Financial Empowerment Curriculum

Moving Ahead Through Financial Management

Introduction

INTRODUCTION

Whether a survivor of domestic violence is struggling to eat, find a safe place to live, hold a job, achieve academic goals, support children, seek asylum from cruelty, rebuild a life after an identity change, protect assets or overcome identity theft, the **Moving Ahead Through Financial Management** curriculum can help.

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

Every strategy and story within this curriculum is designed to help survivors navigate the complex challenges they will encounter. It explores the possible choices and identifies community resources to help domestic violence survivors build financially independent lives.

This may include domestic violence programs that partner with employment agencies, workforce development programs and professional associations to help survivors enhance their skills, find jobs, build careers and explore opportunities within non-traditional job markets. The curriculum also touches on community organizations that work with local banks and foundations to create accounts to help survivors save money for education, to develop a business or to buy a home.

The focus of the **Moving Ahead Through Financial Management** curriculum is on women because women represent 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.

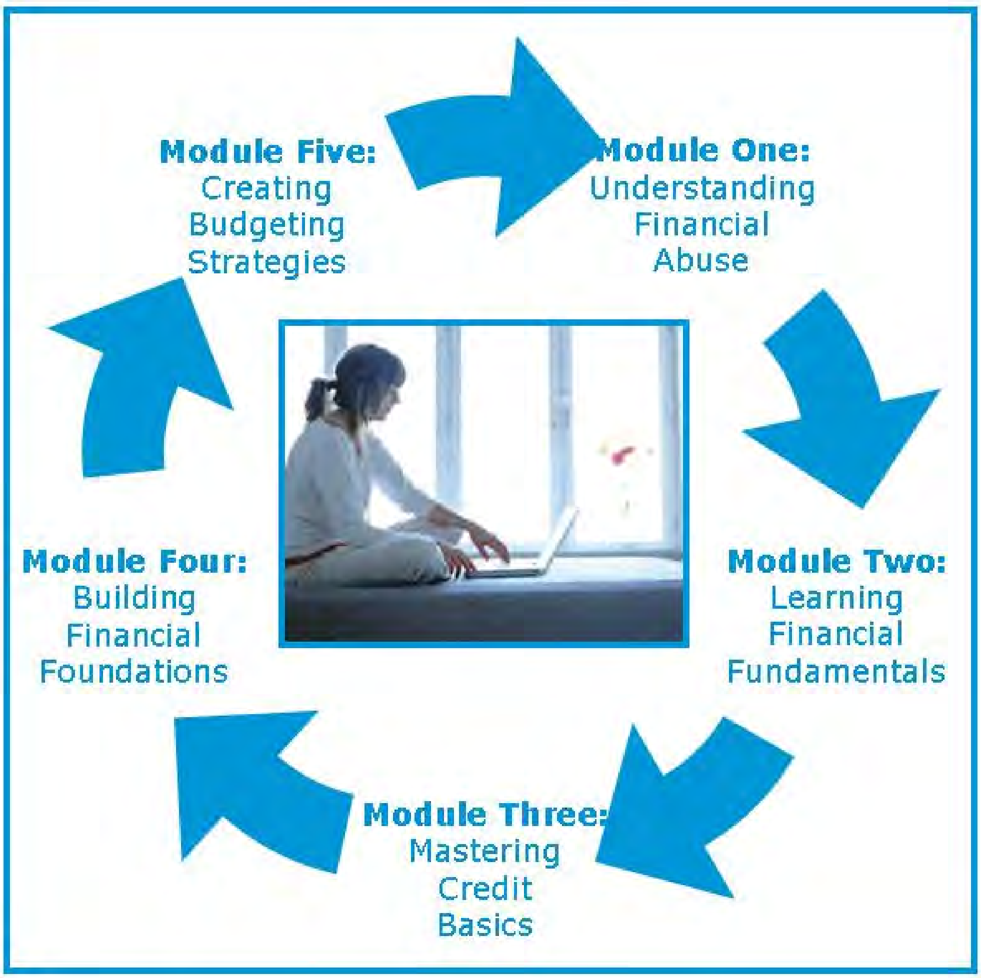
The curriculum was developed to help provide survivors with:

- resources to strengthen survivor confidence in order to take action;
- strategies to address the financial and safety challenges of ending a relationship with an abuser;
- resources for working through the quality-of-life changes survivors may encounter when fleeing abuse;
- strategies to work through challenges after an identity or name change and an abuser's misuse of the survivor's personal records;
- tactics to understand financial fundamentals and basic steps to building a strong financial base, including budgeting, saving, building credit, and managing debt.

Overview of Curriculum

The **Moving Ahead Through Financial Management** curriculum offers a range of information from basic money and financial management principles to advanced financial planning.

It is divided into five separate modules.



Limitations of Curriculum

Many political, social and cultural beliefs influence views about how money is discussed, used and valued. These beliefs may define "economic independence." Not everyone has the same ideals or measurement criteria. This curriculum cannot reflect all beliefs, but it attempts to address a range of value systems.

It also offers lists and strategies to raise awareness of community resources. However, bias and discrimination due to race, ethnicity, class, sexual orientation or physical ability may unjustly affect the accessibility of resources for some individuals. In addition, an individual's political or legal status in the United States may impact the accessibility of resources for those in need of support.

This workbook is intended to serve as a general guide of financial principles and strategies. It is not intended to address individual financial or safety issues. If you have individual safety issues, please consider contacting a local or national domestic violence program to discuss your need to obtain a referral to a professional who can assist you.

Summary

The Allstate Foundation and the National Network to End Domestic Violence are proud you have made this first step to take control of your future and excited to share this curriculum with you. Financial planning and management are life-long processes. Surviving from day-to-day, struggling to make ends meet, escaping abuse and starting over may be frightening. But trust in your right to be safe and understand that change is possible.

Only you can decide the best pace to pursue change. Trained advocates, community-based organizations, culturally specific organizations and financial institutions are available to 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, ask questions or contact a domestic violence advocate or the National Domestic Violence Hotline at 1-800-799-7233 or the National Network to End Domestic Violence at 1-202-543-5566.

Financial Empowerment Curriculum

Moving Ahead Through Financial Management

Module One:

Understanding Financial Abuse

Keeping Safe and Starting Over

Allstate Foundation

NNEDV

MODULE ONE:
Understanding Financial Abuse

Financial abuse is a common tactic used by batterers to control and isolate their partner. It can have far-reaching and devastating consequences. Because the experience of abuse is different for every woman, this module addresses what women from varying backgrounds may experience when trying to overcome financial abuse.

The module also provides information to consider before ending a relationship with an abusive partner including strategies to protect your safety. It does not have all the answers, but it is a start. Also, 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 adviser or attorney**.**

The objectives of this module are:

- ❒ Recognize the signs of a financially abusive relationship.
- ❒ Recall how to keep safe after ending a financially abusive relationship.
- ❒ Explain the financial impact of separation, divorce and child support.
- ❒ Describe some of the consequences of disclosing abuse.
- ❒ Explain the challenges to maintaining your privacy and changing your identity in regard to financial abuse.

Key topics covered in this module include:

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

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

Story of Survival

Fatima, an immigrant from Ethiopia, came to the U.S. after marrying Fariq, a U.S. citizen who is also Ethiopian. Fariq controlled every aspect of their lives, managing all bank accounts and paying all bills. Fatima wasn't allowed to leave their home, even to shop for food, clothing or household supplies. He 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, and 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.

Although she had never applied for a loan, her application for an apartment was denied due to a poor credit rating. Her credit report revealed that she was responsible for more than $33,000 in debt from 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 rebuild her credit history.

Fatima's story is one of many domestic violence survivors. The good news is that there is hope and 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 by working hard, staying focused, and never giving up despite the challenges that continued to cross her path.

The Allstate's Financial Empowerment Curriculum, along with support partners at the National Network to End Domestic Violence (NNEDV) will help you do just that: gain personal and financial independence.

Financially Abusive Relationships

What is Financial Abuse?

Financial abuse often begins subtly and progresses over time. The aim of financial abuse, as with other forms of abuse, is to gain power and control in a relationship. Financial abuse along with emotional and physical abuse, manipulation, intimidation and threats are all aimed at getting and maintaining control over another person. The purpose is to trap them in the relationship.

Financial abuse is a tactic used to control relationships by preventing access to money or other financial resources. It might include:

- ❒ Controlling how money is spent
- ❒ Withholding money or "giving an allowance"
- ❒ Withholding basic living resources, medication or food
- ❒ Not allowing their partner to work or earn money
- ❒ Stealing their partner's identity, money, credit or property
- ❒ May justify behavior as cultural.

It can be difficult for couples to navigate the complexities of family finances and almost all couples have arguments about money. However, in financially healthy relationships, couples successfully negotiate their wants and needs in the following ways:

- Both partners have access to financial statements and information although one partner might manage the day-to-day finances and bill paying,
- Couples identify when they have different values about money and negotiate joint financial goals;
- Couples set plans to meet joint goals and stick to them;
- Couples recognize and respect that decision-making is equal regardless of who earns more income for the family;
- Each partner has access to money on their own without having to ask for permission or hide their spending;
- Financial decisions are made jointly between partners; and
- Both partners have access to money and knowledge about where and how money is spent, and neither partner is deceitful.

These are the elements that appear in happy, productive and loving relationships. A true partnership does not include any facet of financial abuse and includes open dialogue, communication, and agreement to all financial matters.

Financially Abusive Relationships (cont'd)

It's important to know that financial abuse can happen to anyone regardless of their income, education or independent success. Despite great diversity, survivors face similar struggles, challenges and conflicts as they try to care for their families, secure work, find affordable housing and create long-term assets.

To help you determine whether or not you are in a financially abusive relationship, ask yourself these questions. Does your partner:

- Steal money from you or your family and 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 or 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 from working or attending school or training sessions?
- Overuse your credit cards or refuse to pay the bills?
- Force you to file fraudulent tax claims?
- Prevent you from obtaining or using credit cards or bankcards?
- Withhold physical resources including food, clothes, necessary medications or shelter from you?
- Force you to work in a family business for little or no pay or refuse to work to help support the family?
- Interfere with your performance at work through harassing activities like frequent telephone calls, emails or visits to your workplace?
- Force you to turn over your benefit payments or threaten to report you for "cheating" on your benefits so your benefits will be cut off, even if you aren't cheating?
- Force you to cash in, sell or sign over any financial assets or inheritance you own (e.g. bonds, stock or property)?
- Force you to agree to power-of-attorney in order to be able to legally sign documents without your knowledge or consent?

If you find yourself answering yes to one or more of these questions, you may be in a financially abusive relationship. Recognizing this may be very difficult, but there is help available. You are not alone. Please continue reading this module for strategies that can help you understand and empower you to regain control over your finances.

Safety Planning

If you determine you are in an abusive relationship, the first call to action is developing a plan that will keep you and your family safe. Working with a domestic violence advocate is also critically important. If you are not currently working with an advocate, contact the National Domestic Violence Hotline at 1-800-799-7233. They will refer you to an advocate or organization in your community that will help you work through the strategies in this curriculum.

What should you do if you are being financially abused?

Step One: Evaluate your personal confidence level regarding finances.

First, work on understanding how your experience of being a victim of financial abuse makes you feel about your ability to manage finances. You might not feel confident in your ability to manage your money. However, understand that your abuser probably wanted you to feel this way so that he could maintain his power and control over you and your finances. With education, assistance and support you can become a successful money manager and work toward setting and achieving your own financial goals.

Financial safety planning is critical whether or not you choose to leave an abusive relationship. Although there is no perfect way to ensure your safety, you can take steps to decrease the chances of your abuser harming you or your family.

Step Two: Gain information about your assets and liabilities.

It is a common strategy for an abusive partner to hide assets and information about bank accounts and debts. Consider doing some investigative work to find financial documents and make copies of these documents to hide in a safe place. Possible safe places include opening a safety deposit box to store documents for safe keeping without telling your partner or storing copies at a friend or family member's house.

It's also important to have copies of other critical documents stored in a safe place, such as Social Security numbers (for yourself, children and your partner), your marriage certificate and birth certificates, bank statements and credit card statements.

Documentation regarding joint property can also be very helpful, particularly if you decide to leave the relationship. Photographs can often be more helpful than extensive lists, so consider taking photographs of any joint property. Take pictures that help to confirm the property was at your residence by including children, family or friends in the photographs.

Safety Planning (cont'd)

Step Three: Begin saving money immediately.

Another common control tactic used by abusers is to not allow the victim to have any money on their own. Consider finding a way to save some cash for yourself for emergencies or if you need to escape the relationship on short notice. This can be a challenge, but it is something many victims have been able to accomplish by using all their resources.

One strategy is to save change from purchases and save it in a safe place or secret bank account. Another possibility is having raises or bonuses from work deposited directly into an account that your abusive partner is unaware of (make sure to have bank statements sent to a special PO Box or safe address). Be creative and utilize your strengths and resources to ensure cash flow for yourself and your children.

Also, consider taking at least half of the money in your joint checking and saving accounts immediately upon leaving. However, remember that batterers frequently increase in their efforts at power and control if the partner is leaving.

Many victims of domestic violence who have had to flee their home report being surprised to discover their partner immediately drained any joint bank accounts. This tactic is a deliberate attempt to get the victim to return and can be a very powerful method of regaining control. Taking at least half of the money is a way of protecting yourself and ensuring that you have the means to take care of yourself and your children. If you are hesitant to do this, remember that you can always deposit it back. Taking care of yourself and any children is 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. Also, remember to change the signature authority on any joint accounts so that both of you must sign for any transaction to occur. One way to do this is by setting up your bank account in the following way: "Jane Doe *and* John Doe", rather "Jane Doe *or* John Doe".

These are only four basic steps to help prepare you to leave your abuser. Again, we highly recommended seeking the help of an advocate at a local domestic violence program for additional guidance and instruction as you prepare for personal and financial independence.

In addition to these four basic steps, as well as seeking help from an advocate, 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.

Safety Planning (cont'd)

Orders of Protection

An order of protection is a court order signed by a judge that prohibits a batterer from threatening, stalking or harassing a victim of domestic violence. Different states have different names for these orders. They may also be referred to as "protective orders", "restraining orders" or "protection from abuse orders." An order of protection can remove your batterer from your home, prohibit your abuser from coming to your home or place of work, or contacting you by phone or email. Orders of protection are available in every state; however each state has its own process and requirements.

In additional to physical safety, an order of protection can be a tool for accessing economic relief. Many states specifically recognize that access to economic resources is important for staying safe and there is a range of economic relief options available through protection order laws. While they vary from state-to-state, the most common forms of economic relief are: 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.

If you are interested in seeking economic relief through your protection order, consider talking with a domestic violence court advocate (and know that you can get an order of protection without citizenship). Even if you don't qualify due to immigration status, your children may still qualify. An advocate can identify possible forms of economic relief that you may be eligible for, and help to state your request to the court in a way that meets both your economic needs and your safety needs. Orders of protection can be an important tool for safety, but they do not ensure safety or access to economic resources but are not the right choice for everyone. Again, to decide if an order of protection is a good option for you, contact a domestic violence advocate in your community. Trained advocates can help sort through the pros and cons of obtaining an order (including whether or not it will trigger immigration and deportation actions). This can help you to make the decision that is right for you. Remember, protection orders are available regardless of immigration status. They can serve as evidence for abused women who are seeking legal immigration status. Attorney or specially trained domestic violence advocates are most successful in obtaining protection order. Also, abusive partners who violate protection orders may affect their own immigration status.

For more information about the order of protection laws in your state go to: **www.womenslaw.org** or Office of Justice (**www.ogp.gov**).

Use the state chart on the following page as an initial resource to help determine the types of financial relief you are available for that are authorized by statute (provided by The Battered Women's Justice Project, Civil Office).

Safety Planning ()

State	Child Support	Spousal Support	Housing (Vacate)	Housing (Financial)	Personal Property	Expenses	Other
Alabama	X	X	X	X	X		X
Alaska	X	X	X		X	X	X
Arizona			X				x
Arkansas	X	X	X				x
California	X		X		X	X	X
Colorado			X				X
Connecticut			X				X
Delaware	X	X	X	X	X	X	X
D.C.			X		X		X
Florida	X	X	X				X
Georgia	X	X	X	X	X		
Hawaii			X				X
Idaho			X				X
Illinois	X	X	X	X	X	X	X
Indiana	X	X	X	X	X	X	X
Iowa	X	X	X	X			X
Kansas	X	X	X	X	X		X
Kentucky	X	X	X				X
Maine	X	X	X	X	X	X	X
Maryland	X	X	X		X		X
Massachusetts	X	X	X			X	X
Michigan							
Minnesota	X	X	X		X	X	X
Mississippi	X	X	X	X		X	
Missouri	X	X	X	X	X	X	
Montana			X		X		X
Nebraska			X				X
Nevada			X	X			X
N. Hampshire	X	X	X	X	X	X	X
New Jersey	X	X	X	X	X	X	X
New Mexico	X	X	X	X		X	X
New York	X		X			X	X
N. Carolina	X	X	X	X	X		X
North Dakota	X	X	X		X		
Ohio	X	X	X	X	X		X
Oklahoma			X				X
Oregon			X				X
Pennsylvania	X	X	X	X	X	X	X
Rhode Island			X				X
S. Carolina	X	X	X		X		
South Dakota	X	X	X				X
Tennessee	X	X	X	X			
Texas	X	X	X		X		
Utah	X	X	X		X		X
Vermont	X	X	X				X
Virginia			X	X	X		X
Washington			X		X		X
W. Virginia	X	X	X		X	X	
Wisconsin			X				X
Wyoming	X	X	X	X		X	X

Safety Planning (cont'd)

In addition to the strategies previously shared, there are other things to keep in mind while seeking independence from your batterer.

