructions: Using the Income and Benefits chart, as a group, fill in Sam's weekly income by category. Total the weekly and monthly income.

The month: _____

	Week 1	Week 2	Week 3	Week 4	Week 5
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Job 2					
Child Support					
Disability benefits					
SNAP					
TANF					
Other govt. programs					
Other					
Total weekly income					

Total income for this month: \$_____

Answer the following questions:

Which of Sam's income sources are predictable?

What challenges might Sam face when budgeting?

What is Sam's total monthly income?

Getting Paid & Getting More

If Sam had a choice, what would be the best way to receive payments to avoid delays or fees?
(e.g., direct deposit vs. check vs. cash)

Method	Benefits	Risk	Question You Have
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Paper check: physical check given in person or by mail	<ul style="list-style-type: none"> • Can be deposited into a checking or savings account or may be able to load onto a prepaid card directly • If lost or stolen, usually can be canceled and reissued 	<ul style="list-style-type: none"> • Must wait until it arrives in the mail or can be picked up, possibly delaying when you receive the money • Requires you to take an action of depositing or cashing the check before you can use the money 	

	<ul style="list-style-type: none"> • Sometimes no fee to cash “on us” checks, which are written from accounts held with the bank or credit union where you’re cashing it 	<ul style="list-style-type: none"> • May need a bank or credit union account to cash a check without paying a fee • May not be able to access all the funds immediately after depositing (waiting period for check to clear) 	
<p>Direct Deposit: electronically sent to your bank account</p>	<ul style="list-style-type: none"> • Reduces your risk of loss or theft if funds are sent directly to a bank or credit union account because they are protected from unauthorized transfers • Usually available immediately • No check cashing • Fee often waived • Funds usually accessed in a variety of ways • May be able to split the deposit between checking and savings accounts 	<ul style="list-style-type: none"> • Direct deposits made to a prepaid card may not have protections for unauthorized transfers or other errors, unlike checking and savings accounts • Can be charged fees if you write checks, use your debit card, or make other transfers without sufficient funds in your account • Have to go to an ATM (could pay a fee) or get cash back at a merchant to receive cash, if there are no convenient branch locations 	
<p>Payroll card: employer loads your salary or wages onto a prearranged prepaid card where you can access the funds</p>	<ul style="list-style-type: none"> • More secure than cash or checks • Has full federal protection in case of unauthorized transfers or other errors • Funds can usually be accessed in a variety of ways 	<ul style="list-style-type: none"> • Potential service or inactivity fees, meaning you might have to pay to access your wages in certain ways (ask your employer about these) • Have to go to an ATM (could pay a fee) or get cash back at a merchant to receive cash, if there are no convenient branch locations, • Some cards limit how many times you can access an ATM in 24 hours 	

<p>Government benefits card: a government agency loads your benefits onto a prearranged prepaid card where you can access the funds</p>	<ul style="list-style-type: none"> • More secure than cash or checks • Has full federal consumer protections in case of unauthorized transfers • Funds can usually be accessed in a variety of ways 	<ul style="list-style-type: none"> • Potential service or inactivity fees, meaning you might have to pay to access your benefits in certain ways (read the cardholder agreement to check for these) • If cash access is permitted, have to go to an ATM (could pay a fee) or get cash back at a merchant to receive cash 	
<p>Electronic benefits transfer (EBT) card: a certain type of government benefits card used for needs-based programs such as TANF or SNAP</p>	<ul style="list-style-type: none"> • More secure than cash or checks • For some EBT cards, funds can usually be accessed in a variety of ways 	<ul style="list-style-type: none"> • There may be limits on where you can use the card or what you can purchase with it • May not have protections for returning funds taken through unauthorized transactions or other errors • If cash access is permitted, have to go to an ATM (could pay a fee) or get cash back at a merchant to receive cash • Some benefits can expire if they aren't used within a certain amount of time (ask if this applies to your benefit and keep track of your balance to avoid losing benefits); ask to have cash benefits sent to your bank account or your own prepaid card instead to avoid this 	

Personal Reflection:

Writes down one of **your own** sources of income or benefit.

Note whether it's **regular, irregular, or seasonal**.

What's one way you could track your income better or increase it a little this month?

Choosing how to get paid

Pick the option for receiving income and benefits that works best for you.

There are many ways you can get paid or receive benefits. Each way has different benefits and risks, which can make it easier or harder for you to manage your money.

Sometimes, you don't have a choice about how you get paid or receive benefits. For example, some benefits programs require that funds be loaded onto a government benefits card. Some employers might pay you only using a traditional paper paycheck.

Not all employers or government agencies offer all methods of payment.

If your employer pays wages by payroll card, you must be offered at least one other option. That option might be a paper check, or it could be direct deposit to a checking or savings account or your own prepaid card.

