

Being Money Smart

Presenters:

Michael Morris, Director, National Disability Institute

Elizabeth Jennings, Program Associate, National Disability Institute

Margaret Weisser, Manager of Client Services, MSAA

Luke Reynolds, Chief of Outreach & Program Development, FDIC

Phyllis Pratt, Community Affairs Specialist, FDIC

October 6, 2011 1pm – 3pm EST

Today's Agenda

2

- Welcome
 - ▣ Michael Morris, NDI and Margaret Weisser, MSAA
- Financial Wellness and Individuals with MS
 - ▣ Michael Morris, NDI
- Money Smart
 - ▣ Luke Reynolds, FDIC and Phyllis Pratt, FDIC
- Peer Perspective
 - ▣ Elizabeth Jennings, NDI and Special Guest

Welcome

3

- Housekeeping – How to ask questions

- Thank you
 - ▣ Sponsor - Acorda Therapeutics
 - ▣ Partner - MSAA

Contact MSAA



- If you have questions or would like to become a registered member with MSAA please:
 - Visit our comprehensive website for the latest news and updates: www.msassociation.org
 - Call our Helpline 1-800-532-7667 x 154
 - Email us at: MSQuestions@msassociation.org

MSAA

5

- MSAA has several programs which offer help to eligible clients:
 - ▣ MRI assistance for uninsured and under-insured.
 - ▣ Free cooling vests and accessories.
 - ▣ Free equipment to aid with mobility, bathroom safety, and other daily living aids.
 - ▣ Informational resources including educational online videos, *The Motivator* magazine, and our program guide *Solutions for Wellness*
 - ▣ *My MS Manager*™
 - ▣ *S.E.A.R.C.H.*™

Financial Wellness

6

We will discuss:

- What is Financial Wellness
- What do we know about the financial wellness of individuals with MS
- Strategies to improve one's financial wellness

What is Financial Wellness?

7

- We define financial wellness as the the state of a person's finances with the intent of working towards financial behaviors that limit stress and the impact of stress on one's daily life.

Financial Wellness

8



National Poverty Estimates

9

Individuals ages 18-64

- For individuals without disabilities, 12.8% had income below the poverty level over the past 12 months
- For individuals with disabilities, more than 2x that rate - **27.3%** had income below the poverty level.

Source: U.S. Census Bureau, 2010 American Community Survey

- No group in America is more in need and more deserving of economic recovery

- For millions of working age adults with disabilities a dependence on public benefits for income, health care, food, and housing becomes a trap that requires staying poor to stay eligible

Why is Financial Wellness Important?

12

- Impacts mental and physical health.
- Positively impacts self-concept.
- Changes status with other community stakeholders.
- Directly impacts quality of life.

Financial Wellness and MS

- A recent survey conducted by MSAA and NDI involving individuals with MS indicated:
 - 55.1% of households earn less than \$35k annually, 16.4% earn less than \$50k but more than \$35k annually.
 - When asked about the ability to pay all of their bills in a typical month, 32% have a “very difficult” time paying their bills in a typical month, 46.9% reported a “somewhat difficult time”.
 - 43% of respondents reported that their financial status has affected their ability to access medical care at some point.

Financial Wellness and MS

14

- A recent survey conducted by MSAA and NDI involving individuals with MS indicated:
 - 71.7% of respondents do not have enough savings to cover 3 months expenses.
 - 67.1% of respondents reported that their finances were worse since their MS diagnosis.
 - 73.7% of Respondents reported that they were not aware of/have not used financial stability programs (EITC, IDA, FSS, PASS – you will learn about these in subsequent webinars)

Financial Wellness Strategies Exist

15

Financial Literacy

Budgeting

Credit Repair

Getting Banked

Use of work incentives

Use of tax incentives

Volunteer Income Tax Assistance

Earned Income Tax Credit

State Medicaid

Buy-In

Programs

Family Self-Sufficiency Programs

Individual Development Accounts

Assistive Technology Loan Funds

Student Loans

Retirement Accounts

Post-secondary Education

Employment

Self-employment

Micro-Enterprise

Home Ownership

Protection and Advocacy, Taxpayer Advocates, Credit Counseling

Volunteer Income Tax Assistance, Work Incentive Planning & Assistance

1st Step - Financial Literacy

16

- Increasing your financial education is a great first step that has zero negative impact.
- Financial literacy can empower you to take charge of your financial life and improve your financial wellness.
- Financial Literacy among Americans is estimated to be low. In fact, when asked 5 questions covering concepts of economics and finance expressed in everyday life, the average American could only answer 2.989 correctly.*

