



# ENCOURAGING FINANCIAL CONVERSATIONS



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# ENCOURAGING FINANCIAL CONVERSATIONS

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# ENCOURAGING FINANCIAL CONVERSATIONS

	Financial Capability
	Goal Setting
	Maximizing Income
	Spending
	Saving
	Borrowing
	Protecting
	Financial Problem-solving Guide



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# *Financial Capability*



*“Our chief want is someone who will  
inspire us to be what we know we could be.”*

*—Ralph Waldo Emerson*

## **Financial Capability Worksheets**

- ▶ Financial capability components
- ▶ Financial capability
- ▶ Financial capability: What are you seeing?
- ▶ Financial well-being idea sheet



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## Financial Capability Components

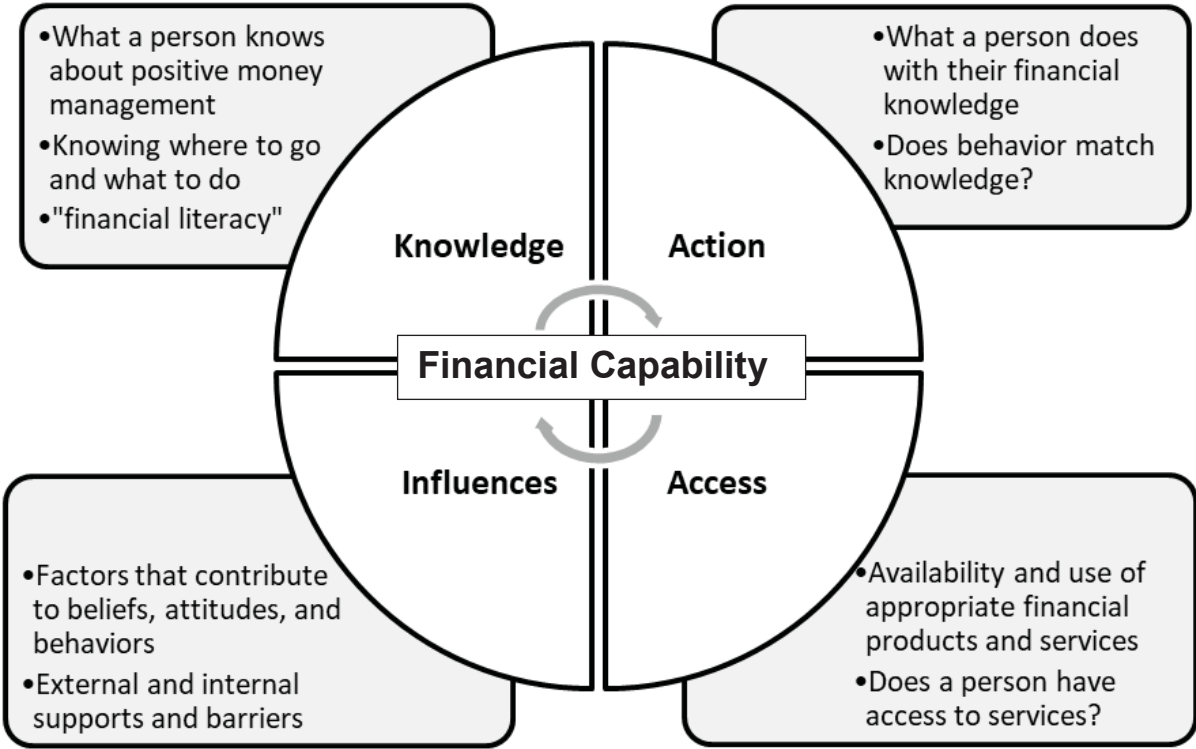
	<b>Knowledge</b>	<b>Action</b>	<b>Access</b>	<b>Influences</b>
<b>Setting Goals</b>	Role of values and emotions Difference between needs and wants Decision-making techniques Positive communication skills	Create a written plan Discuss household goals and priorities	Financial tools for budgeting and saving Means to reach goals (school, steady income)	Motivation Future orientation Partner/family cooperation and agreement on priorities
<b>Maximizing Income</b>	Knowing how much you earn Difference between gross and net pay Tax preparation and credits Value of benefits (public and private) Value of education to future earnings	Read paycheck Complete tax forms Apply for benefits Continue education Develop positive work habits	Job market Transportation Types of benefits available Availability of childcare Job training programs Affordable student loans Tax preparation services	Work-life balance Motivation Partner/family cooperation Supportive vocational counselor/career coach Restrictions on earnings
<b>Spending</b>	How to make a budget Difference between needs and wants Prioritizing spending Influence of marketing How to use banking/transactional accounts	Track spending Balance bank account Pay bills on time Discuss household financial priorities Comparison shop	Adequate income for basic living expenses (self-sufficiency wage) No/low fee transactional (checking) accounts Budget counselor/coach	Partner/family cooperation Agreement on priorities Helpful financial institution Self-control mechanisms Social media
<b>Saving</b>	Recommendations for saving Math/Calculator skills Vehicles and assets saving (accounts, CD, IRAs) Risk vs. return Time value of money	Calculate savings goals Establish account Make regular deposits Track savings	Adequate income for savings goals Appropriate financial products for saving/investing Financial/Tax advisor	Ability to delay gratification Partner/family cooperation Websites/calculators Social media Spending habits Restrictions on assets
<b>Borrowing</b>	Credit reports and scoring Debt to Income ratio Pros/Cons of credit products Renting vs. Owning	Read the fine print Compare credit offers Pay bills on time Check credit report	Affordable loans and credit products Credit counseling Legal advice	Partner/family cooperation Self-control mechanisms Websites/calculators
<b>Protecting</b>	Recommendations for emergency savings/insurance Identity theft Frauds and scams	Build up emergency fund Shop for insurance coverage Read fine print Check credit report	Affordable insurance coverage Financial/legal advice Appropriate savings products Insurance professional	Future orientation Partner/family cooperation and honesty Risk aversion

# Financial Capability

Over the past several decades, the financial landscape in the United States has changed significantly. Financial products and services, including mortgages and products used for banking, saving, and investing, have become more numerous and more complicated. Individuals must take greater charge of their financial well-being in retirement, including predicting future financial needs during and after working years. As credit records are increasingly used by employers, insurers, landlords, and others, a poor credit history can limit economic and social choices if left unaddressed.

The consequences of not having the skills to make sound financial decisions become more severe. This is particularly true in times of economic instability, when resources may be limited and negative financial events, such as a job loss or a sharp drop in income, are more frequent. Not only has managing day-to-day finances become more difficult for many Americans, but there are also greater risks in getting it wrong.

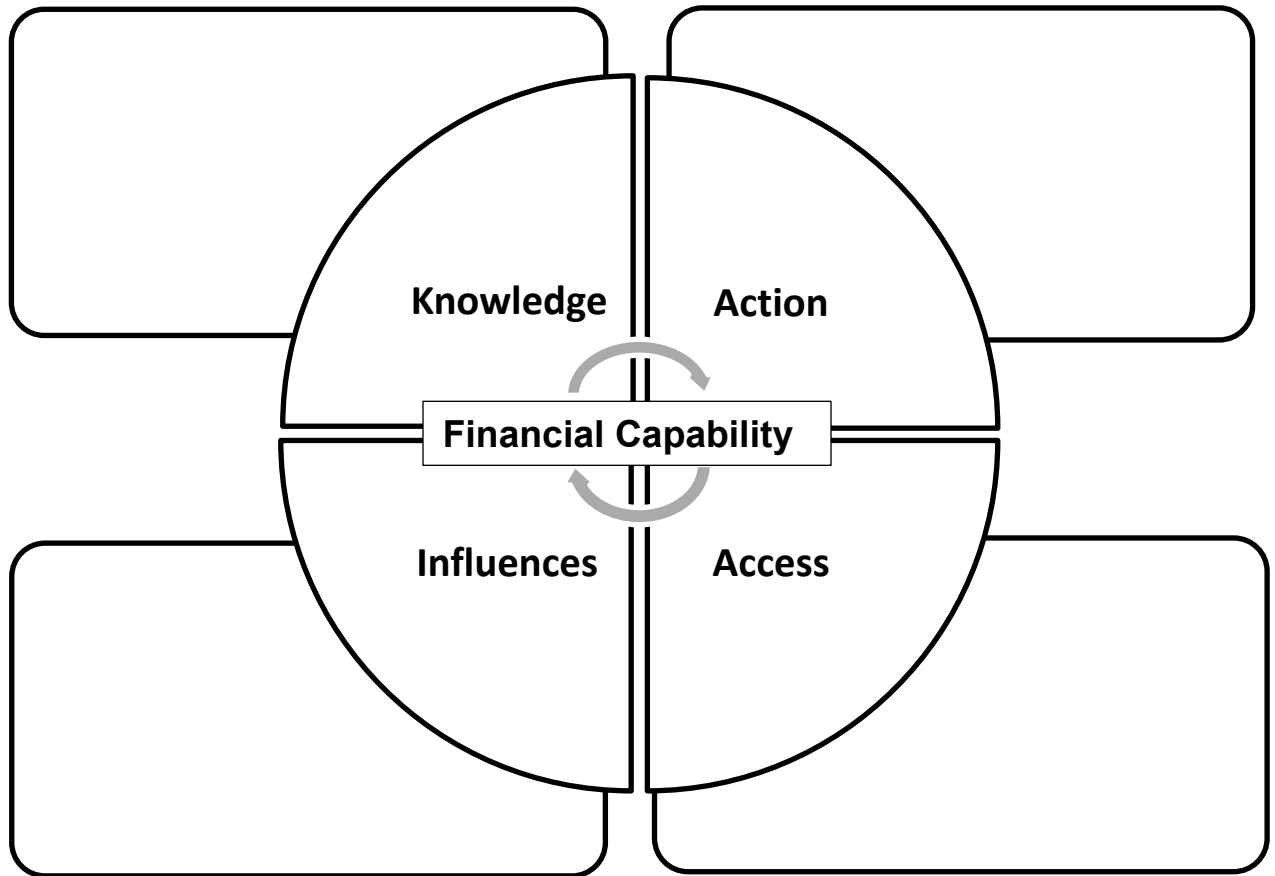
Financial capability is the ability to acquire resources, and then evaluate and apply positive financial decisions throughout the lifespan in order to develop financial security. Financial capability considers not only what people know about managing their money, but also looks at how they apply that information and whether they even have the opportunity to apply their knowledge.



