



# The Allstate Foundation Moving Ahead Curriculum

A FINANCIAL EMPOWERMENT RESOURCE



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## Introduction

Survivors of domestic violence face serious challenges. Many struggle to find a safe place to live and put food on the table. Others struggle to find and hold a job. Protecting one’s money and other assets can also be a challenge. The Allstate Foundation Moving Ahead Curriculum can help.

Domestic violence survivors deserve access to the resources they need. They deserve housing, jobs and economic resources for their families. This is true whether they leave abusive relationships or remain in them.

Every story and strategy in this curriculum is designed to help survivors overcome the challenges they will meet. It explores many of the choices that may present themselves. It also identifies community resources to help survivors build financially independent lives.

**Community resources may include:**

- Domestic violence programs that offer support for safety and financial success
- Job and professional skills development programs
- Community organizations that work with local banks and foundations to help survivors save money for education, develop a business or buy a home

The Allstate Foundation Moving Ahead Curriculum also offers a range of information from basic money and financial management principles to advanced, long-term financial planning.

This curriculum was developed to help provide survivors with:

- Resources to strengthen their confidence in their ability to take action.
- Strategies to address the financial and safety challenges when ending an abusive relationship.
- Resources for working through the quality-of-life changes survivors may meet when fleeing abuse.
- Approaches to work through challenges after an abuser has misused the survivor’s personal information.
- Methods to understand financial fundamentals.
- Steps to building a strong financial base, such as budgeting, saving, building credit and managing debt.

The focus of this curriculum is on women because women comprise the majority of domestic violence victims. The use of gender-specific pronouns in this workbook is not meant to discount the experiences of any survivor in any way.



## Summary

The Allstate Foundation and the National Network to End Domestic Violence congratulate you for taking this first step toward gaining control of your future. We are excited to share this curriculum with you. Know that financial planning and management is a life-long process. And it is within your reach.

Surviving from day-to-day, struggling to make ends meet, escaping abuse and starting over can be frightening. Trust in your right to be safe. And understand that change is possible.

Only you can decide the best pace to take as you pursue change. Trained advocates, community-based organizations, culturally specific organizations and financial institutions are available. They can support you and advocate on your behalf. **You are not alone.**

If you have any questions or need a fuller explanation of the information in this curriculum, feel free to ask questions. In addition, contact a domestic violence advocate, the **National Domestic Violence Hotline at 1-800-799-7233** or the **National Network to End Domestic Violence at 1-202-543-5566**.

## Limitations of Curriculum

Many political, social and cultural beliefs affect our views about money. Not everyone has the same ideals or ways to measure financial success. This curriculum can't reflect all beliefs. But it does attempt to address a range of value systems.

This curriculum also offers information about community resources and how to access them. Unfortunately, discrimination due to race, ethnicity, class, sexual orientation or physical ability does exist. Discrimination may affect one's access to resources. In addition, one's political or legal status in the United States may also affect access to resources.



**Stand up. Speak Out.**

National Domestic Violence Hotline: 1-800-799-SAFE (7233)

## This curriculum is dedicated to domestic violence survivors everywhere.

Special thanks to the survivors and advocates across the country who shared their stories and experiences with us. Your dedication, persistence, courage and resourcefulness are truly heroic. Without your amazing input, this revision would not have been possible.

To the survivors who are reading this curriculum, know that you are not alone. It is possible to recover from financial abuse, and we congratulate you on taking this step toward financial independence. By increasing your financial knowledge, you will be able to secure a better future for yourself and your family. You will also set an example to the thousands of other women who have also experienced financial abuse.

**The Allstate Foundation and the National Network to End Domestic Violence, Inc.**





### The Allstate Foundation

Established in 1952, The Allstate Foundation is an independent, charitable organization made possible through subsidiaries of The Allstate Corporation. The Allstate Foundation works to create prosperous communities where people are inspired and empowered to fulfill their hopes and dreams by empowering youth, ending domestic violence, strengthening nonprofit leaders and transforming communities. Learn more at [allstatefoundation.org](http://allstatefoundation.org).



### Allstate Foundation Purple Purse

Allstate Foundation Purple Purse is the longest running national program focused on ending domestic violence through a proven solution: financial empowerment services for survivors. Since 2005, the program has invested over \$66 million and helped more than 1.7 million survivors recover their financial independence and break the cycle of domestic violence. For more information, visit [allstatefoundation.org/enddomesticviolence](http://allstatefoundation.org/enddomesticviolence).



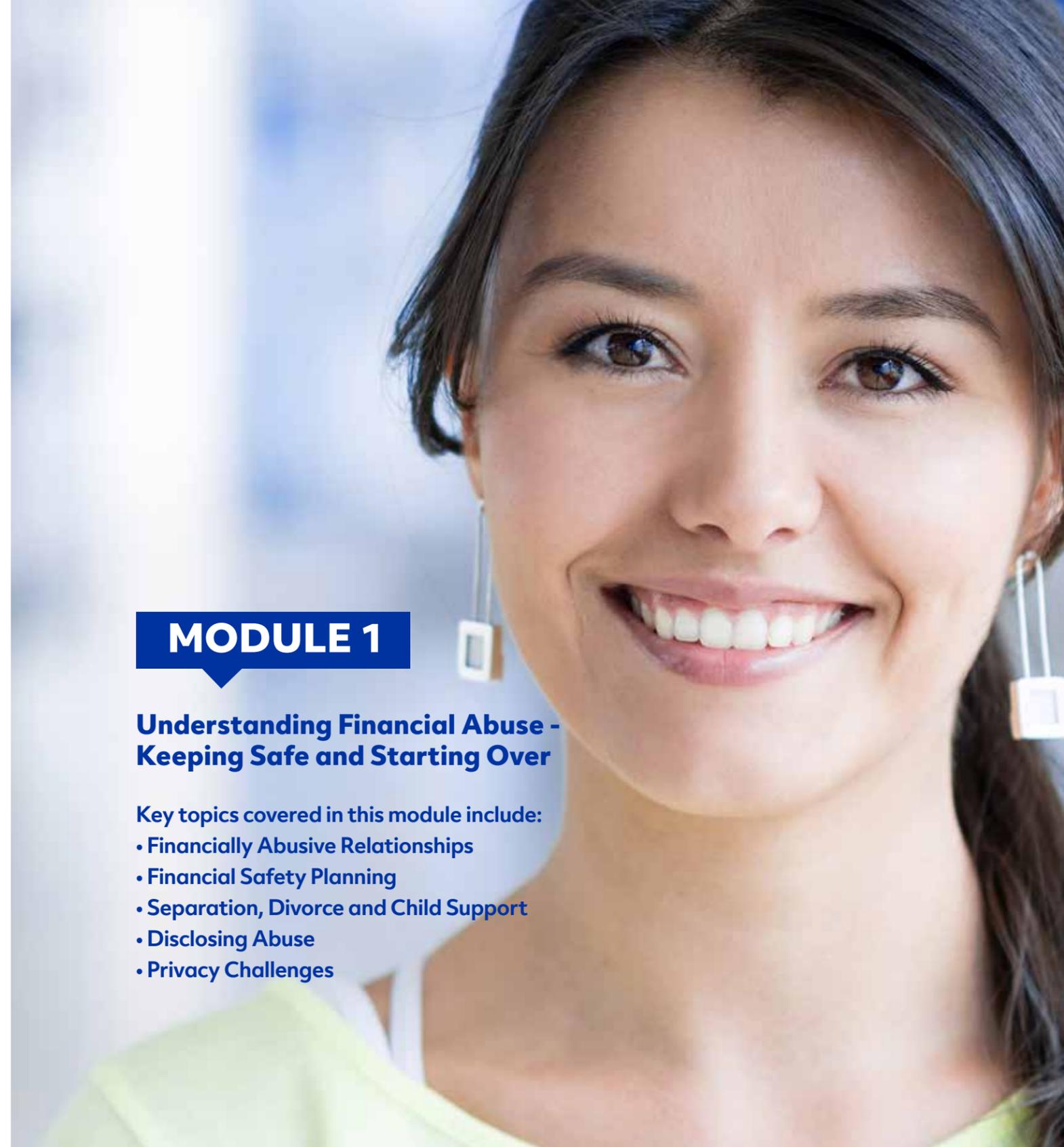
### National Network To End Domestic Violence

The National Network to End Domestic Violence (NNEDV), a social change organization, is dedicated to creating a social, political, and economic environment in which violence against women no longer exists. NNEDV is the leading voice for domestic violence victims and their advocates in America and represents the 56 state and U.S. territory coalitions that connect local service providers to services for survivors. For more information, please visit [nedv.org](http://nedv.org).



### The Allstate Foundation Moving Ahead Curriculum

A study conducted by Rutgers University in 2014 shows how The Allstate Foundation Moving Ahead Curriculum helps survivors become more independent and feel safer, more hopeful and less financially strained. A total of 457 survivors were selected to participate in the study based on their involvement and use of the curriculum. Participants showed significant improvements in key financial behaviors by between 42-103% after learning the curriculum. Additionally, they reported less hardship, less financial strain, and a 10% increase in quality of life ratings.



## MODULE 1

### Understanding Financial Abuse - Keeping Safe and Starting Over

Key topics covered in this module include:

- Financially Abusive Relationships
- Financial Safety Planning
- Separation, Divorce and Child Support
- Disclosing Abuse
- Privacy Challenges





## Understanding Financial Abuse

**Financial abuse** is a common tactic used by **batterers**. They use it to control their partners and to make their partners feel alone. The consequences can be devastating. The experience of abuse is different for every **survivor**. This module reflects these differences. It offers key information for those trying to overcome financial abuse, whatever their background.

Ending a relationship with an abusive partner is a big step. This module provides information to consider before you do. It outlines what an abusive financial relationship is. It shows the elements of a healthy one. It also includes steps to protect your safety. **It does not have all the answers, but it's a start.**

The information in this curriculum is intended to be general advice for persons in an abusive relationship. But not everyone's situation is the same. You may need specific advice for your situation. If so, contact a **domestic violence advocate** or [thehotline.org](https://thehotline.org). You may also contact a **financial advisor** or **attorney**.



**Stand up. Speak Out.**

National Domestic Violence Hotline: 1-800-799-SAFE (7233)



## Story of Survival

Fatima is an immigrant from Ethiopia. She came to the U.S. after marrying Fariq, a U.S. citizen who is also Ethiopian. Fariq controlled every aspect of their lives. He managed all bank accounts and payed all bills. Fatima wasn't allowed to leave their home, even to shop for food, clothing or household supplies. Fariq also controlled how she cared for their children and criticized her for the lessons she chose to share with them.

After five years of marriage, Fatima was determined to free herself of his insults and control. She left her abusive husband. She knew little about her new country and had no idea where to turn for help. After leaving, she visited a library where she found information that led her to a domestic violence shelter. While working with her advocate at the shelter, Fatima began to make plans to support herself and her children.

Fatima filled out an application for an apartment. It was denied due to a poor credit rating. Her advocate helped her access her credit report. It revealed that Fatima was responsible for more than \$33,000 in debt. This was due to her husband's business, which he had put in her name. Now, in addition to the pressure of caring for herself and her children, Fatima must manage her overwhelming debt and build her credit history.

Fatima's story is one of many domestic violence survivors. The good news is that there is hope. There are people, programs and organizations willing and ready to help Fatima recover from this setback. They will also help you.

In Fatima's situation, she was able to recover financially and gain independence. She did this by seeking out appropriate help, working hard, staying focused and never giving up despite the challenges that continued to cross her path.

This curriculum, along with supportive partners in your local community, will help you do just that: gain personal and financial independence.

## Financially Abusive Relationships

### Elements of a Healthy Financial Relationship

Family finances are seldom easy. In fact, most couples argue about money. However, it is possible to have a financially healthy relationship. Here are some ways couples can negotiate their wants and needs:

- One partner might manage the day-to-day finances and bill paying. But both partners have access to any financial information.
- Couples may have different values around money. But together, they will negotiate to form joint financial goals.
- Couples set plans to meet joint goals and support each other in the process.
- One partner may earn more income. But both partners understand and respect that decision-making is equal.
- Both partners have access to their money. They do not need to ask permission or hide their day-to-day spending.
- Large or long-term financial decisions are made jointly between partners.
- Both partners are honest. Both have access to money and know where and how money is spent.

Healthy financial relationships are about compromise and equality. A true partnership does not include financial abuse. It's based on open communication. It works toward agreement in all financial matters.

### What is Financial Abuse?

Financial abuse is a tactic used by abusers to control victims by preventing access to money or

other financial resources. It often begins subtly and progresses over time. It's like other forms of abuse — it aims to gain power and control. Abuse can take many forms, such as emotional and physical abuse. Manipulation, intimidation and threats are also forms of abuse. Each one is a tool to get and maintain control over another person. The goal is to trap the person in the relationship.

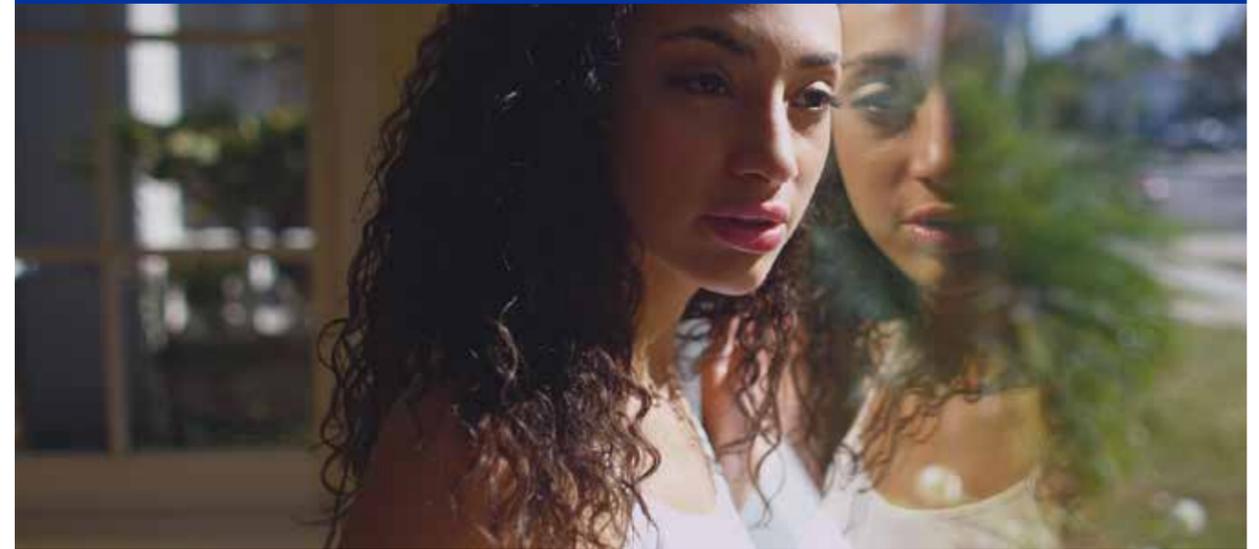
Financial abuse works by controlling access to money and other resources. It might include:

- Controlling how money is spent.
- Withholding money or “giving an allowance.”
- Withholding basic living resources, medication or food.
- Not allowing a partner to work or earn money.
- Stealing a partner's identity, money, credit or **property**.

Financial abuse meets the definition of **domestic violence**. It is a pattern of behaviors or actions that are used to intimidate and threaten another person.

Financial abuse can happen to anyone. It's not based on income, education or level of independence. Survivors of abuse face similar struggles, challenges and conflicts. They all strive to care for their families. They all must secure income, find affordable housing and create long-term **assets**.

It's not always easy to know if you are in a financially abusive relationship. Here is a list of questions to ask yourself:



Does your partner:

- Steal money from you or your family? Force you to give access to your money or financial accounts?
- Make you feel as though you don't have a right to know any details about money? About household decisions?
- Make financial or investment decisions that affect you or your family without consulting or reaching agreement with you?
- Refuse to include you in important meetings with banks, financial planners or retirement specialists?
- Forbid you to work? Or to attend school or training sessions?
- Overuse your credit cards? Refuse to pay the bills?
- Force you to file false tax claims or other legal/financial documents?
- Prevent you from obtaining or using credit cards or bankcards?
- Withhold physical resources from you? These could include food, clothes, medications or shelter.

- Force you to work in a family business for little or no pay?
- Refuse to work to help support the family?
- Interfere with your performance at work? This could include frequent telephone calls, emails or visits to your workplace.
- Force you to turn over your benefit or **public assistance** payments? Threaten to falsely report you for “cheating” on your benefits so they will be cut off?
- Force you to cash in, sell or sign over any financial assets or inheritance you own? This could include bonds, stock or property.
- Force you to agree to a **power of attorney**? This would enable your partner to legally sign **documents** without your knowledge or consent.

Did you answer yes to one or more of these questions? If so, you may be in a financially abusive relationship. This can be very difficult to deal with. But know there is help available. You are not alone. Please continue reading this module. It will give you strategies. These strategies can help you understand your situation. They can empower you to regain control over your finances.



## Financial Safety Planning

This curriculum has one over-riding goal: **safety**. If you are in an abusive relationship, your first step is to plan. A good plan will help keep you and your family safe. To start, working with a domestic violence advocate is critical. If you need to find one, call the **National Domestic Violence Hotline at 1-800-799-7233**. They will help connect you with an advocate. An advocate will help you work through the strategies in this curriculum.

### What should you do if you are being financially abused?

#### Step One: Think about your confidence level regarding finances.

How does being a victim of financial abuse make you feel about money? Do you feel able to manage your finances? If you don't, understand that your abuser probably wanted you to feel this way. This was a way to maintain power and control over you. Know that gaining confidence is in your reach. You may need information, assistance and support. With these, you can become a successful money manager. And you can work toward setting and meeting your own financial goals.

You may or may not choose to leave your relationship. Whatever you choose, financial safety planning is critical. Although there is no

perfect way to guarantee your safety, you can take steps to increase your options.

#### Step Two: Gain information about your assets and liabilities.

Information is power. It is common for abusive partners to hide information about assets, bank accounts and **liabilities** (debts). Consider looking for financial documents. Make copies and hide them in a safe place. One possible hiding place is a **safety deposit box**. Many banks have them. You can rent one for a small fee to store documents safely without telling your partner. You can also store copies at a friend's or family member's house.

There are other documents that should be stored in a safe place. These include:

- Social Security numbers (for yourself, children and your partner).
- Copies of marriage and birth certificates.
- Copies of bank and credit card statements.
- Copies of any benefits (public assistance, retirement) or insurance coverage (medical, auto, life, etc.).

Is there property that you own jointly with your partner? These could be items such as a home, cars and furniture. Make a list of the things you

own together. Consider taking pictures of these things. To show that the things were part of your home, include children, family or friends. These pictures can be very helpful if you decide to leave the relationship.

#### Step Three: Begin saving money immediately.

It is common for abusers to prevent their partner from having money of their own. Consider finding a way to save some cash for yourself.

This could be used for emergencies or if you need to escape on short notice. Saving money can be a challenge. It's possible, but it does take some creativity.

Some ideas:

- Save change from purchases and keep it in a safe place or the secret account.
- Open a bank account that your partner is unaware of. Have bank statements sent to a safe mailing address or electronically to your own private email account.

• Have gifts, raises or bonuses from work or family deposited directly into the secret account. Also, consider taking at least half of the money in any joint checking and saving accounts with you if you leave.

Many victims have been surprised to learn their partner had drained their joint bank accounts when they leave. This can be a very powerful method of regaining control. Taking at least half of the money is a way of protecting yourself.

Withdrawing money from a joint account can provide you the means to take care of yourself and your children. However, if you do remove funds from a jointly held account, it's important to keep receipts or track how the funds were spent. This is in case a judge or court asks you to show how the money was used. This is especially true when children are involved. If you are hesitant to withdraw money, remember that you can always return it. Let taking care of yourself and any children be your top priority.





**Step Four: Seek financial independence, one step at a time.**

Consider opening your own checking account and applying for a credit card. Having a personal checking account and at least one credit card in your name ensures that you have your own personal credit history. See Module 3 to learn more about how credit works.

These are four steps to help prepare you for leaving your relationship. Again, we urge you to seek the help of a domestic violence advocate. You can find one at a **local domestic violence program**. An advocate can give you additional guidance as you prepare for personal and financial independence.

There is one more thing you may also want to consider—filing for an **order of protection**. This is especially important if you have experienced threats or feel that you are in danger.

**Orders of Protection**

An order of protection is a court order signed by a judge. It prohibits a batterer from threatening, stalking or harassing a victim of domestic violence. Different states have different names for these orders. Some call them “protective

orders.” Others call them “restraining orders” or “protection from abuse orders.” In some states they may be called yet another name. Orders of protection are available in every state. However, each state has its own process and requirements.

**An order of protection can:**

- Remove a partner from your home.
- Ban a partner from coming to your home or workplace.
- Ban a partner from contacting you by phone or email.

The aim of these protections is physical safety. An order of protection can also help in other ways. Many states recognize that having access to money (**economic relief**) is a key to staying safe. There is a range of economic relief options available through the protection order laws. Options vary from state-to-state.