Home and Shelter Concerns

- ❐ Consider limiting your housing search to private property owners rather than larger property-management firms, if you're concerned that your abuser may use a credit report to locate you while you're in hiding. Private property owners often use proof of credit history provided at the time of application rather than checking with a credit bureau. Larger property management firms often use a credit bureau.
- ❐ Supply a copy of your credit report for housing applications instead of having a potential landlord check your credit report to avoid an abuser from discovering your new address.
- ❐ Protect your contact information from being shared by finding a roommate who will agree to have the utilities listed in her name.

Technology Concerns

- ❐ Find out how much of your personal information is available on the Internet. Use free and fee-based websites such as www.google.com, www.switchboard.com, www.veromi.com to search for your phone number and address.
- ❐ Be cautious about completing any applications online or using the Internet to communicate with your landlord or mortgage company. Information sent over the Internet can be intercepted or monitored. To protect your privacy, fax the information or send it by mail.
- ❐ Set up a news alert on www.google.com that will notify you whenever your name, address or phone number are published on the Internet. Google archives about four billion Web pages.
- ❐ Contact your state's domestic violence coalition or local domestic violence program to learn more about technology safety and privacy strategies. Visit www.nnedv.org or www.clicktoempower.com or call the National Domestic Violence hotline at 1-800-799-7233 for contact information.

Workplace Safety

- ❐ Consider providing a photograph of your abuser to your employer's security personnel and reception.
- ❐ Make arrangements with security to be escorted to and from the parking lot or to public transportation.
- ❐ Provide company security personnel and your supervisor with a copy of your protection order.

Safety Planning (cont'd)

- ❒ 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 your experience to help prove that your partner or ex-partner is violating that order.
- ❒ Request your workspace be relocated to a more secure area or to another site if possible.
- ❒ Get a donated cell phone from your local domestic violence shelter to provide you with another way to contact help or emergency services, if needed.

Remaining safe is of the utmost importance during this difficult time. Contact the National Domestic Violence Hotline at 1-800-799-7233 or a domestic violence program in your community for information, support and guidance to help you move forward and gain financial independence. Additionally, it's important to know that in every U.S. state and territory there is a coalition of domestic violence programs that can help put you in touch with a resource in your area. To find out more about these coalitions, go to www.nnedv.org.

Separation, Divorce and Child Support

One of the major issues a married domestic violence survivor faces is determining whether or not to file for divorce. The most important action to take on this topic is to immediately consult an attorney. Good legal advice is essential, and the right legal course of action is different for every individual. If you're leaving an abusive relationship, your partner may try to prevent you from accessing financial information. Try and gather as much data as possible before meeting with an attorney, including:

- 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 assets you would like to retain.

To begin to prepare for a meeting with an attorney, take an inventory of your possessions including your home, car, and furniture. List these in three categories: items that are yours, items that are your partner's, and items you own together.

Next, determine your living expenses. As a single woman and possibly a single mother, your financial status may change dramatically after leaving your partner. Estimate your current living expenses, including any money you may spend on children. If you can't maintain your current lifestyle, consider cutting back on expenses or finding additional sources of income. Different budgeting and money saving strategies may be helpful and are addressed later in this curriculum.

Another important item to consider when preparing for a divorce is insurance coverage. If you're covered under your partner's company health plan, you may be able to continue the same coverage for 18 months under a program called COBRA (although your premiums could be quite expensive). If COBRA coverage is too expensive, consider requesting that the court order your partner to be responsible for your children's health insurance by including it in the divorce settlement.

Lastly, an integral part of any divorce settlement is a property division agreement. Some of the common assets that must be divided in a divorce include: your home, savings, retirement plans, household items, etc.

The pro se divorce process is not a safe choice for victims of domestic violence. Pro se is a legal term that means that one appears in court on her own and is responsible for her own legal representation without the benefit of an attorney. Since domestic violence is rooted in fear, power and control, it is unsafe for a survivor of domestic violence to represent herself in a divorce when her financial future, emotional well-being and the custody of any children are at stake.

Separation, Divorce and Child Support (cont'd)

Pro se divorces are best suited when domestic violence is not a factor and for when couples jointly agree on the conditions of the divorce. If you have children or property and have experienced any form of abuse, identify ways to secure legal representation.

Finding an attorney with the right credentials is essential to a successful case. 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 can give you a referral to an attorney who is familiar with divorce and domestic violence.

- **State Bar Associations**

  Your local bar association can help you identify the names of attorneys who specialize in divorces cases and may be able to provide information on whether attorneys licensed to practice law in that state have been the subject of an ethical complaint or inquiry.

- **Attorney Referral Services**

  For approximately $30, an attorney referral service will recommend someone who specializes in your type of case. Some services will allow you to talk with an attorney for the first half hour at no charge. These services can be found in the yellow pages under "Attorney Referral Services" or "Attorneys."

- **Recommendations**

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

Most attorneys charge by the hour and the rate is usually based on experience. However, there are some attorneys that offer set fees or up-front deposits called retainers. A retainer provides legal service without the unpredictability of the hourly fee arrangement. Usually, this type of arrangement is written out in a formal retainer agreement, which states the specific terms of the agreement.

Other attorneys bill clients on a per project basis. The client is charged a fixed fee per project, regardless of the work involved or difficulty of the project. Another fee arrangement, the contingency fee, provides the attorney with a portion of any damages received by their client in settlement of a lawsuit or the judge or jury reaches a decision, or verdict, in a case.

Separation, Divorce and Child Support (cont'd)

A prepaid legal plan is an arrangement in which a participant or that person's employer pays for future legal services the participant may require. A prepaid legal plan is similar to a medical benefit plan. Participants pay a fixed amount each month or year for service benefits to be used when needed. Nearly every plan provides advice and consultation by telephone as a basic service and may also include office consultations, reviews of simple documents, and preparation of simple wills and letters. Other plans offer more comprehensive coverage for trials, marital problems, bankruptcy, etc.

Many legal aid offices and other legal services have collaborative agreements with domestic and sexual violence advocacy programs to ensure the safety of victims. They provide legal services to victims who are unable to afford or access them on their own. Contact an advocate from a local domestic violence program to learn more about legal assistance in your community.

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

Remember that an attorney works for you. At the initial meeting feel free to interview the attorney about their experience in working with domestic violence cases, etc. Ideally, you want to secure an attorney that has experience and knowledge in pursing similar-like court cases.

Once you have secured legal counsel, you can discuss child support if you have children. Child support is financial support paid by a parent for a child or children with whom they do not live with in the same home. Child support can be voluntary or ordered by a court or administrative agency, depending on the laws the state in which you reside. It can include medical support, educational assistance, and insurance costs among the other regular expenses involved in raising a child.

For unmarried partners, paternity is not automatic. Paternity is a legal determination of a child's biological father. Many states require that a court make a legal determination of paternity in cases where the parents of a child are unmarried. Paternity establishes a legal relationship that may result in eligibility for benefits from legal father such as inheritance, veteran's benefits, Social Security benefits or life insurance. But it also establishes a legal role for the father which may result in increased safety risks. Consult an attorney or ask a domestic violence advocate about the paternity laws in your state.

For some domestic violence survivors, child support provides emotional and financial support for her children. For others, it results in custody and visitation struggles, unpaid child support orders and physical and emotional violence from the abuser against the survivor and her children.

Separation, Divorce, and Child Support (cont'd)

Child support decisions create a difficult dilemma for many survivors. The best way to resolve this challenge is to speak with an attorney and domestic violence advocate.

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

What agency manages child support?

Child-support enforcement programs are run by the states, usually by the Human Services Department, Attorney General's Office or Department of Revenue. Several Native American tribes also have established 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
- ❒ You are the child's custodial parent or guardian

Any person with custody of a child who needs help to establish a child support or medical support order or collect support payments, can apply for child-support enforcement services. People who have received assistance under TANF, Medicaid and federally-assisted foster care programs are automatically referred for child-support enforcement services; however, exceptions for automatic referral may apply for domestic violence survivors. 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 have been abused and are receiving funds through TANF, you must cooperate with state efforts to collect support 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.

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

In addition to providing safety protections from abusive partners, protection orders can help you and you children obtain financial support. In a protection order, you may have the right to ask the court to order your partner to pay for various types of expenses, including child support.

Separation, Divorce, and Child Support (cont'd)

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

Everyone who applies for or gets cash assistance, subsidized childcare assistance or other TANF benefits must establish paternity and pursue support. If domestic or family violence (or other circumstances such as rape or incest) make complying with these requirements dangerous, the recipient may be excused based on "good cause." You can request good cause from your state child enforcement agency at any time. Good cause will 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; or
- The child who needs support was raped by the biological father or born as a result of rape or incest.

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

- When a caseworker or family court is notified that someone wants to request good cause, they will not take action to collect support until the application has been considered.
- Applicants are referred to the child-support enforcement office or to a specific caseworker who will help fill out the domestic violence verification form or supply verification in cases of rape, incest or adoption.
- Once the form is complete, the survivor and her caseworker or child support enforcement representative will work together to obtain a formal response to the "good cause" claim.

What are some common child support strategies to consider?

- If you need child support quickly, consider going to court on your own. File a temporary child support order when you file your complaint. It asks the court to give you child support until the hearing on your original complaint.
- Find out if your state provides a child-support order when you apply for a protection order.
- Review the non-custodial parent's financial statement required in a child support enforcement case for accuracy. Consider consulting a lawyer if the financial statement appears inaccurate or fraudulent.

Separation, Divorce, and Child Support (cont'd)

Do I still have rights in the US if I'm from another country?

Battered immigrant and refugee women may be unaware that they are eligible to file for divorce in the United States. In some countries, this privilege is reserved for men. Some immigrant and refugee women also fear that divorce will adversely affect their ability to obtain immigration relief, since they must file Violence Against Women Act self-petitions within two years of the date of divorce. In addition, even if they are documented, some battered immigrant and refugee women also fear that they will be deported if they access the U.S. legal system.

Access to immigration relief, The Violence Against Women Act offers options for relief and support to battered immigrant and refugee women. Documented and undocumented immigrants who are battered by a spouse or parent who is a (1) U.S. citizen or (2) lawful permanent resident can apply for some public benefits after filing a Violence Against Women Act self-petition or I-130 family-based visa petition.

What is the Violence Against Women Act Self-Petition?

The Violence Against Women Act self-petition is extremely complicated and time consuming. Do not attempt to file these papers on your own. Ask an advocate and immigration attorney to support you through this process.

The Violence Against Women Act contains provisions that allow battered immigrant and refugee women to flee violent marriages without being deported. Violence Against Women Act provides battered immigrant and refugee women with three forms of relief. It: (1) allows them to file petitions on their own behalf; (2) addresses the cancellation-of-removal relief as it applies; and (3) clarifies that immigration authorities must accept "any credible evidence" submitted by a battered immigrant wife who is filing a self-petition or requesting a "battered-spouse waiver" if her abusive husband has filed immigration papers on her behalf. These provisions protect immigrant and refugee women and children whose abusive partners attempt to use immigrant status to inflict physical, mental, emotional and/or economic abuse.

What is the Violence Against Women Act Self-Petition process?

Obtaining lawful permanent residency status ("green card") through Violence Against Women Act is a two-step process. First, the applicant must have the self-petition approved by the United States Citizen and Immigration Services (USCIS). Second, she must apply for permanent residence through the adjustment-of-status process or consular process.

Separation, Divorce, and Child Support (cont'd)

Self-petitioners must complete USCIS form I-360 (Petition for American Widow or Special Immigrant) with supporting documentation. The filing fee for this form is approximately $80. Self-petitioners may also file a waiver of fees.

When a self-petition is approved, the spouse or child of a United States citizen is immediately eligible to receive a green card. She may file USCIS form I-485 (Application for Adjustment of Status) with a copy of her approved self-petition with the USCIS District Office responsible for her jurisdiction. The filing fee for the I-485 is approximately $220.

What is the Violence Against Women Act Self-Petition requirements?

Requirement 1: Spouse or child of abuser at the time of filing the self-petition
A self-petitioner must demonstrate that she is the legal spouse or child of a citizen or lawful permanent resident of the United States with documents such as a marriage certificate, love letters, etc.

Requirement 2: Self-petitioner's spouse or parent is a US citizen or lawful permanent resident
The self-petitioner must demonstrate that the abuser was a U.S.citizen or lawful permanent resident at the time the petition was filed.

Requirement 3: Self-petitioners reside in the United States with the US citizen or lawful permanent resident

Requirement 4: Self-petitioners must have resided in the United States with the US citizen or lawful permanent resident in the past.

Requirement 5: Battery or extreme cruelty
The immigrant woman must prove that she was battered or subjected to extreme cruelty by her husband or that she is the parent of a child who has been battered or subjected to extreme cruelty by the child's other parent or stepparent. The statutory definition of these terms includes rape, molestation, forced prostitution and incest (if the victim is a minor). A self-petitioner who has suffered no physical abuse may also be eligible for immigration benefits under the Violence Against Women Act as the definition applies to claims of mental cruelty as well as physical abuse.

Requirement 6: Good moral character
An applicant who is 14 years or older must provide evidence of her "good moral character" for the past three years.

Separation, Divorce, and Child Support (cont'd)

Requirement 7: Extreme hardship
The applicant must show that if she is removed from the United States, it will cause extreme hardship to herself or her child. In self-petitioning cases under the Violence Against Women Act, the circumstances surrounding the domestic abuse and consequences of the abuse may cause or contribute to extreme hardship.

Requirement 8: Applicant married in good faith
The applicant should present evidence that the current marriage was entered into in good faith. The following evidence may be useful:

- Marriage certificate
- Wedding pictures
- Pictures of the couple together on vacation, with friends or family
- Birth certificates of children in common
- Letters or cards to the applicant from the spouse
- Letters or cards sent to applicant's family members by the spouse

For more information about how to file a self-petition or gather evidence, contact a local domestic violence advocate, immigration attorney or a national immigrant rights organization.

Where can I go for more information on child support?

Although there are federal laws regarding child support, 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.dhhs.gov/programs/cse

Disclosing Abuse

For victims of domestic violence, disclosing the experience of abuse to others can be very helpful in seeking support and safety. However, it is important to carefully consider with whom you will share this very personal information and the potential consequences. It is important to trust your instincts. If you have any reservations about disclosing your experience, remember that an advocate at your local domestic violence program can provide confidential guidance and support on the consequences and long-term implications of disclosing abuse.

Sometimes it may not be best to disclose current or past abuse because it may result in the following:

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

If you do make the decision to disclose abuse, before you share any information, especially with an employer, remember to:

- ❒ Analyze any community organization's requirements or policies for disclosing domestic violence.
- ❒ Find a domestic violence advocate and ask them to give you a list of community organizations that are required by law to report your neglect or abuse (mandated reporters).
- ❒ Ask your advocate to determine the short- and long-term implications of this disclosure. They 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 and what happens if you do not disclose the information.
- ❒ Research your company's confidentiality program and employee-assistance program.
- ❒ Learn about your legal rights to take time off, such as extended-leave or vacation-time policies.
- ❒ Determine whether of not your employer has a partnership with a domestic violence program.
- ❒ Research your state's unemployment insurance policies. If you must leave your job due to domestic violence, you may qualify for benefits.

Privacy Challenges and Identity Change

In addition to the many issues related to being a domestic violence victim, safety is one that comes to the forefront for many. Some survivors even change their identities to protect themselves from their abusers.

Before changing your identity or your Social Security number (SSN), be aware of the consequences. You may lose your job and credit histories and your professional and educational credentials, which may make it hard to get a job, rent an apartment or buy a house. In many cases, changing your name is not a confidential process. In fact, many states require official notice of name changes, either in the local newspaper or in public courthouse documents. Also, your old identity may have to be linked with your new identity, such as credit checks or a birth certificate.

Consider the following before making the decision to change your identity:

- ❒ Contact a domestic violence program to find out about transitional housing community programs.
- ❒ Check if your state has an address confidentiality program. Consider getting a PO Box address.
- ❒ Block online and automated telephone access to your SSN by visiting www.socialsecurity.gov/blockaccess.
- ❒ Contact banks, utilities, department store credit cards, phone companies, etc., to 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 or ask a roommate to put the utilities in her name.

If you choose to change your identity, be sure to do the following:

- Speak to a domestic violence advocate or an attorney who understands identity change in the context of domestic violence.
- Get legal assistance, especially if you have debt or loans, on-going legal issues or you have shared custody of children. It is rare that children’s identity and SSN can be changed without both parents being notified.

Remember that changing your identity does not guarantee safety. Develop a safety plan after you change your identity, protect your contact information and limit the number of people who have access to your personal records. People are often tracked down through friends and family. Ask your family and friends to be protective of your information.