Sources:  
 Core Personal Finance Topics, Family Financial Education Issue Briefs; Michael Collins. UW-Extension, 1/2010.  
 Delivering Effective Financial Education for Today's Consumer, Neighborworks America, 2011.  
 Financial Capability in the United States. FINRA Investor Education Foundation, 7/2016. [www.usfinancialcapability.org](http://www.usfinancialcapability.org)

## Financial Capability: What are you seeing?

1. *What financial capability successes or barriers are you seeing with your clients?*  
Fill in the chart below with everyday examples of financial knowledge, action, access, and influences.



2. *What types of resources are being used your clients?*

3. *What types of resources are still needed by your clients?*

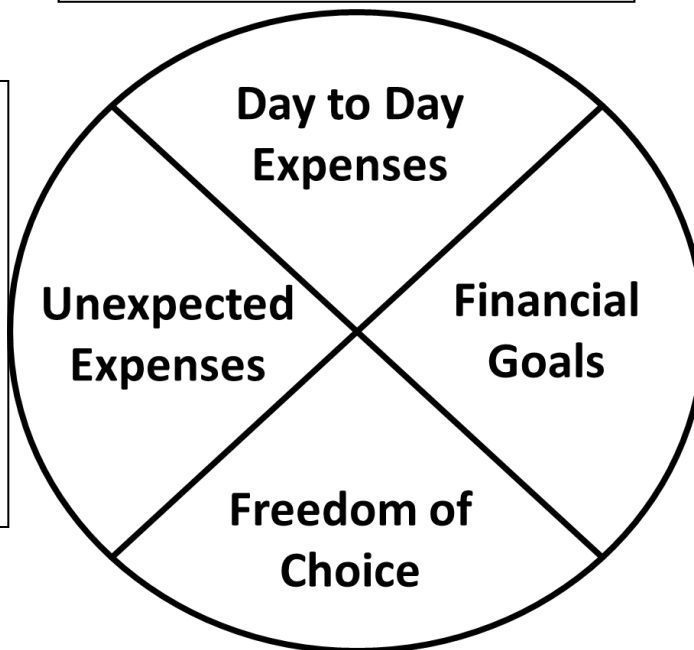
# Financial Well-being Idea Sheet

What's one thing you can do in the next few weeks for your own financial well-being?

Pick an area and write in your action step.

**ACTION:**

**ACTION:**



**ACTION:**

**ACTION:**

## **Accountability Buddy:**

Sometimes life gets in the way and we don't always act on our best intentions. Think about sharing your action step with a friend or family member who can follow-up and ask you how it's going.

*I will do this step:* \_\_\_\_\_  
*by this date:* \_\_\_\_\_



# *Engaging in Financial Conversations*



*“Build your castles in the air,  
for that is where they should be.  
Now put foundations under them.”*

*—Henry David Thoreau*

## **Financial Conversations Worksheets**

- ▶ Personal values and money
- ▶ Trauma-informed care strategies and approaches
- ▶ Powerful questions
- ▶ Engaging financial conversations practice worksheet



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# Personal Values and Money

The following list contains words or phrases that illustrate values. Values are not like morals. There's no right or wrong. However, values guide our decisions and actions, so they might "feel" right or wrong to us personally.

When it comes to money and financial decisions, what feels right to us may not be right for someone else. The purpose of this activity is to get us thinking about the relationship between our values, beliefs, and actions.

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1. Think about yourself in a professional or volunteer setting in which you would be working with a client. In the list below, circle the 5 values you feel are most like you. Then place an X in front of 5 values that you feel are least like you.

Accomplishment	Empowerment	Passion
Accuracy	Excellence	Peace
Acknowledgment	Excitement	Productivity
Action	Frugality	Quality
Adventure	Growth	Recognition
Authenticity	Harmony	Responsibility
Beauty	Honesty	Risk Taking
Belonging	Humor	Self-Expression
Caution	Independence	Service
Collaboration	Integrity	Solitude
Community	Joy	Spirituality
Compassion	Life-long Learning	Spontaneity
Contribution	Loyalty	Success
Creativity	Nurturing	Tradition
Directness	Orderliness	Trust
Duty	Participation	Other: _____

2. Think about a time when you've made a financial decision.
  - a. What was the decision?
  - b. In what ways did this decision reflect your personal values?
  - c. Did this decision conflict with any of your most important values?
  
3. Think about a time when a client, friend, or family member made a financial decision that you didn't understand or didn't agree with.
  - a. What was the decision?
  - b. How did you react to the decision?
  - c. How did this person's decision reflect or not reflect your own personal values?
  - d. How do you think the decision might have reflected the other person's values?

## Trauma Informed Care Strategies & Approaches

As service providers, we cannot control people's pasts, lives, or the systems we live in, but we can control how we approach and interact with program participants. We do not have the right to know about people's trauma unless they choose to share, and we should treat all people as if they potentially have trauma.

1. **Do pre-work and research** to learn about the populations and cultures you provide services to while understanding each individual has their own lived experiences that shape their values, priorities, decision making and goals. Beware of the danger of a single story. **Resource:** TED Talk, Chimamanda Ngozi Adichie: [The Danger of a Single Story](#).
2. **Build relationships** through trust, confidentiality, collaboration; ask open-ended questions; be honest, genuine. Treat participants like a partner in the process from beginning to end.
3. **Help participants feel in control or empowered** as much as possible. Foreshadow and check-in along the way. Provide language access services and translated documents.
4. **Be open to feedback**, allow participants to guide programming as much as possible, give choices when possible. Be sensitive to people's learning and literacy needs.
  - Ask about preferences: Does the client prefer to work on their own or with help? Give choice in format (quiet, writing, sharing) for reflection exercises, give people time to read forms and process questions, allow for more discussions in small groups, allow people to bring a friend, especially important for English Language Learners if there is small group or partner activities.
5. **Be warm and welcoming.** Build rapport and knowledge of the participant with strengths-based interactions. Listen for and reflect back what they value.
6. **Six Scenario Challenge-** Think of six other possibilities when questioning others' behavior to avoid making unconfirmed assumptions (i.e., someone is behind on rent, think of 6 reasons why this might be).
7. **Belief and acceptance** that people are doing the best they can with what they have.
8. **Acknowledgements** can go a long way:
  - Systematic barriers or oppressive systems, access to systems, products.
  - Connections between feelings, emotions, thoughts, and behaviors. What looks like avoidance of an important issue may be a trauma response.
  - Family and personal history and culture surrounding money.
  - Economic parameters and restraints.
  - "Name it" aka "put it on the table," let people know it is okay to share what's important, model returning to previous conversations. "I've been thinking about your comment at last meeting . . . "
9. **E-P-E** - Elicit (permission), Provide (information) Elicit (feedback) (from Motivational Interviewing)  
Example: Service provider: "Are you interested in learning more about how to save on groceries now or would you like me to send you home with some information?" Participant: "Now is fine." Service provider discusses handouts or strategies with participant. Service provider: "What did you think about those strategies?"
10. **Goal Setting:** (SMART vs Learning Goals) Goal setting can be intimidating or cause anxiety about failure. A person trying to meet their basic physical and emotional needs might not be ready for goal setting. A learning goal might be more appropriate than an action step-oriented goal for some. Consider needs for immediate (survival mode) vs short-term needs vs long-term goals.



# Powerful Questions

There is no right or wrong question for each client or situation. The best question is one that neither you nor the coach knows the answer to. If you already know the answer to your question, don't ask it. Instead, ask permission to share your thoughts with your client or ask a different question. If you get stuck, here are some questions to consider.

Explore the client's beliefs and values:

- What are your top priorities?
- What is important about that?
- How do you know that?
- What are you proud of?
- How do you know when things are working well?
- What are you getting from that behavior?
- What if that didn't matter?
- What is possible?
- What is this costing you?
- Where do you feel successful in your life?
- What gives you joy?

Explore a different perspective:

- How else can you look at this?
- Where do you see yourself in five years?
- What barriers might be in your way?
- How long are you willing to put up with this?
- Where else does this (pattern/thinking/belief) show up?
- How are things different today?
- What advice would you give someone in your situation?
- Who would you have to be to get that done?
- If someone gave you the right answer, what would they say?
- How would you feel about that when you are 95?
- What would your 95-year-old self tell you to do?

## Powerful Questions:

- Short – 7-10 words
- Start with 'what' or 'how'
- Avoid 'why'
- Focus on the person talking, not the problem

Powerful questions help deepen the client's understanding about what's important to them and why. They can help someone get unstuck and move closer towards their goal. Questions help the client to understand their actions and motivations, without having to justify past decisions.

“When we have arrived at the question, the answer is already near.”

—Ralph Waldo Emerson, poet

## **Encouraging Financial Conversations Practice**

Directions: In your conversation, ask your client powerful questions around their personal financial goal. The point of this activity is to provide your partner with the time and space to think about what's important to them and what they might be interested in doing to reach their goal.

If you find it helpful, you're welcome to use this worksheet to take a few notes or write down a few questions you'd like to ask your partner. A few sample questions have been provided.

**Client's Goal:** \_\_\_\_\_

### **Explore the Goal:**

- What's important about your goal?
- What's your ideal situation?
- How will you know when you reach that goal?
- Where are you getting stuck?

### **Action Planning:**

- What's one step you might take in the next few weeks?
- What support do you need?
- How do you keep yourself on track?

# Goal Setting



*"The future belongs to those who prepare for it today."*

*--Malcolm X*

## Goal Setting worksheets

- ▶ Strategies for building self-efficacy
- ▶ Action plan tool
- ▶ Financial planning worksheet
- ▶ Financial goal priorities



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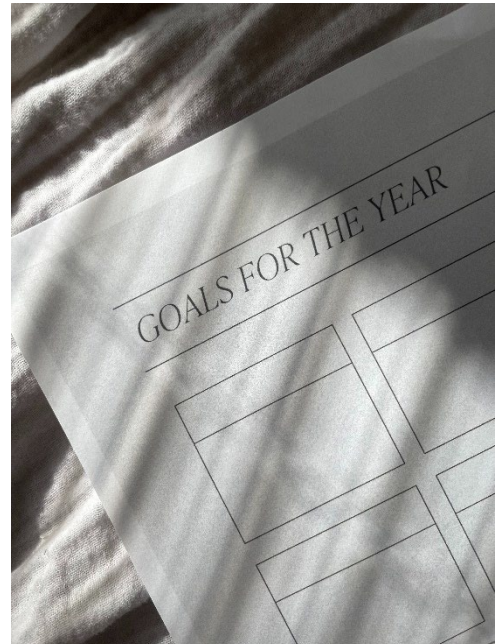
## Strategies for Building Self-Efficacy

To establish new behaviors successfully, it is important that individuals believe that they can do those behaviors. This is called “self-efficacy.” Put another way, self-efficacy is confidence in the ability to exert control over one’s motivation, behavior, and social environment. This can be accomplished through a process of **goal setting, action planning, and positive thinking.**

### Goal Setting and Action Planning

One of the most important skills for behavior change is goal setting. Without a goal, most people are not able to see and get to where they want to be. Goals usually need to be broken into achievable action steps or they feel overwhelming. Action planning helps to create these manageable steps.