Source: **Americans' Financial Capability**, Annamaria Lusardi (Dartmouth College and NBER)

5 Financial Capability Questions

17

- 1. Suppose you had \$100 in a savings account and the interest rate was 2% per year. After 5 years, how much do you think you would have in the account if you left the money to grow?
 - a. More than \$102
 - b. Exactly \$102
 - c. Less than \$102
 - d. Do not know
 - e. Don't want to answer

5 Financial Capability Questions

18

- 2. Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After 1 year, how much would you be able to buy with the money in this account?
 - a. More than today
 - b. Exactly the same
 - c. Less than today
 - d. Do not know
 - e. Don't want to answer

5 Financial Capability Questions

19

- 3. If interest rates rise, what will typically happen to bond prices?
 - a. They will rise
 - b. They will fall
 - c. They will stay the same
 - d. Do not know
 - e. Don't want to answer

5 Financial Capability Questions

20

- 4. A 15-year mortgage typically requires higher monthly payments than a 30-year mortgage, but the total interest paid over the life of the loan will be less.
 - a. True
 - b. False
 - c. Do not know
 - d. Don't want to answer

5 Financial Capability Questions

21

- 5. Buying a single company's stock usually provides a safer return than a stock mutual fund.
 - a. True
 - b. False
 - c. Do not know
 - d. Don't want to answer

Financial Literacy Tools

22

- ❑ Money Smart
- ❑ National Endowment for Financial Education®
- ❑ Financial Literacy and Education Commission
- ❑ Finra Investor Education

Financial Empowerment Tools

23

- Mint
- Love My Credit Union
- PNC Virtual Wallet
- My Money Check Up
- Learn Vest

www.mint.com

24

Log In Sign up

mint.com

WHAT IS MINT? HOW IT WORKS FIND SAVINGS COMMUNITY COMPANY

Mint Canada

Easily organize, track and manage your finances.

Mint makes it easy to keep track of all your financial accounts—online or on your mobile device. Your transactions are pulled together in one place and automatically categorized, so you can set budgets and achieve your savings goals. Even better, it's free.

Watch the video | Learn more >

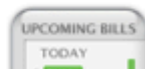
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Announcing BILL REMINDERS



FEELIN' the LOVE



The New York Times

Like 126K

Money

www.lovelymycreditunion.org

25



The screenshot shows the homepage of the website. At the top left is the logo "lovelymycreditunion.org" with a red heart icon. To the right of the logo are navigation links: "About Us", "Contact Us", "Press Room", "Site Map", and "Partner Center". Further right is a search bar with the text "Search Site" and a "go" button. Below the navigation is a large banner with the text "own your money." in a large blue font, followed by the tagline "you earn it. credit unions think you should own it - 100%." in a smaller green font. To the right of the banner is a photograph of a smiling man and woman. Below the banner is a search box for finding a credit union near you, with the text "Find a credit union® near you:" and a "go" button. Below the search box are three green buttons: "Why Credit Unions Are Different", "Explore Exclusive Discounts", and "Financial Resource Center". Below these buttons are two promotional banners. The first banner is for "Invest in America" and features the text "Exclusive Discounts for Credit Union Members". The second banner is for "Sprint" and features the text "Save on Wireless! Save 10% - 15% on your monthly Sprint bill and many other products from Sprint!" and "Credit Union members have saved over \$124 million with Sprint!". At the bottom of the page is a sign-up form with the text "Sign up and save! Receive exclusive discounts from Invest in America" and a "submit" button.

lovelymycreditunion.org

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own your money.

you earn it. credit unions think you should own it - 100%.

Find a credit union® near you: go

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Invest in America®

Exclusive Discounts for Credit Union Members

Sprint
The Now Network™

Save on Wireless!
Save 10% - 15% on your monthly Sprint bill and many other products from Sprint!

Explore discount ▶

Credit Union members have saved over \$124 million with Sprint!