In addition to protecting your safety and new identity, you also have to be mindful of someone stealing your identity. Identity theft occurs when someone steals and uses your personal information, and it is not uncommon for abusers to commit identity theft on their victims.

Privacy Challenges and Identity Change (cont'd)

There are two types of identity theft:

- ❒ "Account takeover" occurs when someone acquires your *existing* credit account information and purchases products and services using the actual credit card or the account number and expiration date.

- ❒ "Application fraud," also called "true-name fraud," 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 or ruin them financially.

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 an abuser, a family member, or even a stranger. Personal information needed to steal your identify can be found by:

- ❒ Digging through trash bins for credit card and loan applications and documents containing personal information including your date of birth or Social Security number.
- ❒ 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 or tax information.
- ❒ Accessing your credit report fraudulently (e.g., pose as an employer, loan officer or landlord to obtain information).
- ❒ Using the Internet to track personal information or pay an information broker for a background check report that provides 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 abuser, 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, and 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. For example, by sharing your phone number with retail stores offering discount cards, your unlisted number could be disclosed and sold to an information broker, collected and combined with other publicly available information about you and posted on the Internet.

Privacy Challenges and Identity Change (cont'd)

Before you do business with a company, ask how it protects your information and look at their privacy policy. Understanding how your information is shared will help you better protect your privacy, keep your identity private, and protect yourself from identity theft.

Become Data Savvy

Ask why individuals or businesses need your personal information. Question anyone who requests your Social Security number and do not give your phone number to retail clerks.

Know what information about you is publically available. For example, in some states, voter registrations are public record and available online. Google search yourself to see what information is on the Internet about you.

Limit the information you or your children share on the Internet. Oftentimes, innocuous pictures of information posted on social network pages or picture sharing websites can unintentionally provide personal information about you.

Learn How Your Financial Institution Manages Data

Know 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 and how it protects your personal information. Ask for a copy of their privacy policy.

Read Privacy Notices

Details about your personal information and who has access to that information is embedded in the small print. Understand companies' privacy policies and what they do with your information.

Shred Everything

All documents containing personal contact information or account numbers should be shredded. Do not place a credit-card statement, bank statement or tax information in a trash or recycling bin without shredding it.

Understand Opt-Out Choices

Financial institutions must offer you the right to choose not to participate in their data-sharing process with third parties. "Opting out" protects your privacy and controls the security of your information. Keep in mind that, often, you will have to ask to opt out of the institution sharing your information.

Privacy Challenges and Identity Change (cont'd)

Beware of Requests for Personal Information

Never give personal information in an e-mail. Some identity thieves send e-mails that appear to be from a financial institution. This scam, called "phishing," appears legitimate. Check with the financial institution before you respond to this type of e-mail. Be careful about clicking any links in the email or replying to the email. You can go directly to the financial institution's website or give them a call.

Change Passwords and PINs

Use a password that's a combination of letters and numbers such as (P3P3). Never use your birth date, Social Security number, phone number or any part of your name as the password for your online accounts, including banking, investing, e-mail or purchasing accounts. Change your passwords every two to three months. Do not use the same password for every online account; create several to use in rotation.

Practice Computer Safety

Ensure that you have anti-virus and anti-spyware software running on your computer. Make sure that all definitions are up-to-date. Use a software or hardware firewall to protect your personal information when you use the computer. Keep your firewall settings at a high or moderate level. Never use the low settings. Do not open e-mail attachments from people you do not know. It could be a malicious virus, Spyware or worm that could steal your data or crash your computer. If you donate a computer to charity, first remove the hard drive. Many charities encourage this practice to protect any personal information that was stored on the machine.

Purchase Identity Theft Insurance

This coverage can be obtained as an option to your homeowners or renters insurance policy. These policies cover many costs associated with restoring your credit such as mailing statements to credit agencies, obtaining credit reports, making long distance phone calls and re-applying for any loans you were denied because someone stole your identity.

This section only provided a brief overview of some of the implications of personal privacy, identity change and identity theft. For more information and guidance on how to handle these situations contact a domestic violence advocate in your community.

Financial Empowerment Curriculum

Moving Ahead Through Financial Management

Module Two:

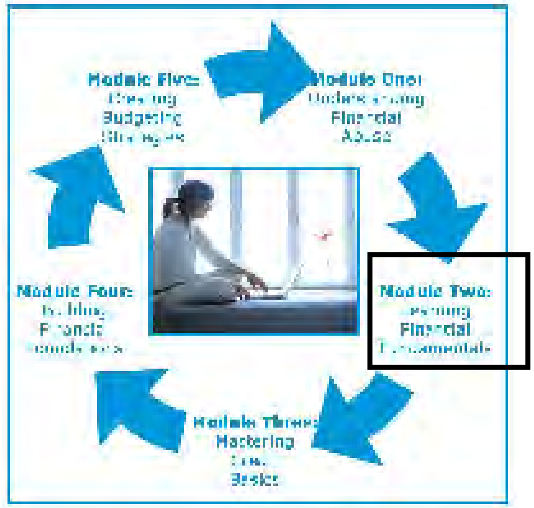
Learning Financial Fundamentals

Income and Assets
Debt and Liabilities

Allstate Foundation

NNEDV

MODULE TWO:
Learning Financial Fundamentals



This module outlines fundamental financial information you'll need if you have recently left, or decide to leave, an abuser. It will help you review your income, debt and other finance options.

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 adviser or attorney.

The objectives of this module are:

- ❒ Explain the basic concepts related to finance management.
- ❒ Identify sources of income and uncover your assets.
- ❒ Recall how to manage your debt and determine your liabilities.
- ❒ Explain the various banking options available to you.

Key topics covered in this module include:

- Finance Management
- Identifying Income and Assets
- Managing Debts and Liabilities
- Banking Options

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

REAL PEOPLE with Real Stories

Story of Survival

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

The last time she left, she ate at a soup kitchen three nights a week. The women running the program gave her clothing and 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 she lived in her car and worked for a day-labor program, earning enough money to buy gas, food and personal items from time to time.

This time she wants to find a job that's stable and pays better. Before she met Martin, Deanna dreamed of opening her own childcare center, but that dream seems out of reach now.

As you know, Deanna's story is one of many domestic violence survivors. However, remember, there is hope and there are people, programs and organizations willing and ready to help Deanna.

Deanna gained financial independence by securing a part-time job at a daycare that also had a tuition reimbursement program that paid for her schooling. She not only got her GED but also attended a community college and received an Associate's Degree in Early Childhood Education. She has since pursued her dream and has 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, staying focused, and never giving up despite the challenges that continued to cross her path.

The Allstate Foundation's Financial Empowerment Curriculum, along with support partners like the National Network to End Domestic Violence (NNEDV) will help you do just that: gain personal and financial independence.

Finance Management

If you are like most people, you have a limited amount of money to buy what you need and want, so you must make careful decisions about how to use your money most effectively. Limited money could mean $25 a week for one survivor, but $500 to another as everyone's situation is different. Regardless of your personal finances, the first step to finance management is to become knowledgeable and be prepared.

- ❒ **Become Informed**
  Knowledge is the key to overcoming fear and achieving economic success. Talk to friends and co-workers who you trust and ask them for advice on financial planning. Watch money-management television programs and read about personal finances. Schedule time to attend financial workshops offered by community organizations.

- ❒ **Worst-Case Scenarios**
  Ask yourself "What's the worst thing that can happen to me in my situation?" Is the worst-case financial scenario something you can handle? By being aware of the worst-case scenario, you can eliminate the fear that prevents you from moving forward.

- ❒ **Take Action**
  Once you've gathered sufficient data and information, be decisive and take action. Set small and obtainable goals and begin to implement 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 survive and live. Needs are the essentials, the "must haves" of life like food and shelter. If you have children and are in school or employed, childcare is a need. Since needs are essential, you must pay those expenses first.

Some things, however, are "wants." Wants are not essential, but make life easier or more fun. You may want to buy a candy bar, rent a video, eat at your favorite restaurant or buy a new pair of shoes. It's good to treat yourself once in awhile, but learn to recognize the difference between "wants" and "needs." By prioritizing these items, you can better plan your expenses.

In addition, find out what community resources and financial options are available to help you make more informed decisions. Domestic violence advocates can also help you get control of your finances.

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, including housing, food and clothing. Visit www.govbenefits.gov to learn more about your state benefits available.

Finance Management (cont'd)

Domestic violence programs offer services such as shelter, transitional housing, support groups, economic planning, referral programs, legal advocacy and peer support.

Sometimes accessing public resources is difficult. Work with a domestic violence advocate to learn more about what's available in your community and to develop strategies for accessing these resources.

The Personal Responsibility and Work Opportunity Reconciliation Act (also known as Welfare Reform) 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 individuals who are victims of family violence, such as:

- Domestic violence or abuse screening;
- Confidentiality protections for domestic violence survivors and individuals who are victims of family violence;
- Information and referrals to domestic violence support and advocacy services; and
- Waivers for program requirements including time limits, residency requirements, child support cooperation requirements and family cap provisions (if these requirements make it more difficult to escape abuse, present safety risks, or unfairly penalize domestic violence victims).

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

Additionally, contact your local department of Human Services or Department of Social Services to apply for public assistance programs. An advocate from your local domestic violence program can help you locate the contact information and complete the application process. Some suggestions follow are outlined below.

- ❐ Discuss the pros and cons of disclosing domestic violence with your advocate before you share any details about your experiences.
- ❐ Request Domestic Violence indicator flags to be placed within your personal file.
- ❐ Know that federal and statewide public assistance programs have a "welfare-to-work" policy that requires participants in public assistance programs to undergo job training and find work.

Financial Resources (cont'd)

- ❒ When you contact the Department of Human Services or Department of Social Services, request the following:
  - A list of programs available in your city and state;
  - Applications for all programs;
  - A list of required documents (proof of identity, income, Social Security numbers for household members, etc.);
  - Eligibility qualifications; and
  - Income and assets limitations documents.
  - Ask how applications should be completed (face-to-face or online).
  - Ask how to apply for food stamps, free school lunch and breakfast programs for your children, as well as Medicaid (medical insurance).
  - If you are homeless, ask about priority processing to receive emergency assistance services.
- ❒ Once you receive public benefits, you will have regular contact with your caseworker. You must demonstrate that you meet program requirements.
- ❒ If you receive Supplemental Security Income from the Social Security Administration, you may qualify for Medicaid.
- ❒ Be prepared to answer questions about your finances since eligibility for most programs is based on your income level.
- ❒ Hire an attorney to file an appeal if your claim for benefits or your application is denied.

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. Additionally, if you were married for at least 10 years and have an ex-spouse who is also 62 or older, 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 the ex-spouse receives and 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. 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 Administrations 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.

Financial Resources (continued)

- 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 U.S. citizenship or lawful alien status if you (or a spouse or child is applying for benefits) were not born in the U.S.; and
  - 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 take them to the Social Security Administration (SSA) office. The SSA will make photocopies and return the documents to you.

Identifying Income and Assets

A first step in financial management is to begin identifying your income and assets. This includes your own joint assets and your partner's assets.

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?
- ❒ 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 more than one 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 antiques, tools, artwork or collections whose value could be underestimated?
- ❒ Does your partner receive income that has not been reported on tax returns or financial statements?
- ❒ Is your partner the co-owner of a custodial account with your children or in your children's names?
- ❒ Does your partner own any certificates of deposit, municipal bonds or Series EE Savings Bonds that aren't registered with the IRS?
- ❒ 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 retirement accounts you're unaware of?
- ❒ Does your partner own a business?

Identifying Income and Assets (cont'd)

Sorting through a financial relationship you shared with an abusive partner can be difficult, challenging and sometimes dangerous. Remember, creditors, credit counselors, financial planners, attorneys, certified public accountants or forensic accountants can assist.

Following separation and during a divorce process, abusive partners often refuse to cooperate or make attempts to manipulate the process. Be aware of your safety risks as you manage 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; or
- ❒ Quit his job or obtained a low-paying job to escape financial responsibility.

You may be asked to use a mediator to resolve financial obligations you shared with your partner. Mediation may not be safe, helpful or comfortable for victims of domestic violence since it requires that the parties work together as equals to reach a settlement during numerous meetings.

Managing Debt and Liabilities

In addition to income and assets, you also have debt and liabilities. If you have significant debt from credit cards or other loans, you will need to work on reducing and paying off your debt. Begin by reviewing the number of credit cards you use, the interest rate for each card, and the amount you pay annually for fees. Do the same with any loans. This process may feel overwhelming at first, but understanding where you stand financially is an important step in building your financial independence.

Make a list of your outstanding debts.
Figure out how much you owe. Include educational loans, home improvement loans, checking-account overdrafts, personal loans, rent-to-own agreements and other installment purchases. Use the chart that follows to document your debt. List the name of the creditor (e.g., ABC Bank), the amount you owe, the interest rate and monthly payment.

Prioritize and decide which debts to pay first.
Sort your list by interest rate, putting the account with the highest interest rate at the top. Start paying more than the monthly payment for debts at the top of the list, which have the highest rate of interest, and then move down the list. If you have several accounts with smaller balances, you may want to pay off bills with the lowest balance due. While this may not make the most financial sense, it will help in a psychological sense as you'll begin to see immediate progress.

Find credit cards and loans with the lowest interest rate.
Lower interest rates are available for good customers, but you must request them. Ask your credit card company if they would consider lowering your rate. If not, shop around for a card with a lower rate. Switching from a card with 21 percent interest to one with 14 percent could save you $50 or more per month. If you transfer your outstanding balance from a high-rate card to a low-rate card, ask the new bank to waive the transfer fee and be sure the new low rate applies for more than a few months.

Below is an example of a chart to help you manage and payoff your debt.

Creditor (list by interest rate, from highest to lowest)	Balance due	Interest rate	Current monthly payment
1.			
2.			
3.			
4.			
Total debt and monthly payments			

Banking Options

Now that you have taken some time to identify your assets and liabilities, the next step is to open up a checking account (if you don't have one separate from your partners). Selecting financial institution that meets your needs is critical to successful money management. Consider using one financial institution for all your services, bank accounts, and credit cards to limit the number of financial institutions that have information about you. This will also help in managing your finances.

Financial institutions specialize in different services and include:

Banks

Banks are financial institutions that accept deposits and channel money into lending activities. A traditional bank issues stock and is therefore owned by its stockholders (shareholders). Banks and savings and loan institutions are for-profit entities whose interests include earning a return on their investments. Traditional banks serve customers from the general public.

Credit Unions

Credit unions are community-based financial cooperatives that offer a wide range of services. They are owned and controlled by members, who are also shareholders. Credit unions serve their members, who must be within the credit union's field of membership, as defined by its' charter.

Payday Lenders

Payday lenders provide small cash advances, usually $500 or less. To get a cash advance, a borrower 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 are nearly equal to a 400 percent annual percentage rate (APR). While these types of loans may appear to be an easy option, expensive loan fees may push the borrower into deeper debt in the long run. Consider this option carefully.

Check Cashing Stores

Check cashing stores are small businesses that cash checks for a fee. In general, the fee is about four percent.

Choosing a Financial Institution

When you are considering which financial institution to choose, shop around and begin by consider the following points:

- ❒ Think through your needs for a branch location; do you need a branch close to your home or work?
- ❒ Compare services.
- ❒ Compare how comfortable you feel with the staff.
- ❒ Does the bank meet cultural needs and requirements.

Banking Options (cont'd)

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

In your personal situation, consider if culturally-specific services are required. Look for banks that have bi-lingual employees or Web sites and information in other languages. Some institutions are specifically owned by, and run for, specific ethnic, religious and cultural clientele. For instance, are you interested in wiring money to family in another country? Does the bank offer this and what are the fees?

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

- Checking accounts: fees, minimum balance requirements and overdraft charges
- Automated Teller Machines (ATMs): availability and fees
- Savings accounts and products: interest rates, restrictions and penalties on withdrawal
- Bank branch hours: are they convenient for your work schedule
- Telephone services: available 24 hours, automated or immediate connection to a consultant
- Online banking and bill pay
- Safety of money: look for the FDIC logo

FDIC stands for Federal Deposit Insurance Corporation. If a bank is "FDIC Insured", an individual is currently insured for up to $250,000 in deposits in the event that a bank is financially unable to meet its obligations to repay deposits. A financial institution displays 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

According to Money Instructor (www.moneyinstructor.com), banking used to be mostly done by using a bank teller, however today banking is often done electronically. Banking transactions done by an ATM include depositing money, withdrawing money (getting cash), or checking your balance from either your savings or checking accounts. The benefits of using an ATM include easy access to banking services and easy access to cash. This reduces the need to carry large amounts of cash.

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).

Banking Options (cont'd)

To begin using an ATM, you will first place your card into the machine and enter your PIN. Then you will be able to do your banking. When entering your PIN, be sure no one is looking over your shoulder, and position yourself to block anyone from seeing your PIN code. Keep your PIN number a secret, and do not disclose it to anyone (especially your abuser). Do not write your PIN number on your ATM card, keep your PIN on a piece of paper in the same location as your ATM card, or keep this number in your wallet. For added security, change your PIN number periodically. If your ATM card is ever lost or stolen, report it immediately to your bank.