1. **Identify a realistic goal.** Ask your client(s) to identify an important and realistic behavior goal that they can accomplish in six months. Have them write it on the Action Plan Tool. Be sure it is realistic and **something they want to accomplish.**
2. **Make a plan.** Ask clients to identify three actions they can take over the next week that will help them move toward their goal.
  - Ask “What will you do this week?” It is important that the activity come from the participant and not from you as the case manager/coach. This activity should be something that the client wants to do to change behavior. Each person should verbalize the behavior they want to do, starting with, “I will ... .” If they instead say “I will try ...” ask them to choose a behavior that they have confidence they will be able to do and rephrase the statement.
  - Suggest that they not try to accomplish too much at once. Small successful steps are important to changing a behavior or set routine. Have participants write the three actions on the Action Plan Tool.



This is the most difficult and important part of making an action plan. Deciding what to accomplish is worthless without making a plan. The plan should contain all of the following specific elements and answer the following questions on the Action Plan Tool for the three specific actions.

- **What will you do?**  
Exactly what is the participant going to do (ex: how much money will you save? what expenses will you cut? when will you check your credit report?)? Make sure this is an action and not the result of an action.
- **Where will you do it?**  
Be specific as to where you will do this action step (ex: at the bank, on your credit union’s app on your phone).
- **When will you do this?**  
Again, this must be specific. Example: Every Friday afternoon, I’ll deposit money in my savings account.



- **How long will you do it?**  
Example: Every week for the next year.
- **How often will the activity be done?**  
For example, weekly or monthly. Many people tend to say every day. In making an action plan, the most important thing is to succeed. Therefore, it is better to commit to do something four times a week and exceed the commitment by actually doing it five times than to commit to do something every day and fail by only doing it six days. To ensure success, encourage people to commit to doing something three to five days a week (e.g., bringing their lunch to work instead of eating out). Remember that success and self-efficacy are as important as doing the behavior.



**3. Check the action plan.**

Once the action plan is complete, ask the participant, “On a scale of 0 to 10, with 0 being not at all confident and 10 being totally confident, how confident or how sure are you that you will [repeat the client’s action plan verbatim]?”

If the answer is 7 or above, this is probably a realistic action plan. If the answer is below 7, the action plan should be reassessed. Ask the participant, “What makes you uncertain? What barriers do you have?” Then ask them to brainstorm ways to keep those barriers from getting in their way. Once the problem-solving is completed, have the client restate the action plan and return to step 3, checking the action plan.

**NOTE:** This planning process may seem cumbersome and time-consuming; however, it does work and is well worth the effort.



Making an action plan is a learned skill but by following this format your client will soon be saying, “I will \_\_\_\_\_ four times this month, and I have a confidence level of 8 that I can do this.” Thus, after two or three sessions, making an action plan should take less than a minute.

**4. Follow up on the action plan.**

Equally important to developing an action plan to reach behavior goals is to assess the client’s success at implementing the action plan and its effectiveness at moving them toward their goal. Designate a time during which clients review and evaluate their action plans. For group programs, engaging the group in a discussion of member

challenges to solicit support and suggestions can be helpful and builds group cohesion. Have participants revise their action plans to experience success and build self-efficacy.

# Action Plan Tool

- Identify and write a behavior change goal that you want to accomplish in the next six months.
- Make an action plan to help you achieve your goal. Write three actions you will take to reach it. Then check off each action as you complete it.

**My goal is to:** \_\_\_\_\_

\_\_\_\_\_

**Today's date:** \_\_\_\_\_

**Action 1** \_\_\_\_\_

\_\_\_\_\_

**Done** \_\_\_\_\_

**Action 2** \_\_\_\_\_

\_\_\_\_\_

**Done** \_\_\_\_\_

**Action 3** \_\_\_\_\_

\_\_\_\_\_

**Done** \_\_\_\_\_

Where I will do it \_\_\_\_\_

When I will do it \_\_\_\_\_

How long I will do it \_\_\_\_\_

How often I will do it \_\_\_\_\_

My confidence level (0 = no confidence to 10 = very confident) \_\_\_\_\_

Challenges I might face \_\_\_\_\_

Ways to cope with these challenges \_\_\_\_\_

\_\_\_\_\_

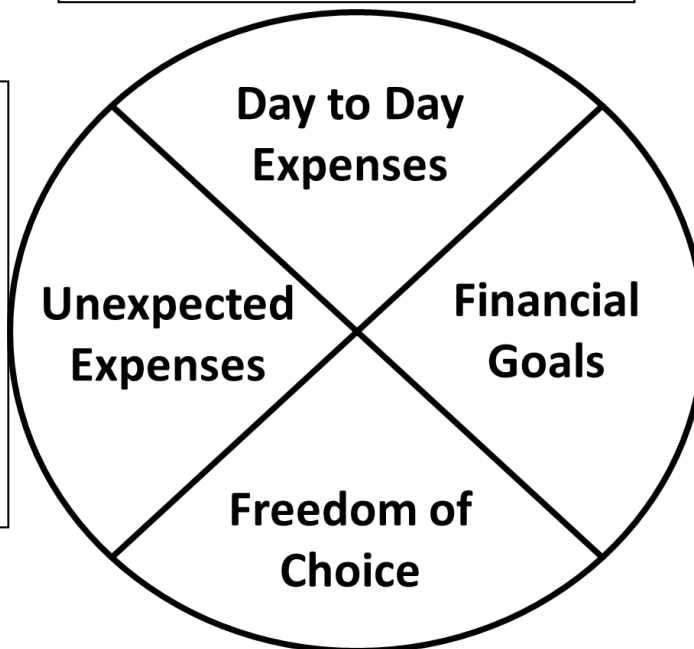
\_\_\_\_\_

# Financial Planning Worksheet

What's one thing you can do in the next week for your own financial well-being?  
Pick an area and write in your action step.

**ACTION:**

**ACTION:**



**ACTION:**

**ACTION:**

**OPTIONAL OFFER:**

If you would like to be held accountable for your action step, please feel free to send me an email. I will then email you on your deadline date to see if you're happy with your progress.

Case Manager E-mail:

*I will do \_\_\_\_\_ (action step) \_\_\_\_\_  
by \_\_\_\_\_ (what date) \_\_\_\_\_.*

# Financial Goal Priorities

There are a lot of different ways to spend a dollar. These questions help you talk about your financial priorities and values. You can have other family members answer the questions too and then talk about your answers together.

1. I have just been laid off from my job. I must make a major cut in spending. The first thing to go is: \_\_\_\_\_
2. I would like to see me/us spend more money on \_\_\_\_\_ and less money on \_\_\_\_\_.

## Financial Goals

The reason to plan is to make sure that you're spending your money on things that are the most important to you – your priorities. For each financial goal, figure out the total amount needed, the date you want to reach your goal, and how much you need to save monthly. For example, if you want \$500 in your emergency fund in one year, you need to save around \$42 every month.



Financial Goals	Total Amount Needed	Date Needed (in months) (6 months, 24 months, etc)	Amount to Save Monthly (Divide the total needed by the number of months)
<i>Example: Emergency Fund</i>	\$500	12 months	\$42 (\$500 / 12)
<b>Total amount needed to save monthly:</b>			

Are you able to save enough money each month for all your goals? Most people have more goals than they do money. The next step is to **prioritize** which goals come first.

# Maximizing Income



*“If you don’t ask, the answer is always no. If you don’t step forward, you’re always in the same place.”*

***--Nora Roberts***

## **Maximizing Income Worksheets**

- ▶ Do-it-yourself ideas for tight budgets
- ▶ Monthly cash flow worksheet
- ▶ Income and benefits tracker
- ▶ Strategies for increasing income and benefits
- ▶ Benefits cliffs for Wisconsin public programs



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# Do It Yourself Ideas for Tight Budgets

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# MONTHLY CASH FLOW WORKSHEET

When you have a sudden drop in your income, the first step is to figure out what your current income will be and how much your monthly living expenses add up to. Use this worksheet to estimate if your income will cover all of your current expenses and debt payments.

## BASIC LIVING EXPENSES

Monthly Expense	\$ Amount
Rent/Mortgage	
Electricity	
Heating Oil or Gas	
Water/Sewer	
Cable/Satellite	
Internet	
Cell Phone/Landline	
Gas for Car	
Car insurance payment	
Eating Out	
Groceries	
“Stuff” for household & personal care	
Clothing and Laundry	
Doctor co-pays/ Prescriptions	
Entertainment – movies, hobbies, habits	
Pets	
Gifts/donations	
Health/Life insurance	
Money put into savings	

MONTHLY EXPENSES \$ \_\_\_\_\_  
 (total from above)  
 + MONTHLY DEBT  
 PAYMENTS \$ \_\_\_\_\_  
 (total from debt chart)  
 = ADD UP TOTAL  
 MONTHLY SPENDING \$ \_\_\_\_\_

## DEBTS (bills that charge interest)

Name of Creditor	Monthly Payment Requested	Total Amount Owed Still
Car Payment 1	\$ _____	\$ _____
Car Payment 2		
Medical Bill		
Past Due Utilities		
Credit Cards		
<b>TOTAL DEBTS</b>	<b>\$ _____</b>	<b>\$ _____</b>

## TAKE HOME INCOME/PAYCHECKS

(after taxes/benefits are taken out)

Income (1) \$ \_\_\_\_\_

Income (2) \$ \_\_\_\_\_

Income (3) \$ \_\_\_\_\_

Income (4) \$ \_\_\_\_\_

## TOTAL MONTHLY - NET (TAKE HOME) INCOME

\$ \_\_\_\_\_

MINUS TOTAL MONTHLY SPENDING - \_\_\_\_\_

DIFFERENCE +/- \_\_\_\_\_

If your total spending is more than your total monthly take home pay, keep reading to find out more about working with creditors.