**The common forms of economic relief are:**

- **Child support**
- **Spousal support**
- Mortgage and rent payment
- Temporary possession of property (such as a car and clothing)

- Reimbursement for medical expenses and property damage

**Other examples of economic relief include:**

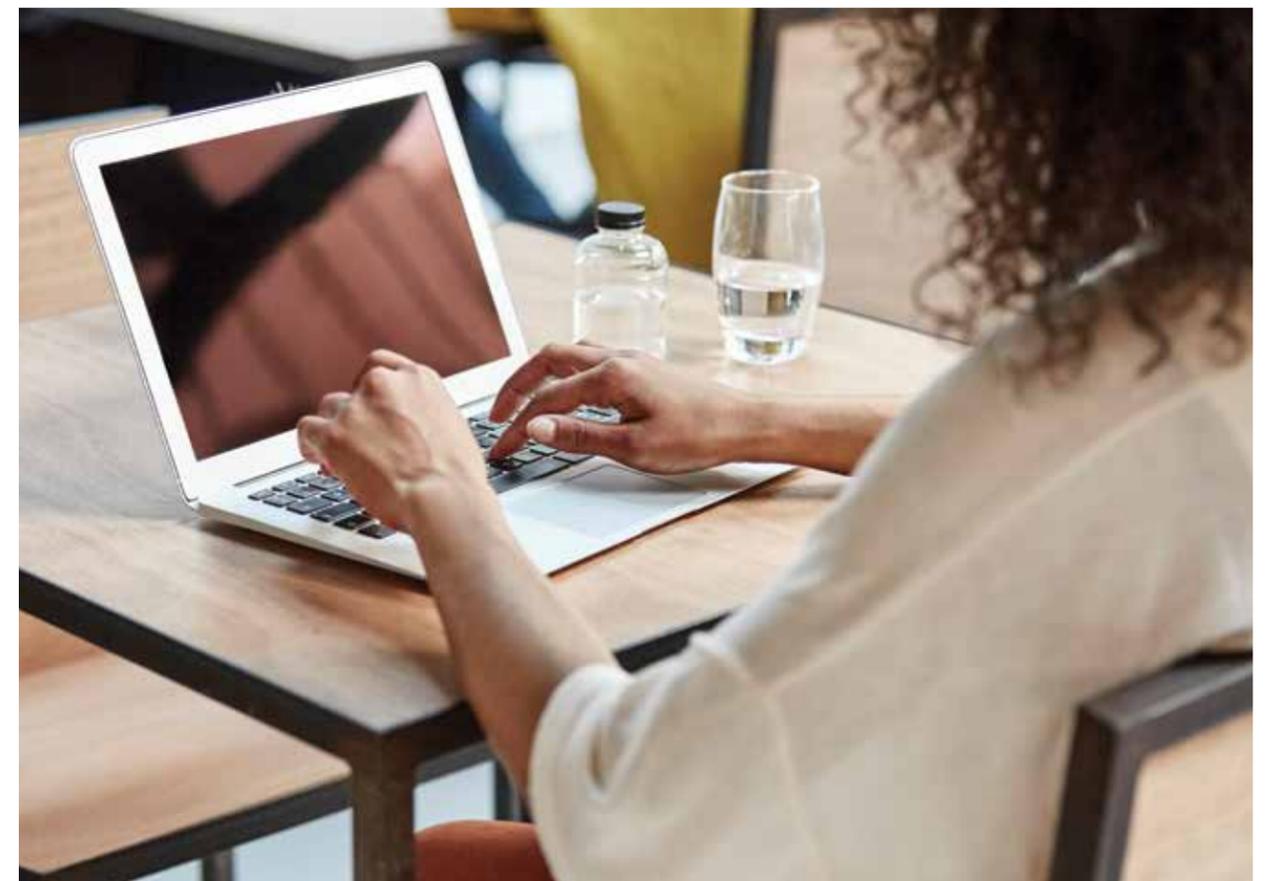
- Lost wages
- Attorney’s fees
- Moving expenses
- Payment of **debts**, bills, and **insurance** that come due during the time of the protection order

You may be interested in seeking a protection order. If so, consider talking with a domestic violence advocate or an attorney. An advocate can identify which forms of protection you may be eligible for. This includes both your **economic** needs and your safety needs. An advocate may also be available to go with you to court.

Orders of protection can be an important tool for safety. However, they can’t guarantee your safety or access to economic resources. Orders of protection are not the right choice for everyone. The first step is to contact a domestic violence advocate in your community. An advocate is trained and can help you sort through the pros and cons of obtaining an order.

Together, you can decide if an order of protection is a good option for you.

Protection orders are available regardless of your immigration status. They can serve as evidence for survivors who are seeking legal status.



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However, abusive partners who violate protection orders may affect their own immigration status. Attorneys or specially trained advocates might be helpful in obtaining and understanding a protection order.

If it is safe to use a computer, you can get more information about order of protection laws in your state.

- Go to [www.womenslaw.org](http://www.womenslaw.org) and type “order of protection” and your state name in the search box.
- Or conduct an internet search using the key words ‘order of protection’ and your state name.
- The Battered Women’s Justice Project produced the Protection Order Relief Matrix. This Matrix is a chart listing types of financial relief available in each state. Go to [www.bwjp.org/resource-center/resource-results/protection-order-relief-matrix.html](http://www.bwjp.org/resource-center/resource-results/protection-order-relief-matrix.html) for more information and to download the Matrix.

You may also call your local domestic violence program or service provider. Ask what types of financial relief may be available to you through a protection order.

### Safety Planning

In addition to the strategies given above, there are other things to keep in mind while seeking independence from your abusive partner.

#### New Housing Search Considerations

If you leave, an abusive partner may use a **credit report** to find you. Large property-management firms tend to check credit histories through a credit bureau. Limiting your housing search to private property owners may help. They tend to work with the **credit history** you provide on your application. Tips:

- Supply your own copy of your credit report when applying for housing. That way, you may be able to avoid your new address from showing up on your credit report.
- If you are getting a roommate, consider having the utilities listed in their name. This will help limit where your contact information can be found.

#### Technology Concerns

- Your personal information may be online. You can find out how much with free and fee-based websites. You can search for your phone number and address on these sites: [www.google.com](http://www.google.com), [whitepages.com](http://whitepages.com), [www.veromi.com](http://www.veromi.com).
- Be cautious with the internet. This includes online applications and communicating with your landlord or mortgage company. Information sent over the Internet can be intercepted and read.
- Set up a news alert on [www.google.com/alerts](http://www.google.com/alerts). It will notify you whenever your name, address or phone number are used on the Internet. Google collects and stores about four billion web pages.



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- Contact your state or local domestic violence program. Through them, you can learn more about technology safety and privacy strategies. You can also visit [www.nnedv.org](http://www.nnedv.org) and search “Safety Net Project.”

#### Workplace Safety

If it is safe, available and appropriate, consider the following:

- Provide your supervisor and company security with a copy of your protection order, if you have one.
- Provide your employer’s security and reception people with your partner’s photograph.
- Ask security to escort you to and from the parking lot or to public transportation.
- Screen your telephone calls.
- Consider changing your work schedule and travel patterns to and from work.
- Save threatening e-mails, voice mails, letters and gifts. If you choose to use the legal system, this evidence will be helpful. If you have a protection order, document problems. This will help you prove that your partner or ex-partner is violating the order.

- Request your workspace be moved to a more secure area or to another site if possible.
- Get a donated cell phone from your local domestic violence shelter. This will provide you with another way to contact help or emergency services, if needed.

Staying safe is of top importance during this difficult time.

Find information, support and guidance by contacting:

- National Domestic Violence Hotline at 1-800-799-7233
- A domestic violence program in your community

They can help you move forward and gain financial independence. Plus, in every U.S. state and territory there is a coalition of domestic violence programs. They can help put you in touch with resources in your area. To find out more about these coalitions, go to [www.nnedv.org](http://www.nnedv.org).



## Separation, Divorce and Child Support

The most important thing to do first is consult an attorney. Good legal advice is essential. And the right legal course of action is different for every person.

If you decide to leave, your partner may try to stop you from accessing financial information. Try to gather as much data as possible before meeting with an attorney. Include:

- Past income tax returns.
- One of your own pay stubs if you are working, and one of your partner's paycheck stubs.
- Copies of your partner's employee-benefit statement.
- Your wish list of the assets you would like to keep.

**Before you meet with an attorney, make a list of your possessions.** Include things such as your home, car and furniture. List these in three categories: 1) items that are yours, 2) items that are your partner's and 3) items you bought while married.

**Next, determine your living expenses.** It is likely your financial status will change dramatically after leaving your partner. Estimate your current living expenses. If you have children, include any money you will spend on them. You may not be able to maintain your current lifestyle. If so,

consider cutting back on expenses. Or you may find an additional source of income. Different budgeting and money saving strategies may be helpful. They are addressed later in this curriculum.

Another important item to consider is insurance coverage. If you're now covered under your partner's health plan, you may be able to continue it. COBRA is a program that allows you to keep the same coverage for 18 months. However, COBRA can be quite expensive. If it is, you can request that the judge order your partner to be responsible for your children's health insurance. It could be included in the divorce settlement. For more information about health insurance, including the Affordable Care Act (ACA), see Module 5.

**Lastly, a divorce settlement includes a division agreement.** This will include both assets (property) and liabilities (debt). Some of the common assets that must be divided include your home, savings, retirement plans and household items.

### Pro Se Divorce

Some people who go through divorce file **pro se**. Pro se is a legal term. It means that one appears in court on her own. Someone who files pro se is responsible for her own legal representation. She does not have the benefit of an attorney.

The pro se divorce process may not be a safe choice for victims of domestic violence. Domestic violence is rooted in power and control. This could make it unsafe for a survivor of domestic violence to represent herself in a divorce. Her financial future, emotional well-being and the **custody** of any children are at stake.

Pro se divorces are typically best suited when domestic violence is not a factor. It works best when couples jointly agree on the conditions of the divorce. If you have children or property and have experienced any form of abuse, it's best to work with an attorney.

### Finding an Attorney

Finding an attorney with the right credentials is key. You can find legal counsel through several resources:

#### • Local Domestic Violence Program

Contact a domestic violence program in your area. Some programs have an attorney on staff. Or they can give you a **referral** to an attorney who is familiar with divorce and domestic violence.

#### • State Bar Associations

Your local bar association can tell you of attorneys who specialize in divorces cases. It may be able to provide information on whether the attorneys have been the subject of an ethical complaint or inquiry. You'll want to avoid them.

#### • Attorney Referral Services

For about \$30, an attorney referral service will recommend someone who specializes in your type of case. A service may allow you to talk with an attorney for the first half hour at no charge. These services can be found online by searching for "Attorney Referral Services" or "Attorneys."

#### • Clerk of the Court

The Clerk of the Court is an officer of the court. The Clerk's responsibilities include maintaining court records. In most jurisdictions, you can request an attorney referral list.

#### • Law Schools

Some law schools provide free legal counsel. This is part of their student practice and is supervised by a licensed attorney.

#### • Recommendations

Talk to your friends. Some of the most reliable referrals are from people you trust.

Most attorneys charge by the hour. Their rate is usually based on their experience. For some procedures, attorneys will often offer flat fees. A flat fee is a set amount for a specific action, such as a will or a simple transfer of property. However, divorce and custody are more complicated. They will most likely require a retainer (a single, up-front payment). Plus, there will be an hourly rate. This is the amount you will be charged per hour of work.

Usually, this type of arrangement is written out. It will state the specific terms of the agreement. Don't be afraid to negotiate the terms. And don't sign anything you don't understand, even when working with an attorney.

Another fee arrangement is the contingency fee. It provides the attorney with a portion of any damages received by their client in settlement. This could be the settlement of a lawsuit. Or it could be when the judge or jury reaches a decision, or verdict, in a case.

A prepaid legal plan is another arrangement. In it, a participant (or employer) pays for future needed legal services. A prepaid legal plan is similar to a medical benefit plan. Participants pay

a fixed amount each month or year for benefits to be used when needed. Nearly every plan provides advice and consultation by telephone as a basic service. It may also include office consultations, reviews of simple documents and preparation of simple wills and letters. Other plans offer more comprehensive coverage, such as for trials, marital problems and bankruptcy.

Many legal aid offices and other legal services have agreements with advocacy programs. They work to ensure the safety of victims. They provide legal services to victims who can't afford or access them on their own. Contact an advocate from a local domestic violence program. Through them, you can learn what's available in your community.

Attorneys and legal assistance providers have different billing processes. Ask questions about billing to make sure you understand all of the terms and your responsibilities.

### Child Support

Once you have a lawyer, you can discuss child support (if you have children). A parent who does not have custody may be ordered to pay child support. Child support can be voluntary. Or it can be ordered by a judge or other agency. This depends on the laws of the state in which you reside. Child support covers regular expenses involved in raising a child. It can include medical support, educational assistance, and insurance costs.

For unmarried partners, **paternity** is not legally automatic. Typically, paternity can be proven at the hospital. Both parents will be asked to sign an affidavit of paternity. This shows that both parents agree, in writing, who the mother and father are. If needed, this can also be established in a later court proceeding.

However, a partner may deny being the father. In this case, either party can file in court to establish paternity. A judge may order a **DNA test**. Paternity is a legal relationship. It may mean certain benefits are due from the legal father. These may include:

- Child support
- Inheritance
- Veteran's benefits
- Social Security benefits
- Life insurance

Paternity creates a legal role for the father. Not all mothers want to establish this relationship, especially in domestic violence situations.

Child support can be a mixed blessing. For some, it provides welcome emotional and financial support. For others, it leads to custody and visitation struggles and unpaid child support. At times, it has led to physical and emotional violence from the abuser against the survivor and her children.

Child support decisions can be very difficult. It's best to begin by getting advice specific to your situation and state. Speak with an attorney or



domestic violence advocate before making a decision.

To help you learn more about child support, below are some frequently asked questions.

### What agency enforces child support?

**Child support enforcement programs** are run by the states. They are usually run by the Human Services Department, Attorney General's Office or Department of Revenue. Several Native American tribes also have child support enforcement programs.

### Am I eligible to receive child support?

You may be able to collect child support if:

- At least one child for whom you are seeking support is under 18.
  - In some states, it might be as high as the age of 21. There may also be exceptions if the child is going to school or if they have special needs (i.e. mental or physical disability).
- You are the child's **custodial parent** or guardian.

You may be eligible for child support enforcement services. Any person with custody of a child and needs help to establish a child or medical support order, or to collect support payments, can apply for them. People who have received assistance under **TANF (Temporary Assistance to Needy Families)**, Medicaid and federally-assisted foster care programs are automatically referred for

child support enforcement services. However, it's best to get advice. Talk to an attorney or a domestic violence advocate in your state to fully understand the laws.

### If I receive public assistance, will it impact my child-support options?

If you disclose that you have been abused and are receiving funds through TANF, you must cooperate with the state. In order to collect child support, they need to find your children's father. This means you may need to provide information about him, including his name and address. If needed, you will be asked for any other information that will help find him.

Provide this information unless you believe that collecting child support would put you or your child in danger. If you choose not to pursue child support enforcement, you could lose some or all of your TANF assistance, unless you can demonstrate you have a **"good cause"** not to cooperate. See more about this below.

### What does a protection order have to do with child support?

A protection order can provide safety protections from abusive partners. It can also help you and your children obtain financial support. A protection order may ask the court to order your partner to pay for various types of expenses. These expenses could include child support.



**Remember that an attorney works for you. At the first meeting feel free to question the attorney about their experience in working with domestic violence cases. Ideally, you want an attorney who has experience and knowledge in court cases such as yours.**

However, child support will end when/if the protection order expires.

**What does good cause mean and what does it have to do with my child support options?**

Everyone who applies for or gets TANF benefits must establish paternity and pursue support. At times, domestic or family violence (or other circumstances such as rape or incest) makes complying with these requirements dangerous. If so, the recipient may be excused or **waived** from participation, based on good cause. You can request good cause from your state child enforcement agency at any time. Good cause will usually be granted if pursuing support would:

- Make it more difficult for a family or household member to escape domestic violence.
- Place a family or household member at risk of further domestic violence.
- Unfairly penalize a family or household member because of domestic violence.
- The child who needs support was raped by the biological father.
- The child who needs support was born as a result of rape or incest.

**What will happen if I have good cause for not pursuing child support?**

When someone requests good cause, a caseworker or family court is notified. When that happens, they will delay collection until the request has been considered.

Requests are referred to the child support enforcement office or to a specific caseworker. They should help fill out the domestic violence verification form. Or they may supply verification in cases of rape, incest or adoption.

Once the form is complete, the survivor and her caseworker should work together to obtain a formal response to the good cause claim.

**What are some common child support strategies to consider?**

If you are applying for a protection or restraining order, consider requesting child support, if your state allows it.

A non-custodial parent's financial statement is required in child support enforcement cases. Review this statement. Consider consulting a lawyer if the financial statement appears inaccurate or fraudulent.



**Disclosing Abuse**

Telling others about the experience of abuse can be very helpful. It can provide support and a sense of safety. However, it is important to carefully consider with whom you share this very personal information. Carefully consider the potential consequences. Trust your instincts. If you are unsure, remember that an advocate at your local domestic violence program can provide **confidential** guidance and support. An advocate will help you understand the consequences and long-term implications of disclosing abuse.

Sometimes it may be best to not disclose current or past abuse. At times, it results in the following:

- People who respond insensitively and blame you for your situation.
- Discrimination in employment, housing and access to services.
- Loss or reduction in public assistance.
- Referral to state child protection agencies.

If you decide to disclose abuse, there are things you need to know first. These are things an advocate can help you with.

**Disclosing to a community organization:**

- Ask your domestic violence advocate for a list of community organizations that are required by

law to report neglect or abuse (They are called **mandated reporters**).

- What are their requirements or policies for disclosing domestic violence?
- What are the implications of disclosure? These include both short and long-term consequences. An advocate will help you find out:
  - Why the organization needs the information.
  - Where your records are documented.
  - Who has access to the information.
  - How it will be used.
  - What happens if you do not disclose the information

**Disclosing to an employer:**

- What is your company's confidentiality program and employee-assistance program?
- What are your legal rights to take time off, such as extended-leave or vacation-time policies?
- Does your employer have a partnership with a domestic violence program?
- What are state's unemployment insurance policies? If you must leave your job due to domestic violence, you may qualify for benefits.



**Where can I go for more information on child support?**

There are federal laws regarding child support. In addition, each state has laws to regulate enforcement and procedures. To get information about child support enforcement in your state, contact the Office of Child Support Enforcement at:

**Office of Child Support Enforcement  
Administration for Children and Families  
Department of Health and Human Services  
370 L'Enfant Promenade, SW  
Washington, DC 20447  
(202) 401-9373  
www.acf.hhs.gov/css**



## Privacy Protection

There are many issues related to being a domestic violence victim. For most, the top issue is safety. Consider the following actions:

- Does your state have an **address confidentiality program**? If not, consider getting a PO Box address.
- Block online and automated telephone access to your Social Security number. Do this by visiting [www.socialsecurity.gov/blockaccess](http://www.socialsecurity.gov/blockaccess).
- Contact banks, utilities, department store credit cards, phone companies, etc. Place a new or extra password on your account.
- Reduce the number of accounts in your name, such as utilities. Find housing that includes utilities in the monthly rent. If you have a roommate, ask them to put household bills under their name.

In addition, be mindful of someone stealing your identity. **Identity theft** occurs when someone steals and uses your personal information. It is not uncommon for abusers to commit identity theft on their victims.

### There are two types of identity theft

**Account Takeover:** This occurs when someone uses your existing credit account information to purchase products and services. The actual credit card or the account number and expiration date is used.

**Application Fraud:** This is also called “true-name fraud.” It occurs when someone uses your Social Security number and other identifying information to open new accounts in your name.

### Some abusers steal their partner’s identity to:

- Open new credit accounts
- Impersonate them
- Find out where they are living
- Ruin them financially
- Track survivor’s activity

Identity thieves can steal your name, personal information, date of birth, Social Security number, driver’s license number, passport, credit card information, **ATM** number, telephone calling card or other account information.

You can become a victim of identity theft from a partner, a family member, or even a stranger. Personal information needed to steal your identity can be found by:

- Digging through trash bins for documents containing personal information. Information sought includes your date of birth or Social Security number. Documents include credit card and loan applications.
- Stealing mail from your mailbox to obtain:
  - Newly issued credit cards
  - Bank and credit card statements
  - Pre-approved credit offers
  - Investment reports
  - Insurance statements
  - Benefits documents
  - Tax information
- Accessing your credit report (posing as an employer, loan officer or landlord to obtain information).
- Using the Internet to track personal information.
- Paying an information broker for a background check report. This could provide your date of birth, information about your family members, unlisted phone numbers and your last known address.

If you are a victim of identity theft from your partner, or anyone, take the following actions immediately:

- Notify credit bureaus
- Contact your **creditors**
- Call the **Social Security Administration**
- Obtain a new driver’s license number
- **Document** all conversations regarding the identity theft
- Consider reporting the crime to the police

To an identity thief, information is more valuable than money. Limit the individuals or businesses you share your personal information with.

Before you do business with a company, ask how it protects your information. Look at their privacy policy. You will be able to protect your privacy better if you understand how your information is shared. This knowledge will help you keep your identity private and protect you from identity theft.

### Become Data Savvy

Businesses and individuals sometimes ask for personal information. Ask why they need it. Question anyone who requests your Social Security number, address, email address or phone number.

Learn what information about you is available to the public. For example, in some states, voter registrations are public record. They are available online. Google search your name to see what information is on the Internet about you.

Limit the information you or your children share on the Internet. Innocent pictures or information posted online can end up providing personal information about you. This includes social network pages and picture sharing websites.

### Learn How Your Financial Institution Manages Data

Learn what information your bank, **credit union** or credit card company shares about you or your transactions. Ask your **financial institution** about its data security program. Learn how it protects your personal information. Ask for a copy of their privacy policy.