If you are going to do a deposit, try to have all the necessary paperwork ready. In fact, try to keep some deposit envelopes with you so that way you minimize the time spent at the ATM. Also, make sure the ATM location is well lit. Do not approach or use the ATM if the area looks unsafe. Look for suspicious people around the ATM. Use a machine that is visible to nearby traffic. If possible, bring a friend along to stand nearby when using an ATM. Lastly, avoid talking to strangers when using the ATM.

When your transaction is complete, be sure to take your money and place it immediately in your wallet or purse. Also, don't forget to take your ATM card before leaving. Do not stand around and count your money at the ATM. If there is a discrepancy between the amount withdrawn, and the cash received, then notify your bank immediately (be sure to identify the machine that you used).

Lastly, be sure you are aware of the banking fees for using an ATM, as fees will vary by bank and machine. Using an ATM owned by your bank will often result in lower (or no) fees compared to using an ATM from another bank, however each bank sets their own fees. Be especially careful if you only make small (for example twenty-dollar) withdrawals. If the fee per withdrawal is $1.50, then you will be paying a lot of unnecessary fees. In this case, it is better to make a single withdrawal of $100, then 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.

By identifying your income, assets, debts and liabilities, and opening an individual bank account (separate from your partners) with an ATM card, you will begin to better manage your finances. Continue to read through this curriculum to learn more about money-saving strategies and budgeting techniques.

Financial Empowerment Curriculum

Moving Ahead Through Financial Management

Module Three:

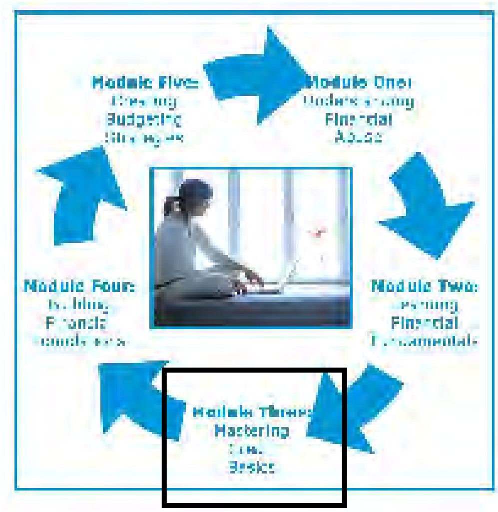
Mastering Credit Basics

Reviewing, Understanding and Improving Your Credit

Allstate Foundation

NNEDV

MODULE THREE:
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 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 adviser or attorney.

The objectives of this module are:

❒ Explain how to access and review your credit report.

❒ Identify the factors that control your credit report and credit score.

❒ Recall strategies that will help you increase your credit score.

❒ Describe the impact of bankruptcy.

Key topics covered in this module include:

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

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

Story of Survival

Vivian, a domestic violence survivor who has left her abusive partner, is a low-income working mother on public assistance. She cannot afford childcare or rent. Her 40-hour work week often expands to 50 hours when she factors 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. To qualify for financial aid, she is required to attend a minimum of 12 credits of coursework (about 20 hours a week with commuting time and homework).

Vivian is uncertain about how to manage the money she earns or the debt she has accumulated. She is considering filing for bankruptcy.

Vivian'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 Deanna.

The bright-side to this story is that Vivian did seek help and worked with an advocate through her local domestic violence program (who she learned more about after contacting the National Network 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 and was able to seek financial independence 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.

The Allstate's Financial Empowerment Curriculum, along with support partners like the National Network to End Domestic Violence (NNEDV) will help you do just that: gain personal and financial independence.

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, your ability to pay your past debts, and assigns you a credit score.

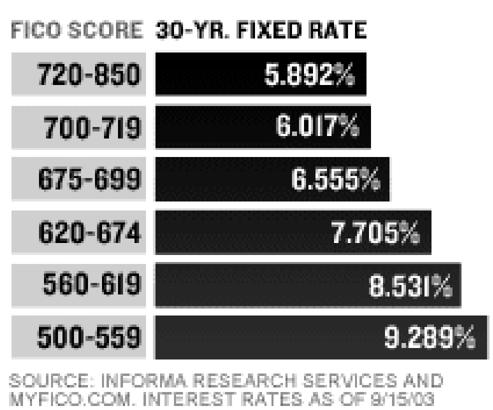
Upon request, each of the three credit reporting agencies (Equifax, Experian and TransUnion) must provide you with a free copy of your credit report every 12 months. A central Web site handles requests for the three agencies and you may order your reports online, by phone or by mail. Be aware that while 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. Even if your resources are limited, consider paying this fee as the information can save considerable time and money in the long-run.

The contact information for the Web site and three credit reporting agencies is below. You can contact them directly or work with your local domestic violent advocate to request a copy of your credit report.

Annual Credit Report Request Service
P.O. Box 105281
Atlanta, GA 30348-5281
1-877-322-8228
http://www.annualcreditreport.com

Equifax: 1-800-525-6285; www.equifax.com
Experian: 1-888-EXPERIAN (397-3742); www.experian.com
TransUnion: 1-800-680-7289; www.transunion.com

Obtaining a copy of your credit report and monitoring your credit is very important because of your credit score (which is also referred to as your FICO score). Your credit score often determines the rate you pay on your credit cards and loans, including a mortgage loan. A mortgage loan is a loan that allows you to purchase a home. Take a look at the bar chart below and notice that the interest rate on a mortgage loan is almost 3.5% lower for people who have excellent credit.



Reviewing Your Credit Report (cont'd)

Initially, that 3.5 percent may not sound like very much. However, the difference between someone with a credit score of 720 (paying 5.892 percent interest on a mortgage loan amount of $150,000) compared to someone with a credit score of 500 (paying 9.289) can be up to $350 a month or $125,000 in interest payments over the life of the loan.

Improving your credit score is not the only reason to maintain good credit. Many employers are now checking credit history and using it in the hiring process. Automobile and life insurance companies are also using FICO scores when figuring your monthly payments.

The best way to learn about a credit report is to look at an example. The following page provides an example of a credit report and reviews each section to help you understand how to read your credit report.

As you can see, the first page of a credit report provides a summary of all of the information contained within the detailed credit report. When reading your credit report, be sure to confirm that the name, address, and date of birth (DOB) is actually yours. If any of this is wrong, it means the credit reporting agency has your information wrong, or it could be a sign of identity theft (which we discussed earlier in Module One).

The summary section lists the different types of credit accounts, whether it be a mortgage (real estate), credit cards (revolving), installment (personal loans), or other. Next to the type of account, you can see how many of those types of account you have open, the total balance of accounts, the minimum monthly payment, whether the payment is current, and if the account is till opened or if it has been closed.

This example on the following page is from the very popular Web site www.myFICO.com . Visit this site to learn more about accessing and reviewing your personal credit score.

Check to see that your name, current address, former address, and date of birth are correct.

Refer to this number when making inquiries to your creditors.

Sums current credit accounts, balances, and notes delinquent or overdue amounts.

Indicates which of the three main credit reporting agencies (Equifax, Experian, TransUnion) reported the information.

Shows the number of public records (bankruptcies, tax liens, etc.) reported by the credit agencies.

Shows the total number of inquiries about your credit that were reported.

Shows the delinquent and derogatory information that has been reported by the credit agencies.

The creditor with whom you have or had an account with, the account number, and the type of account.

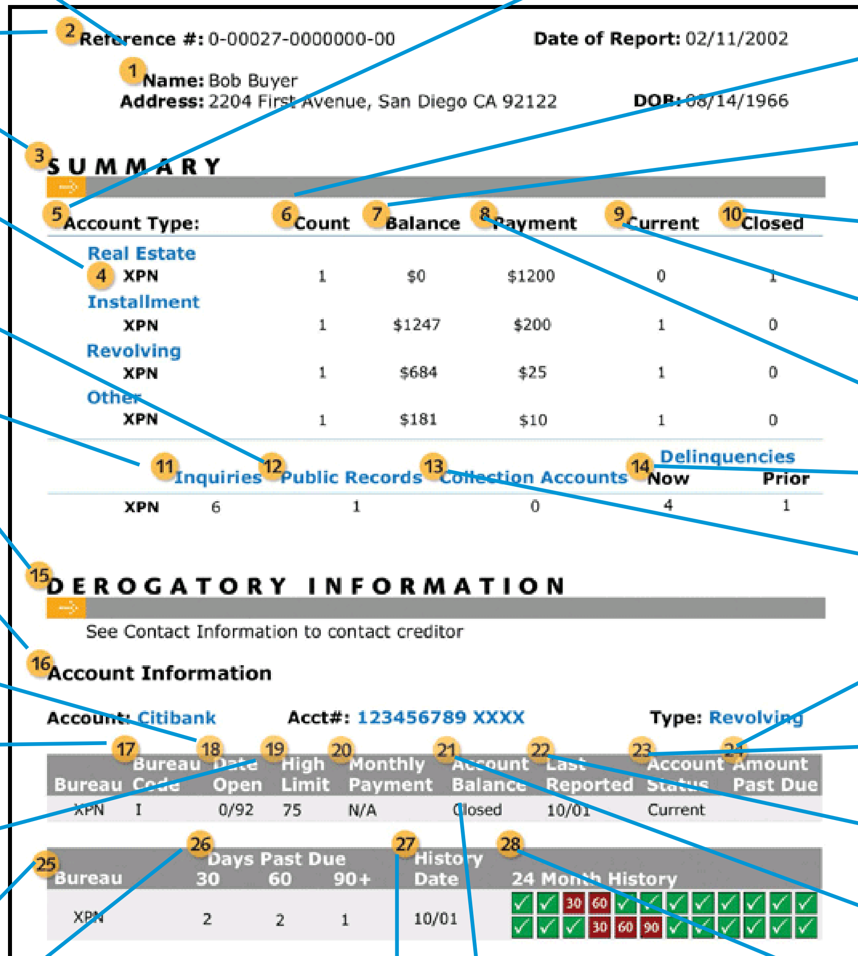
Displays the date when the account was opened.

This is the designation as to who is responsible for ach account.

Shows your credit limit or the most you have ever charged on the account.

Indicates which of the three main credit reporting agencies reported the information.

Indicates the number of times the account was 30/60/90 days past due.



Your monthly payment for each account.

Date which credit history began.

Shows the type of account (Real Estate, Installment, Revolving or Other).

Shows the total number of accounts reported for each type of account.

Shows the total balance of all types of accounts.

Shows the total number of account reported closed.

Shows the total number of current accounts.

Shows the total account type payments.

Shows the number of accounts that are currently delinquent or derogatory.

Shows the number of accounts ruined over to a collection agent.

Shows the total past due amount for all accounts.

Indicates whether the account is current or past due.

The last date the account was updated by the creditor.

The balance owed when the credit report was pulled or obtained.

Indicates whether the account was past due or current during past 24 months.

Reviewing Your Credit Report (cont'd)

Having good credit is 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 reporting questions and provides the answer to each below.

Why is good credit important?

As you learned, good credit allows you to obtain loans and credit cards with the best interest rates. Having a good credit history is also important if you want to rent an apartment, buy insurance coverage or a cell phone, get a job, obtain a mortgage, etc. Landlords, insurance companies and employers can check your credit report and obtain your credit score. They can view your personal spending habits, payment history and whether you've been sued or declared bankruptcy.

How do I know if I have good credit?

The only way to know whether or not you have good credit is to review your credit report. As you know, your credit report shows whether or not you've paid credit card bills and loans on time, how much you owe to creditors and whether you have unpaid loans. Remember to review your credit report annually.

Does checking your credit report lower your credit rating?

Checking your credit score or pulling your own credit report does not hurt your credit rating. The credit scoring system is set up so that inquiries made by a consumer checking his or her own credit score or credit report do not count in any way whatsoever towards lowering or raising one's credit score. In addition, credit inquiries made by credit card companies or mortgage lenders checking your credit report to send you pre-approved offers do not count either. If they did, every American would have a very low credit score.

However, if you respond to those offers, and the credit card company or mortgage lender pulls your credit report to do a more thorough investigation, it does count. It also counts every time you apply for any sort of financing, housing, insurance, employment, etc., and your credit report is pulled. How much does it affect your credit score? Each credit inquiry can lower your score by five points. Five points for each credit inquiry sounds harsh, and it would be harmful to someone who applied for many mortgage loans with many different mortgage lenders. However, the FICO scoring system counts multiple inquiries made in a 14-day period as just one inquiry, and all inquiries made within 30 days of the credit score being calculated are ignored. Therefore, if you are shopping for a mortgage or car loan, apply with various lenders within the same week to protect your credit score.

Reviewing Your Credit Report (cont'd)

Where can I get help to improve my credit?

Work with a reputable nonprofit community-based credit counseling organization that provides one-on-one assistance. Don't confuse expensive credit-repair clinics with legitimate nonprofit credit counseling organizations and 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.

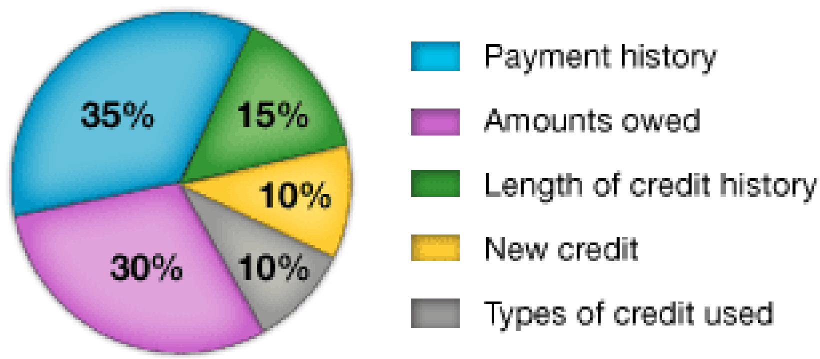
What are some credit issues that are unique to domestic violence survivors?

Anytime you open a new line of credit (open a new credit card, agree to purchase something 'same-as-cash', etc) it will be reflected on your credit report. If your partner still has access to your SSN, he may be able to get your contact information through a credit report.

Additionally, if your partner uses one of your credit accounts without your permission, you can file charges with law enforcement. Although they may not be able to go forward with a criminal case, having a police report filed may assist you in repairing any damage done by the unauthorized use.

Understanding Your Credit Score

As we shared earlier, your credit score is calculated from a lot of different credit data in your credit report. This data can be grouped into five categories as outlined below. The percentages in the chart reflect how important each of the categories is in determining your credit score.



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

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

Amounts Owed

- Amount owing on accounts
- Amount owing on specific types of accounts
- Lack of a specific type of balance, in some cases
- Number of accounts with balances

Understanding Your Credit Score (continued)

Amounts Owed (cont'd)

- 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

- Time since accounts opened
- Time since accounts opened, by specific type of account
- Time since account activity

New Credit

- 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)
- Re-establishment of positive credit history following past payment problems

Types of Credit Used

- Number of (presence, prevalence, and recent information on) various types of accounts (credit cards, retail accounts, installment loans, mortgage, consumer finance accounts, etc.)

Your credit score takes into consideration 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 depends on the overall information in your credit report. For some people, a given factor may be more important than for someone else with a different credit history. In addition, as the information in your credit report changes, so does the importance of the different factors in determining your credit score.

It's impossible to say exactly how important any single factor is in determining your score, even the levels of importance shown here are for the general population, and will be different for different credit profiles. What's important is the mix of information, which varies from person to person, and for any one person over time.

Understanding Your Credit Score (cont'd)

Your credit score only looks at information in your credit report. However, lenders look at many things when making a credit decision including your income, how long you have worked at your present job and the kind of credit you are requesting.

Your score considers both positive and negative information in your credit report. Late payments will lower your score, but establishing or re-establishing a good track record of making payments on time will raise your score.

Improving Your Credit Score

It's important to note that raising your FICO credit score is a bit like losing weight, it takes a lot of time and there is no quick fix. The best advice is to manage credit responsibly over time.

Below are some strategies to help improve your credit score.

Payment History Tips

Pay your bills on time.
Delinquent payments and collections can have a major negative impact on your FICO score.

If you have missed payments, get current and stay current.
The longer you pay your bills on time, the better your credit score. Be aware that paying off a collection account will not remove it from your credit report and it will stay on your report for seven years.

If you are having trouble making ends meet, contact your creditors or see a legitimate credit counselor.
This won't improve your credit score immediately, but if you can begin to manage your credit and pay on time, your score will get better over time.

Amounts Owed Tips

Keep balances low on credit cards and other "revolving credit."
High outstanding debt can affect a credit score.

Pay off debt rather than moving it around.
The most effective way to improve your credit score in this area is by paying down your revolving credit. In fact, owing the same amount but having fewer open accounts may lower your score.

Don't close unused credit cards as a short-term strategy to raise your score.
Consider following the 30% rule (i.e. if your limit is $1,000, try to keep your balance below $300). You don't want to close accounts to reduce your score because they also look at all your accounts and total balance on all of them, which means, if you have two cards one with $1,000 limit and 0 balance and one with $2,000 limit and $1,000 balance, if you close the 0 balance card you will show your 50% ratio, if you keep it open, you show a total ratio of limit-to-balance of 30%.

Don't open a number of new credit cards that you don't need, just to increase your available credit.
This approach could backfire and actually lower your credit score.