# 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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# 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
 <b>Use your skills and resources</b>	<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).	
 <b>Look for job opportunities</b>	<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
 <b>Sell household items</b>	<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.	
 <b>Consider government options</b>	<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.	



# “Benefit Cliffs” for Wisconsin Public Programs

A family hits a **benefit cliff** when a small income increase makes them ineligible for public benefits they had been receiving ([UW-Madison Institute for Research on Poverty](#)). Many public benefits programs in Wisconsin have “benefits cliffs.” It is important for participants in these programs to be aware of benefits cliffs as they make financial and professional decisions that impact their income. This information sheet contains details about four commonly used Wisconsin public benefits programs as well as their eligibility limits.

### Wisconsin Shares Child Care Subsidy Program

This program helps make quality childcare more accessible and affordable by covering a portion of monthly childcare costs for qualifying families. Income eligibility limits are based on group (i.e., household) size and Wisconsin’s state median income (SMI).

Size	Monthly Income Limit--85% of SMI
2	\$4,956
3	\$6,122
4	\$7,289
5	\$8,455
Others	<a href="#">Visit Website</a>

### Wisconsin FoodShare Program

The FoodShare program is Wisconsin’s title for the Federal Supplemental Nutrition Assistance Program (SNAP). The program provides food benefits to low-income families to supplement their grocery budget so they can afford nutritious food essential to health and well-being. Income eligibility limits are based on household size and federal poverty level (FPL) guidelines.

Size	Monthly Income Limit—200% of FPL
1	\$2,266
2	\$3,052
3	\$3,840
4	\$4,626
5	\$5,412
Other	<a href="#">Visit Website</a>

### Wisconsin Home Energy Assistance Program (WHEAP)

This WHEAP program assists eligible households with heating and electric bills. Benefits are not guaranteed to eligible households when funds are exhausted for a program year. Income eligibility limits are based on household size & Wisconsin’s state median income (SMI).

Size	Monthly Income Limit--60% of SMI
1	\$2,675.25
2	\$3,498.42
3	\$4,321.58
4	\$5,144.83
5	\$5,968.00
Others	<a href="#">Visit Website</a>

### Wisconsin School Nutrition’s Free & Reduced Meals

This program provides nutritionally balanced, low-cost, or free lunches to children each school day. Income eligibility limits are based on household size and federal poverty level (FPL) guidelines. Note there are different limits for free and reduced-price eligibility. The limits shown in the box below are for reduced-price eligibility.

Size	Monthly Income Limit--185% of FPL
1	\$2,248
2	\$3,041
3	\$3,833
4	\$4,625
5	\$5,418
Others	<a href="#">Visit Website</a>

[BadgerCare Plus](#), is a state & federal health insurance program that helps low-income Wisconsin residents cover the costs of doctor visits, hospital stays, and prescriptions. Contact [Covering Wisconsin](#) to explore BadgerCare Plus and other health insurance programs. Other public benefits programs may be available to you. You can contact 211 at 877-847-2211 and visit <https://access.wisconsin.gov/access/> to learn more. Talk with your county’s financial educator to get started. Visit <https://counties.extension.wisc.edu/> for more information.

# Spending



*“It’s not about what we earn, it’s all about how we spend what we’ve earned!”*

*– Stephen Magnus*

## **Spending worksheets**

- ▶ Choosing how to pay bills\*
- ▶ Bill calendar tool\*
- ▶ Spending tracker\*
- ▶ Spending plan
- ▶ Cutting back on spending
- ▶ Cutting expenses checklist\*
- ▶ Prioritizing your bills\*

\* Consumer Financial  
Protection Bureau



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

✔ **BENEFITS**

! **RISKS**

? **QUESTIONS I HAVE**

Credit card	<ul style="list-style-type: none"><li>● Can pay bills by phone or online</li><li>● Can make one-time payments or set up recurring (automatic) payments, which reduce the chance of paying a bill late</li><li>● Easy to prove payment if there's a dispute</li><li>● Protected from paying for unauthorized charges</li></ul>	<ul style="list-style-type: none"><li>● Creates debt— you are borrowing money when you use a credit card</li><li>● Costs more if you can't pay the full balance and have to pay interest</li><li>● Creates another bill to pay once the credit card bill is due</li></ul>	
Debit card	<ul style="list-style-type: none"><li>● Convenient and saves time</li><li>● Can make one-time payments or set up recurring (automatic) payments, which reduce the chance of paying a bill late</li><li>● Easy to prove payment if there's a dispute</li></ul>	<ul style="list-style-type: none"><li>● If there isn't enough money in the account when the automatic debit happens, you may have to pay additional fees</li><li>● If you have an issue with the card and you have to replace it, you will have to remember to update the information with the billers that are being paid with automatic debit</li></ul>	

✔ BENEFITS

! RISKS

? QUESTIONS I HAVE

Money order

- 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

- 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

--







# 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:

# SPENDING PLAN

Month:

Fixed	Estimated	Actual
Mortgage/Rent		
Water/Sewer		
Cell Phone		
Cable/TV/Internet		
Trash		
<b>TOTAL</b>		

Variable	Estimated	Actual
Food (Groceries)		
Eating Out		
Electricity		
Personal Items		
Prescriptions		
Health Care		
Car (Gas)		
Car (Maintenance)		
Car (Insurance)		
Public Transit		
Clothing		
Gifts		
Entertainment		
Streaming Services		
Pets		
Savings		
Child/Dependent Care		
<b>TOTAL</b>		

Debts	Total Amount	Monthly Estimated Amount	Actual Amount
Vehicle Payment			
Medical Bills			
Past Due Bills			
Credit Card 1			
Credit Card 2			
Credit Card 3			
<b>TOTAL</b>			

Income	Estimated	Actual
Paycheck 1		
Paycheck 2		
Social Security		
Other		
<b>TOTAL</b>		

	Estimated	Actual
<b>Total Income</b>		
<b>Total Expenses</b> (fixed, variable, debts)		
<b>REMAINING</b> ( + or - )		





# 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 [fcc.gov/guides/lifeline-and-link-affordable-telephone-service-income-eligible-consumers](https://www.fcc.gov/guides/lifeline-and-link-affordable-telephone-service-income-eligible-consumers)).

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:**





# 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...
 <b>THINGS I NEED FOR A JOB</b>	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.
 <b>INSURANCE I NEED TO PAY</b>	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**

 <b>THINGS I NEED FOR HOUSING</b>	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			
 <b>OBLIGATIONS I HAVE TO PAY</b>	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>
	Loans (student, payday)			
	Child support			
	Court-ordered fines and fees			

# Saving



*“Do not save what is left after spending,  
but spend what is left after saving.”*

**—Warren Buffett**

## Saving worksheets

- ▶ Finding a place for savings
- ▶ My saving rule to live by
- ▶ Planning for life events and large purchases
- ▶ Creating a Savings Plan
- ▶ Ideas for saving money
- ▶ Saving and asset limits
- ▶ What accounts can I use to save for retirement?








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# Finding a place for savings helps ensure it's there when you need it

1. Evaluate the benefits and risks of each place to keep your savings.
2. Write down questions you have about options that you think could be right for you.

	 <b>BENEFITS</b>	 <b>RISKS</b>	 <b>QUESTIONS I HAVE</b>
 Account at bank or credit union (savings, checking, or share draft)	<ul style="list-style-type: none"> <li>● Money is protected if the institution is federally insured, up to \$250,000 per depositor</li> <li>● Money can't be lost, stolen, or destroyed in a fire or other disaster</li> <li>● You can generally get it back if someone steals it by using electronic means or a debit card</li> </ul>	<ul style="list-style-type: none"> <li>● 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</li> <li>● May be difficult to open an account based on previous banking history</li> </ul>	
 Family member or friend	<ul style="list-style-type: none"> <li>● No costs to maintain it</li> </ul>	<ul style="list-style-type: none"> <li>● Can be lost, stolen, or destroyed in a fire or natural disaster</li> <li>● Might put your friend or family member at risk of a home invasion</li> <li>● May put your money at risk if your friend or family member betrays your trust</li> </ul>	

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

Home

- No costs to maintain it
- Easy to access
- Convenient

- Can be lost, stolen, or destroyed in a fire or natural disaster
- Might put you at risk of a home invasion



Prepaid card

- Easy to access
- Convenient
- No bank or credit union account needed

- 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 whether you have protection from loss or theft.



U.S. savings bonds

- 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

- 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

## My savings rule to live by

### Step 1: Set a savings goal that works for you

- ☑ Decide on a goal, like saving a specific amount for a rainy day fund, a special purchase, or a long-term goal.

Goal: \_\_\_\_\_ Amount: \_\_\_\_\_

- ☑ Plan where to save your money (bank account, retirement account, etc.). Set up direct deposit so the savings is automatically deposited into a savings account, if possible.

Account: \_\_\_\_\_

### Step 2: Create a rule to live by to help you achieve your goal

- ☑ Decide how you can cut your expenses or increase your income to save, and how much you can save every week or month.
- ☑ Write down your savings rule to live by amount below, sign this worksheet, and keep it where you can see it.

I will save \$ \_\_\_\_\_ per \_\_\_\_\_ (week, month, etc.)

or

I will save \_\_\_\_\_ % of my income

### Step 3: Make a promise to yourself—and take action on your rule

I will use my unique rule to live by to help me achieve my savings goal.

\_\_\_\_\_

(sign here)





# 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



# Creating a **Savings plan** can make it easier to save

1. Write down the goal you're saving toward.
2. Figure out the total amount you need to save to reach that goal.
3. Decide how many weeks you have to save.
4. Divide the total amount by the number of weeks. That is your savings target.
5. Think about ways you can cut expenses to match the total amount you need to save per week.

## Create a savings target.

	EXAMPLE	YOUR INFORMATION
Savings goal	Save \$1,000 for an emergency fund within 10 months (about 40 weeks)	
Total amount needed	\$1,000	
Weeks to reach goal	÷ 40	÷
Weekly amount to save	= \$25	=

## Brainstorm strategies for saving.




	EXAMPLE	YOUR INFORMATION
Strategies for saving and amount saved per week	Switch from premium cable to basic (\$40/month = \$10/week) + \$10	
	Cut down on eating out + \$15	
Total projected savings per week	= \$25	=






# Learn how **Saving and asset limits** can affect your benefits

1. Select the programs that you're enrolled in or plan to apply for in the future.
2. Review the asset limit listed and learn more about each program's asset limit rules by visiting their website.