It's important to understand your options and make a decision that's right for you.

What to do

- **Carefully review the benefits and risks** of each way to receive income or benefits.
- **Write down what questions you have** about options that may be right for you.

A step further

If you're considering receiving income or benefits on a payroll card, government benefits card, or Electronic Benefits Transfer (EBT) card, review the "Knowing your prepaid card rights" handout in Module 8.



Choosing how to get paid helps you manage your income and benefits

1. Evaluate the benefits and risks of each payment method.
2. Write down any questions you have, and choose a method that's best for you.

METHOD	✔ BENEFITS	! RISKS	? QUESTIONS
<p>Cash</p> <p>Paper or coin money minted by the U.S. government</p>	<ul style="list-style-type: none"> ▪ Can spend it almost anywhere ▪ Easy to access 	<ul style="list-style-type: none"> ▪ Could be lost or stolen, especially if you carry large amounts with you or leave it in your home ▪ Some people find it tempting to spend on a whim, making budgeting and saving more difficult ▪ Can be more difficult to track spending for personal budgeting and tax purposes ▪ Not all bill payments can be made in cash 	
<p>Paper check</p> <p>A physical check given (in person or by mail) to pay you the indicated amount; has to be deposited or cashed to access the money</p>	<ul style="list-style-type: none"> ▪ Can be deposited into a checking or savings account, or may be able to load onto a prepaid card directly ▪ If lost or stolen, usually can be canceled and reissued to you ▪ Sometimes no fee to cash "on us" checks, which are written from accounts held with the bank or credit union where you're cashing it 	<ul style="list-style-type: none"> ▪ Have to wait until it arrives in the mail or can be picked up, possibly delaying when you receive the money ▪ Requires you to take an action of depositing or cashing the check before you can use the money ▪ May need a bank or credit union account to cash a check without paying a fee ▪ May not be able to access all the funds immediately after depositing (waiting period for check to clear) 	

METHOD**BENEFITS****RISKS****QUESTIONS****Direct deposit**

Money is electronically sent to your bank account, credit union account, or your own prepaid card

- Reduces your risk of loss or theft if funds are sent directly to a bank or credit union account because they are protected from unauthorized transfers and other errors once deposited
- Usually available to you immediately (often on payday)
- No check-cashing or other fees to deposit money
- Many banks and credit unions waive fees for checking or savings accounts when you set up direct deposit
- Funds can usually be accessed in a variety of ways, such as by using a debit card at merchants or at ATMs, at the bank or credit union's branches, through an online bill pay service, or by personal checks
- May be able to split the deposit between checking and savings accounts, which can help you build savings

- Direct deposits made to a prepaid card may not have protections for unauthorized transfers or other errors, unlike checking and savings accounts
- Can be charged fees if you write checks, use your debit card, or make other transfers without sufficient funds in your account
- Have to go to an ATM (could pay a fee) or get cash back at a merchant to receive cash, if there are no convenient branch locations

METHOD**✓ BENEFITS****! RISKS****? QUESTIONS**

<p>Payroll card</p> <p>Employer loads your salary or wages onto a prearranged prepaid card where you can access the funds</p>	<ul style="list-style-type: none"> ▪ More secure than cash or checks ▪ Has full federal protections in case of unauthorized transfers or other errors (the same as checking and savings accounts) ▪ Funds can usually be accessed in a variety of ways, such using the card at merchants or at ATMs, at the card provider’s branches, through an online bill pay service, and sometimes by check 	<ul style="list-style-type: none"> ▪ Potential service or inactivity fees, meaning you might have to pay to access your wages in certain ways (ask your employer about these) ▪ Have to go to an ATM (could pay a fee) or get cash back at a merchant to receive cash, if there are no convenient branch locations, ▪ Some cards limit how many times you can access an ATM in 24 hours 	
<p>Government benefits card</p> <p>A government agency loads your benefits onto a prearranged prepaid card where you can access the funds</p>	<ul style="list-style-type: none"> ▪ More secure than cash or checks ▪ Has full federal consumer protections in case of unauthorized transfers or other errors (includes needs-tested programs administered by the federal government, like SSI) ▪ Funds can usually be accessed in a variety of ways, such as by using the card at merchants or at ATMs, and possibly through an online bill pay service 	<ul style="list-style-type: none"> ▪ Potential service or inactivity fees, meaning you might have to pay to access your benefits in certain ways (read the cardholder agreement to check for these) ▪ If cash access is permitted, have to go to an ATM (could pay a fee) or get cash back at a merchant to receive cash 	