Improving Your Credit Score (cont'd)

Length of Credit History Tips

If you have been managing credit for a short time, don't open a lot of new accounts too rapidly.
New accounts will lower your average account age, which 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.

New Credit Tips

Do rate shopping for a given loan 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.

Re-establish 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 - it probably won't raise your credit score.

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.

Note that 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.

Do not use your children's credit. You can damage their credit and limit their ability to get a job, rent an apartment or buy a car in the future. When a woman or her abuser mismanages her credit, some women use their children's credit to purchase items they need to survive. This may seem harmless, but when the child turns 18, he or she may be unable to get a loan or credit. The burden for cleaning up the financial credit record rests with that child. This credit abuse can also damage an otherwise good relationship between mother and child.

Improving Your Credit Score (cont'd)

Types of Credit Use Tips (continued)

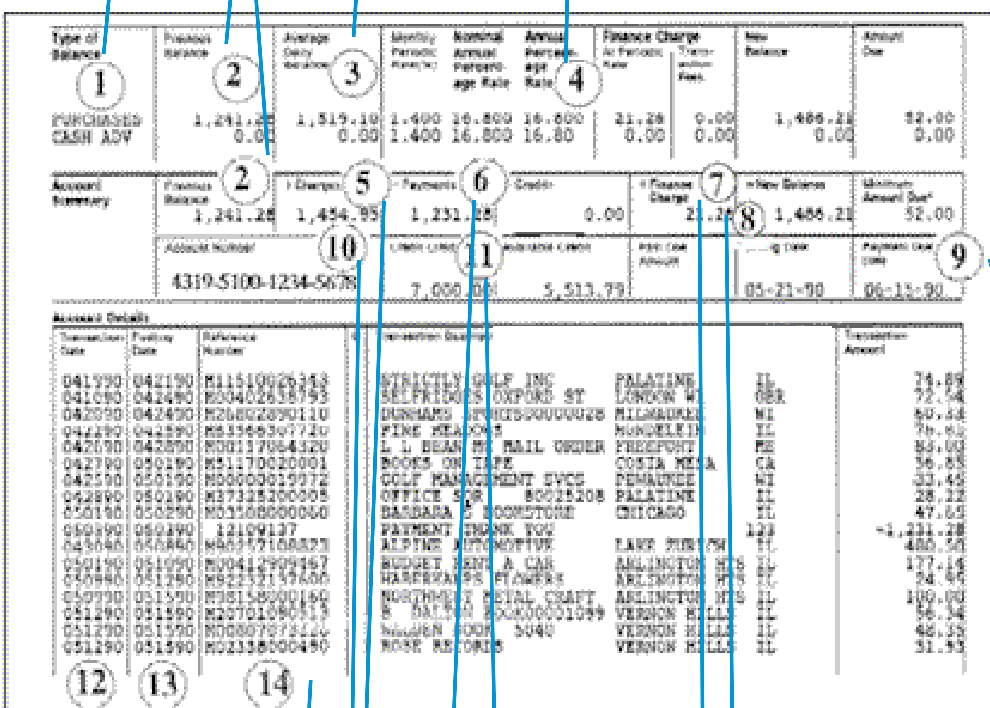
Understand how to read your credit card statement.
Below is an example of a credit report statement. Make sure you know where to find the minimum amount due, total due, due date, interest rate, etc. This will enable you to better prioritize when to pay each creditor.

Type of Balance: Numbers to the right of "Purchases" refer to goods purchased. Numbers to the right of "Cash Adv" refer to cash advances.

Previous Balance: This shows the amount due on the previous month billing. Here is was $1,241.28.

Average Daily Balance: Daily average used to compute finance charges. Not all banks use a Daily Average to compute interest.

Percentage Rates: The interest on amounts not paid before the due date.



Account Details: include Transaction and Posting Date and Reference Number.

Account Number: Do not give the number out except to make a purchase.

Charges: Amount charged to card in past month. new charges.

Payments: Amount paid during the month. On this example $1,231.28 was paid.

Payment: Pay by this date to avoid finance charges.

New Balance: The sum of amounts in field (#5) and (#7).

Finance Charges: They apply because payments were less than the balance.

Credit Limit: How much the bank will let you charge.

Improving Your Credit Score (cont'd)

Correcting Errors Tips

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. To do this, follow these steps:

1. Make a copy of your credit report and circle every item you believe is incorrect.
2. 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.
3. Send a similar letter to the creditor you believe reported incorrect information.
4. Send all materials by certified mail, return receipt requested, so you have proof the information was received.
5. The reporting agency will initiate an investigation by contacting creditors 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, the credit-reporting agency must send you a free copy of your new report.
6. 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.
7. If an investigation doesn't resolve your dispute, ask that a 100-word statement of the dispute be included in your file and in future reports. The credit-reporting agency must include this explanation in your report each time it sends it out.
8. Accurate negative information, such as a bankruptcy or delinquent account, typically remains on your credit report for at least seven years.

On the following page is an example of a letter to a credit agency disputing an inaccuracy on a credit report.

Improving Your Credit Score (cont'd)

Sample letter of dispute supplied by the federal trade commission:

Current Date
Your Name
Your Address
Your City, State, Zip Code

Complaint Department
Name of Company
Address
City, State, Zip Code

Dear Sir or Madam:

I am writing to dispute the following information in my file. The items I dispute also are encircled on the attached copy of the report I received.

This item (identify item(s) disputed by name of source, such as creditors or tax court, and identify type of item, such as credit account, judgment, etc.) is (inaccurate or incomplete) because (describe what is inaccurate or incomplete and why).

I am requesting that the item be deleted (or request another specific change) to correct the information.

Enclosed are copies of (use this sentence if applicable and describe any enclosed documentation, such as payment records, court documents) supporting my position.

Please investigate this (these) matter(s) and (delete or correct) the disputed item(s) as soon as possible.

Sincerely,
Your Name

Enclosures: (list what you are enclosing)

Improving Your Credit Score (cont'd)

Obtaining Help Tips

It's not difficult to improve a credit record. 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. Also, take time to learn more by visiting the Federal Trade Commission (www.ftc.gov) to better understand your collection rights, and 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 counselors who claim they can erase bad credit. If a counselor suggests that you make false statements on a loan or credit application, misrepresent your Social Security number or obtain an Employer Identification Number from the Internal Revenue Service (IRS) under false pretenses, find a new counselor or you will be guilty of committing fraud.

According to the U.S. Public Interest Research Group, one in four credit reports contains errors serious enough to result in the denial of credit, a loan, apartment, mortgage or even a job.

Nonprofit organizations in every state offer credit guidance to consumers 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, including budget and credit counseling and classes in savings and debt management provided by trained and certified counselors. Counselors should discuss your entire financial situation and help you develop a personalized plan to solve your current money problems and prevent future ones. The initial counseling session typically lasts an hour, with follow-up sessions. Avoid organizations that push debt management plans (DMPs), since they're 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 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 the state requirements.

Improving Your Credit Score (cont'd)

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 verbal 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 set-up and monthly fees?

Get a detailed price quote in writing and 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 benefit 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.

What do you do to 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.

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 and 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.

Understanding Bankruptcy (cont'd)

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 your workplace retirement plan, stocks or other securities, or the cash-value of your life-insurance policy. Analyze the risks and consequences of this action thoroughly.

Each state has laws defining exempt and non-exempt 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, having a thorough understanding of your credit score 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, be sure to visit www.myFICO.com to learn more about the impact of your credit score.

Financial Empowerment Curriculum

Moving Ahead Through Financial Management

Module Four:

Building Financial Foundations

Homes, Loans and Automobiles

Allstate Foundation

NNEDV

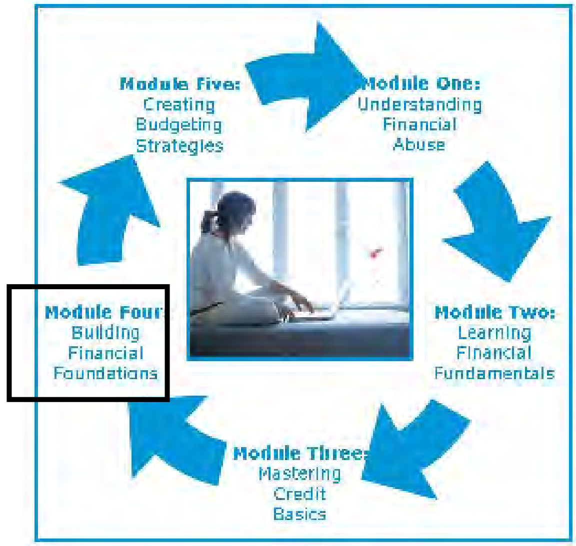
MODULE FOUR:
Building Financial Foundations

Now that you have learned the basics of finance management in Modules One and Two, as well as credit report information in Module Three, this module reviews advanced finance 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 adviser or attorney.

The objectives of this module are:

- ❒ Explain the various types of financial paperwork that exist.
- ❒ Describe the difference between various loan options.
- ❒ Apply for a loan and recall how to prepare for the application process.
- ❒ Recall the various home options to consider when seeking financial living independence.
- ❒ Describe the path to achieve home ownership.



Key topics covered in this module include:

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

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

REAL PEOPLE with Real Stories

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. 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 must now earn a living and pay for childcare. Because of her felony conviction, she is ineligible for welfare, subsidized childcare, training or education funding, or HUD or Section 8 housing. She supplements her income by selling jewelry and she has moved in with her cousin to hold her expenses down; although the father of her child was beginning to harass her at the 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 Joelle.

In 2005, Joelle decided to contact the National Network to End Domestic Violence and ask for help. By working with her local advocate, she was able to secure another side job independently and allowed her to work from home. She also worked with her advocate on innovative ways to save money and remain in hiding 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. Although her place is small and she is still on a very restrictive budget, she is no longer sought after by her abuser and she is happy.

Read this module to learn how more about finance management.

Financial Paperwork

Fully understanding your financial situation is the next step in building a financial foundation. In order to prepare for budgeting (which will be addressed in Module Five), you will first need to gather the financial documents that indicate what you owe, how much you have and the living expenses you require.

Be aware that gathering these documents may put your safety at risk if your partner discovers you have gone through the files. Talk to an advocate to create a safety plan and be mindful of keeping safe and consider storing copies of financial documents outside the house such as at a trusted friend's house or another safe location. The following tips may also be helpful:

- ❒ Be careful as you gather documents and store the information. Abusive people may set traps in files to detect if someone has accessed them.
- ❒ If you cannot get access to your birth certificate or Social Security number, you can use your driver's license or state identification card to request a copy of your birth certificate or Social Security card at a later date by contacting the appropriate state vital records department. Be aware that there may be a charge to obtain copies of these documents.
- ❒ You need only the most recent copy of your bank, investment or credit card statements.
- ❒ If you cannot find paper copies of documents, request an electronic copy be sent to a private email account you set up with a new password.
- ❒ Don't worry if you can't access your utility or other monthly expenses. If you have a checking account, your most recent bank statement will provide information about monthly expenses (or if you pay via money orders, make copies of the statements).

The following list of documents may help you rebuild your financial life. This list is the ideal, but 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 around safely gathering documents.

Financial Records:

- Bank statements and cancelled checks
- Bank certificates of deposit
- Brokerage account statements
- Credit card accounts, loan documents and statements
- Mortgage applications and repayment records

Financial Paperwork (cont'd)

Financial Records (cont'd):

- Pay stubs for the last six months for you and your spouse
- Tax filings and refunds
- Business financial statements
- Employee benefit records including stock options and bonuses
- Statements of all retirement accounts
- Royalty statements and advances
- Copies of credit card bills and other incurred debt (car loan, etc.)
- Records of business partnerships
- Money order receipts
- Documentation from any public assistance received

Example of Financial Records-Bank Statement:

FIRST BANK OF WIKI
1425 JAMES ST, PO BOX 4000
VICTORIA BC V8X 3X4 1-800-555-5555

CHEQUING ACCOUNT STATEMENT
Page : 1 of 1

JOHN JONES
1643 DUNDAS ST W APT 27
TORONTO ON M6K 1V2

Statement period	Account No.
2003-10-09 to 2003-11-08	00005-123-456-7

Date	Description	Ref.	Withdrawals	Deposits	Balance
2003-10-08	Previous balance				0.55
2003-10-14	Payroll Deposit - HOTEL			694.81	695.36
2003-10-14	Web Bill Payment - MASTERCARD	9685	200.00		495.36
2003-10-16	ATM Withdrawal - INTERAC	3990	21.25		474.11
2003-10-16	Fees - Interac		1.50		472.61
2003-10-20	Interac Purchase - ELECTRONICS	1975	2.99		469.62
2003-10-21	Web Bill Payment - AMEX	3314	300.00		169.62
2003-10-22	ATM Withdrawal - FIRST BANK	0064	100.00		69.62
2003-10-23	Interac Purchase - SUPERMARKET	1559	29.08		40.54
2003-10-24	Interac Refund - ELECTRONICS	1975		2.99	43.53
2003-10-27	Telephone Bill Payment - VISA	2475	6.77		36.76
2003-10-28	Payroll Deposit - HOTEL			694.81	731.57
2003-10-30	Web Funds Transfer - From SAVINGS	2620		50.00	781.57
2003-11-03	Pre-Auth. Payment - INSURANCE		33.55		748.02
2003-11-03	Cheque No. - 409		100.00		648.02
2003-11-06	Mortgage Payment		710.49		-62.47
2003-11-07	Fees - Overdraft		5.00		-67.47
2003-11-08	Fees - Monthly		5.00		-72.47
	*** Totals ***		1,515.63	1,442.61	

Legal Documents:

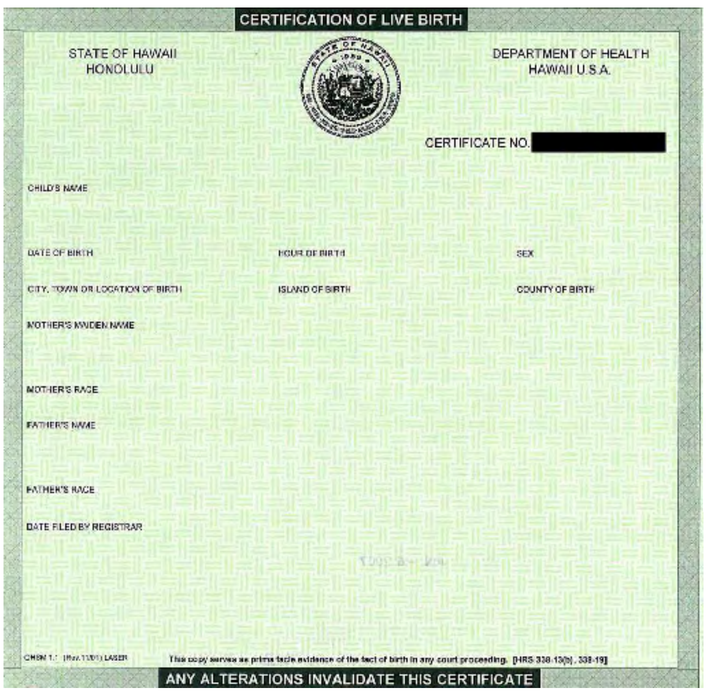
- Birth certificates
- Marriage certificate
- Passports

Financial Paperwork (cont'd)

Legal Documents (cont'd):

- Social Security card
- Wills and trust documents
- Pre- and post-marital agreements (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 orders and temporary protection orders (including police reports)

Example of Legal Documents-Birth Certificate and SSN Card:


CERTIFICATION OF LIVE BIRTH

STATE OF HAWAII
HONOLULU

DEPARTMENT OF HEALTH
HAWAII U.S.A.