### Read Privacy Notices

Read the small print! Details about your personal information and who has access to



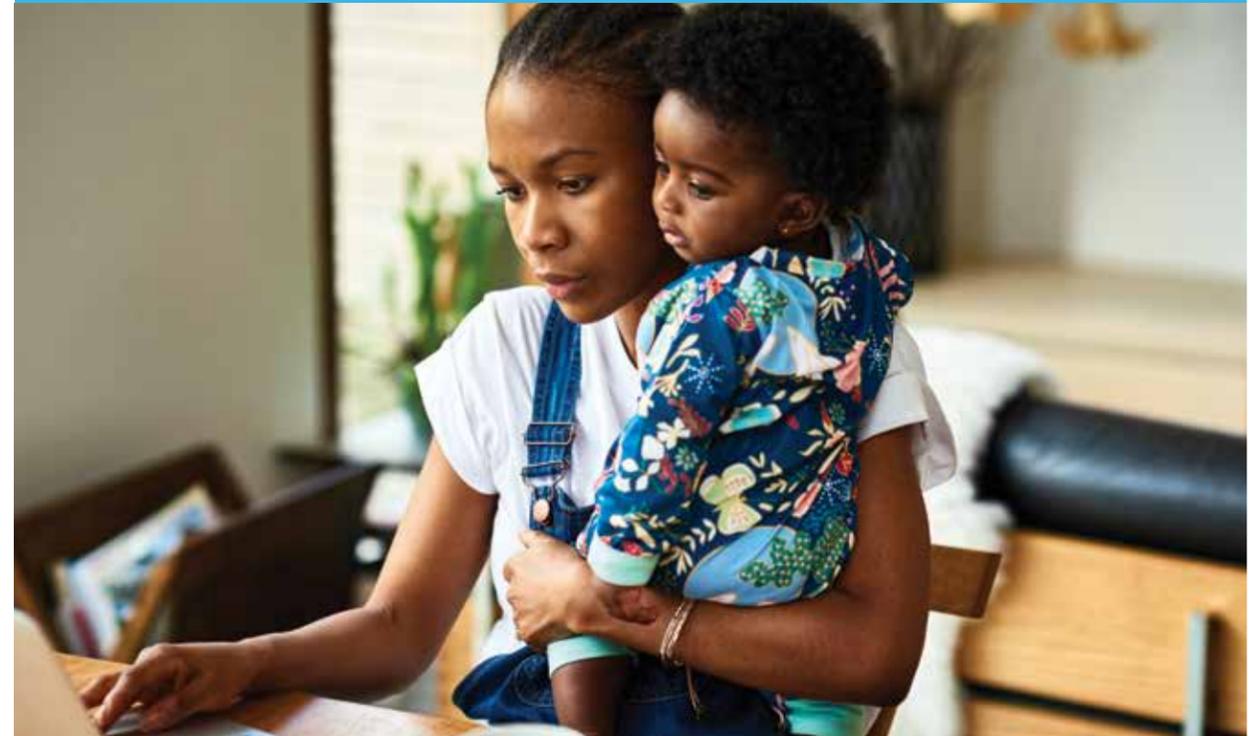
## MODULE 2

### Learning Financial Fundamentals

Key topics covered in this module include:

- Financial Management
- Budgeting and Saving
- Assets and Liabilities
- Banking Options

## MODULE 2 | Learning Financial Fundamentals



### Learning Financial Fundamentals

You are seeking to build a solid financial future. This module outlines some important information you'll need to do this. It will help you review your complete income, debt, budgeting and financial picture.

Please note that this information is intended to be general advice for persons who are in, or have been in, an abusive relationship. However, not everyone's situation is the same. For specific advice regarding your particular situation, contact a domestic violence advocate, financial advisor or attorney.



**Stand up. Speak Out.**

National Domestic Violence Hotline: 1-800-799-SAFE (7233)



## Story of Survival

Deanna lived with her abusive boyfriend, Martin, for two years. She had no family to call for help and Martin did not allow her to have a job, friends or money. She wanted to leave him.

The first time she left, she ate at a soup kitchen three nights a week. The women running the program gave her clothing. They let her use the bathroom in the staff office to freshen up. Although they offered to help her find additional resources, Deanna refused. She was ashamed. They also encouraged Deanna to get her GED, but she was afraid to start something she might fail.

So Deanna lived in her car and worked for a day-labor program. She earned enough money to buy gas, food and personal items from time to time. After a while of this, she returned to her boyfriend.

She wanted the second time she left to be different. She wanted to find a job that was stable and paid better. Before she met Martin, Deanna dreamed of opening her own childcare center, but that dream now seemed out of reach.

Deanna's story is one of many domestic violence survivors. However, there was hope. There were people, programs and organizations willing and ready to help Deanna.

Deanna gained financial independence by getting a part-time job at a daycare center. This job also had a tuition reimbursement program that paid for her schooling. She not only got her GED but also attended a community college. She received an Associate's Degree in Early Childhood Education.

Deanna continued to pursue her dream and opened her own childcare center. Although this took over five years to accomplish, she could not be more proud, happy or secure. Deanna gained independence by working hard. She stayed focused and never gave up, despite the challenges that continued to cross her path.



## Financial Management

This curriculum, along with supportive partners in your local community, is designed to help you do just that: gain personal and financial independence. If you are like most people, you have a limited amount of money to buy what you need and want. This means you must make careful decisions about how to use your money most effectively. Limited money could mean \$25 a week for one survivor or \$250 to another, as everyone's situation is different. Regardless of your personal finances, the first step to effective money management is to learn what it's all about. Being well-informed is the key to being prepared.

### Become Informed

Knowledge will help you overcome your fear and achieve **economic security**. Talk to friends and co-workers you trust. Consult with trusted professionals. Ask them for advice regarding finances. Access trusted websites for easy-to-understand information regarding money management, such as reducing your debt and long-term planning. Schedule time to attend financial workshops offered by community organizations and banks.

### Worst-Case Scenarios

Ask yourself "What's the worst thing that can happen to me in my situation?" Is it something you

can handle? By having a plan for the worst-case scenario, you may be able to eliminate some of the fear that keeps you from moving forward.

### Take Action

Once you've gathered enough information, you can take action. Set small, obtainable goals and begin to work toward them, even if you are still learning.

Another way to help you better manage your finances is to determine the difference between a want and a need. A need is something you **must** have in order to live, such as food and shelter. Wants, on the other hand, are not essential. Look at the chart below that outlines some difference between needs and wants.



Private and public resources may provide free or low-cost services to support you and your children. They may also offer benefits to help pay for basic day-to-day needs. These may include housing, food, utilities and clothing. Visit [www.benefits.gov](http://www.benefits.gov) to learn more about your state's benefits.

Most domestic violence programs offer services such as shelter, support groups, short-term economic planning, referral programs, legal advocacy and peer support.

Sometimes accessing public resources can be difficult. Work with a domestic violence advocate to learn what's available in your community and how to access those resources.

The **Personal Responsibility and Work Opportunity Reconciliation Act** was passed in 1996. It's also known as welfare reform. This act gives each state the choice of electing **Family Violence Options (FVO)** as part of its Temporary Assistance for Needy Families (TANF) state plan. FVO provides special provisions for persons who

are victims of family violence. Provisions include:

- Domestic violence or abuse screening.
- Confidentiality protections for domestic violence survivors and others who are victims of family violence.
- Information and referrals to domestic violence support and advocacy services.
- Waivers (suspensions of a rule or policy) for program requirements, including:
  - Time limits
  - Residency requirements
  - Child support cooperation requirements (good cause)
  - Family cap provisions

These waivers are given when program requirements make it more difficult to escape abuse, present safety risks or unfairly penalize domestic violence victims.

For more information on FVO in your state, contact your local domestic violence program.



In addition, you can go to [www.benefits.gov](http://www.benefits.gov) to find out which government benefits you may be eligible to receive. Or you can contact your local public assistance program. An advocate from your local domestic violence program can help you locate the contact information. An advocate can also help you complete any applications. Before you meet with a representative for public assistance, discuss the following with an advocate:

- The pros and cons of disclosing domestic violence before you share any details about your experiences.
- Request domestic violence indicator flags to be placed within your personal TANF file.
- Federal and state public assistance programs have "welfare-to-work" policies.

This means participants in public assistance programs must undergo job training and find work.

If you contact your state or county public assistance office, request the following:

- A list and explanation of all programs and services available in your city and state. Examples include:
  - Cash assistance
  - Child support
  - Food stamps
  - Free or reduced school lunch
  - Child care assistance
  - Medical insurance and assistance
  - Information on how to access applications for all programs
  - Information on how applications should be completed (face-to-face, completed and mailed or online)



- A list of required documents (proof of identity, income, Social Security numbers for household members, etc.)
- Eligibility qualifications
- Income and assets limitations documents
- If you are homeless or in a shelter, ask about priority processing to receive emergency assistance services

- Once you receive public benefits, you will likely have regular contact with your caseworker. You must show that you meet program requirements to continue receiving these benefits.
- If you receive **Supplemental Security Income (SSI)** from the **Social Security Administration**, you may qualify for **Medicaid**.
- Be prepared to answer questions and provide documentation about your finances. Eligibility for most programs is based on your income level.
- If your claim for benefits or your application is denied unfairly, consider filing an appeal.

Lastly, if you are 62 or older, remember that you are eligible for **Social Security benefits**. These benefits are determined by the amount of income earned over your working life. Were you married for at least 10 years and have an ex-spouse who is also 62 or older? If so, you are also eligible to obtain benefits based on the working life of your spouse. Drawing upon these benefits does not

affect the benefits that an ex-spouse receives. It can be an important source of income.

You can apply for Social Security benefits in person, online or over the phone. To apply online, go to [www.socialsecurity.gov](http://www.socialsecurity.gov). You can also make an appointment to apply over the phone by calling 1-800-772-1213.

For people who are deaf or hard of hearing, you can also use the Social Security Administration's toll-free "TTY" number at 1-800-325-0778. The Social Security Administration can be reached by phone or TTY between 7 a.m. and 7 p.m. on Monday through Friday.

*When you apply for benefits, you will need the following information:*

- Your Social Security number.
- Your birth certificate.
- Your W-2 forms or self-employment tax return for last year.

- Your military discharge papers, if you had military service.
- Your spouse's birth certificate and Social Security number if he or she is applying for benefits.
- Children's birth certificates and Social Security numbers, if applying for children's benefits.
- Proof of US citizenship or lawful alien status if you (or a spouse or child applying for benefits) were not born in the US.
- The name of your bank and your account number if you want your benefits directly deposited into your account.

You will need to submit original documents or copies that are certified by the issuing office. Or you can take the originals to the Social Security Administration (SSA) office. The SSA will make photocopies and return the documents to you.

## Notes

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## Budgeting and Saving

Financial planning is critical. It starts with a **budget**. You may not be married to your partner. Or you may be married and seeking separation or divorce. Whatever your situation, you must take control of your finances so that you can move forward.

The definition of financial security varies from person to person. For some, it means having food, shelter and a decent job. For others, it means being able to live where they want, afford childcare and own a car. And for others, financial security is defined by preparing for a comfortable retirement, owning a home, and paying for college.

The need for financial security is one of the many reasons why making the decision to end an abusive relationship can be difficult. Most women find that their standard of living declines after ending a relationship. The stress of supporting themselves and their children can be overwhelming and frightening.

No matter how you define financial security, if you decide to leave an abusive partner, one thing is true. You are not alone. Community service providers can help you:

- Address safety concerns
- Identify assistance programs

- Devise appropriate strategies to regain control of your life

Begin by developing a budget. A budget is a tool that will help you make critical spending decisions. Whatever your situation, it's important to review all of your assets and resources to find out if they will support you and your family. If you end a relationship, your income and financial assets may change dramatically. Take time to determine how much money you need to support your family. By doing this, you can prepare in advance to meet your family's financial needs. To create a budget, follow these steps:

### Step 1: Identify your net monthly income

This is the money that comes into your household, after deducting taxes, Social Security, insurance or any other withholdings. The amount of a paycheck is your **net pay**.

### Step 2: Identify your monthly expenses

Monthly expenses include food, rent and utilities, as well as those that occur periodically, like car insurance and medical expenses.

### Step 3: Subtract your monthly expenses from your income

The difference between your income and expenses shows whether you have any money to spare. If



you have extra money, you'll need to decide whether to spend or save it. If you don't have extra money you'll need a plan. Can you reduce expenses? Earn more money? By distinguishing between needs and wants, you can better identify areas where you might be overspending. To continue the budgeting process, there is an sample budget provided on the following page.

**Savings are important!** That is why they are listed as a category (line 9 on Personal Budget Form). Savings should be treated as part of your budget. It's important to put aside money each month for savings, no matter how small, even if it's just a few dollars. Start by deciding how much you can comfortably save each month and then consistently follow these rules:

- First pay your savings account, even if it's a small amount
- Next pay your required bills (rent and utilities)
- Then pay other bills, like revolving credit cards

If you do not have enough money to cover all the expenses, consider the following:

- Explore ways to bring in more income
  - Work a few extra hours at work (if possible)
  - Create a home-based micro-business, such as selling arts and crafts
- Reduce expenses
  - Avoid eating out
  - Limit treats
  - Find cheaper alternatives in household purchases
- Re-evaluate your Needs and Wants List

This may sound difficult, but knowing you have money saved for the future feels good and can give you more options. Over time, paying yourself first will get easier. After a while, you'll wonder why you didn't do it sooner!

In addition to paper-based budgeting tools, there are also free budgeting tools available online, such as [www. MINT. com](http://www.MINT.com) or [www. QuickenOnline.com](http://www.QuickenOnline.com).

Personal Budget Form

<b>A</b>	Monthly Income (checks or cash):	
	Monthly Fixed Expenses:	
<b>1</b>	Rent/mortgage (principal, tax, insurance)	
<b>2</b>	Life insurance	
<b>3</b>	Medical/health insurance	
<b>4</b>	Vehicle insurance	
<b>5</b>	Disability insurance	
<b>6</b>	Household insurance	
<b>7</b>	Car payments	
<b>8</b>	Other loan payments	
<b>9</b>	Savings	
<b>10</b>	Emergency savings	
<b>11</b>	Other (list)	
<b>B</b>	<b>Total</b> (add items 1-11)	
	Monthly Flexible Expenses:	
<b>12</b>	Utilities (electric, gas, water, phone, fuel oil, etc. )	
<b>13</b>	Credit card payments	
<b>14</b>	Auto upkeep (gasoline, oil, maintenance)	
<b>15</b>	Food (at home and away from home)	
<b>16</b>	Clothing	
<b>17</b>	Household supplies	
<b>18</b>	Medical/dental costs	
<b>19</b>	Recreation/entertainment	
<b>20</b>	Church donation/other charities	
<b>21</b>	Childcare	
<b>22</b>	Education	
<b>23</b>	Personal allowances	
<b>24</b>	Other (list)	
<b>C</b>	<b>Total</b> (add lines 12-24)	
<b>D</b>	<b>Total Monthly Income</b> (line A)	
<b>E</b>	<b>Total Monthly Expenses</b> (add lines B and C)	
<b>F</b>	<b>Monthly Balance</b> (subtract line E from line D)*	
	<b>Add or Subtract Balance from Previous Month:**</b>	

\* If line E is bigger than line D, subtract line D from line E. Write your answer as a negative number, for example, -\$45

\*\* If you have money left over from the previous month, add it. If you ran short on the previous month, subtract it. If you end up with a negative number, you'll need to deal with it. Either cut that amount from your budget (lines 1-24), or find additional income to cover it.

If you don't have enough money to support your family, or if you have considerable debt, don't despair! Debt is common in the US and there are many resources to help you manage it. Don't let your fear of debt prevent you from moving forward. Start by taking these steps:

- Document the assets and resources you currently have such as housing, child support, employment, health insurance, car, etc.
- Review your financial liabilities. Do you have credit card debt? Do you owe money to family or friends? By understanding how much debt you have, you can better manage your finances.

Work with your domestic violence advocate to develop a plan to access resources in your community. An advocate can also help you identify your financial resources and reduce debt. Your local domestic violence program may have partnerships with organizations that can help.

To manage your money wisely, set financial goals. Then establish a budget to help you achieve them.

What are your personal financial goals? Buy a car? Set up a savings fund for emergencies? Whatever you have identified, that is a financial goal. To achieve your financial goals you'll need to manage your finances and put money aside regularly to meet those goals.

### Financial Goals and Emotions

For many of us, emotions and money are closely tied and we sometimes spend to fill an emotional need. This can be a huge challenge when trying to

stick to a budget. If you are having trouble with emotional spending, ask yourself the following questions:

- What emotions am I experiencing?
- Am I shopping just to make myself feel better?
- Is there another way that I can fill this emotional need?

### Example: Carrie

After her divorce Carrie finally felt free. In her marriage, her husband controlled all of the spending. Carrie rarely got to even choose what clothes she could wear. She felt like she deserved to buy new clothes and enjoy her new freedom.

At first, she kept her purchases to a minimum, but over time the shopping increased. Carrie was struggling financially and angry about the abuse she had suffered. Shopping was becoming a way of coping with her anger but it was putting her further in debt. After identifying what was happening, Carrie worked with her advocate.



Together, they found other ways of expressing her feelings. In time, Carrie got her spending under control.

### Example: Maria

Another example is the story of Maria and Vincent. Maria fled to a shelter with her three children to escape Vincent's abuse. After spending two months in a shelter, the family moved to a transitional housing program. The family was now safe but it was hard to live with less income.

The children often complained that they missed their old neighborhood. They frequently threw temper tantrums for not getting the new toys that they wanted. To make matters worse, every

time the children went to visit Vincent, he bought them things and took them to places that Maria couldn't afford.

The children blamed Maria for the situation. She felt guilty that they had experienced Vincent's abuse and that she couldn't give them the things they wanted. Still, she didn't understand why the children didn't give her more credit. After all, she had been the one who had worked so hard to get them to safety. She was doing the best she could. Not knowing what to do, Maria began buying things for the children that she couldn't afford.

These are just two examples of emotional spending. They show how spending can take on an emotional element and how it can pose challenges in keeping a budget.



Strategies for Dealing with Emotions and Money

Having a plan that helps you overcome emotional spending can help. Here are some strategies:

**Step 1:** Write down your financial goals. Estimate how much time and money it will take to get there.

**Step 2:** Keep your written goals in a place where you'll see them. Read them often to remind yourself of your goals. Consider setting electronic reminders or even words of encouragements on your smart phone or other electronic devices. This may help keep you on track if your emotions start to take over.

**Step 3:** Examine your feelings and notice when you are being tempted to overspend based on emotion. When you do, consider an alternative way to meet your needs. Remind yourself of how you will feel when you meet your financial goals. Consider putting a purchase off for a day. Do you still want it 24 hours later?

Below are a few questions to ask before making a purchase:

- **Did I compare prices?** Be sure you are paying a fair price.
- **Is this a need?** Don't buy something just because you "fell in love" with it.
- **Can I afford it?** Don't spend more than you can afford.
- **Will this delay me from reaching my financial goals?** If you have to borrow in order to buy something, it will take longer to achieve your financial goals because you will be paying **interest** on the loan. (More about interest later.)

Are your children old enough to understand the benefits of spending less today to reach future goals? Many children are. Try enlisting their help. Perhaps make a game of it. Who can find the best deals? Who can set a financial goal and work toward it? Who can spot emotional spending? Who can identify true needs?

Inexpensive ways to treat yourself and your children . . . without breaking the bank

TREATING YOURSELF:



- Give yourself a manicure
- Enjoy your favorite dessert at home
- Read a good book
- Spend time with a friend
- Go for a walk
- Invite friends over for a potluck to share the cost of food

TREATING YOUR CHILDREN:



- Cook or bake together
- Read them a story
- Spend the day at the library
- Play their favorite game with them
- Invite their friends for a sleep-over

Teaching children how to manage money can be a challenge. But if they understand the difference between needs and wants, how to budget and how to save, they will know more than many adults. Having your kids on board can help create a home where everybody is working towards the same goal. It's not easy but it's definitely worth trying!

The best way to teach children about finances is to be a good role model. They will pay attention to what you say about money. They will notice how you manage money. Let your children see you budget, comparison shop and make regular contributions to a savings account.

Emergency Savings Fund

Experts advise setting up an emergency savings fund. It should have enough money to pay three to six months of basic living expenses such as housing, transportation and food. For many of us, this amount seems impossible and out of reach. Don't let that stop you — begin with a savings goal that feels realistic. You can start small. Your first goal can be one month's rent or housing costs. You can build from there. It's okay that goals take several months or even years to reach. What's more important is that you save something every month. Every dollar helps and adds up over time!

It's important to put money away consistently and spend it only for true emergencies. It's better to save \$10 every month than to save \$25 only occasionally, for two reasons. One, chances are that if we wait until we have an extra \$25 to save, it will likely not happen. Two, there is magic in **compound interest**. Compound interest arises when interest is added to the **principal**, so that from that moment on, the interest earns interest.

Take a look at the savings account chart below for an example of 2% interest of just 5 years.

Year	Deposit	Interest	Total Deposit	Total Interest	Balance
1	\$120.00	\$1.31	\$120.00	\$1.31	\$121.31
2	\$120.00	\$3.76	\$240.00	\$5.07	\$245.07
3	\$120.00	\$6.26	\$360.00	\$11.33	\$371.33
4	\$120.00	\$8.81	\$480.00	\$20.14	\$500.14
5	\$120.00	\$11.41	\$600.00	\$31.55	\$631.55

This shows that saving \$10 a month, for just 5 year, at 2% interest, would grow to over \$630.

The best way to ensure your future financial success is to start saving today. Depositing your savings in a bank helps your money grow, through interest. Banks pay interest on the money placed in savings accounts. Earning interest on your money is important. Saving money is a good thing. But having your savings grow, through compound interest, is a great thing.

Even modest savings can generate real growth, given enough time and dedication. Consider setting up an automatic transfer or direct deposit to build your savings account over time, even if it's a small amount. This way, saving is automatic and happens regularly.

There are different types of accounts where you can earn interest on your savings. Each type offers different interest rates. Each type differs in how easy it is to withdraw money. For example, emergency funds need to be readily available, so a typical savings account is a good choice. However, funds that won't be needed immediately can usually earn a higher interest rate in a money market account or **certificate of deposit (CD)**.

Here is a summary of typical types of accounts for savings:

**Interest-Earning Savings Accounts**

Typically, these accounts will earn you the least interest of all the options. However, they are very safe and money can be withdrawn at any time.