METHOD

✔ BENEFITS

! RISKS

? QUESTIONS

<p>Electronic benefits transfer (EBT) cards</p> <p>A certain type of government benefits card (replacing paper-based benefits) used for needs-based programs such as Temporary Assistance for Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP), and other programs (availability, fees, and other terms vary by state and program)</p>	<ul style="list-style-type: none"> ▪ More secure than cash or check ▪ For some EBT cards, funds can usually be accessed in a variety of ways, such using the card at merchants or at ATMs, and possibly through an online bill pay service 	<ul style="list-style-type: none"> ▪ There may be limits on where you can use the card or what you can purchase with it ▪ May not have protections for returning funds taken through unauthorized transactions or other errors ▪ If cash access is permitted, have to go to an ATM (could pay a fee) or get cash back at a merchant to receive cash ▪ Some benefits can expire if they aren't used within a certain amount of time (ask if this applies to your benefit and keep track of your balance to avoid losing benefits); ask to have cash benefits sent to your bank account or your own prepaid card instead to avoid this 	
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Income and benefits tracker

Get a total picture of your income and benefits to help you plan when to pay your expenses.

Your income and benefits provide you with the financial resources to pay for your living expenses. It's important to get a clear picture of how much you have coming in every month, so you can better budget to pay your bills and possibly save toward your goals.

Remember that income isn't the same as benefits. While income (like from a job) can be used to pay for anything, some benefits can only be used for a particular purpose, like food or medical costs.

Also, income may not always come on a regular basis. Knowing what income is regular, irregular, seasonal, and one-time-only can help you be prepared for when you have less coming in.

What to do

- **Gather all of your pay stubs**, benefits statements, and records of electronic payments.
- **Enter the amount of income or benefits you receive** next to the correct category in the appropriate week of the month.

A step further

Look at your total monthly income. If it's less than what you think you need, use the "Increasing income and benefits" tool for tips on how to make more.

If you haven't already, consider completing the "Spending tracker" (in Module 4). This will help you build a cash flow budget, which is covered in Module 5: Getting through the Month.



Plan the best times to save and spend with this **Income and benefits tracker**

1. Fill in the net income amount you receive each week for any category that applies to you. Note any income that comes at predictable times and in the same amount to help show you what income you can count on each month.
2. Add up the amounts you receive each week and write that in as the weekly total.
3. Add up the weekly totals to figure out your income for the month.
4. Make copies of the tracker to follow your income from month to month.

Term to know: net income

Net income is what you actually bring home in your paycheck. It's your total pay (gross income) minus taxes, insurance, and other deductions that are taken out.

Income for month of _____

	WEEK 1	WEEK 2	WEEK 3	WEEK 4	WEEK 5
Job 1					
Job 2					
Child support					
Disability benefits					
SNAP					
TANF					
Other government programs					
Other:					

Total weekly income

--	--	--	--	--

Total income for this month

--

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Increasing income and benefits

Identify ways you can increase the money you bring home each month.

There are two ways to bring home more money. **You can bring in more income through a one-time activity** like selling items in a garage sale or online, or learn if there are additional tax credits you can claim to increase your refund.

Or you can bring in more income or benefits on a regular basis. For example, you could get a part-time job, apply for public benefits you qualify for, or start a small business.

There are lots of ideas for ways to earn from a one-time activity or on a regular basis. Not all options will work for everyone, so focus on the ones that seem realistic for you and your family.

What to do

- **Review the strategies** for increasing income and benefits and check the ones that seem possible for you.
- **Write down any specific ideas** you have for accomplishing the strategies you checked.



A step further



Another way to think about increasing income is to decrease spending, meaning you have more money to keep. Use the “Cutting expenses” tool (in Module 4) to learn some ways you can reduce spending.



Think about strategies for **Increasing income and benefits**

1. Review the strategies for increasing income and benefits and check any that could work for you.
2. Write down ideas for how you can accomplish the strategies you've selected, like where you might look for a part-time job or when and where you might hold a garage sale.

CATEGORY	STRATEGY	IDEAS
 Use your skills and resources	<input type="checkbox"/> I can earn extra money with skills I have (providing childcare, doing yard work, etc.).	
	<input type="checkbox"/> I can use my talents or hobbies to make items to sell online or start a part-time small business.	
	<input type="checkbox"/> I can trade things (like house cleaning or baby-sitting) for services I need (like car repairs) from friends or relatives with those skills.	
	<input type="checkbox"/> I can run errands for other people for a small fee.	
	<input type="checkbox"/> I can become a driver for a ride-sharing service.	
	<input type="checkbox"/> I can rent a room in my home to a friend or relative (if allowed in my housing agreement).	
 Look for job opportunities	<input type="checkbox"/> I can ask for a raise or additional hours at my current job.	
	<input type="checkbox"/> I can get a part-time job.	
	<input type="checkbox"/> I can look for opportunities for training or education to increase my wages at my current job or help me get a better job.	