CERTIFICATE NO. [redacted]

CHILD'S NAME

DATE OF BIRTH | HOUR OF BIRTH | SEX

CITY, TOWN OR LOCATION OF BIRTH | ISLAND OF BIRTH | COUNTY OF BIRTH

MOTHER'S MAIDEN NAME

MOTHER'S RACE

FATHER'S NAME

FATHER'S RACE

DATE FILED BY REGISTRAR

OHSM 1.1 (Rev. 11/01) LASER

This copy serves as prima facie evidence of the fact of birth in any court proceeding. [HRS 338-13(b), 338-19]

ANY ALTERATIONS INVALIDATE THIS CERTIFICATE

Property Documents:

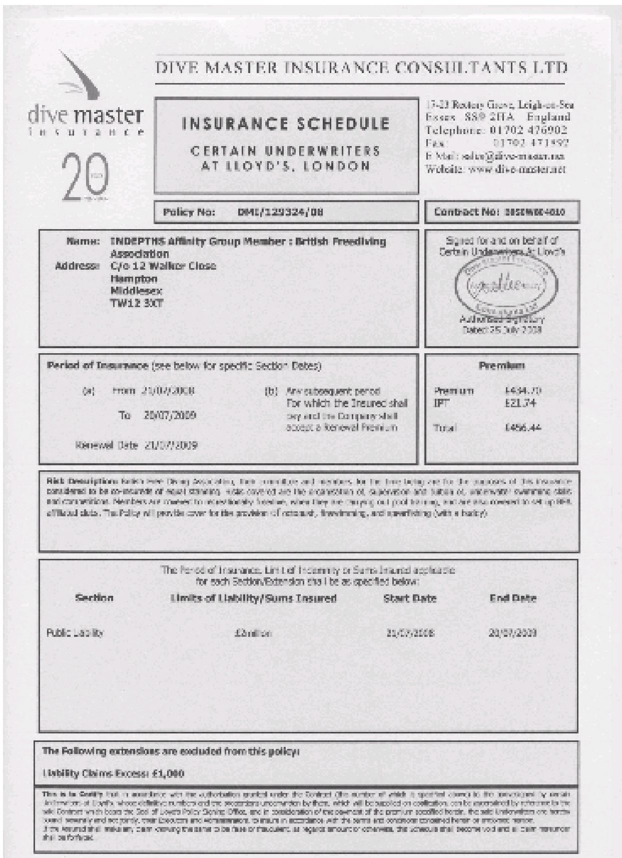
- Title documents, mortgage agreements and payment records
- Original purchase documents, such as appraisal documents
- List of collectibles, jewelry, artwork, other valuables (include photos)
- Vehicle registrations

Financial Paperwork (cont'd)

Property Documents (cont'd):

- Insurance policies
- Pictures of the furnishings and personal items in your home
- Copies of any existing wills and deeds

Example of Property Documents-Insurance Policy:


dive master insurance

20

DIVE MASTER INSURANCE CONSULTANTS LTD

INSURANCE SCHEDULE

CERTAIN UNDERWRITERS AT LLOYD'S, LONDON

13-23 Rectory Grove, Leigh-on-Sea
Essex SS9 2HA England
Telephone: 01702 476902
Fax: 01702 471892
E Mail: [illegible]
Website: www.dive-master.net

Policy No: DMI/129324/08

Contract No: [illegible]

Name: INDEPTHS Affinity Group Member : British Freediving Association
Address: C/o 12 Walker Close
Hampton
Middlesex
TW12 3XT

Signed for and on behalf of Certain Underwriters At Lloyd's
Authorised Signatory
Dated: 25 July 2008

Period of Insurance (see below for specific Section Dates)

(a) From 21/07/2008
To 20/07/2009

(b) Any subsequent period For which the Insured shall pay and the Company shall accept a Renewal Premium

Renewal Date 21/07/2009

Premium

Premium	£434.70
IPT	£21.74
Total	£456.44

Risk Description: [illegible]

The Period of Insurance, Limit of Indemnity or Sums Insured applicable for each Section/Extension shall be as specified below:

Section	Limits of Liability/Sums Insured	Start Date	End Date
Public Liability	£[illegible]million	21/07/2008	20/07/2009

The Following extensions are excluded from this policy:

Liability Claims Excess: £1,000

This is to Certify [illegible]

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

Financial Paperwork (cont'd)

Example of Health Records-Living Will:

Living Will

Name

Address

City State Zip

Phone

Witness

Street Address

Phone

LIVING WILLS AND HEALTH CARE ADVANCE DIRECTIVES: FAQs

Expense Documents:

- Household bills (utilities, rent/mortgage)
- Education records
- Childcare contact information
- Children's after-school activities information
- Clothing receipts
- Church and charitable donation records
- Laundry and cleaning expense records
- Household help records
- Transportation information (gas receipts, toll receipts, tax fare, etc.)

Financial Paperwork (cont'd)

Example of Expense Documents-Utility Bill and Receipts:

AMHERST COUNTY SERVICE AUTHORITY
MADISON HEIGHTS, VA. 24572-0100

SERVICE BILL

ACCOUNT NO.	PAST DUE	THIS BILLING	TOTAL DUE
123456	.00	81.00	81.00
FROM	**TO**	**DUE DATE**	**PENALTY DATE**
07/02/08	09/02/08	10/01/08	10/20/08

PREVIOUS READING	PRESENT READING	USED	CODE	AMOUNT
1500	2500	1000	SE	36.60
1500	2500	1000	WA	44.40

FOR : EXAMPLE RD 115

TO JOHN & JILL DOE

111 ABCD STREET
MADISON HTS VA 24572

PRESORTED
FIRST-CLASS MAIL
U.S. POSTAGE PAID
Madison Heights, VA.
PERMIT No. 75

SHORT NAME	DOE
ACCOUNT NO.	123456
DUE DATE	10/01/08
CURRENT	81.00
PREVIOUS	.00
TOTAL DUE	81.00

Your Company
(123) 456-7890
Sold To: John Baradin
BARAJO/#1001 - January 02, 2002

LBS II (20) Trial Pack	$12.10
SUBTOTAL:	$12.10
DISCOUNT:	($0.61)
SALES TAX:	$0.69
TOTAL:	$12.18
PAYMENTS:	$12.18
BALANCE DUE:	$0.00

Total number of items: 1

Cash #1:	$5.00
Check #1324:	$7.18

Place your message here that you want to appear on an invoice.

Although this is not an all encompassing list of every financial document that exists, it provides a thorough starting point for collecting the information and data you need to independently rebuild your financial future. Additionally, you may not be able to access every document on the list, but reviewing it may help you remember assets and liabilities you have.

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 to take on more debt that you can manage. Knowing about different kinds of loans will help you make better decisions. After all, knowledge is power and the most important piece of knowledge to share 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 are traceable via your credit report.

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

Unsecured Loan

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: I.O.U. Loan, Credit Card Loan and Personal Loan.

Unsecured Loan: I.O.U. Loan

The simplest unsecured loan is a personal loan from a friend or family member, with an I.O.U. as signature of 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: what might happen if you are unable to repay the loan, how might this damage the relationship, and what if the family member or friend changes their mind and wants to be paid back earlier? If you decide that this is a good option, consider putting the agreement on paper, spelling out all of the terms of the loan, interest to be paid and when payments are due. Having the agreement clearly stated in writing can avoid problems in the future. Below is example of an I.O.U loan.

Step 1	Include the date, month and year the agreement is made.
Step 2	Include the full name of the person lending the money and their address.
Step 3	Include the full name of the person receiving and borrowing the money and the person's address.
Step 4	Include the amount of the loan.
Step 5	Include the number of months or years the loan is for.
Step 6	Include the amount of each scheduled payment.
Step 7	Include the interest charged on the loan, if applicable.
Step 8	Both the borrower and lender need to sign the IOU loan agreement.

Loan Options (cont'd)

Unsecured Loan: 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 agree to pay the money borrowed. The term and amount of the loan are predetermined when you first applied 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 appropriate time, additional fees may be assessed, the account may be sent to collections, and legal proceedings can be taken against the borrower.

Below is an example of using a credit card to take advantage of a lucrative purchasing opportunity.

Domestic Violence Survivor Example

Gwen has just moved into a new house and has little furniture. After some shopping around she is able to find a sofa for $750. The furniture store offers zero percent interest on all purchases over $500 for a period of six months. After the six month period, any remaining balance is subject to 25 percent interest.

Monthly Payment to Pay Off in Six Months:
$750 (total cost of sofa) / six months = $125 per month

Monthly Payment by Paying Minimum Due:
Minimum Monthly Payment = $50
Balance after Six Months = $450
Balance of $450 at 25 percent = $112 per month (until loan is paid in full)

In Gwen's scenario above, her $750800 sofa has the potential of costing over $1200 if she only makes minimum payments.

As we have mentioned previously, the key to any loan (especially credit cards) is to only utilize it 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.

Loan Options (cont'd)

Unsecured Loan: Personal Loan

Also, banks can offer an unsecured loan to a borrower. Usually banks will assess the creditworthiness of the borrower 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 of a 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 the credit union, obtaining an unsecured loan should not be a problem.

Secured Loan

Secured loans are those loans that are protected by an asset or collateral of some sort (such as a car or house). From a lender's point of view, these types of loans are less of a risk because the lender can recover their loss from the asset used for the loan.

Benefits of Secured Loans

- Best way to obtain large amounts of money.
- Since there is less risk for the lender, the rates tend to be lower.

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.

Secured Loan: Debt Consolidation Loan

One type of secured loans is a debt consolidation loan where a home or 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 will also save a lot of money over time, since interest rates for secured loans are lower. A debt consolidation loan usually offers a lower monthly payment as well.

Loan Options (cont'd)

Secured Loan: Car Loan

A car loan is a very popular type of secured loan (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.

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. You can also obtain things like cash rebates or no money down financing with new car loans. 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. [Insert an example of what's the better deal such as cash back. zero interest. etc.

Used car loans are generally smaller, because of the reduced cost of the car, 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 dangerous for the lender.

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 also need to be insured, and the car will require gas and periodic repairs and maintenance. All of these costs can add up, and it is important to provide for them in a monthly budget to avoid surprises or a loan which is too big to carry comfortably.

While putting together a loan, it can help to use a car loan calculator (such as, www.edmonds.com) to get a rough idea of how things like the amount of a loan, the length of a loan, and the interest rate can change monthly payments and 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.

Loan Options (cont'd)

Car Financing Through a Car Dealer

If 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, but 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. a lender of choice, and then select a dealer to identify the particular car to buy.

Car Financing Online

It is also possible to find used car financing online, and through lenders which are not locally based, although the customer service may not be as good. To avoid a negative impact on their credit scores, borrowers should shop around without actively applying for any loans, and ask only one or two online lenders which 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 we are going 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 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 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 prey on borrowers who have bad credit, as they may be compelled to take just about any offer because they feel desperate.

Loan Options (cont'd)

Secured Loan: Mortgage Loan

The most popular secured loan is a mortgage (home) loan. The terms of the 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 four main types of mortgage loans: fixed-rate, adjustable rate, balloon, 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 the amount borrowed and all interest within 180 monthly payments, or 15-years from the date of the loan. If a borrower selects a 30-year mortgage, she agrees to repay the amount borrowed and any and all interest within 360 monthly payments, or 30 years from the date of the loan. The loan also 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 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 with a flexible interest rate. This means the interest rate fluctuates depending on the index. There are basically five types of indexes used to calculate the interest rate on adjustable rate mortgage: Constant Maturity Treasury (CMT), the 11th District Cost of Funds Index (COFI), the 12-month Treasury Average Index (MTA), the National Average Contract Mortgage Rate, and the London Interbank Offered Rate (LIBOR). An adjustable rate mortgage is not necessarily a bad arrangement, just a more risky one. In the case of the index falling, you may end up paying less than you would on a regular mortgage loan; however, when the index rises, you would end up paying more. An adjustable rate mortgage often comes with a cap or limitation on charges, which controls either the frequency or the lifetime change of the interest rate. For example, an adjustable rate mortgage can have a cap of a two percent maximum per year, or six percent total during the lifetime of the mortgage. This protects you while still ensuring the lender a fairly safe transaction.

Loan Options (cont'd)

Balloon Loan

A balloon loan is a type of short-term mortgage. Balloon loans have set loan terms, just like other types of mortgages. As discussed previously, typical fixed rate loans last for 15 or 30 years and once you make your final monthly installment payment, you are given the deed to the property and cleared of the mortgage debt. However, balloon loans often extend for about five to seven years. Although the balance of the loan is due at the end of the term; the debt is not cleared with a final installment payment. Some people view the balloon loan as a poor choice because the borrower must be disciplined enough to plan for a large-sum payment at maturity (or be prepared to refinance their loan or move from the property). While the disadvantage of having to come up with a large sum of money at the end of a rather short loan term is obvious, there are advantages to securing a balloon loan. One major advantage is that balloon loans often carry low interest payments, allowing the borrower to hold onto more cash over the loan term. The borrower can use the cash as she sees fit, perhaps even investing it in the hopes of earning more than what is required to repay the loan. This loan type is also good if you know you are only going to live in the home for less than the specified loan term (again, which is typically five or seven years).

Sub-Prime Loan

If you cannot qualify for a mortgage loan or you are having difficulty obtaining credit through the normal channel, then a sub-prime loan may be your next option. Although given the current market this area of lending is volatile, it is still available through certain lenders. 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. This type of loan is good for repairing credit records but you may not wish to repay the loan over a long period. You might take out a loan over five years and then circumstances may change and you can pay it back sooner. If you think this may be the case, ask about the lenders early repayment terms. With that said, you want to be mindful when investigating this type of loan as it is often considered high-risk. Also, be sure to read the section on Predatory Lending which is explained later in this module, as this type of lending is often found in the sub-prime market.

Loan Options (continued)

Now that you are more familiar with the different types of mortgages, below is a comparison chart to help you determine which loan is best for you.

HOME LOAN COMPARISON CHART

Loan Type	Loan Features	Perfect if You:
Fixed-Rate Loan (e.g., 30, 20, 15, or 10 years)	• Fixed interest rate and monthly payment over the entire term of the loan • Higher interest rate and monthly payment than adjustable rate loans	• Don't plan to sell or refinance for 10 years or more • Prefer the security of having the same monthly payment with no pressure to refinance later
ARM Loan (e.g., 1, 3, 5, 7, or 10 years)	• Lower starting interest rate and monthly payment than fixed-rate loans • May eventually go higher than a fixed-rate loan	• Want the lowest possible interest rate and monthly payment • Are comfortable with changing interest rates and monthly payments
Balloon Loan (e.g., 5 or 7 years)	• Lower starting interest rate and monthly payment than fixed-rate loans • Full balance of loan is due at end of term (five to seven years)	• Plan to only live in your home for a short time but want a stable interest rate
Sub-Prime Loans (e.g., 2, 3, 15, or 30 years)	• May contain a prepayment penalty	• Want a home, but don't qualify for the lowest rate and best terms and can afford paying more for the loan

Regardless of which type of loan you apply for, make sure you research home mortgages carefully. Some Web sites (such as, www.mortgageloan.com) will compare mortgages for you, but consider working with a loan consultant (loan representative from a bank) before applying for a mortgage online. The loan consultant can discuss your options and any problems that might affect your eligibility for an online 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.

Loan Options (cont'd)

Mortgage Features

In addition to the various loan types available, the following features can be applicable to any loan type. The two most common are reviewed below.

Pre-Payment Penalties

A pre-payment penalty is a monetary penalty should a borrower payoff 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.

Negative Amortization

Negative Amortization (Neg Am) may be helpful to first time buyers who can't afford huge upfront mortgage payments. With Neg Am, initial payments do not even cover the full cost of interest accrued on the loan. The remaining unpaid interest is added to the money owed on the house, so the loan increases in size (instead of decreasing). While this may be attractive to buyers at first, Neg Am loans only allow below interest rate payments for a short period of time, and eventually, payments must increase to cover the full cost of interest, which is now higher than it would have been in the onset since the total amount owed is higher. Interest on Neg Am loans is almost always given at an adjustable rate. Payments on this type of loan don't necessarily go up dramatically. Some Neg Am loans are graduated, meaning over time, your payments will gradually increase until you are paying at least the interest, and often some of the principal too.

Loan Options (cont'd)

Now that you know all about the different types of loans available (both unsecured and secured), below is some final information to further educate you about the loan financing industry. While most lenders are respectable, there are some lenders that are not (including mortgage lenders) and they may charge excessively high interest rates and unreasonable terms.

Predatory Lending

Predatory lending is the practice of using unfair, deceptive and abusive tactics in lending money. Unscrupulous lenders take advantage of borrowers who are less knowledgeable about lending practices, getting them to agree to loan terms that are not only less than desirable, but also 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 lenders who engage in predatory lending practices. 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 not limited to short-term lending. It is all too common among unscrupulous 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, avoid 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. Consider consulting with a lawyer before you sign any loan documents, especially mortgage loans.

PayDay Loans

Many consider payday loans predatory lending. Typically, these short-term loans are offered to individuals without regard to credit. Though these loans are relatively easy to obtain, they are granted at unreasonably high interest rates. In fact, an individual who borrows from a payday loan company may pay more than 100 percent interest over the life of the entire loan. With interest rates so high, many payday loan borrowers find repaying their loans very difficult and in a far worse situation then when they originally applied for the loan.

Loan 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?

Getting your loan approved depends on how your financial background matches the lender's criteria. 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 one to 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 generate 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, indicates 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 percent 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 liability you can support. Your total monthly payments for debts (including credit card debt, car loans, student loans, existing mortgages or child support) should not exceed 42 percent 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 liquid assets be available to pay at least two monthly mortgage payments.

Loan Application Process (cont'd)

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 how much monthly payments will 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 when purchasing a home. A loan pre-qualification can aid a homebuyer in the purchase of a home 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 is able to 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 impeccable.

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, he applies for a mortgage from 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 amount he wants to borrow.

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

Loan Application Process (continued)

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 less optimal than those offered to borrowers with good credit.

Before submitting a mortgage application, many home loan experts recommend that borrowers check their credit files for inaccuracies. If the wrong information is listed, a borrower can contact the credit bureau to learn the process for having it changed.

To have the best chance of securing a home mortgage loan, a borrower will want to put his best foot forward with accurate information.

Checking Other Documentation

Besides the credit check, another important part of a mortgage application is the documentation a borrower provides. A bank or mortgage company is unlikely to take a borrower's word for her income, expenses, and employment. The borrower may need to provide tax returns, bank records, and proof of income. These types of documents may be required not only of the primary borrower, but also of anyone else whose name is included as a co-borrower or co-signer on the mortgage application.

Sometimes a mortgage lender will reject an application. Some of the reasons an application may be rejected include a low down-payment, poor credit history, and insufficient income to cover the amount of mortgage the borrower is seeking.