**Money Market Accounts**

**Money Market Accounts** pay about one-half percent higher interest than traditional savings accounts, but they may require a higher minimum **balance**. You can usually make as many deposits as you want for free. However, there are limits regarding the number of **withdrawals** that can be made each month.

**Certificates of Deposit (CD)**

If you have money that can be tied up for three months to six years, certificates of deposit will usually offer the highest interest rates, depending on the **term** (how long it must remain deposited) you choose. There are penalties for early withdrawals, so choose a term you can live with.



Notes

Horizontal lines for taking notes.



Assets and Liabilities

The next step in financial management is to begin identifying your income and assets, plus your debts and liabilities. Assets include those you alone own and those you own with your partner. They may also include assets just your partner owns.

Consider the following:

- Are your property and financial assets held in both of your names or is everything in your partner's name?
- Is your apartment lease in both your names? Is your home titled to both of you jointly?
- Do you have joint bank accounts? Individual bank accounts?
- Has your partner threatened to make you cash in any property or financial assets you own, so that he can share the proceeds?
- Does your partner have a pension or retirement plan from current and previous jobs?
- Do you know what information is required in the court order, decree or property settlement before your partner's pension plan will pay benefits directly to you?

The answers to these questions will be useful if you pursue child support, need to divide property

or if you are going through a divorce. Remember to share this information with your advocate and attorney. If you suspect that your partner may attempt to hide assets, it's important to start investigating your finances before you initiate divorce proceedings. If you have the resources, investigate the following:

- Does your partner own tools, collections or other items of value that could be underestimated?
- Does your partner receive income that has not been reported on tax returns or financial statements?
- Is your partner's name on an account with your children or in your children's names?
- Could your partner have asked his employer to delay any bonuses, stock options or raises?
- Has your partner recently paid any "debts" to a friend or family member that you think may be phony?
- Could your partner have accounts you're unaware of?
- Does your partner own a business?

You may not be requesting access to or ownership of the above items or accounts. However, it's important that they be counted as an asset so the division of property is fair.

Sorting through a financial relationship you shared with an abusive partner can be difficult and sometimes dangerous. Just know there are professionals who can help you. Contact your domestic violence advocate or attorney for contact information.

Following separation and during a divorce process, abusive partners often refuse to cooperate. They may attempt to manipulate the process. Be aware of your safety risks as you face these challenges. You may discover that your partner has:

- Opened accounts and created additional debt in your name.
- Hidden or undervalued his own assets.
- Refused to comply with payment plans established by creditors.
- Quit his job or obtained a low-paying job to escape financial responsibility.

### Mediation

You may be asked to use a mediator to resolve financial obligations (debts) you share with your partner. **Mediation** may not be a good choice for you. It is not always safe or helpful for victims of domestic violence. It requires that partners work together as equals to reach a settlement. It can also require many meetings. Let the court know if mediation is not a safe option for you.

You may decide to agree to mediation. Understand that you do not need to like or agree with everything in order for mediation to work. The role of the mediator is to facilitate communication so that each party is heard. Sometimes all it takes is to remove the strong emotions from a situation in order for the couple to reach a satisfactory agreement. Websites

such as [www.mediate.com](http://www.mediate.com) provide additional information about mediation. Please note, however, we are not affiliated with this website. We cannot vouch for the accuracy of the information that is contained on it.

If you are looking for a lawyer with experience in mediation, you may contact your local Bar Association's Lawyer Referral Service for a recommendation. Generally, an attorney who is a part of this Referral directory will provide a half-hour consultation. They will charge a reduced rate (ranging between \$25 and \$50). In this consultation, you can get brief advice and talk to the attorney about his/her philosophy about the mediation process. Then you can decide if you want to hire the attorney at his/her regular hourly rate.

You can find a link to each state's Bar Association Lawyer Referral service on [www.womenslaw.org](http://www.womenslaw.org) and search 'find a lawyer.'

### Notes

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## Banking Options

Now that you have taken some time to identify your assets and liabilities, the next step is to open up a bank account (if you don't have already one that is separate from your partner). Selecting a financial institution that meets your needs is critical to successful money management. Financial institutions include:

### Banks

Banks are financial institutions that accept deposits and use the money for lending activities. A traditional bank issues **stock** and is therefore owned by its stockholders (shareholders). Banks are for-profit businesses and serve customers from the general public. They may also offer **online banking** services, via the internet. In addition, there are banks that are only on the internet.

### Credit Unions

Credit unions are community-based financial institutions that offer a wide range of services. They are owned and controlled by their members, who are also shareholders. Credit unions serve their members and membership is defined by a credit union's charter. For example, a credit union may offer membership through certain employers or to certain professions. Another credit union

may have a broader membership. Credit unions often offer lower interest rates on loans.

### Payday Lenders

**Payday lenders** are companies that lend customers small amounts of money at high interest rates. The borrower agrees that the loan will be repaid when the borrower's next paycheck arrives. Payday loans are small cash advances, usually \$500 or less. To get a cash advance, a borrower typically gives the payday lender a postdated **personal check** or authorization for automatic withdrawal from the borrower's bank account.

Payday loans come with hefty fees. For a two-week payday advance, a borrower will pay at least \$15 for every \$100 borrowed. Although the loans are short-term, the loan fees could end up being nearly 400%. While these types of loans may appear to be an easy option, expensive loan fees often push the borrower into deeper debt. This debt can be very difficult to get out of. Before taking this type of loan, explore all other options, including consulting your advocate or other support systems. With them, you can explore what other options might be available in your community.

**Check Cashing Stores or Services**

Check cashing stores are small businesses that cash checks for a fee. In general, the fee is about 4%. However, you can likely avoid these fees if you have a bank account or are a member of a credit union.

**Choosing a Financial Institution**

When considering which financial institution to choose, shop around. Look for the services and features that are going to work best for you and your situation.

Generally speaking, a large national or international financial institution will offer a wider range of services. However, it may provide less personalized service than a smaller one. Instead of a bank, you may wish to consider a credit union.

For some women, culturally-specific services are important. Look for banks that have bilingual employees or websites and information in other languages.

Some institutions are specifically owned by, and run for, specific ethnic, religious and cultural

clienteles. For instance, are you interested in wiring money to family in another country? Does the bank offer this and what are the fees?

It's important to note, all banking institutions require proof of:

**• Name, examples:**

- Unexpired passport
- Birth certificate
- Government issued driver's license

**• Date of Birth, examples:**

- Unexpired passport
- Birth certificate
- Government issued driver's license

**• Residence or business address within the US, example:**

- Utility bill

**• Identification number, examples:**

- Social Security number
- ITIN (individual taxpayer identification number)
- Employer ID



In order to compare banks, consider the services they offer and discover the fees they charge for these services.

- Think through your needs for a branch location. Do you need a branch close to your home or work?
- Compare services: which ones offer the services you need?
- How comfortable do you feel with the staff?
- Does the bank meet your cultural needs and requirements?
- Checking accounts: what are the fees, minimum balance requirements and overdraft charges?
- **Automated Teller Machines (ATMs):** where are they available and what are the fees?
- Savings accounts and products: what are the interest rates, restrictions and penalties on withdrawal?
- Bank branch hours: are they convenient for your work schedule?
- Telephone services: are they available 24 hours, is the service automated or can you get an immediate connection to a consultant?
- Are online banking and bill pay available?
- Safety of money: look for the FDIC logo

**FDIC** stands for **Federal Deposit Insurance Corporation**. If a bank is "FDIC Insured", deposits are currently insured for up to \$250,000. In the event that a bank is financially unable to repay deposits, FDIC will repay them.

A financial institution that is FDIC insured will display a government logo at its front door, in the lobby and at the tellers' counter to indicate that it is federally insured.



**Using an ATM**

To use an ATM, you will need a bank account, and you will also need an **ATM card**. With this card you will get a code, also known as a **Personal Identification Number (PIN)**.



### ATM Safety Tips

- Keep your PIN number secret (including from your abuser).
- Do not write your PIN number on your ATM card.
- Change your PIN number periodically.
- Ensure that the ATM location you use is well lighted and feels safe.
- Do not count your money at the ATM.
- If there is a discrepancy between the amount withdrawn and the cash received, notify your bank.
- Be aware of all banking fees.
- Use an ATM owned by your bank for lower (or no) fees.
- If your ATM card is lost or stolen, immediately report it to your bank.

Be especially careful if you only make small (for example \$20) withdrawals. For example, if the fee per withdrawal is \$1.50, you will pay that \$1.50 each time you withdraw money. Whenever possible, make a single withdrawal of \$100 rather than multiple withdrawals of \$20. Try to use a bank account that does not charge you for using their machines, and try to stick to using your own bank's ATM machine.

Most, not all, stores offer free cash back on purchases when using a **debit card**. Consider this method to accessing cash to avoid ATM fees. Additionally, it's important to know that using your debit card for some purchases (gas stations, restaurants, car rentals, hotels, etc.) can put a 'hold' on your account that's larger than the actual purchase. This will make those funds unavailable until the hold is released, which can take 3-4 days.

By identifying your income, assets, debts and liabilities, and opening an individual bank account (separate from your partner's), you will begin to take control of your finances. Continue to read through this curriculum to learn more about money-saving strategies and budgeting techniques.

### Online Banking

Banking today is often done electronically or online. Banking transactions done electronically can include depositing money, withdrawing money (getting cash), transferring funds from one account to another or just checking your account balance(s).

The benefits of using electronic banking also include easy access to banking services and to paying bills. This reduces the need to carry large amounts of cash.

### Tips for Safe Banking over the Internet

As use of the Internet continues to expand, more banks and credit unions are using it. They use it to offer products and services and also to enhance communications with consumers.

The Internet offers the potential for safe, convenient ways to shop for financial services and conduct banking business, any day, any time. However, safe banking online involves making good choices. These decisions will help you avoid costly surprises or even scams. It's important that you know how to:

- Confirm that an online bank is legitimate and that your deposits are insured.

- Keep your personal information private and secure.
- Understand your rights as a consumer.
- Learn where to go for more assistance from banking regulators.

For more information, visit <https://www.fdic.gov/bank/individual/online/safe.html>.

### Use a Strong Password

Online banking may save you significantly in postage and avoiding late fees. However, make sure you use a secured, safe internet connection. Creating a strong password is essential.

If you can only memorize one strong password, make it your online banking password. Your password should include:

- Upper and lower case characters.
- Numbers.
- Alternative characters, such as !@#%&\* (when allowed).
- Consider replacing letters with numbers; for example: 'Independent' becomes Ind3p3nd3nt# (3 replaces e and a hashtag is added at the end for extra protection).

The website, [www.moneyinstructor.com](http://www.moneyinstructor.com), has a Bank Online Simulator which might help you better understand how to use features available through online banking.

## MODULE 3

### Mastering Credit Basics

Key topics covered in this module include:

- Reviewing Your Credit Report
- Understanding Your Credit Score
- Improving Your Credit Score
- Understanding Bankruptcy

## MODULE 3 | Mastering Credit Basics



### Mastering Credit Basics

This module explains how to access and read your credit report and better understand your credit score. In addition, it will share strategies on how to improve your credit score.

Please note that the information in this curriculum is intended to be general advice for individuals. However, not everyone's situation is the same. So, if you need specific advice regarding your particular situation, you should contact a domestic violence advocate, financial advisor or attorney.



**Stand up. Speak Out.**

National Domestic Violence Hotline: 1-800-799-SAFE (7233)



## Story of Survival

Vivian is a domestic violence survivor who has left her abusive partner. She is a low-income, working mother who is on public assistance with considerable debt. She cannot afford childcare or rent. Her 40-hour work week often expands to 50 hours when she adds in time for commuting and running errands. In addition, she cooks, cleans and cares for her family which is a full-time job in itself. Vivian dreams of going to college, but to qualify for financial aid, she is required to take a minimum of 6 credits of coursework. With commuting time and homework, this adds up to about 20 hours a week.

Vivian is uncertain about how to manage the money she earns, the debt she has accumulated and her dreams of going to college. She is considering filing for **bankruptcy**.

Vivian's story is similar to many domestic violence survivors, but there is hope. There are people, programs and organizations willing and ready to help her.

The bright side to this story is that Vivian did seek help and worked with an advocate through her local domestic violence program. (She found her advocate through the National Domestic Violence Hotline).

Vivian and her advocate worked closely together to review her credit report, create strategies to reduce her debt and save money. After much worry and contemplation, Vivian did not file for bankruptcy. She was able to get financial aid to get an advanced degree by using the resources available to her and taking action.

If your situation is similar to Vivian's in any way, read this module to learn how to review and improve your credit, manage your debt and avoid bankruptcy. This curriculum, along with supportive partners in your local community, is designed to help you do just that: gain personal and financial independence.



## Reviewing Your Credit Report

### Good Credit

Having good credit is important for anyone. It is especially important if you plan to leave an abusive relationship and build your own financial independence. In addition to learning how to read your credit report, this section also addresses the most popular credit report questions.

### Why is good credit important?

Good credit allows you to obtain loans and credit cards with the best interest rates. It can also improve your ability to rent an apartment, buy insurance coverage, get a job, obtain a mortgage, etc. Landlords, insurance companies and even some employers can have limited access to your credit report. They can:

- Verify your personal information.
- View your payment history.
- See whether you've been sued or have declared bankruptcy.
- See how often you have recently applied for credit.

Some states have enacted legislation that restricts employers from using credit information for making hiring and other employment related decisions, unless the credit is particularly relevant to the job description.

### What is on my credit report?

Your credit report shows whether or not you've paid credit card bills and loans on time. It also shows how much you owe to creditors and whether you have unpaid loans. Remember to review your credit report at least once per year and prior to applying for any new credit accounts.

### Does checking your credit report lower your credit score?

It depends. The following credit checks do not affect your scores:

- Checking your score yourself.
- If you are working with an agency and it pulls your credit report for financial education or for credit counseling purposes.
- Credit inquiries that credit card companies or mortgage lenders make in order to send you preapproved offers.

However, some credit checks do affect your credit score. For example, if you apply for a credit card or mortgage, the company will check your credit report. When it does, your credit score will be affected. Applications for new credit affect approximately 10% of your credit score.

**Best practices:** Only apply for credit when you need it. Try to limit your applications to no more than two times per year.

**Tip:** Avoid applying for an unneeded retail credit card, just to save 10% on your purchase.

If you are shopping for a major purchase such as a home or a car, multiple inquiries made in a 14 day period counts as just one inquiry. Therefore, if you are shopping for a mortgage or car loan, apply with various lenders within the same week to protect your credit score and to compare the best rates.

**Reviewing Your Credit Report**

The first step to mastering credit basics is to access and review your credit report. A credit report provides information about you and your history of paying debts.

Once a year, you can request a free copy of your credit report from each of the three credit reporting agencies (Equifax, Experian and TransUnion). A central website handles requests for the three agencies. You may order your reports online, by phone or by mail.

Be aware that while you can obtain a copy of your **credit report** for free, the free report does not give you your **credit score**. To obtain your credit score, you will have to pay a small fee. It is not always necessary to know your credit score – knowing what’s in your reports is most important. However knowing your credit score is helpful if you are getting ready to apply for a loan or another line of credit.

There are lots of free ways to access a free credit score through several websites. Many credit card companies are now offering free credit scores to their customers, and there are also many

consumer websites available where you can access free credit scores.

These websites can help you monitor progress towards your credit goals and get personalized information about how to improve your credit score. However, keep in mind that you will be required to supply personal information in order to access these websites. These sites may also include advertisements for loans and credit cards. Make sure to find out which credit score you are looking at, and know that it may be a different score than a lender or business may use to qualify you for a loan or service.

Annual Credit Report Request Service is the only source for the free federally legislated annual credit reports. You can contact them directly or work with your local domestic violence advocate to request a copy of your credit report.



**Annual Credit Report Request Service**  
 P.O. Box 105281 Atlanta, GA 303485281  
 1-877-322-8228  
<http://www.annualcreditreport.com>

**Equifax**  
 1-800-525-6285  
[www.equifax.com](http://www.equifax.com)

**Experian**  
 1-888-397-3742  
[www.experian.com](http://www.experian.com)

**TransUnion**  
 1-800-680-7289  
[www.transunion.com](http://www.transunion.com)

Obtaining a copy of your credit report and monitoring your credit is very important. Your credit score often determines the rate you pay on your credit cards and loans. This includes both mortgage loans and car loans. A mortgage loan is a loan that allows you to purchase a home.

Take a look at the chart below. It shows the interest rates on a \$200,000 house mortgage, to be paid in 30 years. The better the **credit rating**, the lower the rates. For someone with the highest credit rating, the monthly payments would be \$870 per month. But someone with the lowest credit rating would be charged a higher interest rate. At this higher rate, the monthly payment would be \$1,053. That’s a difference of \$183 per month!

**\$200,000 House Mortgage**

Credit Rating	Interest Rate	Monthly Payments
760-850	3.243%	\$870
700-759	3.465%	\$894
680-699	3.642%	\$914
660-679	3.856%	\$938
640-659	4.286%	\$988
620-639	4.832%	\$1,053

The following chart shows the interest rates and payments for a \$20,000 car loan, paid over 60 months. Notice the difference in monthly payments and in the total price of the car.

**\$20,000 New Car Loan**

Credit Rating	Interest Rate	Monthly Payments	Total Price of Car
750+	2.69%	\$357	\$21,420
700-749	2.69%	\$357	\$21,420
650-699	3.19%	\$361	\$21,660
600-649	5.79%	\$385	\$23,100
below 599	8.09%	\$406	\$24,360

The best way to learn about a credit report is to look at an example.

**See page 70 for a sample credit report.**



### Understanding Your Credit Report

All credit reports contain the same general information:



#### Personal Identifying Information

- Name
- Birth date
- Social Security number
- Current and previous addresses
- Employment information

Some information, such as addresses, new names and employment information usually gets updated only when someone applies for credit. Therefore, it is common to find some of this information out of date. It is important to check the accuracy of all the information to watch out for identity theft and errors.

When reading your credit report, be sure to confirm that all personal identifying information is actually yours. If any of this is wrong, it could be a simple error, or it could be a sign of identity theft (which was discussed earlier in Module 1).

### Credit History

A credit history lists different types of credit accounts, such as mortgage (real estate), credit cards (**revolving credit**), and installment credit (personal or auto loans). For each account you should be able to find detailed information about:

- Payment history
- Balance information
- Creditor contact information
- Current status and more

Negative and collection accounts are often listed separately from accounts that are in good standing.

#### Public Records

- Bankruptcy filings
- Foreclosures
- Judgments
- Liens

#### Inquiries

This is a list of creditors and other authorized parties that have requested and received a copy of the credit report in the last 2 years.

All credit reports contain the same general information. However, different reports may display information differently and/or not display certain information. In addition, the credit reports that a lender, employer or other businesses see will be slightly different from what you see when you pull your own report. For example, credit reports sold to employers will not have personal information such as age, marital status, account numbers or other personal information that is protected under by Equal Credit Opportunity Act.

### Where can I get help to improve my credit?

There are organizations that can help you improve your credit. Locate a reputable (trustworthy) nonprofit community-based credit counseling or financial coaching organization. It's best to work with one that provides one-on-one assistance.

Be aware there are expensive credit repair clinics that are not reputable. Be careful of organizations that charge upfront fees, make unrealistic promises or lack accreditation credentials. Using non-reputable organizations can actually harm your credit. This topic will be further discussed later in this module.

### What are some credit issues that are unique to domestic violence survivors?

Any time you apply for a new credit card or agree to purchase something 'same-as-cash,' you need to fill out an application. The application will ask for information such as current address, phone number, and employment information. This information may be included on your credit

report. If your partner still has your Social Security number, they can assume your identity, access your credit report and see your contact information.

Also, any joint accounts with your partner (even if you no longer access them) may affect your credit negatively, if your partner is irresponsible. If possible, have your name removed from any jointly held accounts.

If your partner uses one of your credit accounts without your permission, you can file charges with the police. This may not lead to a criminal case, but having a police report filed may assist you in repairing any damage that is done. You should not be held accountable by a creditor. You can use a copy of the police report to dispute any claims.

In addition, some collection claims may have arisen due to domestic violence. For example, a survivor may have had to flee housing suddenly. In this situation, a property management company can't file for collection.





## Understanding Your Credit Score

As was stated earlier, your credit score is calculated from the information in your credit report. However, it is important to note that there is not just one credit score. There are many different types of credit scores that are used for different purposes. Plus, when you receive a credit score, it will be based on information from one of the three credit bureaus. So, your Experian credit score might be different from your TransUnion or your Equifax score.

The two most common credit scores that you might come across are FICO® Scores and VantageScores. FICO® Scores are still the most popular credit scores used by lenders. However, VantageScores are growing in popularity and these are often the scores that you receive when you access your own score.

While both FICO® and VantageScores use slightly different ranges and calculations, it is true for both that the higher the score the better. And generally, if you improve your VantageScore over time, your FICO® Score should also go up. The following resources and links might be helpful to learn more about FICO/Vantage and credit scores in general.

### Credit.com – FICO vs. Vantage Score: 5 Differences You Should Know

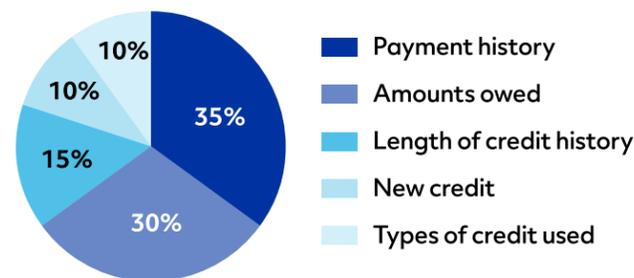
<http://blog.credit.com/2013/01/fico-v-vantagescore-5-differences-you-should-know-64279/>

### NerdWallet – What is a Credit Score?

<https://www.nerdwallet.com/blog/finance/what-is-my-credit-score/>

### Your Credit Score

There are five key factors that make up most credit scores.



