

# Financial Recovery



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# Welcome



1. Agenda
2. Ground Rules
3. Introductions



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# Objectives



- **Assess your current financial situation**
- **Identify ways to increase income and decrease and prioritize expenses**
- **Develop a financial recovery plan**



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# Objectives

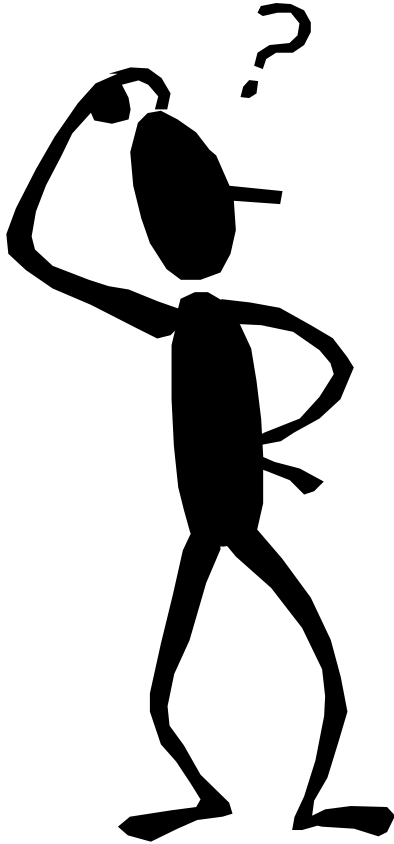


- **Identify steps to successfully implement a financial recovery plan**
- **Recognize how to guard against credit repair scams**
- **Identify timeframes to review and adjust your financial recovery plan**



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# What Do You Know?



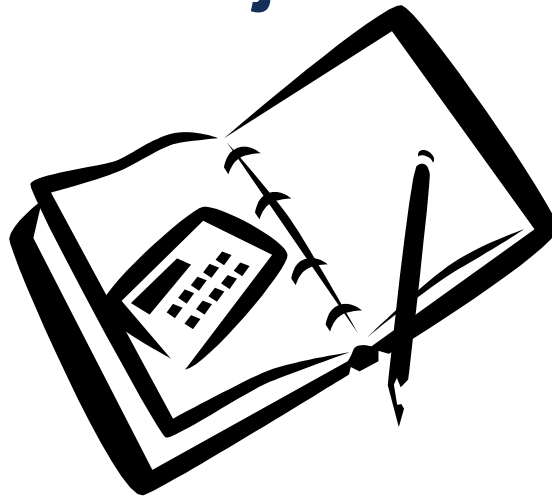
**What do you know or want to learn about financial recovery?**



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# Steps to Financial Recovery

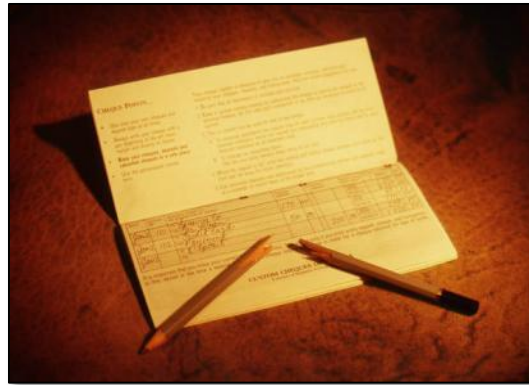
1. Evaluate Your Current Financial Situation
2. Develop a Financial Recovery Plan
3. Implement Your Plan
4. Evaluate and Adjust Your Plan



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# Step 1: Evaluate Your Current Financial Situation


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



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# Activity 1: Monthly Income and Expenses

**Complete Activity 1 in the Participant Guide.**

- 
1. Read the scenario
  2. Review the Monthly Income and Expense Worksheet
  3. Answer the questions provided



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# Monthly Income and Expenses

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



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# Step 2: Develop a Financial Recovery Plan

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



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# Set Financial Goals


1. **Identify & write down your financial goals**
  - Make sure they are **S**pecific, **M**easurable, **A**ttainable/achievable, **R**elevant, **T**ime-bound
2. **Organize your goals by timeframes**
3. **Evaluate your progress and reevaluate your goals regularly**



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# Activity 2: My Financial Goals

**Complete Activity 2 in the Participant Guide.**

- 
1. List one or two main financial goals.
  2. List any supporting goals to help you achieve these main goals.
  3. Make sure they are SMART goals.