CATEGORY	STRATEGY	IDEAS
 Sell household items	<input type="checkbox"/> I can hold a yard sale/garage sale.	
	<input type="checkbox"/> I can sell items I don't need or want online.	
	<input type="checkbox"/> I can sell produce from my garden.	
 Consider government options	<input type="checkbox"/> I can see if I'm eligible for public benefits (TANF, WIC, SNAP, Medicaid, public housing, Social Security Disability, SSI, or unemployment).	
	<input type="checkbox"/> I can learn if there are tax credits I can claim.	
	<input type="checkbox"/> I can change my tax withholding (if I generally receive a large tax refund).	
	<input type="checkbox"/> I can decide when to claim Social Security to maximize my benefits.	

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Activity: “Know It, Check It, Fix It”

Module 7: Credit Reports and Scores

Time: 20 minutes

Goal: As a team, you will learn the purpose of credit reports and scores, understand how to request and review them, and know how to dispute errors and build a stronger credit history.

Credit Crash Course

- **Credit scores** are numbers based on your credit report history—used to predict how likely you are to repay.
- **Credit reports** contain your financial history—used by lenders, employers, landlords.

Credit reports include:

1. Identifying Information

- Full name (and any variations)
- Social Security number (last four digits)
- Current and previous addresses
- Date of birth
- Phone number(s)
- Employment history (may be limited or outdated)

2. Credit Accounts (Tradelines)

For each account, the report usually lists:

- Type of account (credit card, auto loan, mortgage, student loan, etc.)
- Name of the creditor or lender
- Date the account was opened
- Credit limit or loan amount
- Current balance
- Payment history (on-time, late, missed)
- Account status (open, closed, charged-off, in collections)

3. Credit Inquiries

- **Hard inquiries:** When a lender checks your credit because you applied for credit (e.g., a loan, credit card, rental).
- **Soft inquiries:** When you or a company checks your credit for non-lending purposes (e.g., pre-approval offers, job applications).

4. Collections Accounts

- Debts that have been sent to a collection agency
- Name of collection agency and original creditor
- Balance owed
- Dates of collection activity

5. Public Records

- Bankruptcies (Chapter 7, 11, or 13)
- Foreclosures
- Civil judgments or tax liens (rare)

6. Account Status Details

- Closed by creditor vs. closed by consumer
- Delinquent or defaulted status
- Charged-off (the creditor gave up on collecting, but it's still owed)

7. Authorized Users or Co-Signers

- Accounts where you're listed as an authorized user
- Joint accounts or accounts you've co-signed

Not Included:

- Checking/savings balances
- Income
- Marital status
- Medical bills listed as "medical debt" unless sent to collections
- Reports come from **Equifax, Experian, and TransUnion**.
- You can get one free report from each every year at [AnnualCreditReport.com](https://www.annualcreditreport.com).
(that's 1 report every 4 months)

Who has ever requested their credit report? Did anything surprise you?

Why do you think credit scores are difficult to understand?

Review Alicia's Report

Alicia M. Reyes is a 36-year-old woman who was born on April 16th. She currently lives in Albuquerque New Mexico at 1243 Wisteria Ln NW where she moved in 2006 from 312 South Broadway SE. She has worked 2 jobs; her first job was at the local Target but now works as a nurse with Bright Path Pediatrics. The best way to contact her is at 505-678-0098. She has 2 open credits you know about. 1) opened in 2018 and currently has a balance of \$434 she still needs to pay off and 2) opened in 2024 and she is up to date on payments and still owes \$6,300. She also fell behind on her phone payments and is saving up the money to pay it off. Does her credit report have any possible errors?

Sample Credit Report for Alicia M. Reyes

Date Generated: July 12, 2025

Report Requested From: Equifax

Report ID: EQF-2025-0725-0019

Section 1: Personal Information

- **Full Name:** Alicia M. Reyes
- **Other Names:** Alesha M. Reyes (Potential misspelling)
- **Social Security Number (Last 4):** XXX-XX-6132
- **Date of Birth:** 04/16/1989
- **Current Address:** 1243 Wisteria Ln, Albuquerque, NM 87105
- **Previous Addresses:**
 - 312 South Broadway SE, Albuquerque, NM 87102
- **Telephone:** (505) 678-0098
- **Employer(s):** Bright Path Pediatrics (current), Target Corporation (past)

Section 2: Credit Accounts (Tradelines)

1. **CapitalOne Platinum Card**
 - **Account Number:** XXXX-XXXX-XXXX-4321
 - **Opened:** 08/2018
 - **Credit Limit:** \$1,200