According to FICO®, these percentages are based on the importance of the five categories for the general population. For particular groups (for example, people who have not been using credit long) the importance of these categories may be somewhat different.

### Payment History

Payment history is THE most important factor in your credit score.

- Payment information on specific types of accounts (credit cards, retail accounts, installment loans, finance company accounts, mortgage, etc.).
- Presence of adverse (negative) public records (bankruptcy, judgments, suits, liens, wage attachments, etc.), collection items, and/or delinquency (past due items).
- Amount past due on **delinquent** accounts or collection items.
- Severity of delinquency (how long past due).
- Time since there were items past due, adverse public records, or any collection items.
- Number of past due items on file.
- Number of accounts paid as agreed (in good standing).

### Amounts Owed

Your score considers how much debt you currently owe as a factor to help lenders decide if you are capable of taking on new debt.

- Number of accounts with balances.
- Amount owing on accounts.
- Amount owing on specific types of accounts.
- Whether you have a balance on certain accounts.
- Proportion of credit lines used (proportion of balances to total credit limits on certain types of revolving accounts).
- Proportion of installment loan amounts still owing (proportion of balance to original loan amount on certain types of installment loans).

### Length of Credit History

Just as your resume can tell employers your experience in the work world, your credit score factors in how much time and experience you have using credit.

- How long you have been using credit: the date that you opened your oldest account, the date that you opened your newest account, and the average age of all of your accounts.
- Time since accounts opened, by specific type of account.
- Time since account activity.

### New Credit

Credit scores consider how often you are applying for new loans.

- Number of recently opened accounts, and proportion of accounts that are recently opened, by type of account.
- Number of recent credit inquiries.
- Time since recent account opening(s), by type of account.
- Time since credit inquiry(s).
- Reestablishment of positive credit history following past payment problems.

### Types of Credit Used

Credit scores also consider if you have experience managing different types of credit accounts such as credit cards, auto loans and home mortgages.

- Your mix and number of credit accounts (revolving, installment, etc.).

Your credit score is based on all these categories of information, not just one or two. No one piece of information or factor alone will determine your score. The importance of any factor



**Don't close unused credit cards as a short-term strategy to raise your score.**

Consider following the 30% rule (mentioned above). Credit reports look at all your accounts and their total balance. Look at the comparison below. Examples 1 and 2 show two ways of paying \$100 of credit card debt. In Example 1, Card B was paid in full and the account closed. In Example 2, Card B was partially paid. Note the different balance-to-limit ratios.

Original	Balance	Limit
Card A	\$500	\$1000
Card B	\$100	\$1000
<b>Total</b>	\$600	\$2000
<b>Balance-to-Limit Ratio</b>	30%	

**Example 1**

	Balance	Limit
Card A	\$500	\$1000
Card B	paid	account closed
<b>Total</b>	\$500	\$1000
<b>Balance-to-Limit Ratio</b>	50%	

**Example 2**

	Balance	Limit
Card A	\$400	\$1000
Card B	\$100	\$1000
<b>Total</b>	\$500	\$2000
<b>Balance-to-Limit Ratio</b>	25%	

In addition, closing unused credit cards will negatively affect your length of credit history. If you are not using your credit cards, make sure that they are securely stored. And try to use them at least once every 6 months so that they don't go inactive. Make sure that you are not incurring any annual fees for cards that you are not using.

Don't open a number of new credit cards that you don't need, just to increase your available credit.

This could negatively impact your length of credit history and increase your number of credit applications. Only apply for credit that you need.

**Length of Credit History Tips**

**If you have been managing credit for a short time, don't open new accounts too rapidly.**

New accounts will lower your average account age. This will have a larger effect on your score if you don't have a lot of other credit information. Also, rapid account buildup can look risky if you are a new credit user.

Again, don't close old inactive accounts in good standing.

**New Credit Tips**

**When seeking a loan, shop around for the best rates. Keep your search within a focused period of time.**

Credit scores distinguish between a search for a single loan and a search for many new credit lines and the time over which inquiries occur.

**Reestablish your credit history if you have had problems.**

Opening new accounts responsibly and paying them off on time will raise your credit score in the long term.

**Note that it's OK to request and check your own credit report.**

This won't affect your score, as long as you order your credit report directly from the credit reporting agency or through an organization authorized to provide credit reports to consumers.

**Types of Credit Use Tips**

**Apply for and open new credit accounts only as needed.**

Don't open accounts just to have a better credit mix.

**Use credit cards but manage them responsibly.**

In general, having credit cards and loans (and paying timely payments) will raise your credit score. Someone with no credit cards, for example, is a higher risk than someone who has managed credit responsibly.



**Keep In Mind**

**Closing an account doesn't make it go away.**

A closed account will still show up on your credit report, and may be considered by the score.

**Opening up a line of credit under a child's name is not a solution.**

Using a child's credit may seem harmless but may result in damaging their credit, limit their ability to get a job, rent and apartment or buy a car. Not to mention, that it's a form of identity theft and illegal.

**Understand how to read your credit card statement.**

Make sure you know where to find the minimum amount due, total due, due date, interest rate, etc. This will enable you to better prioritize when to pay each creditor.

**See page 71 for a sample credit card statement.**

### How to Build Healthy Credit

You may have no credit at all, may be trying to improve poor credit or already have good credit. Regardless, having healthy active credit is essential. Even if you have had excellent credit in the past, if you are no longer using credit accounts (such as loans and credit cards) your credit score will eventually drop.

Managing debt is important and often essential. But building credit is equally important to a healthy credit score. The only way to build credit is by having credit accounts, like loans and credit cards that are being used regularly, paid on-time each month and reported to at least one of the major credit bureaus.

### What are active credit accounts?

Installment account (such as a loan):

- Has a balance.
- Has a monthly payment.
- Is not closed.
- Examples: Personal loans with a fixed term (6 months, 12 months, etc.), Auto loans.
- Once a loan is paid-off and closed, it will no longer be building credit.

Revolving account (credit card):

- Doesn't need to have a balance or monthly payment.
- Needs to be used at least once every six months, but ideally every month.
- Best practice: use a credit card for regular, budgeted monthly expenses and pay the balance in full at the end of the month.

**Example:** Sharon has credit card with a \$1000 limit. She uses her card to pay for gas for her

car throughout the month (about \$300/month) When Sharon receives her paycheck at the end of the month, she pays the balance of her credit card in full. Sharon does not pay any interest on her gas purchases because she does not carry a balance from month to month.

The key to building good credit is to always pay on-time. If a payment is missed, get back on track immediately. The credit score will eventually recover from the missed payment as time goes on with on-time payments.

**Best practice:** Have 3 active credit accounts, at least one installment and one revolving, and use credit monthly.

### How do I find good financial products for building credit?

Start with what you know. If you already have a relationship with a bank or credit union, start there. Ask your banker what products they have available that you might qualify for. Many credit unions now offer secured credit cards and other starter credit building products for people who are establishing or reestablishing a credit history.

Find nonprofit financial institutions and community lenders who offer safe and affordable products.

Questions to ask when applying for credit:

- Are the monthly payments affordable?
- What credit bureaus are being reported to?
- What are the terms and conditions of the account?
- Are there any hidden fees or unexpected charges?
- Do I know who to contact if there is a problem with the account?



### Do my rent payments get reported on my credit report?

Rent payments were not previously reported to credit bureaus, but that is slowly changing. Generally, rent reporting depends on the landlord's participation and willingness to report payments. However, there are some services, like Rental Karma, that can provide rent reporting for individuals. However, these services charge a monthly fee to participants. Check with your property management company/landlord to see if they can report your rent payments to demonstrate good credit.

Learn more about resources on Rent Reporting here: <https://www.nerdwallet.com/blog/finance/credit-report-rent-payments-incorporated/>

### Correcting Errors

If you discover errors on your credit report, it is important to take action to correct these errors as soon as possible. Errors on your credit report are potentially very damaging to your credit score. You can dispute errors online, which is usually quick and easy, however, you can also follow these steps:

- Make a copy of your credit report and circle every item you believe is incorrect.
- Write a letter to the credit reporting agency (the address is printed on the report). Tell the credit reporting company, in writing, the information you feel is inaccurate. Include copies (NOT originals) of documents that support your position. Explain each dispute and request an investigation to resolve the issues.
- Send a similar letter to the creditor you believe reported incorrect information.
- Send all materials by certified mail, return receipt requested, so you have proof the information was received.

The reporting agency must begin an investigation by contacting creditors within 30 days of the date of the dispute. They do this to verify the accuracy of the information. If the creditor can't verify that the entry is correct, it must remove the error. If any changes result from the investigation, you have the right to access a free copy of your credit report. This is in addition to the report that you are entitled to each year.

If the investigation reveals an error, you have the right to ask that a corrected version of your credit report be sent to everyone who received the report during the past six months.

Accurate negative information, such as a bankruptcy or delinquent account, typically remains on your credit report for at least seven years. Remember that just because an item falls off your report, if it is unpaid, the creditor may still be able to legally pursue collection, subject to laws that vary from state to state.

An example of a letter to a credit agency disputing an inaccuracy on a credit report can be found on page 72.

Finding Help

If you are unable to make a payment, contact your creditor as soon as possible to work out a payment plan. If you need help with this or with setting up a budget, contact a credit counseling service or a reputable nonprofit financial coaching or counseling organization. Also, take time to learn more by visiting the Federal Trade Commission (www.ftc.gov) to better understand your collection rights. Contact the National Consumer Law Center (www.NCLC.org) or the Texas Center for Consumer Law (www.TexasCCC.com) to learn more about your personal rights as a consumer.

Don't be fooled by companies who claim they can erase bad credit. There is no quick fix for improving credit. A counselor should never suggest any of these actions:

- Make false statements on a loan or credit application.
- Dispute information that you know is accurate.
- Misrepresent your Social Security number.
- Obtain an Employer Identification Number from the Internal Revenue Service (IRS) under false pretenses.

If one does, find a new counselor. If you were to commit any of these acts, you would be guilty of committing fraud.

Nonprofit organizations in every state offer credit guidance at little or no cost. Your employer, credit union or housing authority may also offer no-cost credit counseling programs.

If you need additional credit advice and assistance, the Federal Trade Commission suggests that you ask the following questions to a potential counseling service.

What services do you offer?

Look for an organization that offers a range of services. Services could include budget and credit counseling, plus classes in savings and debt management provided by trained and certified counselors.

Counselors should discuss your entire financial situation. They should help you develop a personalized plan to solve your current money problems and prevent future ones. The first counseling session typically lasts an hour, with follow up sessions.

Avoid organizations that push **debt management plans (DMP)**. DMPs are not for everyone. Sign up for a DMP only after a certified credit counselor has reviewed your financial situation thoroughly and has offered customized advice about managing your money. If you had a DMP with an organization that closed, ask the new credit counselors how they can help you retain the benefits.

Are you licensed to offer your services in my state?

Many states require that an organization register or obtain a license before offering credit counseling, debt management plans and similar services. Be sure to work with an organization that has met your state's requirements.

Do you offer free information?

Avoid organizations that charge for information about their services.

Will I have a formal written agreement or contract with you?

Don't commit to participate in a DMP over the telephone. Get promises in writing. Read documents carefully before you sign them. If you're told you need to act immediately, consider finding another organization.

What are the qualifications of your counselors? Are they accredited or certified by an outside organization? If so, which one? If not, how are they trained?

Find an organization whose counselors are trained by a group that is not affiliated with the firm that provides credit.

Have other consumers been satisfied with the service they received?

Once you've identified credit counseling organizations that suit your needs, check them out with your state attorney general, local consumer protection agency and Better Business Bureau (www.bbb.org). These organizations can tell you if any consumer complaints are on file. Be aware that the absence of complaints doesn't guarantee legitimacy. However, if there are consumer complaints, be very careful.

What are your fees? Do you have setup and monthly fees?

Get a detailed price quote in writing. Ask specifically whether all fees are covered in the quote. If you cannot afford to pay the fees, ask whether the organization waives or reduces fees

to consumers in your situation. If an organization won't help you because you can't afford to pay, look for help elsewhere.

How are your employees paid? Do the employees or the organization receive commissions if I sign up for certain services, pay a fee or make a contribution to your organization?

Employees who recommend that you purchase certain services may receive commissions. And many credit counseling organizations receive compensation for enrolling consumers in DMPs. If the organization won't disclose whether it receives compensation from creditors, or how their employees are compensated, go elsewhere for help.

How do you keep personal information including name, address, phone number and financial information confidential and secure?

Credit counseling organizations handle your most sensitive financial information and should have safeguards in place to prevent misuse.

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## Understanding Bankruptcy

Bankruptcy is a last resort. It cannot clean up a bad credit record and will be part of your credit record for up to 10 years. It usually does not eliminate:

- Child support
- Alimony
- Fines
- Past due taxes
- Some student loan obligations

Unless you have an acceptable plan to catch up on your debt under Chapter 13, bankruptcy usually does not permit you to keep property when a creditor has an unpaid mortgage or lien on it.

Before considering bankruptcy, consult a nonprofit credit counselor.

### There are different forms of bankruptcy:

**Chapter 7** wipes out all allowable debts and provides certain personal property exemptions. The **debtor** gives up all property unless the state finds that the debtor needs it to support his or her dependents.

**Chapter 13** is a court approved repayment plan. The debtor keeps all property and makes regular payments on the debts after filing for bankruptcy.

Declaring bankruptcy has long term affects:

- It could determine whether or not you get the job you want. Some businesses use credit reports to make employment decisions.
- Your insurance rates may increase.
- It may be difficult to rent an apartment or qualify for a home loan.
- Bankruptcies stay on your credit report for 10 years.

Phone companies and other utility and service providers may look at your credit history before providing service. According to legislation passed in 2005, many debtors will not be able to use Chapter 7 to wipe out debt. Instead, they must establish plans to repay debt within five years under Chapter 13.

Before you decide to file bankruptcy, try the strategies below:

- **Reduce your spending**  
Consider a smaller home or vehicle. If you reduce spending, you may be able to find the money to repay your debt.
  - **Talk with your creditors**  
Creditors are often willing to work out a payment plan to help you pay off what you owe.
  - **Talk with a nonprofit counseling agency**  
These agencies can help you create a plan to handle all of your debts.
  - **Talk to an attorney**  
Expert advice can help you understand the consequences of declaring bankruptcy.
  - **Consider debt consolidation**  
To pay your debt, you may be able to borrow against equity in your home, retirement savings, stocks or other securities, or the cash value of your life insurance policy. Analyze the risks and consequences of this action thoroughly as they can be considerable.
- Each state has laws defining exempt and nonexempt property. Creditors cannot seize exempt property. Some property is entirely exempt, while the exemption for other property may be limited to a certain dollar amount. Examples of exempt property include:
- Household furniture and furnishings
  - Clothing and jewelry
  - Tools of a trade or business

Social Security and other such benefits, including life insurance, may also be exempt property. Some states exempt all or a portion of one's home and adjoining land. To learn more about which assets are protected in your state, contact a lawyer or local nonprofit legal organization.

As you have learned in this module, it's important to have a thorough understanding of your credit score. This understanding will have a tremendous impact on your ability to gain financial independence. Remember, work with your local domestic violence advocate on securing your credit report and improving your score. Also, you can visit the links below to learn more about the impact of your credit score.



**FICO**

[www.scoreinfo.org](http://www.scoreinfo.org)

**Vantage Score**

<http://your.vantagescore.com>

**Credit Builders Alliance –  
Credit Reports & Scores  
Made Simple**

<http://learnaboutcreditreports.org/>





## MODULE 4

### Building Financial Foundations

Key topics covered in this module include:

- Financial Paperwork
- Loan Options
- Housing Options
- Home Ownership
- Mortgage Application Process



## MODULE 4 | Building Financial Foundations



### Building Financial Foundations

Now that you have learned the basics of finance management in Modules 1 and 2, as well as credit report information in Module 3, this module reviews advanced financial management principles and topics.

Please note that the information in this curriculum is intended to be general advice for individuals involved in an abusive relationship. However, not everyone's situation is the same. So, if you need specific advice regarding your particular situation, you should contact a domestic violence advocate, financial advisor or attorney.



**Stand up. Speak Out.**

National Domestic Violence Hotline: 1-800-799-SAFE (7233)



## Story of Survival

Joelle loves her job. She works 20 hours a week for an organization that advocates for, and provides support to, families in low-income communities.

Joelle's life hasn't always been in such a good place. In 1999, she was convicted of a drug felony, incarcerated and went through a drug treatment program. Following her release, she became pregnant and had a child. However, the father was abusive and the relationship did not last.

Joelle had to earn a living and pay for childcare. Because of her felony conviction, she was ineligible for welfare, subsidized childcare, training/education funding, or subsidized housing. She supplemented her income by selling jewelry. To hold her expenses down, she moved in with her cousin. However, the father of her child began to harass her at her cousin's home.

Joelle's story is one of many domestic violence survivors. But there is hope and there are people, programs and organizations willing and ready to help.

In 2005, Joelle contacted the National Network to End Domestic Violence and asked for help. By working with her local advocate, she was able to secure another side job which allowed her to work from home. She also worked with her advocate on clever ways to save money and remain hidden from her abuser.

Today, Joelle is living in a one-bedroom apartment near the organization she works for and continues to be a strong and proud mother to her child. Her place is small and she still lives on a very strict budget. But Joelle is no longer sought after by her abuser and she is happy.

This curriculum, along with supportive partners in your local community, is designed to help you do just that: gain personal and financial independence.



## Financial Paperwork

Fully understanding your financial situation is an important step in building a financial foundation. First you need to gather financial documents that indicate what you owe, how much you have and what your living expenses are. Doing so will prepare you well for any future loans or large purchases, such as an auto or home loan.

At every step of the process, make sure you are considering your personal safety, even if you are no longer with an abusive partner. Talk to an advocate to create a safety plan and be mindful of keeping safe. Consider carefully where you store your financial documents and records. You might want to copy or take pictures of some documents, as a back-up.

The following list of documents may help as you rebuild your financial life. This list is the ideal and is quite long. Not all items will pertain to your situation. Don't be discouraged if you are unable to obtain all of these documents. At a minimum, make note of account numbers, the phone number for your bank or credit union, credit card companies or other lenders. With the account numbers and contact information you will be able to reconstruct many of these documents. Work with your advocate to make a plan for safely gathering documents.

### Financial Records

- Bank statements
- Bank certificates of deposit
- Information and statements
- Loan documents and statements
- Mortgage repayment records
- Tax filings and refunds
- Business financial statements
- All employee benefits (including insurance, retirement and bonuses)
- Statements of all retirement or investment accounts
- Documentation from any public assistance or benefits received
  - Records of debts
  - Records of business partnerships

### Legal Documents

- Birth certificate(s)
- Marriage certificate
- Passports/Immigration Paperwork
- Social Security card(s)
- Wills and trust documents
- Records of debts

- Records of business partnerships
- Pre- and post-marital agreements (divorce settlements)
- Previous divorce settlements
- Records of any pending legal actions
- Records of inheritance
- Driver's license or state identification card
- Adoption papers for any adopted children
- Paperwork pertaining to immigration and laws for you, your children and partner
- Protection restraining orders (including police reports)

Property Documents

- Title documents
- Lease/Rental/Mortgage agreements and payment records
- List of collectibles, jewelry, artwork, other valuables (include photos)
- Vehicle registrations
- Insurance policies
- Pictures of the furnishings and personal items in your home
- Copies of any existing wills and deeds

Health Records

- Medical and dental records
- Health, life and disability insurance policies
- Medical expense records
- Records of prescriptions for drugs and eyeglasses
- List of doctors (for you and your children or other dependents) and their telephone numbers
- Living will

Monthly Expense Documents

- Household bills (utilities, rent/mortgage)
- Education records
- Entertainment
- Childcare costs and contact information, including after-school programs or summer camps
- Church and charitable donations
- Transportation information (gas receipts, toll receipts, tax fare, etc.)

This list does not include every financial document that exists. However, it does provide a thorough starting point for collecting the information and data you might need in your financial future. You may not be able to access every document on the list, but reviewing the list may help you remember the assets and liabilities you have.

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Loan Options

As you begin to rebuild your financial foundation, you may want to look at obtaining a loan to meet your financial goals. Taking on debt isn't always bad and can actually be very helpful in building a positive credit score. The key is to not take on more debt than you can manage. Knowing about different kinds of loans will help you make better decisions. After all, knowledge is power and a most important piece of knowledge is this:

**Avoid taking out any loan unless you have a solid plan for repayment.**

Also, be aware that if you are attempting to keep your location or actions confidential, taking out ANY loan, including credit cards, may make you vulnerable and traceable via your credit report.

There are essentially two types of loans: unsecured and secured.

An unsecured loan is a loan obtained without collateral (such as a house or car). This loan is also called a signature loan. There are three main types of unsecured loans: IOU Loan, Credit Card Loan and Personal Loan.

Unsecured Loans

IOU Loan

The simplest unsecured loan is a personal loan from a friend or family member. An IOU (I owe you) is a signed agreement to pay back the loan.

This type of loan may be a good option. But before taking a loan from family or friends consider the following questions: What might happen if I'm unable to repay the loan? What if my family member or friend changes their mind and wants to be paid back earlier? How might this damage the relationship?

If you decide that an IOU loan is a good option, put the agreement in writing. Spell out all of the terms of the loan, interest to be paid and when payments are due. By having the agreement clearly stated in writing, you can avoid problems in the future. Here is a list of what should be included on an IOU loan:

- Date, month and year the agreement is made
- Full name and address of the person lending the money
- Full name and address of the person borrowing the money

- Amount of the loan
- Number of months or years the loan is for
- Amount of each scheduled payment
- Interest charged on the loan (if applicable)
- Signatures of the borrower and lender

### Credit Card Loan

Another common type of unsecured loan is a purchase made on a credit card. Each time you make a credit card purchase, you sign a form which authorizes the payment and shows you agree to pay the money borrowed. The term and amount of the loan are predetermined when you first apply for and receive the credit card.