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# Develop a Spending Plan



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



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## Step 3: Implement Your Plan

- **It is time to put your plan in action once you have:**
  - Evaluated your current financial situation
  - Established your financial goals
  - Developed a financial recovery plan



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# Seek Assistance

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



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# Rebuild Your Credit

- **If repairing your own credit:**
  - Order a copy of your credit report
  - Identify and correct any errors
  - Contact your creditors to explain your situation
  - Negotiate payment plans with your creditors when you have some money to pay them
  - Opt-out of receiving unsolicited offers for credit cards



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# Get a Copy of Your Credit Report

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

The screenshot shows the homepage of AnnualCreditReport.com. At the top, the logo "AnnualCreditReport.com" is displayed next to a banner image of diverse people. Below the logo is a navigation menu with links for "AnnualCreditReport.com", "Frequently Asked Questions", "Contact Us", "About Us", and "Fraud Alert". The main content area features a large heading: "Request your free annual credit report. It's QUICK, EASY and SECURE." Below this is a prominent call to action: "START HERE to view and print your credit report now." A form with a "Select Your State" dropdown and a "Request Report" button is visible. To the right, a section titled "What is AnnualCreditReport.com?" explains that the site allows users to request a free credit file disclosure from Equifax, Experian, and TransUnion. Another section, "We guard your privacy," provides instructions on how to access the site and mentions a security policy. At the bottom, logos for Equifax, TransUnion, and Experian are shown, along with a VeriSign Secured logo. The footer contains copyright information for Central Source LLC and links to Privacy Policy, Site Use, and Security Policy.



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# Check for Errors

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



# Before Contacting Your Creditors

- **Determine:**
  - How much you owe each creditor
  - How much you can pay each creditor
  - When you can realistically pay each creditor
- **Be prepared to:**
  - Explain your situation and any efforts you are making to pay them
  - Have a plan for when you realistically can pay them



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# Contact Your Creditors

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



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# Using a Credit Counseling Agency

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



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# Using a Credit Counseling Agency

- **A credit counseling agency can help you:**
  - Manage your money and debts
  - Develop a spending plan
  - Learn about consumer credit, money and debt management, and budgeting



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# Credit Repair Scams

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



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# Step 4: Review and Adjust Your Plan

- **Consider reviewing your:**
  - Spending plan after implementing it and periodically thereafter (e.g., every 6 months)
  - Financial goals and spending priorities every 12 months, or after any life changing events
  - Credit report at least every 12 months and before applying for a loan



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# Adjust Your Financial Recovery Plan

- **When your income and/or expenses change**
- **When you accomplish, adjust, or create a new financial goal**
- **When you transition to a new life stage**
- **Before something unexpected happens**



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# Review and Adjust Your Insurance Coverage

- **Review your coverage at least once a year**
  - How much and what type of insurance you need depends on your circumstances
  - Know what natural disasters are covered by your standard homeowners insurance policy and make sure you are adequately protected



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# Review and Rebuild Your Investments



- **Review your investment portfolio:**
  - At least once a year
  - When you experience any major life change
  - When the market changes
- **Adjust your allocations, considering:**
  - How soon you need the money
  - Your risk tolerance



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# Rebuild Your Savings



- **Save money:**
  - To pay for extra expenses without disrupting or derailing you from your financial recovery plan
  - So you can pay for extra expenses and avoid paying the interest and fees you would be charged when using a credit card



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# Prevent Future Setbacks

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



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# Summary

- **What final questions do you have?**
- **What have you learned?**
- **How would you evaluate the training?**



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# Conclusion

- **You learned about:**
  - Developing, implementing, and adjusting a financial recovery plan
  - Identifying ways to increase income and decrease expenses
  - Prioritizing your spending
  - Developing financial goals and a spending plan
  - Rebuilding your credit and how to avoid credit repair scams



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