- **Balance:** \$834
 - **Status:** Open
 - **Payment History:** 1 late payment (30 days past due – 03/2025)
2. **SunWest Auto Loan**
- **Account Number:** XXXX-XXXX-XXXX-1288
 - **Opened:** 02/2022
 - **Loan Amount:** \$14,000
 - **Balance:** \$6,300
 - **Status:** Open, current
 - **Payment History:** On-time payments
3. **Comenity Bank / Old Navy**
- **Account Number:** XXXX-XXXX-XXXX-6654
 - **Opened:** 06/2020
 - **Credit Limit:** \$500
 - **Balance:** \$0
 - **Status:** Closed by consumer – 11/2023
 - **Payment History:** Paid in full, never late
4. **Chase Visa Signature**
- **Account Number:** XXXX-XXXX-XXXX-7199
 - **Opened:** 01/2024
 - **Credit Limit:** \$5,000
 - **Balance:** \$4,200
 - **Status:** Open
 - **Payment History:** Current, minimum payments made

Section 3: Collections Accounts

1. **Midland Credit Management (Original Creditor: T-Mobile)**
- **Account Number:** XXXX-XXXX-XXXX-9831
 - **Balance:** \$312
 - **Date Opened:** 10/2023
 - **Status:** In collections

Section 4: Public Records

- **None reported**

Section 5: Credit Inquiries (Past 12 Months)

- **Experian — Soft Inquiry:** March 2025 (credit monitoring)
- **Chase Bank — Hard Inquiry:** January 2024 (credit card application)
- **SunWest Auto — Hard Inquiry:** February 2022 (auto loan)

Section 6: Credit Score (for reference only)

- **FICO Score:** 645
- **Risk Level:** Fair

End of Report

Instructions:

In your groups, use the **Reviewing Your Credit Reports** checklist to Identify which sections of Alicia’s report contain errors

Reviewing Alicia’s Credit Reports Checklist:

Name of credit reporting company: _____

Section		Is this information correct?	Questions or Errors.
Header and identifying information	<input type="checkbox"/>	Name (including spelling)	
	<input type="checkbox"/>	Social Security number	
	<input type="checkbox"/>	Current phone number	
	<input type="checkbox"/>	Current address	
	<input type="checkbox"/>	Previous addresses	
	<input type="checkbox"/>	Employment history	
Public record information	<input type="checkbox"/>	Financial public record information, like bankruptcies, judgments or tax liens	
Collection agency account information	<input type="checkbox"/>	Any accounts in collections	

	<input type="checkbox"/>	Status of each of accounts	
Credit account information	<input type="checkbox"/>	All of the accounts are correct	
	<input type="checkbox"/>	Status of each of the accounts such as whether they are open or closed, paid on time, missed payments or paid less than amount due	
	<input type="checkbox"/>	Accurately listed as authorized user, co-signer or joint owner	
	<input type="checkbox"/>	All accounts closed are listed as “closed by the consumer”	
Inquiries made to account	<input type="checkbox"/>	I recognize all “hard inquiries” or times when I’ve applied for credit and a lender reviewed my credit report.	

My Credit Plan

Individually choose **one habit or strategy** and how you plan to get started.

Habit	Tips for Improving Your Credit
I’ll pay my loan and utility bills on time, every time	Missing bill payments may hurt your credit scores because it may establish a poor payment history and can lead to debt collection. Help make sure your payments are on time by setting up automatic payments or electronic reminders. If you’ve missed payments, get current and stay current.
I’ll spend under my credit limit and won’t get anywhere close to “maxing out” my credit cards	Credit scoring models look at how close you are to being “maxed out,” so try to keep your balances low

	<p>compared to your total credit limit. Experts advise keeping your use of credit (credit utilization) at no more than 30 percent of your total credit limit.</p> <p>If you close some of your credit card accounts and put most or all of the balances onto a single card, your total credit limit may be lower than before. If doing this means that you're using a higher percentage of your total limit than you were before, it may hurt your credit scores because it's increasing your credit utilization. In some cases, it's better to leave credit cards open even if you don't use them, to increase your total credit limit. But it depends on how many cards you have and if you can avoid using all of them</p>
<p>I'll pay off my credit card balance on time each month</p>	<p>If you use credit cards, try to pay your balances off each month. Paying off the balance each month may help you get better scores. You'll build a credit history by paying it off on time and keeping your balance low. Think about setting up text alert reminders for when your bill is due, to help you pay on time.</p>
<p>I'll only apply for credit that I need</p>	<p>Credit scoring formulas look at your recent credit activity as a signal of your need for credit. If you apply for a lot of credit over a short period of time, it may appear to lenders that your economic circumstances have changed for the worse.</p>
<p>I'll make sure that negative information on my credit reports (like judgments, bankruptcies or evictions) are accurate</p>	<p>If it's not accurate or if it's listed multiple times, submit a dispute with a credit reporting company and the company that provided the information (the furnisher).</p>
<p>I'll use credit building products to establish a credit history if I'm new to using credit</p>	<p>Secured credit cards can be a way to build a positive credit history if you're just starting out. You typically need to provide the deposit upfront, so you'll need to have enough money saved for the deposit before you open one. Because credit limits tend to be low with these cards, be sure to watch your credit utilization rate and avoid getting too close to use the full limit.</p> <p>Credit builder loans help you avoid taking on debt while you build a positive payment record. With some loans, you make monthly payments first and receive the loan amount when it's paid off.</p> <p>These loans can be very effective in creating new history and can have a positive effect on your credit reports and scores.</p>