Sign up and save! Receive exclusive discounts from Invest in America @ submit

www.pnc.com/virtualwallet

26

The image shows a screenshot of the PNC Virtual Wallet website. At the top left, the logo reads "VirtualWallet by PNC". To the right is a "Virtual Wallet Sign On" section with a "User ID:" field, a "SIGN ON" button, and links for "Forgot Your User ID or Password?" and "New To Online Banking? Get Started Now!". Below this is a large central banner with the headline "Achieve More With Your Money". The banner features several icons and text: "KEEP TRACK" with a calendar icon, "EXPLORE VIRTUAL WALLET" in an orange button, "APPLY NOW" in a green button, "MONEY SMART" with a money icon, "SAVE EASILY" with a gear icon, and "BE A SPENDOLOGIST" with a PNC card icon. Below the banner are five promotional tiles: "VIRTUAL WALLET IN :90" with a play button, "SUPERCHARGED BANKING WITH PERFORMANCE SPEND" with a circuit icon, "GET THE VIRTUAL WALLET iPhone & Android App" with a smartphone icon, "CASH BACK -vs- REWARDS" with a stack of money and a gift box, and "IN COLLEGE? VIRTUAL WALLET STUDENT IS FOR U" with a university building icon. At the bottom are two buttons: "Virtual Wallet Gets Supercharged" and "Customer Reviews".

www.mymoneycheckup.org

27

mymoneycheckup.org https://www.mymoneycheckup.org/

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NATIONAL FOUNDATION FOR
CREDIT COUNSELING
*Knowing the difference can
make all the difference.*

[Forgot Password?](#)



You tell us a little about your financial situation by answering simple questions, like how much you make each month and what kinds of debts you have.

We help you understand how your finances are doing, where you can improve, and what you can do in the future.



NATIONAL FOUNDATION FOR
CREDIT COUNSELING
*Knowing the difference can
make all the difference.*

The original version of this tool was developed in partnership with the following researchers, through the support of the Social Security Administration's Financial Literacy Research Consortium and Engagement Impact funding from The Ohio State University Outreach and Engagement: Stephanie Moulton & Caezilia Loibl, The Ohio State University; J. Michael Collins, University of Wisconsin, and Anya



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Obama's Jobs Speech: What It Means for You

41

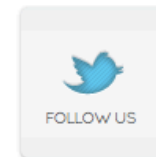
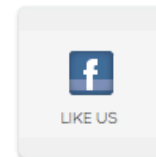
10 Things You Don't Know About My Finances: Lucky Editor in Chief Brandon Holley

10

6 Financial Makeovers: You Won't Believe Week Two

10

9 Secret Ways Stores Seduce Us into Buying



Investing



What Are the S&P 500, FTSE and Hang Seng?

Posted 3 days ago by Alden Wicker

Find out what a market index can tell you, how you can use it to invest, and the differences between the S&P 500, the FTSE and the Hang Seng.

[More](#)

Recyclebank



GLOBALLY, HOW MUCH MANUFACTURED PAPER IS USED FOR PACKAGING?

5%

30%

50%

75%

FDIC Money Smart

29

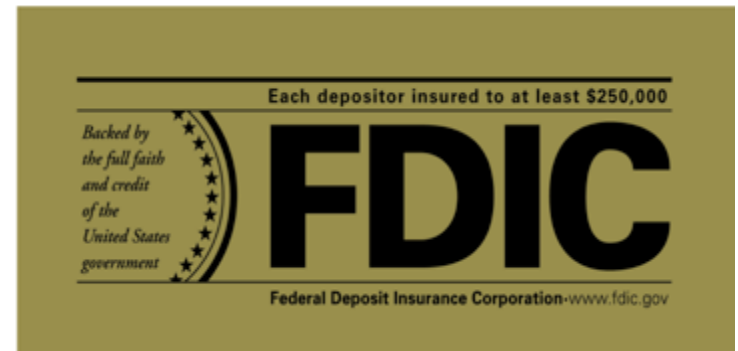
Luke Reynolds
Chief of Outreach & Program Development

Phyllis Pratt
Community Affairs Specialist

Protecting Deposit Accounts

FDIC insures funds in deposit accounts including:

- **Checking**
- **Savings**
- **Money Market Deposit Accounts (MMDA)**
- **Certificates of Deposit (CDs)**