Now that you know more about the various types of loans available (including mortgage loans), let’s talk about your housing options. Although buying a home may be your ultimate goal, you may not be in a financial situation to move forward with home ownership. The good news is that you have options available to you. These will be further discussed in the next topic.

Home Options

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 supportive services to help residents build skills in money management or offer savings programs. These programs allow you to develop the skills you need to obtain permanent housing. Some transitional housing programs offer rent-subsidies, allowing participants to find and keep their own housing while the program assists them for a set period of time with rent. Other programs allow participants live in apartment-style quarters owned or managed by the program and 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 and counseling or emotional support; and job training and/or placement. Most programs offer assistance for up to two years. To learn more about transitional housing programs, contact your local domestic violence program. Public, private and transitional housing options may be available in your community.

Rental Properties

Before you look for an apartment, room 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 percent of your income. Example, if your gross monthly income is $1,600, you should look for something that costs no more that $400-$480 a month.

Also, determine the size home you need and whether you need to live near your work, family, bus line, store, bank, etc. Example, if your monthly income is $1,600, you should look for something that costs $400-$480.

Before you rent:

- ❒ Define your needs. Do you prefer to rent an apartment, town-home, 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 lawn 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, word of mouth, newspaper, online, or by driving through areas where you'd like to live.

Home Options (continued)

❒ Submit your application. In most cases, you will need to complete an application. Typical applications include questions about your rental history, employment, and financial and personal information. Be prepared to provide the name and contact information for previous landlords.

❒ Move in. Once your application is approved and you accept the landlord's terms, sign the lease (after reading it carefully) and move in.

Lease Bifurcation

If you are on a lease or rental agreement with your current or former abuser, 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 relevant bifurcation laws in your state.

Many lease bifurcation laws require landlords to allow one party to be released or removed from a jointly held lease if there is good cause, such as domestic violence. This process may allow you to your name so that you can leave the unit without further obligation or have your abusers or former abusers name removed so that he has no legal rights or responsibilities for the property. Once a name is removed from the lease, that person has no responsibility to pay rent, utilities or other expenses and no right to be on the property.

Section 8 Federal Housing

The Section 8 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 percent of the household's adjusted income and the Department of Housing and Urban Development (HUD) approved market rent (for certificates) or the Public Housing Authority-approved payment standard (for vouchers). 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 or lease 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.

Home Options (cont'd)

Addressing Property Damage

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

❒ 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 out-of-pocket expenses resulting from a crime. For more information about your Crime Victims Compensation Fund, contact a local domestic violence program (or visit http://www.nacvcb.org/). You may need to provide a police report or cooperate with law enforcement to access this fund. However, if you live in public housing, be mindful when calling law enforcement as 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.

At the end of your tenancy (after an inventory check and condition inspection with 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.

Home Options (cont'd)

The following is a sample of the first page of a lease agreement to provide you an idea of what this legal 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.

LEASE AGREEMENT

THIS LEASE AGREEMENT (hereinafter referred to as the "Agreement") made and entered into this ________________ day of ____________, ___________________, by and between ____, whose address is _________________________________ (hereinafter referred to as "Lessor") and ____________________________________ (hereinafter referred to as "Lessee").

W I T N E S S E T H :

WHEREAS, Lessor is the fee owner of certain real property being, lying and situate in _______________ County, _____________, such real property having a street address of ____.

WHEREAS, Lessor is desirous of leasing the Premises to Lessee upon the terms and conditions as contained herein; and

WHEREAS, Lessee is desirous of leasing the Premises from Lessor on the terms and conditions as contained herein;

NOW, THEREFORE, for and in consideration of the sum of TEN DOLLARS ($10.00), the covenants and obligations contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. TERM. Lessor leases to Lessee and Lessee leases from Lessor the above described Premises together with any and all appurtenances thereto, for a term of ________________ year(s), such term beginning on _________________, and ending at 12 o'clock midnight on

Home Options (cont'd)

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
- Accommodations that are free 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
- A working deadbolt lock 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 percent and 60 days written notice of a rent increase of more than10 percent.

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

Home Options (cont'd)

Before Signing a Lease

- Do not put money down unless you're sure you want the apartment. Although you may be legally entitled to have your deposit returned, it may be difficult to recover.
- 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 superintendent responds to "after hours" emergencies.
- Talk with prospective neighbors about the competency and reputation of the landlord and/or management company.
- Visit the property at night and/or during the weekend to see what the community is like.

How to Handle Evictions

There are three types of eviction notices.

Notice from Landlord: The landlord is required to give 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**: Comply with this notice by paying the overdue rent. 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.*

Notice from Court: This summons notifies you that the landlord has filed an eviction lawsuit against you. You can defend yourself in court if you act quickly.

> ***How to handle this notice**: Talk to a lawyer as soon as possible. The time limit for responding to a summons may be as little as three days, and your lawyer will need time to prepare. If you do not have a lawyer, contact a nonprofit organization like Legal Aid (**www.legal-aid.org**).*

Notice from Sherriff: The landlord can get an order to vacate after he or she sues you. The order will indicate when you must vacate.

> ***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. If you did not receive a summons before you received the order to vacate, see a lawyer immediately. The lawyer may be able to get the order set aside on grounds that you did not have a chance to defend yourself in court.*

Home Options (cont'd)

Illegal Evictions

Illegal eviction takes place when you are forced to leave your home by someone who does not have a legal right to evict you. Your landlord has the legal right to exclude you from your home only in certain circumstances. Some tenants can be evicted more easily than others, including women who share living accommodations with their landlord.

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; or
- ❐ Physically removes you from the property or has anyone who is not a bailiff employed by the county court remove you.

Illegal eviction is a serious civil and criminal offense. The courts may force your landlord to allow you back into your home, impose fines and in extreme cases, award compensation.

If your landlord has illegally evicted you or is attempting to evict you, inform him or her in writing that this action is illegal. Some landlords are unaware of the law and may not realize they're acting illegally. Ask your landlord to:

- ❐ Allow you back into the property;
- ❐ Stop trying to evict you illegally;
- ❐ Stop harassing you; and
- ❐ Return your belongings.

Get help from a nonprofit organization like Legal Aid and keep copies of any letters you send to (or receive from) your landlord.

The police are not required to get involved in cases of illegal eviction unless the eviction is violent. However, it's wise to contact them immediately if you're illegally evicted so there is a record you can use later, if necessary.

If you have been evicted, you will need to find another place to live. Contact your local domestic violence program to learn about housing resources in your community or call the National Domestic Violence Hotline 1-800-799-7233.

Home Ownership

For many people, the process of acquiring a home requires obtaining a mortgage. One of the best places to begin your quest for mortgage advice is to talk with your banker. Banks make a wide range of loans, and many of them have a great deal of expertise when it comes to helping you evaluate your circumstances and identify mortgage packages that are right for you. Your banker can help you understand how the mortgage works, what type of commitments you are making, and how a particular type of mortgage would provide the most benefit in your case.

Along with bankers, consulting a mortgage broker is also a great way to acquire current and reliable mortgage advice. Brokers of this type are sometimes connected with loan agencies or other types of financial institutions. However, a mortgage broker may also be involved in the buying and selling of mortgages. The depth of knowledge that the broker must have in order to conduct business on this level includes a firm grasp on what types of mortgages are likely to be the most stable over the next several years. That is something you need to know if you want to purchase a home in the near future.

Real estate professionals also tend to have a working knowledge of mortgages and can be a great source of mortgage advice. Realtors have a vested interest in helping clients get financing from the right lender, as it means they earn a sale and the resulting commission. In order to help people obtain financing, a realtor is often able to assess the financial condition of a potential buyer and create a match with the right type of lender.

All these financial professionals can provide you with mortgage advice that has to do with just about every aspect of the process. They can help you better understand the difference between a fixed rate and variable rate mortgage, obtaining a mortgage from a loan company instead of a bank, what type of references you must normally supply as part of the application process, and even advice on calculating what type of monthly mortgage payment you can reasonably manage. Seeking solid mortgage advice before purchasing a home can help you avoid mistakes that could prove to be costly in the long run.

Owning a home is a dream for many. To make this dream a reality, ask tough questions, set goals and plan carefully. The more you know about owning a home, the more likely you are to fulfill your goal.

Home Ownership (cont'd)

Ask yourself these questions:

- ❒ Do you have a steady income and a stable job?
- ❒ Do you plan to stay in the same city or state for at least three to five years?
- ❒ Do you have a budget? Do you stick to it?
- ❒ Do you have a good credit or non-traditional credit history (including payments to landlords, utilities, cable, insurance, etc.)?
- ❒ 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?

Can you afford to buy a home? Most lenders require a down payment, usually three to 20 percent of the home mortgage. A three to five percent down payment is standard for many first-time homebuyer programs.

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 can qualify for a $75,000 mortgage. You still must 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 or settlement 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.

Home Ownership (cont'd)

Owning a home is a good way to build wealth and protect your family's future. It offers security and stability. The equity in your home can help pay education expenses, finance a small business, buy a car or take care of unexpected emergencies like illness or unemployment.

However, as you learned earlier, some lenders will loan you money even if you do not have good credit. These lenders, called predatory lenders, offer loans with high interest rates, fees and repayment terms. If you can't afford to repay the loan, you may lose your home in foreclosure. Some tips:

- ❐ **Get help before you sign.** If you're concerned about becoming a victim of predatory lending, have a counselor or attorney review the loan documents before you sign them.
- ❐ **Read the fine print.** Watch for balloon payments, high interest rates and fees, and credit life insurance.
- ❐ **Shop around.** Comparison shop to get a loan with the best terms and fees. If you don't understand loan terms, ask a housing counselor to review the documents for you.
- ❐ **Avoid high-pressure sales.** Ignore high-pressure sales tactics and be leery of advertising that promises "No credit? No problem!"
- ❐ **Review total costs.** A low monthly payment isn't always a deal. Look at the total cost of the loan.
- ❐ **Watch what you sign.** Never sign a blank document or any document the lender promises to fill in later.

In general, the best advice we could share is to read and gain knowledge in regard to your finances, especially when it comes to the important decisions in your life, such as loans and your housing arrangements.

Although this module provides a great start, it does not address every topic available regarding financial management. As mentioned previously, contact your local domestic violence program to learn about these topics or call the National Domestic Violence Hotline 1-800-799-7233.

Financial Empowerment Curriculum

Moving Ahead Through Financial Management

Module Five:

Creating Budgeting Strategies

Saving and Investing
Insurance and Education

Allstate Foundation

NNEDV

MODULE FIVE:
Creating Budgeting Strategies

To prepare for a stable future, survivors who have experienced domestic abuse must begin by learning how to budget their finances independently.

This module provides steps you can take to manage your budget, set proper financial goals and save money, as well as 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. So, if you need specific advice regarding your particular situation, you should contact a domestic violence advocate, financial adviser or attorney.

The objectives of this module are:

- ❒ Explain the basic concepts to managing your individual budget.
- ❒ Identify how to set proper and achievable financial goals.
- ❒ Recall strategies that will help you save money short- and long-term.
- ❒ Describe the various options to invest your money.
- ❒ Explain the various insurance options available.
- ❒ Recall the important of a solid education and how to pursue a college degree.

Key topics covered in this module include:

- Budgeting Basics
- Setting Financial Goals
- Savings Strategies
- Investment Options
- Insurance Overview
- Education Opportunities

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

REAL PEOPLE with Real Stories

Story of Survival

Lauren, a successful executive, 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 lucrative and successful relationship. This is untrue. Despite her successful, high-paying career, Lauren must ask permission to buy anything and does not know what they own collectively.

After 13 years of marriage, she has decided to leave James. She doesn't know where to begin to separate the financial responsibilities they shared. 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 colleagues to find out she is a victim of abuse. She fears their perceptions of her may change.

If your situation is similar to Lauren's in any way, read this section to prepare to leave your abuser. Women who are making life changes should talk with a domestic violence advocate to 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 but there is hope and there are people, programs and organizations willing and ready to help.

Today, Lauren is happily remarried and she now performs public speaking engagements for the National Network to End Domestic Violence. She wants to change the perception of domestic violence and is a proud spokesperson for this worthy organization. Lauren often wonders what she would have done if she had not contacted her local domestic violence program and worked one-on-one with her advocate.

Budgeting Basics

Financial planning is critical. Whether you're living with your partner and have never married or are seeking separation or divorce, you may be able to get help resolving your debt, accessing insurance and obtaining other financial support in hopes for financial security.

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, enjoying vacations, owning a home, and paying for college.

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 an abusive relationship and those without employment may have to work to support themselves and their children. This can be overwhelming and frightening.

Regardless of how you define financial security, if you make the decision to leave an abusive partner, remember, you are not alone. Community service providers will help you address safety concerns, identify assistance programs devise appropriate plans and strategies to regain control of your life. Begin by developing a budget. A budget will help you to understand where your money goes.

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, etc.

Step 2: Identify your monthly expenses

Monthly expenses include 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 indicates whether or not you have any money to spare. If you have extra money, you'll need to decide whether to spend or save it. Can you reduce expenses or earn more money to cover shortages? By distinguishing between needs and wants, you can better identify areas where you might be overspending.

To continue the budgeting process, complete the form on the following page.

Budgeting Basics (cont'd)

Personal Budget Form

Monthly Income (checks or cash):	
Monthly Fixed Expenses:	
Rent/mortgage (principal, tax, insurance)	___________
Life insurance	___________
Medical/health insurance	___________
Vehicle insurance	___________
Disability insurance	___________
Household insurance	___________
Car payments	___________
Other loan payments	___________
Savings	___________
Emergency savings	___________
Other (list)	___________
Monthly Flexible Expenses:	
Utilities (electric, gas, water, phone, fuel oil, etc.)	___________
Credit card payments	___________
Auto upkeep (gasoline, oil, maintenance)	___________
Food (at home and away from home)	___________
Clothing	___________
Household supplies	___________
Medical/dental costs	___________
Recreation/entertainment	___________
Church donation/other charities	___________
Childcare	___________
Education	___________
Personal allowances	___________
Other (list)	___________
Total Monthly Expenses:	___________
Total Income Minus Total Expenses:	___________
Add or Minus Balance from Previous Month:	___________

Budgeting Basics (cont'd)

Savings is listed as a category because it should be treated as part of your budget. It is important to put aside money each month for savings, if possible.

Start by deciding how much you are comfortable saving each month. Once you determine that amount, pay yourself first. Before you pay bills, set aside money for your savings. Then pay your other bills. If you do not have enough money to cover all the expenses, find ways to reduce your spending or increase your income. This may mean you have to work a few extra hours, avoid eating out or limit treats for your children. This may sound difficult, but you will feel good knowing you have money saved for your future. Over time, paying yourself first will get easier, and you'll wonder why you didn't do it sooner!

A budget is a tool that will help you make critical spending decisions. If you're considering ending a financial relationship with your partner, it's important to review all of your assets to find out if they will support you and your family. When you end a relationship, your income and financial assets may change dramatically. If you take time to determine how much money you need to support your family before you leave, you can prepare in advance to meet your family's financial needs.

In addition to paper-based budgeting tools, there are also free budgeting tools available online, such as www.MINT.com or www.QuickenOnLine.com.

If you don't have enough money to support your family, or if you have substantial debt, don't despair! Debt is common in the United States, and there are many resources to help you manage it. Don't allow your fear of debt to prevent you from ending a relationship with an abuser.

- ❐ Document the assets you currently have such as housing, childcare support, part-time job, health insurance, car, etc.

- ❐ Review your financial liabilities. Do you have credit-card debt or do you owe money to family or friends? By understanding how much debt you have, you can better manage your finances.

This exercise will help you determine if you need additional financial support. If you don't have assets in a particular category, develop a plan to access resources in your local community.

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. Once you have a clear picture of your liabilities, create a plan to lower and eliminate them. Your local domestic violence program has partnerships with organizations that can help.

Budgeting Basics (cont'd)

Reviewing Expenses and Financial Responsibilities

Review each category and check the box that best describes your situation. If there are areas where you need additional resources or need to reduce your liabilities, work with your advocate.

Your Personal Worksheet: Reviewing Your Assets			
	I feel pretty comfortable that resources will support my children and me	**I'm not sure if my current resources will support my children and me**	**I need additional assistance to support my children and me**
Income – Salary, child support (through a protection order or a divorce decree), public assistance, etc.			
Savings – Money for emergencies, children's education, retirement, etc.			
Housing – Safe, affordable housing			
Insurance – Health, life, auto, disability, etc.			
Transportation – Access to public transportation or a reliable car and resources to pay for car insurance and maintenance expenses			
Childcare – Daycare, babysitting			
Other assets			

Your Personal Worksheet: Reviewing Your Liabilities			
	I have no problems managing this debt	**I can continue making payments but may need help managing**	**I can no longer make payments on this debt and need assistance**
Car loan			
Credit card debt			
Student loans			
Medical debt			
Payday loans			
Title loans			
Loans from family			
Home loans			
Other liabilities			

Setting Financial Goals

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

What are your personal financial goals? For example, if you had $1,000, what would you do with it? Buy a car? Set up a savings fund for emergencies? Whatever you have identified, can likely be categorized as a financial goal; therefore, to achieve your financial goals you'll need to manage your finances and put money aside regularly.