	<p>Some non-profit organizations provide access to secured credit cards or credit builder loans. Be sure to ask about the terms, just like you would ask a bank or credit union for details about its products.</p>
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Disputing errors on your credit reports

If you find mistakes on your credit reports, you should dispute them. Here's how you can dispute errors you find.

Errors can appear on one or more of your credit reports due to an error in the information provided about you or as the result of fraud or identity theft.

If you find errors on your credit reports, you should dispute them with the credit reporting company (most often Equifax, Experian, or TransUnion) and the furnisher of the information.

GETTING READY TO DISPUTE

Review the mistakes you identified in the "Reviewing your credit reports" tool. Then gather any documents you have that support your dispute.

This can include things like:

- Your credit report with the mistake circled or highlighted
- Copies of anything that proves there is an error—for example, if your report incorrectly shows that you're late paying a credit card, make copies of bills or cleared checks (or money order stubs) that show you've paid on time
- Copies of your Social Security card, birth certificate, or other personal identity information, if you're disputing a mistake related to that information

If you suspect that the error on your report is a result of identity theft, visit [identitytheft.gov](https://www.identitytheft.gov).

See Module 9: Protecting your Money for more information about identity theft and steps to take if you are a victim, including filing a fraud alert or security freeze.

SUBMITTING THE DISPUTE

You can submit a dispute to the credit reporting company by phone, by mail, or online. **Explain the error and what you want changed.** Clearly identify each mistake separately, state the facts, explain why you are disputing the information, and request that it be removed or corrected.

Some of the credit reporting companies provide a dispute form you can use. You'll also want to send a letter explaining the mistake(s)—there's a letter template you can use on the next page.

Make sure you also include copies of all of your supporting documentation. Keep your originals.

You can also choose to send a copy of the dispute to the business or individual that provided the incorrect information (furnisher). You can usually find that address on your credit report.

If you're mailing the dispute information, it's a good idea to use certified mail with a return receipt requested, if that's available to you. That way, the post office will send a postcard telling you when your dispute letter was delivered.

WAITING FOR MISTAKES TO GET FIXED

The credit reporting company generally has 30 calendar days (45 days in some cases) to investigate your dispute. They have five business days to notify you of the results once the investigation is complete.

If the error is fixed, you'll receive a copy of your updated credit report, which doesn't count as your free annual report.

If, as a result of your dispute, a furnisher determines they sent the wrong information to a credit reporting company, they must send the correction to various credit reporting companies to which they had provided the incorrect information.

IF YOU DISAGREE WITH THE RESULTS

You can send the credit reporting company a letter stating you don't agree with the outcome. The credit reporting company has to clearly note that the information has been disputed and provide your explanation on any future reports.

You can also submit a complaint with the Bureau at consumerfinance.gov/complaint. We'll forward it to the company and work to get you a response. See Module 9: Protecting your Money for more information on how to submit a complaint.

You may also want to seek assistance from a lawyer. Learn more at consumerfinance.gov/askcfpb/1549.

Ways to contact the credit reporting companies

	EQUIFAX	EXPERIAN	TRANSUNION
Online	equifax.com/personal/disputes	experian.com/disputes	transunion.com/credit-freeze/place-credit-freeze
Mail	Mail letter explaining mistakes and completed dispute form	Mail letter explaining mistakes	Mail letter explaining mistakes and completed dispute form
	Dispute form: equifax.com/cp/MailInDisclosureRequest.pdf	Dispute form: None needed	Dispute form: transunion.com/docs/rev/personal/InvestigationRequest.pdf
	Mail to: Equifax Information Services LLC P.O. Box 740256 Atlanta, GA 30348	Mail to: Experian P.O. Box 4500 Allen, TX 75013	Mail to: TransUnion Consumer Solutions P.O. Box 2000 Chester, PA 19016
Phone	(800) 864-2978	(888) 397-3742	(800) 916-8800

I am writing to dispute information that appears on my consumer report.

I am disputing the items on the following page. Please investigate the items I have described below, make necessary corrections and notify me when complete.