With this type of loan, the money is not loaned on the basis of collateral, such as home or property ownership. The credit card company merely has the borrower's agreement to pay any funds borrowed. However, if the loan is not paid in the expected time, fees may be added. The account may be sent to collections, and legal proceedings can be taken against the borrower.

As has been mentioned previously, the key to any loan is to use it only if you have the ability to repay.

With that said, credit cards can be a good option for short-term needs and for establishing credit. However, discipline is the key to using credit cards.

Before putting something on a credit card, consider the interest rate, the monthly payment and how long it will take you to pay off the loan.

### Personal Loan

Banks can also offer an unsecured personal loan to a borrower. Usually they will assess whether

the borrower is a good risk before handing over cash without collateral. Those who have lower credit scores tend to have less chance obtaining an unsecured loan. And if they can get one, they may be assessed high interest rates, since the lender is taking more risk.

Usually, an unsecured loan is for a small amount, perhaps for a one-time medical fee or short-term needs. When your credit is good, shopping around for the best interest rate for an unsecured loan is a good idea.

Frequently, the best rates for an unsecured loan are offered through credit unions. If you have an existing account with a credit union, obtaining an unsecured loan should not be a problem.

### Student Loan

Student loans are a type of unsecured loan. They will be covered in Module 5.

### Secured Loans

Secured loans are those loans that are protected by an asset or collateral of some sort (such as a car or house). Secured loans are less of a risk to the lender because the lender can recover any loss from the collateral used to secure the loan.

### Benefits of Secured Loans

- The best way to obtain larger amounts of money.
- Lower rates, since there is less risk for the lender.

### Drawbacks of Secured Loans

- If the loan is not repaid; the lender may take possession of the asset.
- Since the loan amount is generally higher; the application process may take longer.

There are three main types of secured loans: Debt Consolidation Loan, Car Loan and Home Loan.

### Types of Secured Loans

#### Debt Consolidation Loan

One type of secured loan is a debt consolidation loan where a home or other personal property is used as collateral. Instead of having many high interest credit card payments to make each month, money is loaned to pay the original lenders off, and the borrower then only has to repay the one loan.

This is not only more convenient, but it can also save a lot of money over time, since interest rates for secured loans tend to be lower. A debt consolidation loan usually offers a lower monthly payment as well.

There are pros and cons to debt consolidation loans. This site offers information to consider: <http://www.nolo.com/legal-encyclopedia/debt-consolidation-pros-cons.html>

If you are considering debt consolidation, it's important to find a trustworthy credit counselor and company. Consumer Affairs provides lots of helpful guides and tips, including debt consolidation, provided at the link below: [https://www.consumeraffairs.com/debt\\_counsel/#](https://www.consumeraffairs.com/debt_counsel/#)

#### Car Loan

A car loan is a very popular type of secured loan. With it, the loan is secured with the value of the vehicle.

The primary difference between loans for new and used cars is that new car loans tend to come at a lower interest rate. This may be an important factor for people with poor credit, as the higher interest rate could make a used car substantially more expensive. For people with good credit, the difference in interest rate may not make a huge impact. In either case, people should be very careful when shopping for a car loan to ensure that they get the best loan for their needs.

Before shopping for used cars or loans, it is a good idea to sit down and determine what kind



of car payment you can afford. Drivers should remember that in addition to monthly payments, the car will need to be insured. It will also require gas and periodic repairs and maintenance.

All of these costs can add up. Therefore, it's important to plan for them in a monthly budget to avoid surprises or a loan that is too big to carry comfortably.

When considering a car loan, it can help to use a car loan calculator, such as <http://www.edmunds.com/calculators/simplified-pricing.html>. A car loan calculator can give you a rough idea of how the amount of a loan, the length of a loan, and the interest rate can change monthly payments. It can help you figure out the total cost of the loan over time.

As a general rule, loans with short terms are better (36 vs. 60 months), because borrowers pay less interest, and the lower the interest rate, the less costly the car financing.

New car loans tend to be large, because new cars are more expensive than used cars, but the interest rate tends to be lower than that for a used car. Taking out a loan will add to the cost of the car over time, because people will be paying interest in addition to the principal balance, but for people who cannot afford cash for a new car, new car loans can be an option.

The chart below shows a \$15,000 car loan. It shows the different interest rates that may be charged, depending on the length of the term.

Loan Amount	Term (Months)	Interest Rate	Monthly Payment	Total Interest Paid
\$15,000	36	3.24%	\$437.81	\$761
	48	3.39%	\$334.61	\$1,061
	60	3.49%	\$272.81	\$1,369
	72	3.74%	\$232.90	\$1,769

As you can see, a shorter term means you pay a higher monthly payment. However, over the length of the loan, you end up paying much less interest.

Here's a link to calculate different loan terms so you can figure out what might work best for you: <https://www.allstate.com/tools-and-resources/car-insurance/compare-auto-loans-calculator.aspx>

Used car loans are generally smaller, but they carry some extra risk, which is why they tend to have a higher interest rate. The lender's concern is that the value of the car may go below the value of the loan before the loan is fully paid, and if a borrower defaults, the lender may have trouble recovering the full amount of the loan. Hence, a high interest rate is charged to make the loan less risky for the lender.

#### Car Financing Through a Car Dealer

If you are considering financing a car through the dealer, make sure you understand all of the costs. Some car dealers may have working relationships with local lenders to make the financing process easier. However, these relationships may involve payments to the dealers for routing loans to particular lenders. Be sure to ask the dealer to fully explain all of the costs involved to understand what you are paying for in the process.

#### Car Financing Online

It is also possible to find used car financing online, although the customer service may not be as



good. To avoid a negative impact on your credit scores, shop around without actively applying for any loans. Then ask only one or two online lenders that appear to have good rates and terms for pre-approval on a used car loan. In a pre-approval, the lender will provide the borrower with paperwork indicating how much the lender will give out, and what the interest rate and terms of the loan would be.

#### Car Financing With No Credit

The last type of a car loan to discuss is the no credit car loan. While there may be good reasons to consider a no credit car loan, there can also be

some dangers. In some cases, a no credit car loan may seem like a good solution for those who have bad credit or have no credit history. Some of the drawbacks include:

- Typically only available on used cars.
- Many lenders that offer this type of loan do not report to the credit reporting agencies (which makes it difficult to rebuild your credit).
- The interest rate is typically higher due to the increased risk.
- If a payment is missed, the interest rate may increase and the lender can repossess (take back) the vehicle.

If you have bad credit, chances are good that you'll find at least some lenders who are willing to finance your automobile purchase. However, it's wise to be extra careful when shopping for car loans in this situation. Some lenders take advantage of borrowers who have bad credit. They know borrowers with bad credit may take just about any offer because they feel desperate.

#### Mortgage Loan

Mortgage loans will be covered in the next section, Housing Options.

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## Housing Options

As you look to secure new housing, you have options to consider. Three options are transitional housing, a rental unit and home ownership.

### Transitional Housing

Transitional housing programs can be an option for someone who is leaving an emergency shelter or is not yet in a position to afford living completely independently. In addition to affordable housing, many of these programs also provide support services to help residents build skills in money management. Some also offer savings programs. These programs allow you to develop the skills you need to obtain permanent housing.

Some transitional housing programs offer rent **subsidies**. Subsidies allow participants to find and keep their own housing by assisting them for a set period of time with rent. Other programs allow participants to live in apartment-style quarters owned or managed by the program. Some are group settings or congregate living where several individuals or families share a household.

Many times, transitional housing units are dedicated specifically for victims of domestic violence and their families. Services that may be available include:

- Childcare
- Advocacy/counseling/emotional support
- Job training
- Job placement

Most programs offer assistance for up to two years. To learn more about transitional housing programs and if they exist in your community, contact your local domestic violence program.

### Rental Properties

Before you look for a room, apartment, or house to rent, determine how much you can afford to pay each month. Housing experts generally recommend that you limit your rent to 25% to 30% of your income.

For example, if your gross monthly income is \$1,600, you should look for something that costs no more than \$400-\$480 a month.

Before you rent:

- Determine the size home you need and whether you need to live near your work, family, bus line, store, bank, etc.
- Define your needs. Do you prefer to rent an apartment, townhome or mobile home? What size rental do you need (studio, one bedroom, two bedrooms or more)?
- Keep in mind that additional fees such as utilities or maintenance fees vary from landlord to landlord. Be sure to inquire about any additional fees that you may be expected to pay.
- Pay outstanding utility bills. Make sure all utility bills in your name are current.
- Look for a rental. There are several ways to find rentals, such as word of mouth, newspaper, online or by driving through areas where you'd like to live.
- Submit your application. Typical applications include questions about your rental history, employment, plus financial and personal information. Be prepared to provide the name and contact information for previous landlords.
- Learn about the rental deposit. Most apartment leases require a rental deposit. A typical deposit is equal to one month's rent. Some leases require more than one month's rent.
- Move in. Once your application is approved and you accept the landlord's terms, sign the lease (after reading it carefully) and move in.

### Section 8 Federal Housing

The Section 8 Federal Housing program makes privately owned rental housing affordable to low-income households. It provides rent subsidies (either rental certificates or vouchers) for eligible tenants. These subsidies usually equal the difference between 30% of the household's adjusted income and the approved market rent.



The standards for approved rent are set by the Department of Housing and Urban Development (HUD) or the Public Housing Authority. For example, if your rent is \$600 and you can only pay \$480, a Section 8 voucher can cover the remaining \$120. Availability of Section 8 and federal housing varies by state and often has a long waiting list.

Although many property owners rent units to individuals with Section 8 vouchers, some do not. If you believe you are a victim of housing discrimination, contact a domestic violence program advocate, legal services or the public housing authority to file a complaint.

### Lease Bifurcation

Are you on a lease or rental agreement with your current or former abuser? If so, you may be able to remove your name or have the abuser's name removed from the lease.

This process is called lease bifurcation. Laws vary by state, so ask an attorney or a domestic violence advocate about the bifurcation laws in your state.

If there is good cause, such as domestic violence, many lease bifurcation laws require landlords to allow one party be released or removed from a jointly held lease. This process may allow you to remove your name so that you can leave the unit without further obligation. Or the process may have your abuser's or former abuser's name

removed. Once a name is removed from the lease, that person has no responsibility to pay rent, utilities or other expenses and has no right to be on the property.

### Addressing Property Damage

If your abuser damages rental property and your name is on the lease, you will be held responsible for the damage. However:

- If your abuser has damaged your property, you may be able to obtain financial assistance to make repairs through your state's Crime Victims Compensation Fund. Crime victim compensations programs provide funding to cover expenses resulting from a crime. For more information, contact your local domestic violence program. You may need to provide a police report or otherwise cooperate with law enforcement to access this fund. However, if you live in public housing, be aware that some public housing units may evict their residents if police are called to their unit.
- If you have renter's insurance, your policy may cover the costs of damage to the property. You may need to file a police report for your insurance company to repair the damage. Consult your policy agreement for more information or call your insurance company to discuss your options.
- You may be able to get financial assistance from a local domestic violence program. Some programs have direct assistance funds for making minor repairs to your home (e.g. changing locks, repairing a door or window). For more information about how direct assistance funds are used in your community, contact your local domestic violence program.

When a tenant moves out of an apartment, most landlords inspect the apartment for damage. If there is no damage or missing items, you should receive your deposit money within 30 days. Keep in mind, however, that you must pay the last month's rent before you receive your deposit.

On page 100, you can find a sample first page of a lease agreement to provide you an idea of what this legally binding contract looks like. Lease agreements can vary in length depending on how many clauses and riders are attached to the basic agreement. If you have any questions about the document, contact a housing organization in your community or an attorney. They can answer your questions and help explain the document to you.

### General Rights of Tenants

Livable rental units must provide:

- Accommodations that are weather and waterproof.
- Plumbing in good working order.
- Enough hot and cold running water.
- A heating system in good working order.
- An electrical system in good working order.
- Freedom from infestations of insects and rodents.
- Sufficient trash cans.
- Floors, stairways and railings in good repair.
- Natural lighting in every room.
- Working windows that open at least halfway (or mechanical ventilation).
- Fire or emergency exits that lead to street or hallway.
- Working deadbolt lock(s) on the main entrance.
- Working security devices on windows.
- Working smoke detectors.



Tenants have a right to written 24-hour advance notice of the owner's intent to enter the property, except in case of an emergency. When a tenant has provided a written request for repairs to the landlord, the tenant has the right to a prompt response.

Tenants must receive 30 days written notice of a rent increase under 10% and 60 days written notice of a rent increase of more than 10%.

Tenants must receive the return of their security deposit within 21 days of vacating a unit. They have a right to an itemized statement of any money withheld by the landlord.

### General Tenant Responsibilities

Tenants must:

- Pay the rent on time.
- Keep the unit clean and sanitary.
- Use gas, electrical and plumbing fixtures properly.

- Fix or pay for repairs of items they or their guests damage.
- Not remove anything from the structures or buildings that they have not put there and must not allow anyone else to do so.
- Use the premises and the rooms for their intended purpose.
- Not engage in illegal activities on the premises
- Limit household tenants to the number allowable by law.

### Before Signing a Lease

- Do not put money down unless you're sure you want the apartment.
- Calculate the anticipated costs of utilities (e.g. heat, water, electricity) when determining whether you can afford an apartment.
- Check the apartment to ensure that it's in acceptable condition. Put all agreements for repairs in writing.

- Evaluate how the management responds to “after hours” emergencies.
- Talk with prospective neighbors about the competency and reputation of the landlord and/or management company.
- Visit the neighborhood at night and/or during the weekend to see what the community is like.
- Be aware that although you may be legally entitled to have your deposit returned, it may be difficult to recover.

### How to Handle Evictions for Non-payment of Rent

There are three steps to eviction:

#### 1) Notice from Landlord

The landlord is required to give **written notice** before he or she files a lawsuit against you. The notice may state “Pay the rent or vacate in three days.” If you fail to do either during the designated time, the landlord may file an eviction lawsuit in court.

#### How to handle this notice

Talk to a lawyer if you believe that you do not owe the rent that is being demanded of you. If you agree that you owe the money, you can meet the terms of this notice by paying the overdue rent within the time stated in the notice. Be sure to pay with a check or money order. This will prove that you paid the money. Write the months you are paying for on the check/money order. If you have to pay in cash, be sure to ask for a receipt that specifically states that you have paid those months in full. Be sure to keep the receipt. If you do not have enough money to pay the rent, contact a local domestic violence program or other community organization to learn about possible grants or loans.

#### 2) Notice from Court

If you do not pay the rent that is demanded of you, you may receive a petition for eviction and a summons/notice to appear in court. If you receive these court papers, it means that the landlord has filed an eviction lawsuit against you. Being sued for eviction can have consequences that reach far beyond the court case. Even if you eventually settle the lawsuit, future landlords may be able to view these court records and may not want to rent to you. In other words, you may be “blacklisted” from future rentals.

#### How to handle this notice

**Step 1:** Talk to a lawyer as soon as possible to see if you have any legal defenses to the rent being demanded. For example, if the landlord created an environment that was dangerous to live in, s/he may have breached the “warranty of habitability.”

**Step 2:** Begin thinking of how you may be able to pay the rent owed. Perhaps you can ask your landlord to set up a payment plan. You may be able to apply for a grant to prevent homelessness from public assistance. Or you may be able to get help from a private charity, etc. Even if you do not have a lawyer, show up to the court date. If you do not show up, a judgment of eviction and a warrant for possession of your rental unit will likely be issued. If you do not have a lawyer, contact a non-profit organization such as The Legal Aid Society ([www.legal-aid.org](http://www.legal-aid.org)). You can find listings of non-profit legal organizations for every state on [WomensLaw.org](http://WomensLaw.org)

#### 3) Notice from Sheriff

If the landlord wins the eviction lawsuit against you, s/he can get a judgment of possession of the rental unit and an **order to vacate** (warrant). The order will indicate when you must vacate (move

out). It will likely be enforced against you by the sheriff, marshal or other law enforcement officer.

#### How to handle this notice

Comply with this notice and move your family and your belongings as soon as possible. If you leave any items behind, you may have to pay storage fees to get them back. Or the landlord may consider the items abandoned and discard them. If you did not receive a summons/petition before you received the order to vacate or if you believe that you are being wrongfully evicted for any other reason, see a lawyer immediately. The lawyer may be able to get the order/warrant set aside, on grounds that you did not have a chance to defend yourself in court. However, you may also have to prove that you had a “meritorious defense” to the initial court case. Even if you cannot get a lawyer to help you, you can go to court yourself to see if you can file an order to show (or other legal papers). This would ask the judge to set aside the warrant of eviction and to give you more time to pay the rent owed.

### Illegal Evictions

An illegal eviction can take place when you are forced to leave your home by someone who does not have a legal right to evict you or when your landlord does not follow proper legal procedures in evicting you. Your landlord only has the legal right to exclude you from your home in certain circumstances. In addition, there will be very specific steps that must be followed in order for you to be evicted legally. Talk to a lawyer if you believe that you are being wrongfully or illegally evicted. For example, you may be illegally evicted if your landlord:

- Changes the locks while you’re out or stops you from getting into your home.
- Makes life so uncomfortable for you that you’re forced to leave your home (for example, turning off the heat, gas, hot water, electric, etc.); this is known as a “constructive eviction.”
- Physically removes you from the property or has anyone who is not authorized to do so by law remove you.







have the down payment, closing and inspection costs, and a good credit rating.

Although you may qualify for a large mortgage with some lenders, you may be unable to meet the monthly payments, and you could lose your home. Review your finances and estimated monthly expenses carefully. Do not take on a mortgage unless you can comfortably make the monthly payments.

**Closing Costs**

Closing costs are fees you pay when you finalize the details of your home mortgage with a financial institution.

Closing costs include a title search, which will prove that no one else owns or has a lien on the property. Once this is proven, you must purchase title insurance. You may also have to pay for a land survey, termite inspection and homeowner's insurance. Ask your banker to explain the closing costs before you sign any papers. Watch for hidden fees and be sure to comparison shop.

**Mortgage Types**

A mortgage is a type of secured loan. The terms of a mortgage loan are usually different from a standard bank loan, both in terms of structure and in duration. In most mortgage financing arrangements, the property that is purchased with the financing is used as collateral for the debt. There are three main types of mortgage loans: fixed-rate, adjustable rate, and sub-prime. Each loan is explained in further detail below.

**Fixed-Rate Loan**

The two most common loan terms today are the 15-year and the 30-year mortgage. If a borrower selects a 15-year mortgage, she agrees to repay

- Do you have savings for a down payment and closing costs? Have you researched programs that offer down payments and closing costs for survivors of domestic violence?
- Have you tried to pre-qualify for a home mortgage?
- Can you pay off most of your current debt before you buy a home?
- Have you looked at low- and moderate-income mortgage programs?
- Have you taken homebuyer education classes?

Based on the answers to these questions, can you afford to buy a home? Most lenders require a down payment. It can be anywhere from 3%-20% of the home mortgage. For many first-time homebuyer programs, 3%-5% down payment is standard.

Most people can comfortably repay a mortgage that is 2.5 times their total annual income (before deductions). If you make \$30,000 a year, you may qualify for a \$75,000 mortgage. You still must

the amount borrowed and all interest within 15 years (180 monthly payments). If a borrower selects a 30-year mortgage, she agrees to repay the amount borrowed and all interest within 30 years (360 monthly payments). A fixed-rate loan provides the same interest rate during the life of the loan.

Selecting a loan term that is right for your specific needs is one of the most important decisions you can make when choosing a mortgage. So how do you choose between a 15- or a 30-year mortgage? While there are many factors to consider, most borrowers make the choice based on the monthly payment that is most comfortable. The longer the repayment term of the loan, the less the monthly payment will be. The drawback to this is that over the life of the loan, the borrower will pay more in interest with a longer term than with a shorter term.

**Adjustable Rate Mortgages (ARMs) Loan**

An adjustable rate mortgage, also known as ARM or floating rate mortgage, is a type of mortgage on which the interest rate is not fixed for the entire life of the loan. The rate is fixed for a period at the beginning, called the "initial rate period", but after that it may change based on movements in an interest rate index.

An adjustable rate mortgage is not necessarily a bad thing, just a more risky one. If the index falls, you may pay less than you would with a fixed-rate loan. However, if the index rises, you may pay more. An adjustable rate mortgage often comes with a cap on charges. For example, an adjustable rate mortgage may have a cap of a 2% maximum per year. Or it may have a 6% cap over the lifetime of the mortgage. This protects you while still ensuring the lender a fairly safe transaction.

**Sub-Prime Loan**

What if you cannot qualify for a traditional fixed-rate mortgage loan or are having difficulty obtaining credit through the normal channel? If that is the case, a sub-prime loan may be an option. A sub-prime loan is a loan that is typically given to people with a bad credit record. The interest rate on a sub-prime loan is likely to be higher than an interest rate you would expect on a loan from a bank. Many people will use a sub-prime loan when they cannot get credit to help repair their credit rating.

Lenders of this type of loan usually finance the loan through a third party, so the lending rules are slightly more flexible. Be mindful when investigating in this type of loan as it is often considered high-risk. Also, be sure to read the

**Home Loan Comparison Chart**

Loan Amount	5% Down Payment	Term (years)	Interest Rate (APR)	Monthly Payment	Total Interest Paid	Total Payment
\$100,000	\$5,000	30	3.802%	\$670	\$64,396	\$159,396
		15	3.104%	\$888	\$23,947	\$118,947
\$200,000	\$10,000	30	3.641%	\$1,255	\$122,555	\$312,555
		15	2.894%	\$1,689	\$44,439	\$234,439



section on Predatory Lending which is explained later in this module, as this type of lending is often found in the sub-prime market.