Financial Goals and Emotions

For many of us, emotions and money are closely tied and spending to fill an emotional need can be a challenge when sticking to a budget. If you are having trouble sticking to your budget, ask yourself the following questions: Am I shopping to make myself feel better? What emotion am I experiencing and is there another way that I can fill this need?

For example, after her divorce Carrie finally felt free. In her marriage, her husband controlled all of the spending and she rarely got to even choose what clothes she could wear. Carrie 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 demonstrating her anger but it was putting her further in debt. After identifying what was happening, Carrie worked with her advocate to find other ways of expressing her feelings and was able to get her spending under control.

Another example is with 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 and frequently threw temper tantrums for not getting the new toys that they wanted. Making 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 and she felt guilty that they had experienced Vincent's abuse and now that she could not give them the material things that they wanted. She didn't understand why the children didn't give her more credit, after all, she had been the one who had always worked so hard to get them to safety and 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 a couple of examples of how spending can take on an emotional element in your life and how it can pose challenges in regard to keeping a budget.

Setting Financial Goals (cont'd)

Strategies for Dealing with Emotions and Money

Having a plan can help you overcome emotions that may cause you to buy products you don't need.

Step 1:
Write goals down and identify how much time and money it will take to get there.

Step 2:
Keep your written goals handy and remind yourself often of the priorities you have set. This may help keep you on track if your emotions start to take over.

Step 3:
Identify your feelings and consider if you are being tempted to overspend based on emotion. If so, consider an alternative way to meeting your need and remind your self of how you will feel when you are successful in meeting your goals.

As a final tip before making a purchase, research to be sure you are paying a fair price. Don't overpay because you "fall in love" with something. And don't spend more than you can afford. If you pay more than you can afford, it will take longer to achieve your financial goals.

If your children are old enough to understand the benefits of spending less today to reach future goals, discuss this with them. They may be able to help you reach your financial goals.

Teaching children how to manage money is a challenge. But if you teach them the difference between "needs" and "wants," how to budget and how to save, they will know more than many adults. If you don't teach these important lessons, they will be more likely to join the millions of Americans who accumulate massive debt.

Setting Financial Goals (cont'd)

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

Inexpensive ways to treat yourself and your children … without breaking the bank	
Treating yourself: • Give yourself a manicure • Enjoy your favorite dessert • Read a good book • Spend time with a good friend • Go for a walk	**Treating your children:** • Bake them a cake • Read them a story • Rent a video or borrow one from the library • Play their favorite game with them • Invite their friends for a sleep-over

Savings Strategies

An emergency savings fund should have enough money to pay three to six months of living expenses such as repairs on a car or leaky roof, allowing you to avoid paying interest on a credit card or simply doing without. If you do not think you can ever save this amount of money, begin saving as much as you can. Every dollar helps!

It's important to put money away consistently and tap it only for true emergencies. It's better to save $10 every month than to save $25 only occasionally. Put money aside by making a deposit to your account as though you were paying a monthly bill.

Earning interest on your savings is important and the best way to ensure your future financial success is to start saving today. The secret to money is by saving money coupled with the miracle of compound interest. Even modest returns can generate real wealth given enough time and dedication.

According to www.getrichslowly.org, compounding may appear tedious and boring. "So what if my money earns 3.85 percent in a high-yield savings account?" you may ask. "What does it matter if it averages eight percent annual growth in a mutual fund? Why is it important to start investing now?"

For example, if 20-year-old Britney makes a one-time $5,000 contribution to her retirement account and earns an average eight percent annual return, and if she never touches the money, that $5,000 will grow to $160,000 by the time she retires at age 65.

But if she waits until she's 39 to make her single investment, that $5,000 would only grow to $40,000. Time is the primary ingredient to the magic that is compounding.

Compounding can be made more powerful through regular deposits and investments. It's great that a single $5,000 retirement account contribution can grow to $160,000 in 45 years, but it's even more exciting to see what happens when Britney makes saving a habit. If she contributes $5,000 annually to her retirement account for 45 years, and if she leaves the money to earn an average eight percent return, 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. On the following page is a chart to illustrate the cost of procrastination. Again, we're using 20-year-old Britney as a basis.

Savings Strategies (cont'd)

Start	End	Annual Contribution	Investment Return	Final Value
18	65	$4,267.01	8.00%	$1,932,528.09
19	65	$4,618.57	8.00%	$1,932,528.09
20	65	$5,000.00	8.00%	$1,932,528.09
21	65	$5,414.01	8.00%	$1,932,528.09
22	65	$5,863.56	8.00%	$1,932,528.09
23	65	$6,351.91	8.00%	$1,932,528.09
24	65	$6,882.69	8.00%	$1,932,528.09
25	65	$7,459.87	8.00%	$1,932,528.09
26	65	$8,087.88	8.00%	$1,932,528.09
27	65	$8,771.62	8.00%	$1,932,528.09
28	65	$9,516.55	8.00%	$1,932,528.09
29	65	$10,328.73	8.00%	$1,932,528.09
30	65	$11,214.97	8.00%	$1,932,528.09
31	65	$12,182.87	8.00%	$1,932,528.09
32	65	$13,240.97	8.00%	$1,932,528.09
33	65	$14,396.91	8.00%	$1,932,528.09
34	65	$15,667.55	8.00%	$1,932,528.09
35	65	$17,059.26	8.00%	$1,932,528.09
36	65	$18,588.09	8.00%	$1,932,528.09
37	65	$20,270.10	8.00%	$1,932,528.09
38	65	$22,123.77	8.00%	$1,932,528.09
39	65	$24,170.37	8.00%	$1,932,528.09
40	65	$26,434.62	8.00%	$1,932,528.09

If Britney makes $5,000 annual contributions to her retirement account, and she earns an eight percent return, she'll have $1,932,528.09 saved at retirement. But if she waits even five years, her annual contributions would 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!

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. If you didn't start early, don't despair, there is still time. Put away as much as you possibly can. Federal regulations allow older workers to put more money into retirement plans 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 that you enroll are eligible for the highest match from the company.
- **Be patient.** Do not touch the money. Compounding only works if you allow your investment to grow. The results will seem slow at first, but persevere. Most of the magic of compounding comes at the very end.

Savings Strategies (cont'd)

There are a number of types of accounts where you can earn interest on your savings. When deciding where to put your money, consider how available you need it to be and what kind of interest rate you can earn on your 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 need immediately can usually earn a higher interest rate in a money market account of certificate of deposit (CD).

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

- **Interest-Earning Savings Accounts**
  You'll earn about two percent interest on your savings and receive a monthly statement in the mail. Funds can be withdrawn at any time.

- **Money Market Accounts**
  These pay about one-half percent higher interest than savings accounts, but may require a higher minimum balance. You can usually make as many deposits as you like for free, but you can only write three checks each month.

- **Certificates of Deposit**
  If you have money that can be tied up for three months to six years, certificates of deposit will offer the highest interest rates, depending on the term you choose. There are stiff penalties for early withdrawals, so choose a term you can live with.

Investment Options

According to www.investopedia.com, investing is defined by putting 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 but there is a limit to how many hours a day we can work.

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

There are many different ways you can go about making an investment. This includes putting money into stocks, bonds, mutual funds, or real estate (among many other things), or starting your own business. Sometimes people refer to these options as "investment vehicles," which is just another way of saying "a way to invest." Each of these vehicles has positives and negatives. The point is that it doesn't matter which method you choose for investing your money, the goal is always to put your money to work so it earns you an additional profit. Even though this is a simple idea, it's the most important concept for you to understand.

The most obvious investment for many of us is for our retirement. A retirement plan is a savings strategy designed to provide employees with an income or pension after they 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 savings 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. Comparable salary deferral retirement plans include 403(b) plans that cover employees of educational institutions, churches, public hospitals and nonprofit organizations and 401(a) and 457 plans that cover employees of state and local governments and certain tax-exempt entities.

Investment Options (cont'd)

Determine how much money you need to retire comfortably. When calculating the amount, remember that during retirement you'll save money on clothing, commuting and other costs associated with earning a living. You may also have fewer expenses related to caring for children, but your healthcare expenses may be higher.

As a general guideline, you can expect to live on 70 to 80 percent of your pre-retirement income. But this is just an estimate. Some retired women spend as little as 60 percent 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 three to four percent.

- ❒ **How much will you spend?**
  What type of retirement do you envision? Do you plan to stay in your current home? Do you plan to retire to a beach community in Florida? The first lifestyle will probably cost less than the second.

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 what is your tolerance for risk. Contacting a personal financial representative can help you decide on the best investment strategy.

Another great option is to visit Allstate's financial resources Web site at www.allstate.com (click Tools and Resources and select Financial).

In addition to these resources available online, below are some common investment options for you to learn more about to become more knowledgeable about the process.

Investment Options (cont'd)

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 (or co-mingled) to provide a single investment. For example, a mutual fund might invest 10 percent in bank stocks, 25 percent in retail outlet stocks, 25 percent in medical technology stocks, 25 percent in high-tech stocks and the remaining 15 percent 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 and indirectly allocate your money to 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 correspond to a loan to a company. A bond is a contract that guarantees your loan will be repaid by a specific date (maturity date) and 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 semi-annually. They pay the face amount when they reach maturity.

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, car or have money in a retirement fund, you need to protect it 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 that are outline on the following page.

Investment Options (cont'd)

Establish a will.

This is usually the heart of an estate plan. Without a will, the laws of your state will determine 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.

This can hold virtually any kind of tangible or intangible property and 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 powers of attorney.

This document clearly states your wishes about how to handle your healthcare and property and who is responsible for carrying them out if you are unable to communicate. Be sure to pick somebody who as 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.

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 for investments in education, homes and businesses. The accounts match your savings and allow a set period to save for specific goals. These goals usually include education, home purchase or seed money to start a business.

- **Micro-Enterprise Development** 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, including owning a home or business, or saving for education and retirement.

Investment Options (continued)

- **Financial Incentives** include earnings supplements, job guarantees, child-support incentives, childcare support, health and medical benefits and "earned-income credits," which make up for any decrease in public assistance benefits due to earned income.

- **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 19 states offer an income tax credit in addition to the federal EITC (Colorado, Delaware, District of Columbia, Illinois, Indiana, Kansas, Maine, Maryland, Massachusetts, Minnesota, Nebraska, New Jersey, New York, Oklahoma, Oregon, Rhode Island, Vermont, Virginia, and Wisconsin).

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

- **Emergency Assistance Funds** provided by nonprofit organizations or faith-based institutions 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 to 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, physicians' fees, drugs and medicines, laboratory tests, X-rays and other diagnostic procedures, radiation therapy, maternity and nursing care, eyeglasses, crutches, prostheses, etc.

Health Savings Accounts (HSAs) are an alternative to traditional health/medical insurance. They allow you to pay for current health/medical expenses and save for future qualified health and 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 non-profit 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 and help protect you in the event of a lawsuit. In most states, you are required to have some level auto insurance if you have a car. 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. It can help cover funeral expenses, childcare and other costs.

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

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

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

Educational Opportunities

This topic of the module includes strategies for continuing your education. There are several ways to develop advanced skills, pursue higher education, learn an advanced trade or obtain a professional license. By completing a GED, undergraduate or advanced degree, certificate or on-the-job training, you are more likely to get a better job and advance in your career. In fact, people with more education generally earn higher salaries.

Also, when choosing a career or considering a job change consider "non-traditional" female jobs. As defined by the U. S. department of Labor, "non-traditional" jobs are those in which women comprise 25 percent or less of the workforce. While working in a male dominated field can present some challenges, the economic benefits can be great. Consider that non-traditional jobs may pay 20-30 percent more than traditionally "women's" jobs and offer more benefits.

Many women who have experienced abuse feel a strong desire to "give back" once they have left their abuse and seek new careers in social services to do so. This is great if it meets your financial goals and your interests and abilities. However, remember that the most important consideration is taking care of yourself and your family first. There are many ways to "give back" which may include establishing yourself in a better paying job and making contributions to domestic violence agencies or engaging in volunteer activities.

A career counselor can be very helpful in assisting you in developing or changing a career path. Many community colleges and universities offer career counseling to students and women seeking to change careers.

Additionally, visit the National Career Development Association (NCDA) www.ncda.org for more information on finding a career counselor in your community and resources for choosing a career that best suits your needs.

Many scholarship and direct-assistance programs are available to help abused women pursue education and workforce development opportunities. Below is a brief list of various education and training options available:

General Educational Development (GED) program is a way to obtain a high school diploma. Most businesses, colleges and technical schools recognize the GED as the equivalent of a high school diploma.

On-The-Job Training (OJT) can be provided at the work-site. Training ranges from a month to a year or more and is sometimes supplemented with classroom training.

Educational Opportunities (cont'd)

Community Colleges provide associate degrees and the opportunity to transfer to a four-year college or university. Community colleges are often less expensive than four-year colleges and universities. Many community colleges offer open enrollment, eliminating the need to take standardized tests including the Scholastic Aptitude Test (SAT) or the American College Testing (ACT) program.

Trade or Vocational Schools provide specialized training in specific fields, including nurse's aide, plumbing technician, heat, ventilation and air conditioning technician, truck driver, cosmetologist, and more. A trade school may be appropriate if you know what you want to do and prefer hands-on learning.

Certification Programs provide sufficient training to work in a specific profession. Some certificate programs are administered by the state, while others are offered by colleges, universities or professional schools. Many certification programs require a college degree in addition to a standardized exam. Some certifications must be renewed regularly, requiring continuing education courses.

Online Education is an alternative to trade schools, community colleges and four-year colleges and universities. Most online education programs allow you to work at your convenience, anywhere you can access a computer. Online education programs are especially appropriate for women with transportation problems or who are trying to balance family, work and education.

Four-Year Colleges and Universities grant undergraduate (bachelor's), graduate (master's and doctoral) degrees and professional certificates.

Another factor to consider when looking at continuing your education is how you are going to pay for learning. The following tax-free or tax-deferred investments can increase your returns without raising your level of risk.

- **State-Sponsored College Savings (529) Plans** allow you to contribute as much as $100,000 a year and in some states, deduct contributions from your state taxes. When used to pay for higher education, investment gains are often taxed at the lower child's rate, although some states completely eliminate state taxes. Plan administrators manage the investments and may use strategies that are not aggressive enough for risk-tolerant investors who believe they can earn more on their own to balance the tax advantage.

Educational Opportunities (cont'd)

- **Education IRAs** allow your money to grow and be withdrawn tax-free as long as it's used for higher education. These accounts can't be used in conjunction with other tax-free plans (including the state-sponsored 529s), and you can contribute only $500 per year. Since you can now make withdrawals for educational purposes from all other types of IRAs without penalties, the $2,000 annual contribution cap may make them a better alternative.

- **Prepaid Tuition Plans** allow you to pay current tuition rates for future education at an in-state public college. These plans may not be a good idea for students who qualify for financial aid, since they eliminate that possibility. If your child decides to attend a private college, or none at all, the plan will return your investment and any interest it earned.

- **Financial Aid** including scholarships and grants is "free money" provided by the federal or state government, private organizations or the school. You do not have to pay it back. Scholarships are often awarded without consideration of financial need to students who have demonstrated excellence in specific areas or disciplines. One website to visit to learn more about possible scholarships is www.fastweb.com. On-campus work-study programs, which are government subsidized and need based, allow students to earn money for their education.

  - **Free Application for Federal Student Aid (FAFSA)** form is distributed and processed by the United States Department of Education. It is used when applying for all Federal Title IV student aid programs, including Pell Grants, Stafford Loans and the campus-based programs. The FAFSA (www.FAFSA.com) collects information to determine need and eligibility for aid.

  - **Federal Pell Grants** don't have to be repaid. Generally, Pell Grants are awarded only to undergraduate students, those who haven't earned a bachelor or graduate degree. In limited cases, however, Pell Grants are awarded to enrollees in post-baccalaureate teacher certificate programs. You receive the amount for which you qualify.

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

  - **Federal PLUS Loans** are based on credit history and require a credit check.

Educational Opportunities (cont'd)

- **Tuition Reimbursement** or tuition assistance is a contractual arrangement between an employer and employee that outlines the terms under which the employer will pay for continuing education. Most companies base the amount on the employee's grade in the course. Although some companies pay at registration, others only reimburse after successful completion of coursework.

- **The Allstate Foundation Education and Job Training Assistance Fund** has provided the NNEDV Fund with a significant grant to help support domestic violence survivors. Since the program's inception in September 2005, more than $2 million has been awarded by The Allstate Foundation and Allstate Insurance Company to assist survivors of domestic violence. A domestic violence agency must apply for these funds on your behalf. For more information on the fund, go to http://nnedv.org/projects/allstatefoundtion.html.

Lastly, in addition to paying for you education, please don't forget the importance of safety. Consider using a PO box for university or college enrollment applications. This will keep your home address private, in case the school publishes a student directory or posts addresses on its Web site. Also, research the school's privacy policy and process for protecting, storing or publishing student information. Research the school's opt-out policy for information sharing. Safety and privacy procedures should allow you to prevent your private information from being published or shared.

For additional strategies and ideas to stay safe while pursuing additional educational opportunities, work with your local domestic violence advocate.