Thank you for your assistance. Sincerely,

Name

My information

Name and return address

Today's date

Credit reporting company name and address

Phone number

- -

Date of birth (any format)

Report confirmation number, if available

I am disputing the following:

My report includes accounts with a reported name that is different than mine.

I don't recognize the accounts in question.

The report shows I owed money to the company that I have already repaid.

The current status of my account is not correct. The report shows that I am delinquent but I have made all of my payments on time.

I'm the victim of identity theft and I don't recognize one or more of the accounts on my report.

Other, see additional information.

Additional information about the disputed item

Description including account numbers, dates, source of disputed information (like a company or bank), previous addresses related to the dispute

I have attached a copy of my report with the issues in question circled.

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GETTING STARTED

Getting and keeping a good credit history

Whether you've already established a credit history or are just starting out, there are things you can do to improve and maintain your credit history.

There's no one secret formula for building a strong credit history. But there are some healthy habits you can adopt that may help you improve your credit history and keep it in good standing.

Your strategy might be different depending on if you're building a new credit history or trying to improve your existing credit history.

These strategies don't affect your credit scores right away. It takes time, so keep working on them.

What to do

- **Identify a strategy for improving and maintaining your credit history** that works for you.
- **Implement that strategy** and monitor how your credit score improves.
- Once you're done with your first strategy, **pick a new one** and keep practicing good habits to maintain a strong credit history.

A step further

Building and maintaining a good credit history is an ongoing activity. Make a habit of reviewing your credit reports each year. Pick a date you'll remember, like your birthday or a holiday. Use the "Requesting your free credit reports," "Reviewing your credit reports," and "Disputing errors on your credit reports" tools to make it easier to get your reports, review them for errors, and make corrections if needed.



Build habits for **Getting and keeping a good credit history**

1. Read the different strategies for improving and maintaining your credit history.
2. Check the box of one that you can commit to trying now.
3. Once that one is complete, try one or two more to keep improving your score.

HABIT

TIPS FOR IMPROVING YOUR CREDIT

I'll pay my loan and utility bills on time, every time.

Missing bill payments may hurt your credit scores because it may establish a poor payment history and can lead to debt collection. Help make sure your payments are on time by setting up automatic payments or electronic reminders. If you've missed payments, get current and stay current. You can use the "Bill calendar" (in Module 4) to help track when your bills are due and decide when you'll pay them.

I'll spend under my credit limit and won't get anywhere close to "maxing out" my credit cards.

Credit scoring models look at how close you are to being "maxed out," so try to keep your balances low compared to your total credit limit. Experts advise keeping your use of credit (credit utilization) at no more than 30 percent of your total credit limit.

If you close some of your credit card accounts and put most or all of the balances onto a single card, your total credit limit may be lower than before. If doing this means that you're using a higher percentage of your total limit than you were before, it may hurt your credit scores because it's increasing your credit utilization. In some cases, it's better to leave credit cards open even if you don't use them, to increase your total credit limit. But it depends on how many cards you have and if you can avoid using all of them.

I'll pay off my credit card balance on time each month.

If you use credit cards, try to pay your balances off each month. Paying off the balance each month may help you get better scores. You'll build a credit history by paying it off on time and keeping your balance low. Think about setting up text alert reminders for when your bill is due, to help you pay on time.

I'll only apply for credit that I need.

Credit scoring formulas look at your recent credit activity as a signal of your need for credit. If you apply for a lot of credit over a short period of time, it may appear to lenders that your economic circumstances have changed for the worse.

I'll make sure that negative information on my credit reports (like judgments, bankruptcies, or evictions) is accurate.

If it's not accurate or if it's listed multiple times, submit a dispute with the credit reporting company and the company that provided the information (the furnisher). You can use the "Disputing errors on your credit reports" tool to get started.

I'll use credit building products to establish a credit history if I'm new to using credit.

Secured credit cards can be a way to build a positive credit history if you're just starting out. You typically need to provide the deposit upfront, so you'll need to have enough money saved for the deposit before you open one. Because credit limits tend to be low with these cards, be sure to watch your credit utilization rate and avoid getting too close to using the full limit.

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Requesting your free credit reports

Make a plan for requesting your free credit reports once every 12 months.

Your credit report can be used for more than just a loan approval. That's why it's important to look at your reports each year to make sure your information is correct.

You should request your credit report from all three nationwide credit reporting companies—Equifax, Experian, and TransUnion—since each report can have different information in it. Learn more about requesting credit reports for minors at consumerfinance.gov/askcfpb/1271. If you work with youth in foster care, visit consumerfinance.gov/ask-cfpb/search-by-tag/foster_youth.