PROGRAM TYPE	PROGRAM	YOUR STATE'S ASSET LIMIT
 Disability	Social Security Disability Insurance (SSDI) <a href="https://ssa.gov/agency/contact">ssa.gov/agency/contact</a>	No limit
	Supplemental Security Income (SSI) <a href="https://ssa.gov/agency/contact">ssa.gov/agency/contact</a>	\$
 Groceries and household expenses	Supplemental Nutrition Assistance Program (SNAP) <a href="https://fns.usda.gov/snap/state-informationhotline-numbers">fns.usda.gov/snap/state-informationhotline-numbers</a>	\$
	Temporary Assistance for Needy Families (TANF) <a href="https://acf.hhs.gov/programs/ofa/help">acf.hhs.gov/programs/ofa/help</a>	\$
 Housing and home energy	Low Income Home Energy Assistance Program (LIHEAP) <a href="https://liheapch.acf.hhs.gov">liheapch.acf.hhs.gov</a>	\$
	Public housing <a href="https://portal.hud.gov/hudportal/HUD?src=/states">portal.hud.gov/hudportal/HUD?src=/states</a>	\$

PROGRAM TYPE	PROGRAM	YOUR STATE'S ASSET LIMIT
 Medical	Family Medicaid <a href="https://www.medicaid.gov/medicaid/by-state/by-state.html">medicaid.gov/medicaid/by-state/by-state.html</a>	No limit
	Medicare Part D Extra Help (Low-Income Subsidy) <a href="https://www.shiptacenter.org">shiptacenter.org</a>	\$
	Medicare Savings Programs <a href="https://www.shiptacenter.org">shiptacenter.org</a>	\$
	State Child Health Insurance Program (SCHIP) <a href="https://www.medicaid.gov/medicaid/by-state/by-state.html">medicaid.gov/medicaid/by-state/by-state.html</a>	\$





# What accounts can I use to save for retirement?

Retirement planning can help you prepare for your long-term financial needs. To successfully plan for retirement, it is important to understand the accounts that can be used. You may have several options to save for retirement including accounts offered by your employer, often called employer-sponsored retirement plans, and individual retirement accounts. You may be able to save for retirement on a pre-tax basis (“Traditional”) or post-tax basis (“Roth”). Also, retirement accounts have annual contribution limits. Talk with your financial advisor and/or human resources staff to learn more.

There are 2 main categories of employer-sponsored retirement plans: defined benefit & defined contribution.

- A [defined benefit plan](#), commonly known as a pension, promises you a regular payment from the day you retire through the rest of your life ([PGBC](#)). However, statistics show that 15% or less of private-sector employees are offered a defined benefit plan ([BLS](#)).
- Most employees save for retirement through [defined contribution plans](#), which do not promise you a specific monthly payment upon retirement—instead you will have the ability to withdraw funds from the total balance in your retirement account as you desire ([investor.gov](#)).

Common retirement accounts offered through employers include the following:

Account	Type
Traditional Pension	Defined Benefit
Cash Balance Pension	Defined Benefit
Traditional 401(k) and Roth 401(k)	Defined Contribution
Traditional 403(b) and Roth 403(b)	Defined Contribution
Traditional 457(b) and Roth 457(b)	Defined Contribution
Traditional Thrift Savings Plan and Roth Thrift Savings Plan	Defined Contribution

Owners and employees at small businesses or people who are self-employed may have access to other retirement plans. If this applies to you, talk with your financial advisor about these retirement account options. For help finding a financial advisor, read UW-Extension’s article, “[How to Choose a Financial Advisor](#).”

Account	Type
Solo 401(k) and Roth Solo 401(k)	Defined Contribution
Traditional and Roth Savings Incentive Match Plan for Employees (SIMPLE IRA)	Defined Contribution
Traditional and Roth Simplified-Employed Pension (SEP IRA)	Defined Contribution

There are also retirement savings accounts available that are not connected to your employer. These accounts require you to have earned income. You can open these accounts at your preferred financial institution.

- Traditional Individual Retirement (IRA)
- Roth Individual Retirement Account (Roth IRA)

Additionally, it is important to consider how government programs such as Social Security and Medicare may fit into your retirement planning. You can talk about getting started on retirement planning, and other financial topics, with your county’s financial educator. Visit <https://counties.extension.wisc.edu/> for more information.



# *Borrowing*



*“Money talks - but credit has an echo.”*

*—Bob Thaves*

## **Credit Report worksheets**

- ▶ Pick a strategy for requesting your free credit reports
- ▶ Annual credit report request form
  - Formulario de solicitud para el informe crediticio annual



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# 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





# *Dealing with Credit Concerns*



## **Dealing with debt worksheets**

- ▶ Debt log
- ▶ Debt action plan
- ▶ When debt collectors call
- ▶ Comparing auto loans
- ▶ Repaying student loans



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# 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
	\$		\$	%	
	\$		\$	%	
	\$		\$	%	
	\$		\$	%	
	\$		\$	%	
	\$		\$	%	
	\$		\$	%	
	\$		\$	%	
<b>Total monthly debt payment</b>	<b>\$</b>				



# 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.

	<b>PAY SMALLEST DEBT FIRST</b> 	<b>PAY HIGHEST INTEREST RATE FIRST</b> 																
<b>Description</b>	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.																
<b>Pro</b>	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.																
<b>Con</b>	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.	%
DEBT	AMOUNT																	
1.	\$																	
2.	\$																	
3.	\$																	
DEBT	INTEREST RATE																	
1.	%																	
2.	%																	
3.	%																	





# 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?	
<b>If you don't believe you owe the debt or you already paid it:</b>	
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](https://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](https://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



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

## Calculate how much you need to borrow

F. <b>Down payment</b> ⬆️ A larger down payment will lower the total cost of your loan	- \$3,000	-	-
G. <b>Trade-in value</b> ⬆️ (if you already have a car) A higher trade-in value will lower the total cost of your loan	- \$100	-	-
H. <b>Total amount to finance</b> (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.

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

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





# 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><b>I'm struggling to keep up.</b></p> <p><b>I've missed three or more payments.</b></p> <p><b>I've temporarily postponed my payments and am in deferment or forbearance.</b></p>	<p><b>Consider changing your repayment plan</b> to decrease your monthly payments. There's never a fee to change your plan.</p> <p>With <b>income-driven repayment plans</b>, 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 <b>alternative payment program</b> 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><b>I've missed my payments for over 270 days and have been contacted by a debt collector.</b></p>	<p>Get your loan back on track by contacting your debt collector and asking for a <b>loan rehabilitation plan</b>. 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 <b>create a repayment plan</b> that you can afford.</p>
<p><b>I don't know my loan repayment status.</b></p>	<p><b>Reach out to your student loan servicer</b> (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](https://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](https://aspe.hhs.gov/poverty-guidelines)

## Standard repayment plans

Plan name	Payments	Loan period	Terms	Forgiveness	Availability
<b>Standard</b> 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
<b>Graduated</b> 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
<b>Extended</b> 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><b>Revised Pay As You Earn (REPAYE)</b></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><b>Pay As You Earn (PAYE)</b></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
<b>Income-based repayment (IBR)</b>  Payment based on up to 10 or 15 percent of your income	If you're a new Direct Loan borrower <b>on or after</b> 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 <b>on or after</b> 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.<sup>9</sup> 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](https://studentaid.ed.gov/sa/repay-loans/forgiveness-cancellation#when).

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<sup>9</sup> See [studentaid.ed.gov/sa/repay-loans/deferment-forbearance#what-is-deferment](https://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](https://studentaid.ed.gov/sa/sites/default/files/public-service-employment-certification-form.pdf).

# Protecting



*"As a young child my mother told me I could be anyone I wanted to be. Turns out this is identity theft"*

*--Anonymous*

## Protecting worksheets

- ▶ Credit report freeze: Why do it?
- ▶ How to handle identity theft
- ▶ Spotting red flags
- ▶ Submit a complaint



Extension  
UNIVERSITY OF WISCONSIN-MADISON



## Credit Report Freeze – Why Do It?

### *Worried you might be the target of identity theft or fraud?*

To help safeguard your credit history information, all three of the major credit agencies – Equifax, TransUnion, and Experian – allow individuals to freeze access to their credit reports. Security freezes prevent companies other than ones you already do business with from viewing your credit report.

Due to a change in Federal law in late 2018, consumers in Wisconsin and across the United States are now able to place **FREE credit freezes** on their credit reports with each of the three major consumer reporting agencies. Before this change in law, Wisconsinites were charged a \$10 fee per credit bureau for placing a freeze on their credit report and then \$10 for removing a freeze, except if they were a victim of identity theft.

A credit freeze, also called a security freeze, is one of the strongest steps you can take to prevent people from fraudulently opening new accounts in your name. A credit freeze restricts people's access to your credit report, and you will likely need to lift the freeze when applying for new credit.

Credit freezes do not prevent your current creditors from reviewing your credit report. Your existing insurance company may review your credit report before renewing a policy, for example, or your credit card company may check your credit report before increasing your credit limit. Also, a freeze will not prevent new accounts from being opened by creditors who do not use credit reporting data.

A security freeze will make it slower for you to conduct some normal activities such as:

- Open a new credit card
- Apply for a mortgage
- Apply for a new apartment
- Shop for a new insurance policy
- Obtain an auto loan
- Open a Social Security account online
- Apply for a private student loan
- Have an employment background check

You can temporarily lift a security freeze when applying for new accounts or doing other activities that require access to your credit report. Lifting the freeze may take a few hours or a day depending on the credit reporting agency's procedures for processing requests.

### **APPLYING FOR A SECURITY FREEZE**

You must apply for a security freeze directly with each of the three credit agencies. Placing a freeze with one agency does not freeze access to your reports from the other two agencies. Have your full legal name, social security number, and addresses for the past two years available.

	Experian	Equifax	TransUnion
Online	<a href="http://www.experian.com/freeze">www.experian.com/freeze</a>	<a href="http://www.freeze.equifax.com">www.freeze.equifax.com</a>	<a href="http://www.transunion.com/credit-freeze">www.transunion.com/credit-freeze</a>
Phone	888-397-3742	800-685-1111	888-909-8872



## ALTERNATIVES TO A SECURITY FREEZE

If you decide that the inconvenience of freezing your account is too extreme, there are other methods to protect your credit.