The chart on the previous page compares 15 and 30 year loans for two different mortgages. It shows how term length affects the interest rate, the monthly payment and the overall cost of the loan.

Regardless of which type of loan you apply for, make sure you research home mortgages carefully. Some websites (such as, <https://www.mortgage.com/>) will compare mortgages for you, but consider working with a loan consultant (such as a banker, mortgage broker or realtor) before applying for a mortgage online. The loan consultant can discuss your options and any problems that might affect your eligibility for getting a mortgage.

### Pre-Payment Penalties

Mortgages and other loans often have **pre-payment penalties**. A pre-payment penalty is a penalty that a borrower has to pay if she pays off a loan earlier than was originally agreed. Banks enforce a pre-payment penalty to guarantee

they make a certain amount of money from loaning money to a borrower.

Many lending institutions attach a pre-payment penalty to a loan because loan refinancing has become relatively commonplace. If a consumer takes out a loan, pays on it for a period of time, and then refinances at a lower interest rate, she saves money. The lending institution that provided the original loan, however, loses out on the money that would have been earned from interest payments.

The specifics of a pre-payment penalty vary from one lender to another. One type of pre-payment penalty is referred to as a soft prepay. This type of pre-payment penalty is waived if the source of the original loan, such as a home, is sold. In this case, the penalty is only enforced if the loan is refinanced.

This type of pre-payment penalty is considered to be an incentive for customers who do not plan on refinancing, while still protecting the original lending institution. Be sure to ask at the time of the loan origination if there is a pre-payment penalty. If there is, don't be afraid to try to negotiate if off.

### Predatory Lending

Predatory lending is the practice of using unfair, deceptive and abusive tactics in lending money. Dishonest lenders take advantage of borrowers who are less knowledgeable about lending practices. They do this by getting them to agree to loan terms that are unfair and financially damaging.

Predatory lenders also target borrowers who are so desperate to obtain loans that they will agree to nearly anything. Often, people with poor credit are primary targets for predator lenders. Individuals with low incomes are often targets, as well as women, senior citizens and minorities. However, individuals from all backgrounds, income levels and walks of life can be victims of predatory lending.

### Predatory Lending and Mortgage Lending

Predatory lending is all too common among dishonest mortgage lenders. These mortgage

lenders offer loans at very high interest rates, requiring borrowers to agree to terms that are unfair and damaging. For example, a predatory lender may include unfair pre-payment penalties or **balloon payments** in a loan agreement. Often these terms are hidden within very technical language, making it difficult for the borrower to fully understand what she is agreeing to.

To avoid falling victim to predatory lending, stay away from lenders that advertise guaranteed loan approval. Also, be wary of loans advertised through telemarketers or traveling salespeople. Thoroughly research the lending company you are considering to learn if it has been accused of predatory lending. Also, read all loan agreements carefully before you sign and make sure there are no blank spaces on your loan document. To be safe, consult with a lawyer before you sign any loan documents, especially mortgage loans.

## Notes

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## Mortgage Application Process

Why do some people get loans approved without any problem, while others struggle through the process? What do lenders look at when they evaluate you? These questions will be answered in this section.

Getting your loan approved depends on how your financial background matches the lender's criteria for granting loans. Although the criteria may change from lender to lender, the following guidelines are often used to evaluate loan applications.

### Employment History

Depending on the type of loan, most lenders look for two consecutive years of employment within the same industry. This shows employment stability and that you do not hop from one job to another. Employment history helps lenders evaluate your ability to earn income and repay a loan.

### Credit History

You must demonstrate that you can manage credit responsibly. Lenders look for a history of on-time payments. Too much debt on credit cards or maxed-out credit lines indicate that you may be unable to pay your debt. Pay down any short-term debt at least six months before applying for

a new loan. A good rule is that you should not owe more than 30% of the card limit (e.g. if your limit is \$1,000 you should not owe a balance over \$300).

### Outstanding Liabilities

How big a loan can you comfortably repay?

The size of your income dictates the amount of loan you can support. Your total monthly payments for debts (including credit card debt, car loans, student loans, existing mortgages and/or child support) should not exceed 42% of your monthly earnings.

### Cash and Asset Reserves

Lenders may request information about your cash available (checking and savings). This is particularly important if you apply for a mortgage loan, as lenders may require that cash and assets be available to pay at least two monthly mortgage payments.

Before visiting a lending institution, you should take advantage of numerous online mortgage calculators. These mortgage calculators also make it possible to determine how much you can afford in a mortgage loan, as well as what your monthly payments would be for specific mortgage loan amounts.

Although the information on these calculators is not as accurate as the information provided by a lender, it does provide you with ballpark figures.

### Pre-qualification Process

Loan pre-qualification is a process that pre-approves a homebuyer for a specific loan amount. Loan pre-qualification can aid a homebuyer because it gives the buyer a clearer picture of how much money can be spent toward the purchase of the home. It can also make your offer on a property more appealing to the seller if they know you are pre-qualified.

The loan pre-qualification process is a simple one. First, the loan officer asks the homebuyer several questions, some of which may require documented proof.

For example, the loan officer will ask the homebuyer to provide proof of income and debt in order to determine a debt to income ratio.

In order to determine this ratio, the loan officer needs to know the homebuyer's outstanding debts, assets, credit, and employment status. After evaluating all of this information, the loan officer can provide the homebuyer with an estimate of how much money he or she can spend toward the purchase of a new home.

### Loan Approval Process

As valuable as loan pre-qualification letters can be, they are not a guarantee of a loan.

The actual loan approval process is a long and sometimes tedious one, even if the homebuyer's income and credit history is great.

After pre-qualification (and finding a home you'd like to purchase), the next step is to apply for a mortgage loan. A mortgage application is a type of loan application. When a person wants to buy



real estate, they apply for a mortgage from a lending institution.

The application asks a number of important questions about the applicant's identity, employment history, income, monthly expenses, and debts. It also asks for information about the house the person wants to buy and the requested mortgage amount.

The application form is only one part of the mortgage application process. A big part of this process is the checking of the borrower's credit. This is done by ordering a credit report through a credit bureau.

### Checking Your Credit Report

The purpose of this check is to find out whether or not the borrower has a history of paying his bills on time.

No matter how good an applicant looks on a loan application, she stands to be rejected if her credit history is poor. There are some mortgage lenders that grant loans to people with imperfect credit, but the terms of such loans may be poorer than those offered to borrowers with good credit.

Before submitting a mortgage application, many home loan experts recommend that borrowers





## MODULE 5

### Long-Term Planning

Key topics covered in this module include:

- Savings Strategies
- Investment Options
- Insurance Overview
- Education Opportunities
- Education Finances



## MODULE 5 | Long-Term Planning



### Long-Term Planning

To prepare for a stable future, it's important for survivors to learn ways to save, protect and grow their money.

This module provides steps you can take to set financial goals and save money. It also includes other advanced money-saving topics such as investing and education planning.

Please note that the information in this curriculum is intended to be general advice for individuals involved in an abusive relationship. However, not everyone's situation is the same. If you need specific advice regarding your situation, contact a domestic violence advocate, financial advisor or attorney.



**Stand up. Speak Out.**

National Domestic Violence Hotline: 1-800-799-SAFE (7233)



## Story of Survival

Lauren, a successful businesswoman, has hidden the pain of her abusive marriage for many years. For a long time she hoped that the violence would stop. But despite all of his promises, James continues to be very cruel toward her. On paper, Lauren and James appear to have built a very successful relationship. This is untrue. Despite her successful, high-paying career, Lauren must ask permission to buy anything. She has no idea what they jointly own.

After 13 years of marriage, Lauren has decided to leave James. She doesn't know where to begin to separate the financial responsibilities they share. James has emptied her savings account and money market fund, leaving Lauren with no access to cash. She is afraid no one will believe her. And she doesn't want her coworkers to find out she is a victim of abuse. She fears they will think of her differently.

If your situation is similar to Lauren's in any way, read this section to prepare you for leaving your abuser. Women who are making life changes should talk with a domestic violence advocate. Together, they can address concerns and get help with plans for financial and physical safety.

As you have learned in this curriculum, Lauren's story is one of many domestic violence survivors. However, there is hope and there are people, programs and organizations willing and ready to help.

This curriculum, along with supportive partners in your local community, is designed to help you do just that: gain personal and financial independence.



## Savings Strategies

Earning interest on your money is an important way to strengthen your financial future. As you read in Module 2, the secret to earning money on your savings or investments is compound interest. This is because you earn interest every year, both on the amount you deposit, plus on the interest you've already earned. With compound interest, even not-so-big amounts can create real wealth, given enough time and dedication.

Compound interest may appear boring. However, according to [www.getrichslowly.org](http://www.getrichslowly.org), it is very important to take advantage of it. That is, start investing now!

Take the example of 20-year-old Britney. She made a one-time \$5,000 contribution to her retirement account. This account earned an average 8% annual return. Britney never touched the money. And so, by the time she retired at age 65, that \$5,000 grew to \$160,000. But if she'd waited until she was 39 to make her single investment, that \$5,000 would only have grown to \$40,000.

### What makes compound interest so great? Time!

Compounding can be made even more powerful through regular deposits and investments. What if Britney contributes \$5000 to her retirement account each year? If she leaves it untouched

for 45 years, with an average of 8% interest, her retirement savings will total over \$1.93 million! She will have more than eight times the amount she contributed!

It's human nature to procrastinate. "I can start saving next year," you tell yourself. "I don't have time to open a retirement account. I'll do it later." But the costs of delaying are enormous. Even one year makes a difference.

Britney likes the idea of having nearly two million dollars in her account when she retires. If she makes \$5,000 contributions to her retirement account each year, and she earns an 8% return, she'll have that amount. But if she waits even five years, her yearly contributions will have to increase to nearly \$7,500 to save that same amount by age 65. And if she were to wait until she was 40, she'd have to contribute nearly \$25,000 a year!

For many of us, saving \$5,000 a year is impossible. That's okay. Start with an amount that works for you, maybe 2% of your income. For example, if you make \$25,000 per year, your annual retirement saving goal would be \$500 per year or about \$40 per month. See page 106 for an example of how regular contributions and an 8% return, can help you reach long-term, financial security.

To make compounding work for you:

**Start early.** The younger you start, the more time compounding can work in your favor and the wealthier you can become. But if you didn't start early, don't despair. There is still time — just put away as much as you possibly can. To help older workers, federal regulations allow them to put more money into retirement plans to give them a chance to “catch up.”

**Make regular investments.** Remain disciplined and make saving for retirement a priority. Do whatever it takes to maximize your contributions. If you work for a company that provides a match, make sure you enroll. Sign up for the highest match you are eligible for. Make your contribution automatic through electronic deposits or transfers. That way, you don't even have to think about it.

**Be patient.** Don't touch the money. Compounding only works if you allow your investment to grow. The results will seem slow at first — most of the magic of compounding comes at the very end.

There are a number of types of accounts where you earn interest on your savings. You can review your options in Module 2 in the Budgeting and Saving section.

According to [www.investopedia.com](http://www.investopedia.com), investing is a method to put your money to work for you. Essentially, it's a different way to think about how to make money. Growing up, most of us were taught that you can earn an income only by getting a job and working. And that's exactly what most of us do. There's one big problem: if you want more money, you have to work more hours or get a higher-paying job. These are not always workable options.

Obviously, you can't create a duplicate of yourself to increase your working time. Instead, send an extension of yourself (that is, your money) to work. That way, while you are working and raising your family, you can also be earning money elsewhere. This is true even if it is only very small amounts. Quite simply, making your money work for you maximizes your earning potential. This is true whether or not you receive a raise, decide to work overtime or look for a higher-paying job.

Year	Year Deposits	8% Growth	Total Deposits	Total Growth	Balance
1	\$480.00	\$21.17	\$480.00	\$21.17	\$501.17
2	\$480.00	\$62.49	\$960.00	\$83.66	\$1,043.66
3	\$480.00	\$107.20	\$1,440.00	\$190.86	\$1,630.86
4	\$480.00	\$155.61	\$1,920.00	\$346.47	\$2,266.47
5	\$480.00	\$208.00	\$2,400.00	\$554.47	\$2,954.47
6	\$480.00	\$264.72	\$2,880.00	\$819.19	\$3,699.19
7	\$480.00	\$326.11	\$3,360.00	\$1,145.30	\$4,505.30
8	\$480.00	\$392.55	\$3,840.00	\$1,537.85	\$5,377.85
9	\$480.00	\$464.48	\$4,320.00	\$2,002.33	\$6,322.33
10	\$480.00	\$542.34	\$4,800.00	\$2,544.67	\$7,344.67
11	\$480.00	\$626.61	\$5,280.00	\$3,171.28	\$8,451.28
12	\$480.00	\$717.83	\$5,760.00	\$3,889.11	\$9,649.11
13	\$480.00	\$816.57	\$6,240.00	\$4,705.68	\$10,945.68
14	\$480.00	\$923.45	\$6,720.00	\$5,629.13	\$12,349.13
15	\$480.00	\$1,039.14	\$7,200.00	\$6,668.27	\$13,868.27
16	\$480.00	\$1,164.36	\$7,680.00	\$7,832.63	\$15,512.63
17	\$480.00	\$1,299.91	\$8,160.00	\$9,132.54	\$17,292.54
18	\$480.00	\$1,446.63	\$8,640.00	\$10,579.18	\$19,219.18
19	\$480.00	\$1,605.45	\$9,120.00	\$12,184.63	\$21,304.63
20	\$480.00	\$1,777.36	\$9,600.00	\$13,961.99	\$23,561.99



## Investment Options

There are many different ways you can go about making an investment. Possibilities include putting money into stocks, bonds, mutual funds or real estate. Sometimes people refer to these options as “investment vehicles.” This is just another way of saying “a way to invest.” Each of these vehicles has positives and negatives. The point is, no matter which method you choose for investing your money, the goal is always to put your money to work so it earns you money.

The most obvious investment for many of us is a retirement account or long-term savings plan. A retirement account is a savings strategy designed to provide an income after you are no longer working. Retirement plans can be set up by employers, insurance companies, the government or other institutions such as employee associations or trade unions. The following are some of the ways you can save for retirement.

**Individual Retirement Accounts (IRAs)** are retirement accounts that provide tax advantages when you save for retirement. There are different types of IRAs, some provided by employers and others are set up by individuals.

**Pensions** are retirement plans set up by employers to provide benefits to retired employees.

**401(k) Plans** are retirement plans that defer income taxes on retirement savings and any interest they may earn until withdrawn. Most plans are sponsored by private-sector corporation employers.

There are other salary deferral retirement plans.

These include:

- **403(b) Plans** These cover employees of educational institutions, churches, public hospitals and nonprofit organizations.
- **401(a) Plans and 457 Plans** These cover employees of state and local governments and certain tax-exempt entities.

When calculating your retirement goal, remember that during retirement you'll likely save money on clothing, commuting and other work-related costs. You may also have fewer expenses related to caring for children. However, your healthcare expenses may be higher.

As a general guideline, you can expect to live on 70 to 80% of your pre-retirement income. But this is just an estimate. Some retired women spend as little as 60% of their pre-retirement income, while others spend more than when they were employed.

To calculate your retirement needs, consider these questions:

### How long will your retirement last?

When do you plan to stop working? Will you retire early or are you planning to work at least part-time as long as you can? How long are you likely to live? (The Social Security Administration estimates that a 65-year-old woman can expect to live another 17.5 years.)

### How much will a dollar be worth?

During times of inflation or rising prices, you'll need more income to support your current lifestyle. When calculating how much money you'll need for retirement, assume inflation rates of 3%-4%. This link provides a calculator that will help you work out how much you need to save each month to reach your retirement goal. <https://www.allstate.com/tools-and-resources/financial/retirement-savings-calculator.aspx>.

### How much will you spend?

What type of retirement do you picture? Do you plan to stay in your current home? Do you plan to retire to a beach community in Florida? Will you downsize and significantly reduce your monthly costs?

Most people have a mix of stocks and bonds. When considering how you will divide your funds, it's important to consider how many years you have until you retire and your tolerance for risk. Contacting a personal financial representative can help you decide on the best investment strategy.

In addition to these resources available online, below are some common investment options for you to consider.

### Savings Bonds

Savings bonds are issued by the government, in face value denominations from \$50 to \$10,000. Interest on the bonds accumulates tax-free. When you buy a savings bond, you usually pay half its value, and when it matures the bond is worth twice as much as you paid. For example, if you pay \$50 for a \$100 savings bond, it will be worth at least \$100 upon maturity.



### Mutual Funds

Mutual funds are a collection of stocks from different companies that are combined to provide a single investment.

For example, a mutual fund might invest 10% in bank stocks, 25% in retail outlet stocks, 25% in medical technology stocks, 25% in high-tech stocks and 15% in government securities. Mutual funds accept money from many investors and often charge a fee to manage the "mix" of stocks.

### Stock Investments

Stock investments make you a shareholder of a public company. Your money can then be used in the company's business. In return for your investment, you are entitled to a share of the company's profits. Earnings are paid back as dividends or retained to help the company grow. If the company isn't profitable, you may experience losses.

### Bonds

Bonds work as a loan to a company. A bond is a contract that guarantees your loan will be repaid by a specific date (maturity date). It also guarantees that you will receive a specific interest rate for the use of your money. Bonds are a relatively safe way to invest and most pay interest twice a year. They pay the face amount when they reach maturity.

### Estate Planning

The last area to address in regard to investment options, and one that is less common, is estate planning. An estate plan will preserve your assets after you die. Although you may not consider yourself wealthy enough to have an estate, if you own a home, furniture and/or car, or have money in a retirement fund, you need to protect it. This is true no matter how old you are.

An estate plan can protect your assets and provide financial and emotional stability for your survivors. If you die without an estate plan, legal problems may delay the distribution of your assets. There are several ways to protect your estate.

### Establish a Will

This is usually the heart of an estate plan. Without a will, the laws of your state will decide who receives your property. If you don't designate a legal guardian for any dependents or minor children, a court will decide who will raise them.

### Establish a Trust

A trust can hold virtually any kind of tangible or intangible property. Tangible property is personal property that can be physically handled, such as clothes and furniture. Intangible property is property such as stocks.

- Trusts can be as flexible as needed to meet your objectives. Some trusts are established to avoid probate or reduce future estate taxes. Others are designed to provide for minor children.

### Designate Power of Attorney

This document clearly states your wishes about how to handle your healthcare and property. It states who is responsible for carrying your wishes out if you are unable to communicate. Be sure to pick someone who has consistently been a part of your life and likely always will.

### Purchase Life Insurance

Life insurance can provide the cash your survivors may need to pay federal estate taxes when you die. If you purchased life insurance prior to leaving your abuser, remember to change the beneficiary names.

### Community Programs

In addition to these common investment options, most communities offer a variety of asset-building programs to help you reach your financial goals. Contact community organizations to find out if they offer any of the following programs and whether there are income limits:

**Individual Development Accounts (IDAs)** are savings accounts matched by public and private sources. They are for investments in education, homes and businesses. The accounts match your savings and allow a set period to save for specific goals. Goals usually include education, home purchase or seed money to start a business.

**Micro-Enterprise Development Programs** are small capital investments that allow individuals to form micro-businesses to contribute to their family's economic and social well-being.

**Financial Literacy Programs** help families learn how to manage their finances and make wise economic choices. These programs help families move toward goals. Programs include owning a home or business, or saving for education and retirement.

**Federal and State Earned-Income-Tax Credits (EITCs)** provide cash to low-income individuals through tax refunds. EITCs increase the income of the working poor and promote their ability to save. At least 29 states offer an income tax credit in addition to the federal EITC.

**Unemployment Insurance** can provide a cushion for families during periods of involuntary unemployment. Unemployment benefits can help those who are between jobs.

**Emergency Assistance Funds** are sometimes provided by nonprofit organizations or faith-based institutions. They supply emergency assistance to individuals who need help paying rent and utility bills or relocation costs.

**Miscellaneous Savings Programs** help low-income individuals and families save for needed assets.

Again, this is only a summary of some of the investment options to consider. Speak to your local domestic violence advocate for additional information and strategies about budgeting, saving and investing your money.



## Insurance Overview

Insurance is an important part of your financial well-being. It can help protect you financially if you have health problems, are involved in a car accident or if your home is damaged or destroyed.

**Health and Medical Insurance** covers health and medical expenses due to illness or accidental injury. Such insurance may cover some or all of the expenses of hospitalization, surgery and doctor's visits. Other areas often covered are medicines, laboratory tests, diagnostic procedures, radiation therapy, maternity and nursing care, eyeglasses, crutches and prostheses.

**The Affordable Care Act (ACA)** has changed health insurance a great deal by expanding coverage to millions of people who need it. It helps survivors of domestic violence access health care without compromising their financial stability. Under the ACA, preventative health services must be covered without co-payments or other cost-sharing requirements. These preventative services include things such as well woman visits, contraception, mammograms, breastfeeding supplies and screening for HIV, as well as screening and brief counseling

for domestic violence. In addition, insurance companies, health care providers and health programs can no longer deny coverage to women based on many factors, including their status as a survivor of domestic or sexual violence.

The ACA also provides tax credits and cost-sharing reductions that can help make insurance coverage more affordable for domestic violence survivors, as well as special exemptions to the coverage requirement. To learn more about the ACA and health insurance options, visit [www.healthcare.gov](http://www.healthcare.gov).

**Health Savings Account (HSA)** is an alternative to traditional health/medical insurance. It allows you to pay for current health/medical expenses on a tax-free basis. It also allows you to save for certain health, medical and retiree health/medical expenses on a tax-free basis. You own and control the money in your HSA. And you decide how to spend the money and what types of investments to make. You can sign up for HSAs with banks, credit unions, insurance companies and other approved organizations. Your employer may also offer a plan for employees.