What to do

- **Pick a method to order your credit reports.** You can get them online, by phone, or by mail. If you get your reports online, be sure you're accessing them from a safe and secure device and location. Be very cautious doing this on public computers, since you're accessing sensitive personal information and you want to keep it safe.
- **Be ready to answer some security questions if you request your report online or by phone.** You'll be asked questions that are meant to be hard for anyone but you. If you can't answer, you'll have to request the report by mail. Questions might be:
 - How much is your monthly mortgage or car payment?
 - Which bank is your auto loan from?
- **Decide when you'll order each report.** Consider getting a report from a different credit reporting company every four months, as a way to monitor your credit for free.

A step further

Review your credit reports carefully. They'll probably be similar, but there may be differences between them, and that's okay. The most important thing is to make sure that the information listed about you is accurate. Use the "Reviewing your credit reports" tool to check your credit reports for any mistakes.



Pick a strategy for **Requesting your free credit reports**

1. Pick when you'll request your credit reports using the strategy that works best for you.
2. Write down when you'll request them from each company, Experian, Equifax, and TransUnion. You can get a free report from each company once every 12 months.
3. Create a reminder on your calendar or phone to help you follow through.

Strategies for requesting your credit reports

REQUEST ON THREE SEPARATE DATES		REQUEST ON A SINGLE DATE	
Check your reports on three different dates throughout the year. Staggering them can help you see if anything is changing throughout the year or if any fraud has occurred.		Choose a single date that's easy to remember, like a birthday or holiday, to request all three of your reports at once. This is good if you're buying something big soon, that requires new credit, so you can correct errors right away.	
I will request my reports on these three separate dates:		I will request a report from all three companies on this day:	
DATE	COMPANY	DATE	COMPANY
	Equifax		Equifax, Experian, TransUnion
	Experian		
	TransUnion		

How to request your free reports

The federal government authorizes only one source for your free credit reports. You can make a request online, by phone, or by mail.

Visit [AnnualCreditReport.com](https://www.annualcreditreport.com)

Call (877) 322-8228

Request by mail. Download and complete the form at [annualcreditreport.com/manualRequestForm.action](https://www.annualcreditreport.com/manualRequestForm.action).

Mail the completed form to:
Annual Credit Report Request Service
P.O. Box 105281
Atlanta, GA 30348-5281

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Reviewing your credit reports

Look through your credit reports carefully to make sure all the information is correct.

Errors on your credit reports can negatively affect your credit scores and ability to get a loan. Reviewing your reports on a regular basis can also help you monitor for things like identity theft and fraud.

Sometimes your information isn't reported to all three nationwide credit reporting companies. As a result, some things may not be listed on all three reports, especially information about older accounts, accounts you've closed, or some of your older jobs or addresses.

This can cause inconsistencies among your credit reports. It's most important to make sure that the information that is listed on each report is correct.

What to do

- **Start by getting free copies of your credit reports.** Use the "Requesting your free credit reports" tool to find out how.
- **Read through each credit report carefully,** using the checklist as a guide for what errors to look for.

A step further

If you find any mistakes on your credit reports, you should dispute them. Use the "Disputing errors on your credit reports" tool to get started.




If you're worried about fraud or identity theft and want to monitor your credit, you can get six free credit reports every 12 months from Equifax through December 31, 2026 at **AnnualCreditReport.com** or by calling Equifax directly at 866-349-5191. That's in addition to the one free annual Equifax report (plus your Experian and TransUnion reports) from **AnnualCreditReport.com**.



Monitor and find errors by **Reviewing your credit reports** regularly

1. Make a copy of this tool, one for each of the three nationwide credit reporting companies.
2. Use the checklist to review the five sections of each of your credit reports.
3. Write down any questions you have or incorrect information you need to dispute.



Name of credit reporting company: _____

SECTION	IS THIS INFORMATION CORRECT?	QUESTIONS OR ERRORS
 Header and identifying information	My name (including spelling)	
	My Social Security number	
	My current telephone number	
	My current address	
	My previous addresses	
	My employment history	
 Public record information	My financial public record information, like bankruptcies, judgments, or tax liens	
 Collection agency account information	My accounts, if any, in collections	
	The status of each of my accounts	

SECTION

IS THIS INFORMATION CORRECT?

QUESTIONS OR ERRORS

SECTION	IS THIS INFORMATION CORRECT?	QUESTIONS OR ERRORS
 Credit account information	All of the accounts are mine	
	The status of each of my accounts, such as whether they are open or closed; and whether I paid on time, missed payments, or paid less than the amount due.	
	I'm accurately listed as an authorized user, co-signer, or joint owner	
	All accounts I've closed are listed as "closed by the consumer"	
 Inquiries made to your account	I recognize all "hard inquiries" or times when I've applied for credit and a lender reviewed my credit report. To learn more about inquiries, visit consumerfinance.gov/ask-cfpb/whats-a-credit-inquiry-en-1317	

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