- **Fraud Alert** – Also new in 2018, individuals can place a free 1-year fraud alert on their credit report by contacting one of the three major bureaus which will contact the other two bureaus. A fraud alert requires any would-be creditor to take extra steps to verify your identity before opening a new account. Victims of identity theft can place an extended alert on their credit report for seven years.
- **Active Duty Alert** – Members of the military on active duty can place a free alert on their credit report notifying creditors that they are currently deployed. Creditors will then need to take extra steps to verify your identity before opening a new account. This alert lasts for one year and is renewable during the service member's deployment.
- The Consumer Financial Protection Bureau [www.consumerfinance.gov](http://www.consumerfinance.gov) explains what to do if you believe you are the victim of identity theft.

### A FREEZE OR A LOCK – WHAT'S THE DIFFERENCE?

A freeze and a lock both prevent creditors from accessing your credit report, but there are differences:

#### FREEZE

- Consumer rights are protected by law.
- Time to lift a freeze varies between credit bureaus.
- Is a regulated free service mandated by Federal law.

#### LOCK

- Consumer rights are determined by credit bureau offering service.
- Time to lift a lock varies between bureaus - may take minutes, hours, or 2 days.
- Services vary between bureaus.

Another good practice to protect your identity is to monitor your credit report. The University of Wisconsin-Extension "[Check Your Free Credit Report](#)" campaign makes the process of ordering and reviewing a free credit report as easy as possible. Anyone can sign up to receive an email reminder from UW-Extension three times a year—on 2/2, 6/6, and 10/10—on the right sidebar. While you can order all three reports from the three credit bureaus – Equifax, Experian, and TransUnion – at the same time, UW-Extension recommends that you view one report every four months so you can be sure that the information is up-to-date and accurate year-round. Visit the Check Your Free Credit Report Campaign's website at [fyi.uwex.edu/creditreport](http://fyi.uwex.edu/creditreport)

At a minimum, protect your credit by checking your monthly credit card and bank statements for any suspicious or unknown charges. Contact your credit card or financial institution immediately and report any unauthorized use to your local police. With the most recent data breach, it is critical to your data security that you are watchful of all your accounts activities and particularly cautious with sharing personal information.

Visit the *Check Your Free Credit Report Campaign* website at [fyi.extension.wisc.edu/creditreport](http://fyi.extension.wisc.edu/creditreport)



# How to handle identity theft

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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)



# 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



# Submit a complaint

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

The Bureau has handled over 1 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 [cfpb.gov/complaint](https://cfpb.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 ([consumerfinance.gov/data-research/consumer-complaints](https://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

[consumerfinance.gov/complaint](https://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

Bureau of Consumer Financial Protection

P.O. Box 2900

Clinton, IA 52733-2900



By fax

(855) 237-2392

# *Financial Problem-solving Guide*

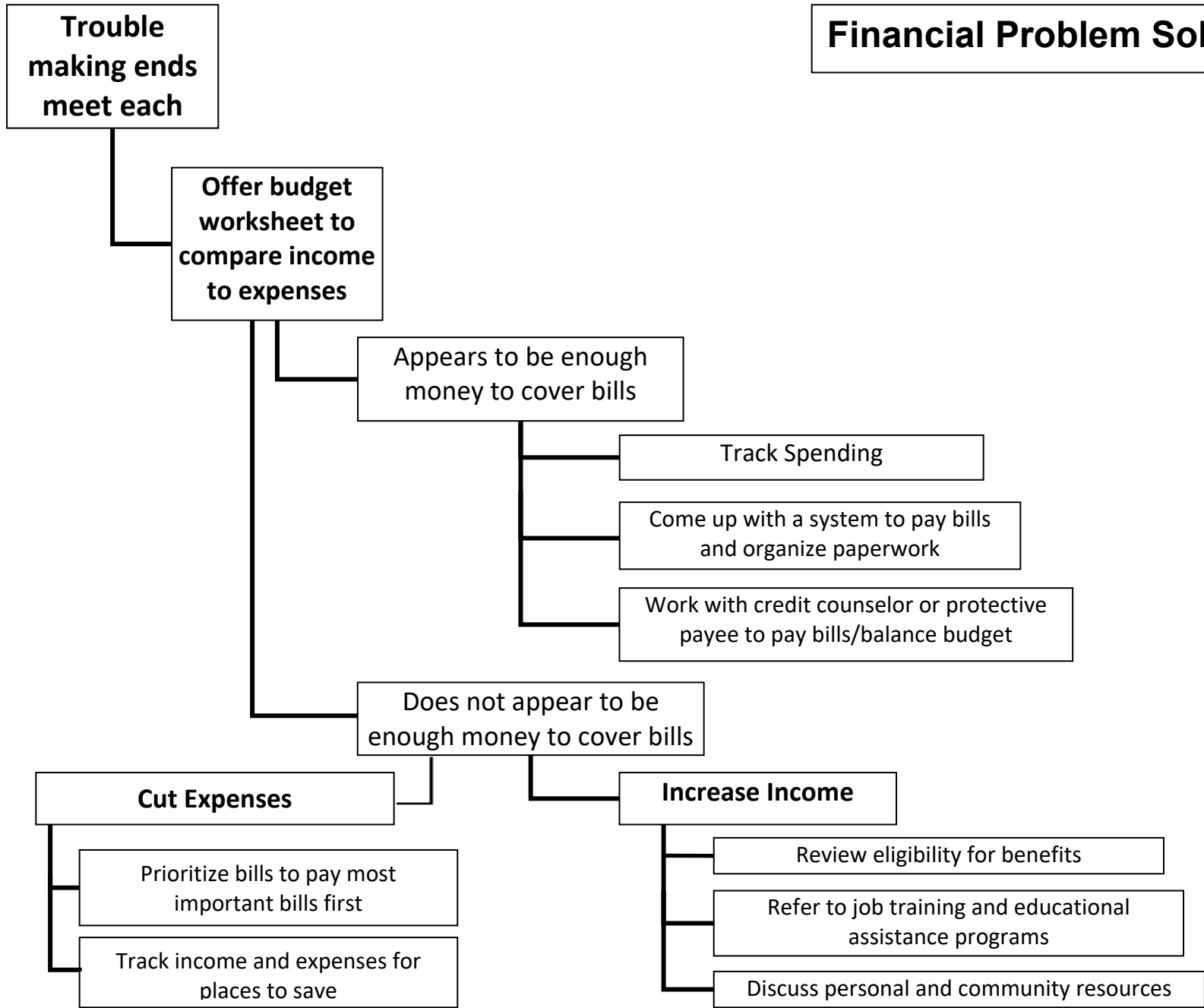


- ▶ Trouble making ends meet
- ▶ Trouble paying for rent, utilities, or other bills
- ▶ Credit problems, collections, and judgments
- ▶ Bills overdue
- ▶ Behind on rent
- ▶ Notice of utility cutoff
- ▶ Repossession
- ▶ Wage garnishment
- ▶ Financial Management Scenarios



Extension  
UNIVERSITY OF WISCONSIN-MADISON

# Financial Problem Solving Guide





# Financial Problem Solving Guide

Trouble paying for rent, utilities, or other bills

Offer budget worksheet to compare income to expenses

Appears to be enough money to cover bills

Encourage client to contact landlord, utility, or creditor to set up payment plan

Work with credit counselor to pay bills/balance budget

Track Spending

Check credit report

Does not appear to be enough money to cover bills

Prioritize bills – immediate threats include eviction, utility shut-off

Review eligibility for benefits

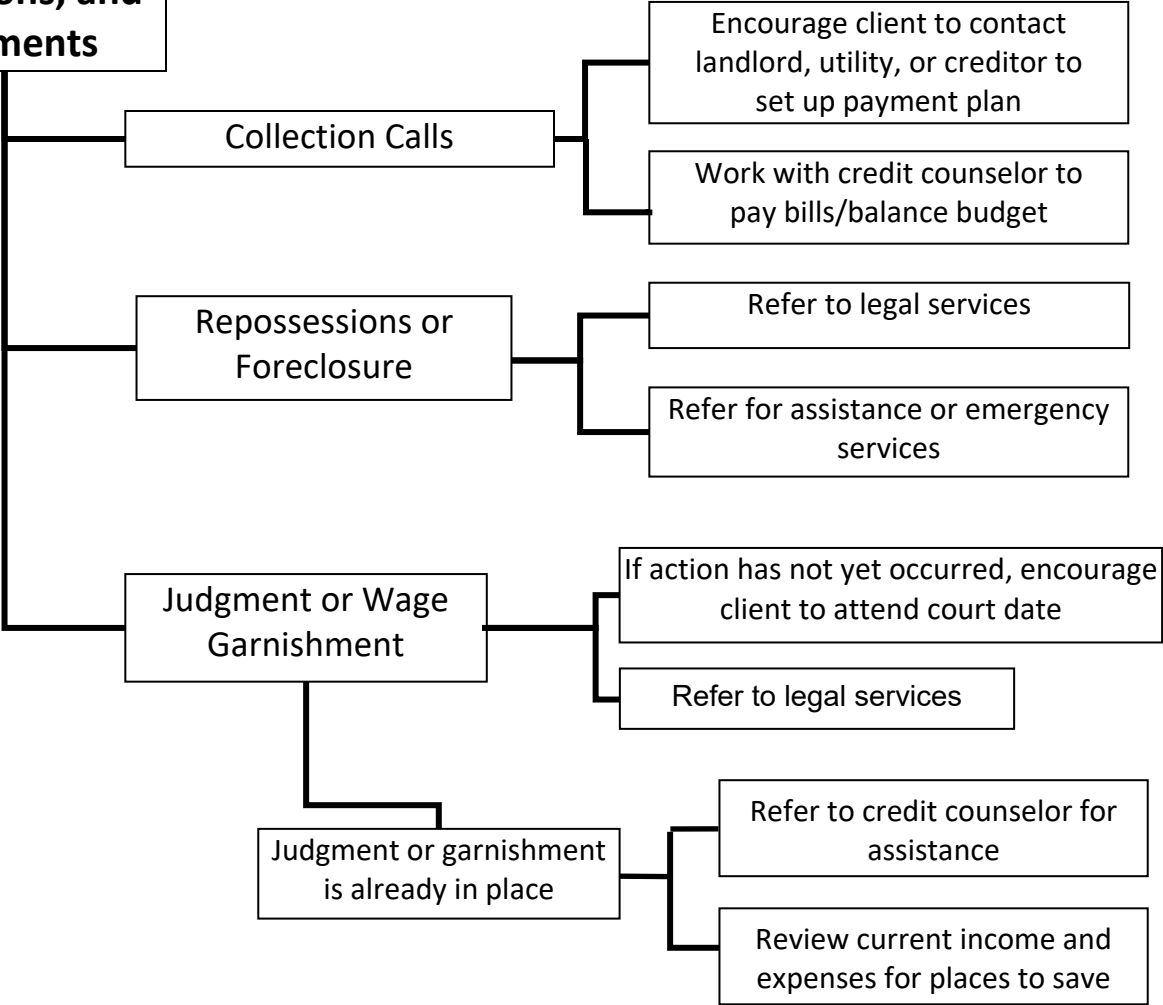
Review non-profit housing/emergency assistance

Encourage client to contact creditor to discuss problem

Review current income and expenses for places to save

# Financial Problem Solving Guide

## Credit problems, collections, and judgments



**Check credit report after any actions by creditors**

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- € 1-day late payment could lead to fees and increased rates.
- € 30-days late payment negatively impacts client's credit score.
- € At 90-120 days, creditor may sell overdue bill plus fees/interest to collection agency.
- € Creditor may seek a court order, or judgment, to garnish wages or repossess collateral.