If you're preparing to leave your current job and don't have health and medical insurance, you can continue the coverage offered through your employer. Legislation known as COBRA allows you to continue your coverage for up to 18 months. You will be responsible for paying the premium, so contact your local nonprofit health service provider to learn more about medical insurance options available in your community.

**Auto Insurance** can help you repair or replace your car if you get into an accident. It can also help protect you in the event of a lawsuit. In most states, car owners are required to have some level of auto insurance. Drivers must be able to pay for any losses they cause, including the cost of repairing a damaged car, paying for medical expenses and more. The minimum level of insurance you should carry is typically what is called 'liability insurance.'

**Homeowners or Renters Insurance** pays to repair and replace your home if it is damaged or destroyed. Renters need insurance to protect their furniture and other personal property, as well.

Life Insurance can help provide your family with a stable financial future. The two types are term life insurance and whole life insurance. The basic difference between the two is this:

- **A term policy** is life coverage only. On the death of the insured it pays the face amount of the policy to the named beneficiary. You can buy term life for periods of one year to 30 years.
- **Whole life insurance**, on the other hand, combines a term policy with an investment component. The policy builds cash value that you can borrow against.

With both whole life and term, you can lock in the same monthly payment over the life of the policy. However, term life insurance will have lower monthly payments and cost less over time.

**Disability Insurance** provides a portion of income lost due to a total or partial disability caused by illness or accident.

**Long-Term Care Insurance** can help protect your family and savings from medical costs in the event of a lengthy illness.

In addition to insurance you may purchase on your own, an employer may also provide insurance coverage. When applying for a job, ask the potential employer about employee benefits that may include short or long-term disability or life insurance.

It is important to know that some insurance companies deny victims access to insurance by using domestic violence as an underwriting criteria (a basis for determining who to cover, what to cover, and how much to charge). This discrimination can occur in all lines of insurance, such as life, homeowners and disability insurance. It can also include homeowners, rental and automobile insurance.

In addition, it is important to know that insurers are not required to tell applicants or policy holders the reason for rejections or other adverse actions. Adverse actions can include denying

a claim or raising premiums (how much you pay). This makes it difficult to know if domestic violence criteria were used by the insurer.

Many states now have laws that don't allow insurance companies to use domestic violence as underwriting criteria. Work with your domestic violence advocate if you are having difficulty obtaining insurance, having a claim paid or have an unexplained increase in premiums. Together, you can investigate whether the insurer used domestic violence as a criterion.

You can also go the website of the National Association of Insurance Commissioners [www.naic.org](http://www.naic.org). Click on the Consumers tab to access information about your state's insurance department and learn about your rights in filing a complaint against an insurance company.

## Notes

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## Education Finances

Another factor to consider when continuing your education is how you are going to pay for it. **Financial aid**, including grants, scholarships and loans, can help you afford higher education. Grants and scholarships have a big advantage—they do not have to be repaid. Student loans are also a type of financial aid, but loans must be repaid, with interest.

Financial aid comes from several main sources:

- The federal government
- The state where you live
- The college you attend
- Private organizations

### Grants and Scholarships

The first types of financial aid to consider are grants and scholarships. The following steps will help you get started:

#### Everyone Should Submit the FAFSA

The Free Application for Federal Student Aid (FAFSA) is used to determine who is eligible for all federal student aid programs, including programs that are not based on financial need. In fact, most states, schools and private organizations require you to complete the FAFSA. Some schools and programs will require additional submissions,

such as the CSS/Financial Aid Profile. Deadlines tend to be early so visit [FAFSA.ed.gov](http://FAFSA.ed.gov) right away.

#### Research and Apply for Available Grants and Scholarships

Your FAFSA application will serve as your application for the main federal grant program, the **Pell Grant**. Colleges and universities often offer students grants and scholarships using their own funds. Check with your school's financial aid office for application requirements and deadlines.

You can use these search tools to locate grants and scholarships, both public and private:

- U.S. Department of Labor scholarship search tool: CareerOneStop <http://careerinfonet.org/scholarshipsearch/ScholarshipCategory.asp?searchtype=category&nodeid=22>
- College Board search tool: Big Future Scholarship Search <https://bigfuture.collegeboard.org/scholarship-search>
- FastWeb! Scholarship Search <http://www.fastweb.com/>

**Consider the Women's Independence Scholarship Program.** It is a powerful tool that breaks down barriers and opens doors of opportunity. The objective of the Women's

Independence Scholarship Program is to help survivors of domestic abuse obtain an education. Such education will in turn offer them the chance to secure employment, personal independence and self-sufficiency. Support is available for full or part-time students applying to accredited programs at educational institutions. For more information on the fund, go to <http://www.wispinc.org/Programs/WISP/tabid/62/Default.aspx>.

### Student Loans

#### Choose Federal Student Loans over Private Student Loans

Private student loans can be risky and are typically more expensive than federal loans. Interest rates for private student loans are usually variable and will almost certainly increase over time. Private loans lack the advantages of federal student loans, such as flexible repayment options and forgiveness provisions.

Most federal student loans don't require a credit check or a cosigner. (But you do need to fill out the FAFSA!). Federal student loans do not require payments until after you leave college or drop below half-time. If you demonstrate financial need, you can qualify to have the government pay your interest while you are in school. Federal student loans usually have grace periods of six months. A grace period is a set time after leaving school before you have to start making payments.

If you're having trouble making payments, federal student loans offer flexible repayment plans and options to postpone your loan payments. If you work in certain jobs, you may be eligible to have a portion of your federal student loans forgiven, if you meet certain conditions.



### Types of Available Federal Student Loans

**Direct Subsidized Loans** are loans given to eligible undergraduate students who demonstrate financial need. They help cover the costs of higher education at a college or career school.

**Direct Unsubsidized Loans** are loans made to eligible undergraduate, graduate and professional students. For these, the student does not have to demonstrate financial need to be eligible for the loan.

**Direct PLUS Loans** are loans made to graduate or professional students and parents of dependent undergraduate students. They help pay for education expenses not covered by other financial aid.

**Direct Consolidation Loans** allow you to combine all of your eligible federal student loans into a single loan with a single loan servicer.

**Federal Stafford Loans** are awarded on the basis of financial need and are regulated by the federal government.

**Federal Perkins Loans** is a school-based loan program for undergraduates and graduate students with exceptional financial need. Under this program, the school is the lender.





## Glossary

**Address Confidentiality Program** – A program typically created by states, to protect victims of stalking, domestic violence, sexual assault, and other crimes. It gives victims a legal substitute address (usually a post office box) to use in place of their physical address. This address can be used whenever an address is required. First class mail sent to the substitute address is forwarded to the victim’s actual address. Although a very helpful program for many survivors, it can add several days onto mail delivery. Not all states have adopted this program as it is optional.

**Advocate** – There are two types of advocates for survivors of domestic violence. 1) individual advocate—works to assist one woman; 2) systems or institutional advocate—works to change the practices that produce unfair outcomes for battered women as a group. See also *Domestic Violence Advocate*.

**Assets** – 1) Traits someone possesses that are valuable – including higher education or special skills 2) Valuable objects someone owns, including a car, house, small business or savings account.

**ATM** – See *Automatic Teller Machine*.

**ATM Card** – A card you use to access your bank account at an ATM.  
*Also see Debit Card.*

**Attorney** – A person whose job is to give legal advice and to speak for people in court; lawyer.

**Automatic Teller Machine (ATM)** – A machine that allows you to withdraw money from your account, check your account balance or transfer money between your checking and savings accounts.

**Balance** – The amount of money you have in an account. With a checking account, it’s important to keep careful records. In your check register, you must record all:

- checks you write
- deposits you make
- online transactions
- ATM withdrawals

**Balloon Payment** – A large final payment due at the end of a loan, typically a home or car loan, to pay off the amount the monthly payments didn’t cover. Balloon payments can occur within a fixed-rate or adjustable-rate mortgage (ARM).

**Bankruptcy** – A federal legal process for debtors seeking to eliminate or repay their debts. There are two types of bankruptcies for individuals. Chapter 7 allows debtors to wipe out many debts in exchange for giving up nonexempt property to be sold to repay creditors. Chapter 13 allows debtors to keep all of their property and repay all or a portion of their debts over three to five years.

**Batterer** – A person who inflicts abuse (physical, mental, financial and/or emotional) upon a child, spouse, or other person.

**Budget** – A plan you create for controlling spending and encouraging saving.

**Certificate of Deposit (CD)** – A type of investment that requires you to invest money for a certain length of time (term) and guarantees the same rate of return (interest) for that entire time. CDs usually require a minimum deposit and are typically guaranteed by the federal government.

**Check** – A written order for a financial institution (such as a bank) to pay someone with money from a checking account.  
*Also see personal check.*

**Check Card** – See also *Debit Card*.

**Child Support** – Financial support paid by a parent for a child or children who don't live with them all the time. Depending on state law, child support can be entered into voluntarily or ordered by a court or administrative agency. The support can be supplied in different forms, including medical support. It can also be in the form of a one-time payment, regular installments paid directly to the custodial parent or regular withholdings from the non-custodial parent's wages.

**Child Support Enforcement Program** – The federal/state/local partnership established under Part D of the Social Security Act to locate non-custodial parents, establish paternity and establish/enforce child support orders.

**COBRA** – A federal law passed by Congress in 1986 that provides continuing coverage of group health benefits to employees and their families when such coverage would otherwise be terminated.

**Collateral** – Property that someone promises or gives to a creditor to guarantee payment of a debt. This creates what's called a secured debt. If the borrower defaults on the loan, the creditor may take the property and sell it to cover the debt.

**Compound Interest** – Interest calculated on the initial principal and also on the accumulated interest of previous periods of a deposit or loan.

**Confidential** – Kept private or communicated only in private. Advocates from domestic violence programs are typically bound by state and federal guidelines regarding the release of information. They should not acknowledge

anyone's presence or participation in a local domestic violence program or shelter without written permission to release information from the domestic violence survivor.

**Credit History** – A record of your borrowing and re-payment habits. Credit reporting companies track your history and supply this information to credit card companies, banks and other lenders.

**Credit Rating** – A score assigned by three major credit bureaus. The rating is based on your credit report, which is a detailed list of your past transactions with creditors. Most information remains on your credit report for seven years, although a bankruptcy will remain for 10 years.

**Credit Report** – A report that details a person's past transactions with creditors. It acts as a financial history specifically related to a person's ability to repay borrowed money.

**Credit Score** – A score that creditors use to evaluate someone's ability to pay when applying for credit, such as a mortgage or credit card. The higher the score or number, the lower the assumed risk by lenders. Credit scores are based on information in your credit report, such as loan (including credit card) payment history and outstanding debt.

**Credit Union** – A not-for-profit financial institution whose members can borrow from pooled deposits at traditionally lower interest rates than banks.

**Creditor** – A person or company to whom money is owed.

**Custodial Parent** – The parent who has either sole physical custody of the child or the parent with whom the child resides for a majority of the time.

**Custody** – The right to determine the residence, protection, care and education of a minor child or children, especially in a divorce or separation.

**Debit Card** – A card that accesses money in your checking account to make purchases. If you specify "credit" at a cash register terminal, you don't need to enter a PIN and the transaction typically clears in two days. By specifying "debit" at the terminal, you initiate a "Point-of-Sale" (POS) transaction, requiring you to "swipe" your card at the terminal and also enter your PIN. The purchase amount is immediately removed from your checking account.

**Debt** – Money you've borrowed from a lender. In addition to paying back the money borrowed, you almost always have to pay interest. The rate of interest charged on your debt affects how you should approach paying it off. Credit card debts generally carry the highest rates (sometimes more than 20%) and should be paid off first. You can pay off debts with lower rates, like most student loans (5 to 10%) more slowly, even while saving.

**Debt Management Plan (DMP)** – A debt relief option where a counseling agency works with a person's creditors to come up with a more suitable monthly payment for the person's situation. Be aware and cautious of for-profit, predatory companies. See *Module 3 for additional information*.

**Debtor** – A person who owes a debt to another person or financial institution.

**Delinquent** – Not paid in full amount or on time.

**DNA Test** – A test of a sample of DNA that can be used to determine whether it matches particular characteristics. It has been used to determine a person's paternity.

**Document** – 1) A piece of written, printed, or electronic matter that provides information or evidence or that serves as an official record; 2) To record (something) in written, photographic, or other form.

**Domestic Violence** – A pattern of emotional, financial, physical and/or sexual violence to maintain power over another person. Abusers are motivated by the need for control and willing to use force or coercion. Also known as Domestic Abuse.

**Domestic Violence Advocate** – A person who works for an organization that provides help to domestic violence victims. S/he should have received specialized training in counseling domestic violence victims. Also see *Advocate*.

**Economic** – Having to do with money and the production of goods and services.

**Economic Relief** – Assistance for money issues. Examples include child support, spousal support, mortgage and rent payment, temporary possession of property (car and clothing), restitution for medical expenses and property damage. Other examples include: lost wages, attorney's fees, and the payment of bills that are due during the time of the protection order.

**Economic Security** – A situation of having a stable source of income that allows for the ongoing maintenance of one's standard of living currently and in the near future.

**Family Violence Options (FVO)** – Federal legislation passed under the Welfare Reform Act of 1994 that provides special provisions and exception for persons who are victims of family violence.

**Federal Deposit Insurance Corporation (FDIC)**

– An independent agency of the United States federal government that insures deposits up to \$250,000 in financial institutions that are members

**Financial Abuse** – A tactic used by abusers to control victims by using access to money or other financial resources. For example, individual attempts to take total or partial control of another person’s financial resources, including money, property, an inheritance or employment income.

**Financial Adviser** – A professional who helps individuals manage their finances by providing advice on money issues such as investments, insurance, mortgages, college savings, estate planning, taxes and retirement, depending on what the client requests

**Financial Aid** – Any grant or scholarship, loan, or paid employment offered to help a student meet his/her college expenses. Such aid is usually provided by various sources such as federal and state agencies, colleges, high schools, foundations, and corporations.

**Financial Institution** – A business that focuses on dealing with financial transactions, such as investments, loans and deposits. Typical financial institutions are banks, trust companies, credit unions, insurance companies and investment dealers.

**Good Cause** – A reason to cease; for example, to discontinue trying to collect child support from a non-custodial parent, support or withdrawing a sanction or penalty for failure to comply with a program requirement, i.e. job search participation.

**Identity Theft** – The illegal use of someone else’s personal identifying information (such as a Social Security number) in order to get money or credit.

**Insurance** – When you buy insurance, you agree to pay a company a certain amount each year or month, called a premium, in return for coverage of the costs of certain future problems. Everyone should have health insurance, which will assist with most types of medical treatment and care. In most states, car owners are legally required to purchase some form of auto insurance. Mortgage lenders will also require homeowners to carry homeowners insurance. Anyone with children should consider life insurance and disability insurance.

**Interest** – The amount paid by a borrower to a lender as compensation; the interest charged is typically directly related to ‘calculated risk’.

**IOU** – “I Owe You” - a signed document agreeing to a debt.

**Liabilities** – Things that someone is responsible for paying; such as debts or liens.

**Loan Principal** – The amount you still owe on a loan. The principal goes down as you make payments. You pay interest each month on the remaining principal until it’s paid off.

**Local Domestic Violence Program** – A community-based, not-for-profit organization committed to providing free and confidential services to domestic violence victims and their children. Services can include crisis support, safe shelter, counseling, legal advocacy and information and referral services. Advocates from domestic violence programs often accompany survivors to court, social service organizations and police stations. It’s not a requirement that

participants who experience abuse stay at a shelter to get help from these programs.

**Mandated Reporter** – A person (typically a teacher, nurse, counselor, advocate, police officer, etc.) who is legally required to report observed or suspected abuse of children or vulnerable adults (frail, elderly, persons with disabilities, etc.). Exact laws and mandated professionals vary, depending on state laws.

**Mediation** – Intervention between conflicting parties to promote reconciliation, settlement or compromise. Mediation should not be recommended in cases involving domestic violence, as the process requires both parties to have equal power for fair negotiation and overall safety.

**Medicaid** – A joint federal and state program that helps low-income individuals or families pay for the costs associated with medical and custodial care, provided they qualify. Although largely funded by the federal government, Medicaid is run by the states where coverage may vary.

**Money Market Account** – A federally insured savings account that typically pays higher dividends than a basic savings account. You are limited to six transactions a month, according to federal regulations. A transaction is any amount deposited or withdrawn.

**Mortgage** – A loan used to purchase real estate, typically a home, usually including the land the home is built on.

**National Domestic Violence Hotline** – A hotline available to persons who are experiencing domestic violence. Highly-trained advocates are available 24/7 to talk confidentially with

anyone experiencing domestic violence, seeking resources or information, or questioning unhealthy aspects of their relationship. 1-800-799-SAFE (7233).

**Net Pay** – The amount of money you earn minus any taxes or other deductions such as Social Security. It’s the amount you actually receive or that is deposited.

**Online Banking** – Online banking is also known as internet banking, e-banking, or virtual banking. It is an electronic payment system that enables customers of a bank or other financial institution to conduct a range of financial transactions through the financial institution’s website.

**Order of Protection** – A document issued by a court and signed by a judge to help protect you from harassment or abuse. In an Order of Protection, a judge can set limits on your partner’s behavior. Among other things, a judge can order your partner to provide temporary financial assistance to you and your children.

**Order to Vacate** – To give up possession of property (such as an apartment) and leave the area totally empty of contents.

**Partner** – Individuals may refer to their partner as their girlfriend/boyfriend, lover, roommate, life partner, wife/husband, spouse or significant other.

**Paternity** – The fact or state of being a father; fatherhood.

**Payday Lender** – A person or group that offers short-term loans, in advance of payday, at typically very high rates of interest.

**Pell Grant** – Money the government provides for students who need it to pay for college. Grants, unlike loans, do not have to be repaid. Eligible students receive a specified amount each year under this program.

**Personal Check** – A check drawn against funds deposited in your personal checking account.

**Personal Identification Number (PIN)** – The code you need to access your accounts through your check card or ATM card at an ATM or POS (Point of Sale) terminal.

**Personal Responsibility and Work Opportunity Reconciliation Act** – Legislation passed in 1996, also known as welfare reform. This act significantly changed the American social safety net. Among other provisions, it placed time limits on the assistance, reductions to immigrants and included stiff work requirements. Additionally, it placed a five-year lifetime maximum on benefits, although states can and often do, reduce that lifetime limit down even further.

**Power of Attorney** – A formal, legally valid document that authorizes one person or party to act on behalf of another.

**Prepaid Tuition Plan** – A method for paying future college tuition costs at current prices. Prepaid tuition plans allow the account holder to purchase tuition credits at their present price even though they will not be used until a future year, when tuition costs will have most likely increased. Plans are state sponsored and only available in some states, but it is possible to participate in a prepaid tuition plan outside of the account holder's current state of residence.

**Pre-payment penalty** – A fee imposed on a borrower who pays off a loan (usually a

mortgage) before its due date. Lenders impose this kind of fee to encourage borrowers to hold a debt –and keep paying interest on it –for the whole term of the loan.

**Principal** – see *Loan Principal*.

**Pro se** – An individual representing him or herself in a legal matter.

**Property** – Something (as land, goods, or money) that is owned.

**Public Assistance** – Money or benefits (food stamps, child care, etc.) granted from the state/ federal government to a person or family to assist with day-to-day living expenses. Eligibility is based on need.

**Referral** – An act of sending someone to a person or place where what the person wants or needs can be met.

**Revolving Credit** – A line of credit that individuals and businesses can borrow from and pay back as needed (example: credit cards).

**Safety** – The state of being safe; freedom from the occurrence or risk of injury, danger, or loss.

**Safety Deposit Box** – A box rented from a financial institution and can be accessed with keys, pin numbers or some other security pass.

**Social Security Administration (SSA)** – A U.S. government agency that runs the social insurance programs in the United States. It covers a wide range of social security services, such as disability, retirement and survivors' benefits.

**Social Security Benefits** – The money benefits received by retired workers who have paid into the Social Security system during their working years. Benefits are paid out on a monthly basis to

retired workers and their surviving spouses. They are also paid to those who are permanently and totally disabled according to the strict conditions set forth by the Social Security Administration.

**Spousal Support** – Payment for support of an ex-spouse (or a spouse while a divorce is pending) ordered by the court; alimony.

**Stock** – A type of investment that represents a share of ownership in a company. You can make money on stock through payment of stock dividends and increases in the stock share price. Dividends are the payment mechanism companies use to distribute earnings to shareholders.

**Subsidy** – Financial assistance given by one person or government to another, to offset the cost of an item or expense.

**Supplemental Security Income (SSI)** – A federal program funded by general tax revenues (not Social Security taxes). It helps aged, blind and disabled people who have limited income and resources by providing monthly cash payments to meet basic needs for food, clothing, and shelter.

**Survivor** – A person who continues to function or prosper in spite of opposition, hardship, or setbacks.

**Temporary Assistance to Needy Families (TANF)** – Assistance payments made on behalf of children who don't have the financial support of one of their parents by reason of death, disability or continued absence from the home. The program typically requires parents participate in job preparation, work and support services.

**Term** – A set amount of time regarding the investment period for a financial product. This usually refers to the amount of time before a loan must be completely repaid. It also refers to the amount of time funds in a certificate account must be on deposit before they can be withdrawn without penalty.

**Transitional Housing** – A program or project that is designed to provide housing and appropriate supportive services to homeless persons to assist movement to independent living. Many communities have Transitional Housing specifically for domestic violence survivors.

**TTY** – A special device that lets people who are deaf, hard of hearing or speech-impaired use the telephone to communicate, by allowing them to type text messages. A TTY is required at both ends of the conversation in order to communicate.

**Waive** – To refrain from insisting on or enforcing (a rule, penalty, or requirement); to do away with a requirement.

**Withdrawal** – The taking of money out of a checking or savings account.



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A FINANCIAL EMPOWERMENT RESOURCE