Two Fees to Avoid

Overdraft fees:

- Occur when you spend more money than you have in your account

Non-Sufficient Funds (NSF) fees:

- Occur when a bank returns a check or other item unpaid because you do not have sufficient funds in your account to cover it

You Choose How The Bank Should Handle ATM/Debit Card Overdrafts

- **New opt-in rule:** the bank will ask you how to handle **ATM and point of sale debit card transactions** that would overdraw your account
 - By default, you are “opted out”
 - A transaction that would overdraw your account would be declined and you would not be charged a fee
 - If you opt-in to an overdraft program, the bank will charge a fee to cover transactions
 - You can change your mind

Avoiding Overdraft Fees

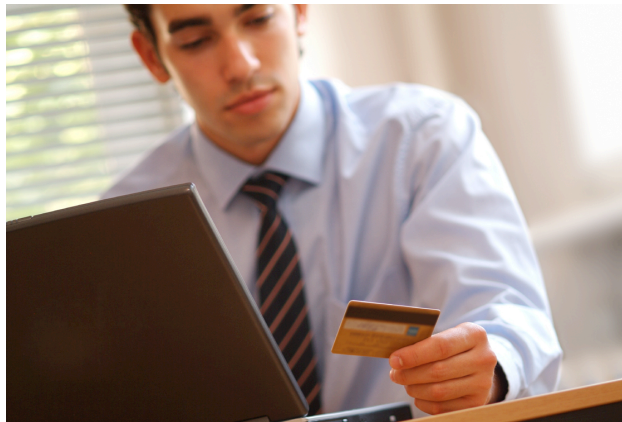
- **Keep your check register updated**
 - Pay attention to electronic transactions
 - Remember to record automatic payments
- **Review your statements monthly**
- **Consider low-balance alerts**
- **Alternatives to fee-based overdraft programs**

Use of Credit Cards

Think twice before charging if you cannot repay the bill in full by the due date.

This is especially true if you charge:

- Meals/Dining Out
- Weekend trips/vacations



Cost of Making the Minimum Payment

Item	Price	APR	Interest Paid	Total Years to Pay Off	How Much You Really Pay for Item(s)
Movies, clothes, eating out, etc.	\$500	18%	\$216	5	\$716
Rental car & Airfare	\$1,000	18%	\$516	7	\$1,516
New computer	\$2,500	18%	\$1,415	10	\$3,915

Annual Percentage Rate

Interest Rate = APR, as a yearly % rate

- **APRs are fixed or variable**
- **Penalty APRs are about 52% higher than regular APRs**
- **Credit card companies must state how long introductory APRs last**

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



FDIC Financial Education Curriculum

Steps to Financial Recovery

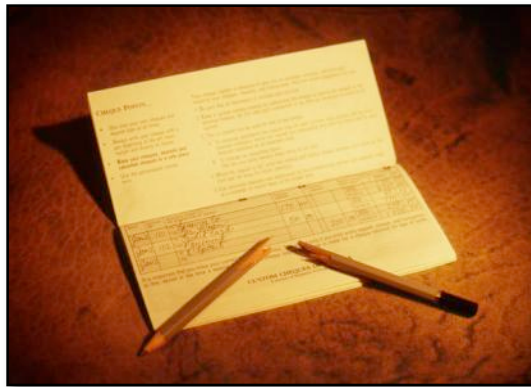
1. Evaluate Your Current Financial Situation
2. Develop a Financial Recovery Plan
3. Implement Your Plan
4. Evaluate and Adjust Your Plan



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Step 1: Evaluate Your Current Financial Situation


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



FDIC Financial Education Curriculum

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



FDIC Financial Education Curriculum

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
 - www.govbenefits.gov
 - 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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Free Annual Credit Report

Visit: www.annualcreditreport.com

Call: 877-322-8228

Mail:

Annual Credit Report Request Service

P. O. Box 105281

Atlanta, GA 30348-5281



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Checking for Errors



It's your responsibility to:

- Contact the credit reporting agency
- Write a letter disputing the error

Credit reporting agencies must conduct an investigation within 30 days of receiving your letter.