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- € If it appears client does not have enough income to pay bills:
  - ~ Prioritize bills – what's most important?
  - ~ Review resources to stretch budget.
  - ~ Have client contact the creditor. Verify bills and amount due, and offer a realistic plan. "I can pay you \$X on Y date." Get agreement in writing from creditor before sending in payment.
- € If client appears to have enough money to cover expenses, but late payments are an issue, options to explore include:
  - ~ Ask creditor to change due date: ex. if client is paid the 15<sup>th</sup> and the bill is due the 10<sup>th</sup>.
  - ~ Assistance through financial counseling or debt management program.
- € Order and review credit report to check for late payments, collections, or legal action.

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- € Track spending and income. Look for ways to increase income and/or decrease expenses.
- € Set up a household recordkeeping system to stay on top of mail and bills.
- € Schedule regular bill payments on a calendar.
- € Set up automatic payments if late bills are an issue and client has a checking/savings account.

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Disconnect fees – Fees charged by utility companies (gas, lights, phone) when client is past due and service is stopped. Most utilities will demand a deposit to restart service. Wisconsin has a moratorium on disconnecting heat/electricity between November 1<sup>st</sup> - April 15<sup>th</sup>.

Overdue – Any bill that client has not made payment on schedule, past the listed "Due date."

Settlement – Client reaches compromise with creditor to pay less than the full amount of a debt, stopping any further fees, interest, collections calls, etc. Will negatively impact credit report. Also known as settled debt or retired debt.

### FYgci fWg`

- € Find a local accredited budget or credit counselor: [www.debtadvice.org](http://www.debtadvice.org)
- € Free legal assistance for low-income households: Legal Action of Wisconsin - [www.legalaction.org](http://www.legalaction.org) (southern WI) or Judicare - [www.judicare.org](http://www.judicare.org) (northern WI)
- € For local resource and referral information: Dial "2-1-1" or [www.211.org](http://www.211.org)
- € For student loan debt: visit CFPB website at [consumerfinance.gov](http://consumerfinance.gov)
- € To get a free annual credit report: [www.annualcreditreport.com](http://www.annualcreditreport.com)

Medical Debt Unfortunately, overdue medical bills are a common problem. For uninsured or underinsured clients, some options to look into include:

- € Eligibility for government health care programs that might cover recently incurred debt, for example – earlier in a pregnancy.
- € Ask about charity care funds from non-profit hospitals.
- € Sometimes uninsured patients are charged 2 or 3 times more than insured patients, so look into negotiating a lower bill. Legal assistance might be needed.
- € Hospital and clinic bills are hard to read and could contain billing errors. Ask for a patient advocate or customer care representative to go over each line item in the bill.

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- € It's a common myth that Wisconsin has an eviction moratorium from November 1<sup>st</sup> to April 15<sup>th</sup>. This moratorium only applies toward PSC utilities and clients can be evicted during this time.
- € If client has received a "notice to vacate or "notice to quit," they have 5 or 14 days to pay overdue rent (or resolve other violation of their lease such as having a pet or visitor).
- € Landlord may send past-due rent to collections or seek court order to recover back rent and legal fees. Could result in judgment, wage garnishment, and lower credit score from collections.
- € Evictions become public records, appear in some alternate reports, and affect future rental options.
- € It is illegal for landlords to cut off utility service or to change the locks in order to force a tenant to move or pay overdue rent. Landlords must go through courts to evict tenant.
- € If client is not paying rent due to concerns about the home being unlivable, have them contact the housing inspector or a tenant hotline for their legal rights.

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- € If it appears client has the income to cover bills and catch up on rent:
  - ~ Contact the landlord to explain reason for late payment. Offer realistic repayment schedule to add late payments onto future months.
  - ~ Ask landlord to change due date if client regularly makes late payments: ex. if client is paid the 3<sup>rd</sup> and rent is due the 1<sup>st</sup>; or make smaller weekly payments if client is paid weekly.
  - ~ Assistance through financial counseling or debt management program.
- € If it appears client is unable to pay rent, options may include:
  - ~ Review eligibility for resources, such as emergency housing assistance, energy assistance, or non-profit emergency assistance.
  - ~ If sudden drop in income leaves client unable to afford current living situation, explain circumstance to landlord. Landlord may be willing to negotiate a temporary decrease in rent or allow another renter/roommate to move in.
  - ~ If client has accrued back rent, landlord may forgive back payments in exchange for an agreement to move out and forfeit any security deposit.
  - ~ Explore Section 8 housing eligibility and waiting list, especially if there's been a recent disability or change within family.
- € If client has received summons for court, encourage attending court date to explain situation.
- € Order and review credit report to check for late payments or legal action.

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- € Once client is caught up on rent or living in a more affordable home, use budgeting tools, a recordkeeping system, or calendar to balance spending and income to stay current on bills.

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Eviction Action – Legal action filed by landlord to evict tenant. Tenant then receives a summons to appear in court.

Notice to Quit – Also known as a 5-day or 14-day notice to vacate. Length of notice is based on rental agreement.

Section 8 Housing – Also known as housing assistance and managed by the local/county Housing Authority.

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- € Find a local accredited budget or credit counselor: [www.debtadvice.org](http://www.debtadvice.org)
- € Free legal assistance for low-income households: Legal Action of Wisconsin - [www.legalaction.org](http://www.legalaction.org) (southern WI) or Judicare - [www.judicare.org](http://www.judicare.org) (northern WI)
- € For local resource and referral information: Dial "2-1-1" or [www.211.org](http://www.211.org)
- € Tenant Resource Center: 1-877-238-RENT or e-mail: [asktrc@tenantresourcecenter.org](mailto:asktrc@tenantresourcecenter.org)
- € To order your free annual credit report: [www.annualcreditreport.com](http://www.annualcreditreport.com)

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- € Before stopping utility services, providers must attempt to personally contact the customer with a notice including the disconnection date, reason for disconnection, utility contact information, how to contact the Public Service Commission, and notice that service will be continued up to 21 days with documentation of a medical or protective service emergency.
- € Households currently receiving service from a public utility only cannot be disconnected during the heating moratorium. Moratoriums do not apply to private utilities or cooperatives.
- € Clients who are currently disconnected must make arrangements with their local utility to pay outstanding bills in order to have service restored. Utility is not required to reconnect the service until client makes arrangements on outstanding bills for current or previous addresses.
- € Could face a large reconnect fee, interest, and deposit, plus collections or judgment.
- € Client may not qualify for energy assistance if money is owed to utility company and could be in violation of property rental agreement, face eviction, and lose Section 8 housing assistance.

### **GdYWU`Dfcj ]g]cbg`**

- € Tenants have special protections if their lease requires their landlord to include utilities, but the landlord has stopped making payments. Contact the utility provider to explore options to make utility payments directly to the utility and deduct the payment from their rent.
- € It is illegal for landlords to cut off utilities to force a tenant to move or pay overdue rent.
- € Local phone companies cannot terminate local service for non-payment of "900" calls.

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- € Contact the service provider to verify bills and amount due. Depending on client's situation, ask about discount plans for low-income, unemployed, elderly, or people with disabilities.
- € Review eligibility for resources, such as energy assistance, weatherization, low-income bill payment assistance programs, or non-profit emergency assistance.
- € If client appears to have money to catch up on payments, offer a realistic plan to utility: "I can pay you \$50 on the 15th each month." Get agreement in writing from provider before sending in payment.
  - ~ Ask creditor to change due date if client is regularly making late payments: ex. if client is paid on the 15<sup>th</sup> and the bill is due on the 10<sup>th</sup>.
  - ~ Assistance through financial counseling or debt management program.
- € If client cannot reach an agreement with their utility, contact the WI Public Service Commission.
- € Order and review credit report to check for late payments, collection accounts, or legal action.

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- € Once client is caught up on utilities, set up a budget plan to make equal payments throughout the year and avoid larger utility bills during certain months.
- € If utility is billed quarterly, such as water/sewer, ask about monthly payments/finance charges.
- € Explore weatherization and energy saving options to decrease future bills.
- € Use budgeting tools, recordkeeping, or calendars to stay current on bills.
- € Set up automatic payments if late bills are an issue and client has checking/savings account.

### **F`Y`Yj`Ub]HYfa`g`**

Heating Moratorium – Period during which public utility company may not disconnect service, though utility continues to charge client; Law is different state-by-state, WI is Nov. 1<sup>st</sup>-April 15<sup>th</sup>.

LIHEAP – Low Income Home Energy Assistance Program to assist families in paying utility bills.

### **F`Y`gci`f`W`Yg`**

- € WI Public Service Commission (PSC): <https://psc.wi.gov/Pages/Home.aspx>
- € Find a local accredited budget or credit counselor: [www.debtadvice.org](http://www.debtadvice.org)
- € Free legal assistance for low-income households: Legal Action of Wisconsin - [www.legalaction.org](http://www.legalaction.org) (southern WI) or Judicare - [www.judicare.org](http://www.judicare.org) (northern WI)

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- € Client bought something and agreed to a contract which allows a finance company (creditor) to seize the collateral, such as a car or appliance, if the client does not pay as agreed.
- € No court order is needed in WI to repossess a car. Client will typically need to pay current month, one month in advance, and fees to get the car back.
- € Creditor may change terms (higher interest rate and fees) when client gets car back.
- € Creditor generally wants to settle with the client, but may choose to sell the car and seek deficiency from client.

