

# Financial Recovery



FDIC Financial Education Curriculum

# Welcome

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# Review Financial Management class



**Assess current financial situation of clients**

**Identify ways to increase income and decrease and prioritize expenses**

**Develop a financial recovery plan**

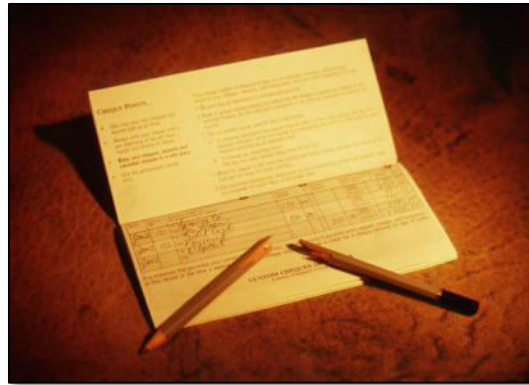
**Recognize how to guard against credit repair scams & basic rights as a credit consumer**



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# Step 1: Evaluate Your Current Financial Situation

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



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# Monthly Income and Expenses

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



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# Activity 1: Monthly Income and Expenses

- **Scenario**

- **Janice is recently divorced and has two children. Her ex-husband has not been able to provide child support for the last two months because he was laid off from work. Janice was working part-time before the divorce, and had planned to do so until her youngest child went to school.**
- **However, that plan has changed and she had to get a full-time job. Her monthly net wages, or take-home pay, is about \$1200. She also receives per capita payments from her tribe that total about of \$920 a month.**



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# Activity 1: Monthly Income and Expenses

- **Scenario**
- **During the divorce, Janice and her husband lost their house because neither of them could afford the mortgage. She is currently renting a place for \$650 a month. She has a \$250 car payment and it costs her about \$200 a month for gas. Car insurance averages about \$75 a month.**
- **She has been able to save some money on child care because her husband is able to care for the kids some of the time.**



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# Employment pay ranges vs Education

If your job is:	With this required educational level	Expected salary
Environmental Technician	High School or GED	\$36,563 to \$48,449
Environmental Specialist	Associate's degree + 2 yrs exp or Bachelor's degree	\$44,450 to \$60,006
Environmental Engineer	Bachelor's degree	\$69,052 to \$96,675
Physical Fitness Specialist	High School or GED Bachelor's degree + 1 yr exp preferred	\$36,563 to \$48,449
Senior Physical Fitness Specialist	Bachelor's degree	\$40,371 to \$53,491
Diabetes Services Program Coordinator	Associate's degree + Certification Bachelor's degree preferred	\$51,518 to \$69,548
Information Technology Technician	High School or GED	\$33,164 to \$43,118
Desktop Specialist I	High School or GED Bachelor's degree preferred	\$51,518 to \$69,548
Senior Desktop Specialist	Bachelor's degree + certifications	\$69,052 to \$96,675



# SRPMIC Higher Education

**Scholarship & Application Deadlines** The Education Department offers many opportunities for adults seeking to enhance and further their education through scholarship awards, G.E.D preparation and testing, and a rich offering of vocational education training programs. Applications packets can be picked up at the Post-Secondary and Adult Education Program office.

**Community College & University Schools scholarship program application deadlines**

- **April 30 • Summer semester**  
**June 30 • Fall semester/Spring semester**  
**Nov 30 • Spring semester**
- **Vocational Schools scholarship program application deadlines**  
**April 30 • School start date in May, June and July**  
**July 31 • School start date in August, September and October**  
**Oct 31 • School start date in November, December and January**  
**Jan 31 • School start date in February, March and April**



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# Step 2: Develop a Financial Recovery Plan

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



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# Set Financial Goals

1. Identify & write down your financial goals
2. Make sure they are Specific, Measurable, Attainable/achievable, Relevant, Time-bound
3. When are you going to complete your goal? What happens if you don't finish in time?
4. How will you know if you have accomplished your goal? How will other people know you are making progress or completed your goal? What will it look like?