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FICO & VantageScore

FICO

- Scores range from 300 to 850
- Takes into account:
 - Payment history (35%)
 - Debt (30%)
 - How long you've had credit (15%)
 - New applications for credit (10%)
 - Types of credit (10%)

VantageScore

- Used by all three reporting agencies
- Scores range from 501 to 990
- Number score goes with a letter grade
 - Example: 501-600= F, 901-990= A
- Should be the same score from each agency

STANFORD
Smart

alum

Opting Out

You have the right to “opt out” of receiving mailed credit card offers:

- Call 1-888-5-OPTOUT (567-8688)
- Visit www.optoutprescreen.com
- Call the phone number on the offers of credit



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Victims of Identity Theft

Take action immediately:

- File a police report
- Contact your creditors
- Follow up in writing
- Use the ID Theft Affidavit at www.ftc.gov/idtheft
- File a complaint with the FTC
- Ask for verification that the disputed accounts have been closed and the fraudulent debts discharged
- Fraud Alerts/Security Freezes



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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



FDIC Financial Education Curriculum

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



FDIC Financial Education Curriculum

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



FDIC Financial Education Curriculum

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



FDIC Financial Education Curriculum

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



FDIC Financial Education Curriculum

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**



FDIC Financial Education Curriculum

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



FDIC Financial Education Curriculum

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



FDIC Financial Education Curriculum

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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Common Forms of ID Theft

Phishing

- Unsolicited e-mails that appear to be from a legitimate source

Pharming

- Fake websites seeking personal or private information by appearing legitimate

Skimming

- Special storage device used to obtain credit/debit card numbers



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Recognizing Telemarketing Fraud

- Elderly often targeted
- Indicators of fraud:
 - Push for money up-front
 - Requests for financial information or SSN
 - Questions intended to get the answer “yes” or “okay”
 - Too good to be true offers
- Examples of Telemarketing Scams
 - Medical discount plans
 - Charities & Fundraising Fraud
 - Credit & Loan Offers
 - Sweepstakes & Lotteries
 - Travel Scams
 - Work-at-Home Business Opportunities



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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

- **Questions?**



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Peer Perspective

68

- ❑ How has MS impacted your financial life?
- ❑ Have your financial goals changed?
- ❑ Do you feel in control over this part of your life?
- ❑ Would improving your financial status improve other aspects of your life? How?
- ❑ Do you feel that improving your financial literacy is a good first step?

Suggested Next Steps

69

1. Take a financial literacy course of your choosing.
 - ▣ Set a goal to complete the course over the next three months
 - ▣ Share with us your experience.
 - We will send out emails over the next few months to offer you a chance to share your experience.

Suggested Next Steps

2. Ask for what you want/need.
 - ▣ Paying fees at your bank – shop around
 - <http://www.thebeehive.org/money/save-it/open-bank-account/questions-ask-opening-new-bank-account>
 - <http://www.defendyourdollars.org/pdf/steps-moveyourmoney.pdf>
 - ▣ Want a lower credit card rate – ask
 - <http://credit.org/blog/request-lower-interest-rate-credit-card/>
 - ▣ Share with us your experience.
 - We will send out emails over the next few months to offer you a chance to share your experience.

Suggested Next Steps

71

3. Join our upcoming webinars
 - ▣ October 27 - **Working Towards Financial Wellness**
 - ▣ November 17 - **Get Out There and Flex Your Financial Muscles**
 - ▣ January 19 - **Invest in Yourself**

<http://www.msassociation.org/programs/financial/>

Financial Literacy Resources

72

- ❑ FDIC Money Smart - <http://www.fdic.gov/consumers/consumer/moneysmart/>
- ❑ National Endowment for Financial Education® (NEFE®) - <http://www.smartaboutmoney.org/>
- ❑ Finra - <http://www.finra.org/Investors/ToolsCalculators/>
- ❑ Springboard - <http://credit.org/blog/ebooks/?src=courses>
- ❑ The Beehive - <http://www.thebeehive.org/money>

Financial Literacy Games

73

- Visa Financial Soccer
 - <http://www.realeconomicimpact.org/Financial-Education/VISA-Financial-Soccer.aspx>

- Doorway to Dreams - Financial Entertainment
 - <http://financialentertainment.org>

- Practical Money Skills for Life
 - <http://www.practicalmoneyskills.com/games>

Contact Information

74

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