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- € Help client examine the sales contract: What are the terms? Who is the finance company?
- € Talk to client about their values: How bad do you want to keep this car?
- € Review budget:
  - ~ Can the client afford the future payments?
  - ~ Where will the money come from to pay the bill to get the car back?
  - ~ What is the value of the repossessed item and how much does the client still owe? The loan could be underwater – meaning the client may still owe money to the creditor after the item has been repossessed and sold to pay off the loan.
- € Encourage client to make calls:
  - ~ “As hard as it is, you need to call this person.”
  - ~ “If you don’t get answers you want, ask for the person in charge.”
  - ~ Ask the manager “What do we need to do to get the car back?”
- € Client might consider credit counseling or legal assistance.
- € Order credit report to check for additional late payments, collection accounts, or legal action.

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- € If client is contacted by creditor in the future, attempt to set up a repayment plan so creditor is less likely to sue or repossess car.
- € Use budgeting tools, recordkeeping, or calendars to stay current on bills.
- € Set up automatic payments if late bills are an issue and client has checking/savings account.

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Asset – the client’s property, which the creditor may seize or “take back.” A thing that has value that the creditor uses to ensure the client will pay them.

Creditor – the finance company that the client has agreed to a contract with.

Loan Servicer – a finance company who bills the client and/or collects on a loan. This may or may not be the company that the client signed their original contract with.

Repossession – a financial institution taking back an object that was either used as collateral or rented or leased in a transaction

### F Ygci`fWg`

- € Federal Trade Commission (FTC) guide to repossession rights: [www.ftc.gov/bcp/online/pubs/autos/carrepo.htm](http://www.ftc.gov/bcp/online/pubs/autos/carrepo.htm)
- € Find a local accredited budget or credit counselor: [www.debtadvice.org](http://www.debtadvice.org)
- € Free legal assistance for low-income households: Legal Action of Wisconsin - [www.legalaction.org](http://www.legalaction.org) (southern WI) or Judicare - [www.judicare.org](http://www.judicare.org) (northern WI)
- € For local resource and referral information: Dial “2-1-1” or [www.211.org](http://www.211.org)
- € Check with your local WI Community Action Program to see if they offer a “Work and Wheels” program which provides 0% interest car loans to people with poor credit: [www.wiscap.org](http://www.wiscap.org)

# **Wage Garnishment**

## **What does it mean for your client?**

- Creditor has to go to court to get a judgment before garnishing wages, bank accounts, or seizing non-exempt collateral. (Exception: no court order is required to repossess vehicle.)
- Creditor who gets a court order, called a judgment, for a garnishment is paid directly by the employer from client's paycheck.
- If client has just received notice, or a summons, and does not attend "debtor's examination" hearing or contact the courts, the creditor automatically wins a "default judgment."
- Maximum garnishment is based on state/federal law – not to exceed 25% of disposable earnings or amount equal to 30 times the federal minimum hourly wage for each full week of the debtor's pay period.
- Multiple debts may appear on the credit report if the uncollected debt has been sold.
- Public assistance, worker's compensation, and unemployment benefits cannot be garnished.
- Social Security retirement and disability benefits can be garnished for government debt.
- Government-related debt, such as child support, unpaid taxes, or unpaid court fines, commonly results in garnishment and does not require a judgment.

## **Steps to address the issue**

- If court hearing has not yet been held, client could contact creditor to offer a settlement or voluntarily choose to set up a wage assignment.
- Order and review credit report to check for late payments, collection accounts, or additional legal action. An unpaid judgment can stay on a credit report up to 20 years in Wisconsin.
- If client quits their job while wages are being garnished and does not notify the creditor, the client has "gone underground." In this case, the debt will usually be sold to a collector and transfer, filing, and administration fees may be added onto the debt. The debt is still tied to that client by their name and social security number – they cannot get away from it.

## **Prevention**

- If client is contacted by creditor in the future, attempt to set up a repayment plan so creditor is less likely to sue.
- If client has been fired or laid off, encourage them to contact the creditor as soon as possible.
- Use budgeting tools, recordkeeping, or calendars to stay current on bills.
- Set up automatic payments if late bills are an issue and client has checking/savings account.

## **Relevant Terms**

Creditor – the party who is receiving money from the wage garnishment, to pay off a debt that the client owes to them.

Judgment – Decision made by a court when the creditor brings a lawsuit because the client is late on a debt. Results in a court order, such as a wage garnishment.

Settlement – Client reaches compromise with creditor to pay less than the full amount of a debt, stopping any further fees, interest, collections calls, or legal action.

Wage assignment – Client voluntarily chooses to pay a creditor directly from their wages. This may be cancelled by the client at any time by sending a letter to the creditor.

Wage garnishment – the court approved seizure of a client's wages by a creditor. Also known as a wage deduction or levy.

## **Resources**

- Free legal assistance for low-income households: Legal Action of Wisconsin - [www.legalaction.org](http://www.legalaction.org) (southern WI) or Judicare - [www.judicare.org](http://www.judicare.org) (northern WI)
- For local resource and referral information: Dial "2-1-1" or [www.211.org](http://www.211.org)
- Wage garnishment law explanation: [FairDebtCollection.com](http://FairDebtCollection.com); [www.fair-debt-collection.com/garnishment-law.html](http://www.fair-debt-collection.com/garnishment-law.html)

# Financial Management Scenarios

Read the following scenarios and discuss the questions at the end of this handout. Refer to the factsheets and worksheets provided in the handouts. Consider how you would start the financial conversation.

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## **Lisa:**

Lisa is a single mom of two children: a daughter age 5 and a son age 3. They live in a single family home for which she pays \$850 a month for mortgage and property taxes combined. Her ex-husband lives in Illinois with his new girlfriend and does not make consistent child support payments, so Lisa “never counts on that money.” She makes \$14.80 per hour and works 40 hours a week as a purchasing assistant, bringing home around \$2,200 a month. Her other bills and expenses include:

- \$100 per week on groceries
- \$30 a week on gasoline
- \$120 average for gas & electric bill each month
- \$95 per month on phone and satellite TV
- \$50 average per month for clothes and “miscellaneous” expenses
- Child care \$186 per week during the school year because her daughter is in 5-year old kindergarten (\$128 for her son and \$58 for her daughter)

The children are covered under their father’s health insurance plan, and Lisa has a high-deductible health insurance for herself through her employer. Her ex has been paying the children’s copays and deductibles. He also pays the car loan which is in his name each month and says “that’s his child support.” Since her divorce about a year ago, Lisa has been using credit cards for things she can’t afford to pay by check or cash, like getting her car fixed, groceries, clothes, going out to eat, and getting her hair done. Over the last year, she’s used her three credit cards a lot. They have a combined balance over \$9000 on them with minimum monthly payments totally \$165 per month. She has been paying everything on time, but the credit card debt is growing. Everything has finally caught up with her, and she realizes that she has to stop using credit. She doesn’t know what to do to get back on her feet.

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## **Daniel:**

Daniel is a 57 year old man who lives alone in a one-bedroom studio apartment which costs him \$565 per month in rent, heat included. He has some undiagnosed psychological problems, but has been able to keep his job at a large retailer for almost one year. He makes \$8.55 per hour and works 34 hours a week, taking home around \$1,050/month. He says he can’t afford their high deductibles and co-pays for medical benefits, so he doesn’t seek regular care. His other bills and expenses include:

- \$45 per month on his electric bill
- \$75 per week on groceries
- \$95 a month on phone/cable
- \$40 per week on gasoline

You ask if he spends money on things like cigarettes, alcohol or other miscellaneous items. He says that he doesn’t spend money on that stuff, but you smell the cigarettes as you sit across from him. He needs to pay for \$400 car repair, and doesn’t have the money. He does not have any credit or credit cards but is curious about payday loans. Daniel seems like he wants to tell you something and finally shares that he is behind on rent. He paid late the month before, and he hasn’t paid this month’s rent yet, and it’s now 16 days after the rent was due. His landlord has posted a notice. He got a tax return which helped cover several expenses, but the money is gone, and he doesn’t have enough money to pay all his bills right now. He also has a toothache and needs to see a dentist as soon as possible.

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**Charlotte:**

Charlotte is 44 years old and lives with her husband Robert, her youngest daughter who is 17 and two grandchildren (Charlotte has custody of both), a grandson age 2 and a granddaughter age 5. Charlotte has an associate's degree from community college and used to work part-time but stopped several years ago due to a medical disability. She receives disability benefits of \$820 per month. Robert was employed full time, but lost his job a few months ago. He is getting unemployment benefits of \$1452 per month, but will only receive payments for another few weeks. The family is also receiving several public benefits: Food Share (SNAP) of \$230 per month, the granddaughter receives free meals at school, and all the children have BadgerCare+ health care. Charlotte also has a child support order for her daughter, but the payments are irregular and the most recent monthly payment was only \$25. The family has a checking account with \$40 and a savings account with \$5. When they filed their taxes this year using a commercial tax preparation service, Charlotte thinks they did get an EITC credit. The family's current bills include:

- \$850 for rent
- Utilities are around \$120 (although energy is past due owing \$300)
- \$95 for cellphones
- \$60 for cable
- \$185 car payment
- Around \$150 a month in groceries beyond what SNAP benefits cover

There is also a medical bill (in collections) and a judgment for an unpaid medical bill. The family does not currently follow a written spending plan. Charlotte says that her credit rating is poor due to several medical bills that are in collections for which she gets frequent calls from collection agents. There is a judgment on at least one of the bills. She is worried about being able to afford their basic needs and pay bills on time when the unemployment money stops coming. She is worried about losing their housing in the next few months and reports feeling overwhelmed about money issues.

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**Michelle:**

This young woman just moved into her own apartment after she graduated from high school. She works for a retail store and brings home about \$285 per week. Michelle will be getting a raise in the next few weeks that will bump her up to \$310 per week. She also has been talking with a friend who may be interested in sharing an apartment with her. Until then, Michelle is responsible for all the bills. Michelle is debating if she should find another job. See below a list of all the things she needs to include in her budget:

- Rent – \$650 per month
- Cellphone – \$80 per month
- Electric – \$100 per month
- Water – \$50 per month
- Food (Grocery Store) – \$180 per month
- Food (Out to Eat) – \$40 per month
- Health Insurance – \$25 per month
- Renter's Insurance – \$100 per 6 months
- Car Insurance – \$80 per month
- Gas – \$40 per month
- Savings – \$100 (she would like to save)
- Emergency Fund – \$50 (she would like to save)