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# Develop a Spending Plan



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



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# Seek Assistance

- **Contact local, state, and national assistance programs**
- **Check regardless of income level!**
- **Refer to:**
  - [www.recovery.gov](http://www.recovery.gov)
  - [www.govbenefits.gov](http://www.govbenefits.gov)
  - [www.cir.org](http://www.cir.org)



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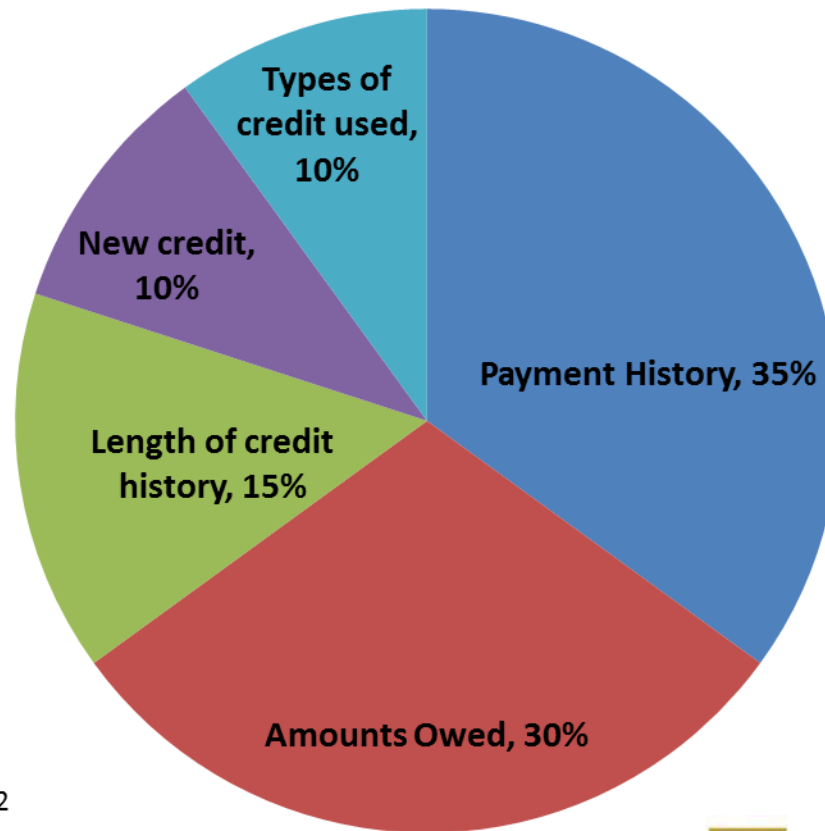
# Employment Resources

- **SRPMIC Day Labor Program**
  - (480) 362-7907
- **DES Job Services**
  - 120 W 1st Ave Mesa, AZ (602) 771-6900
  - 9801 N 7th St Phoenix, AZ 602) 861-0208
- **Vista del Camino Job Prep Center**
  - 7700 E. Roosevelt St. Scottsdale, AZ 480-312-0058



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# Impacts to FICO Credit Score



source: [www.myfico.com](http://www.myfico.com) Sept.2012



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# Get a Copy of Your Credit Report

- Order a free credit report from each credit bureau once every 12 months through [www.annualcreditreport.com](http://www.annualcreditreport.com)
- To receive your credit score [www.creditkarma.com](http://www.creditkarma.com)



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# Check for Errors

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



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# Contact Your Creditors

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



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# Using a Credit Counseling Agency

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



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# Credit Repair Scams

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



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# Prevent Future Setbacks

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



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# Conclusion

- **Review**

- Developing, implementing, and adjusting a financial recovery plan
- Identifying ways to increase income and decrease expenses
- Prioritizing spending
- Developing financial goals and a spending plan
- Rebuild credit and how to avoid credit repair scams



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