NYLAG
NEW YORK LEGAL ASSISTANCE GROUP

FINANCIAL COUNSELING WORKSHOP HANDOUT

FINANCIAL COUNSELING COMPONENTS

- Goal establishment and planning
- Asset building, money management, banking
- Credit establishment and improvement
- Debt management
- Tax information

ASSET BUILDING, MONEY MANAGEMNET & BANKING

- It's not always how much money you make, but how you manage it!
- A budget is a projection tool that lists expected income and expenses usually over a month.
- Budgets are not set in stone. Remind your clients that budgets don't have to be perfect and are designed to be adjusted if need be.
- **RESOURCES –** There are tons of budgeting apps online. The most popular free ones are mint.com, personalcapital.com, goodbudget.com, levelmoney.com. You can also google personal finances budgeting spreadsheet to get a paper version of a budget.
- **RESOURCES –** Use the following tool to find the best bank for your client: http://comptroller.nyc.gov/takeittothebank/

CREDIT ESTABLISHMENT & IMPROVEMENT

- Managing credit responsibly is very important and can affect your ability to get an apartment, cell phone, car, and mortgage (and in limited cases, a job).
- Credit cards – always pay the full amount due on your credit statement each month or in other words, only charge what you can pay off in full.
- Credit cards have late fees, over the limit fees, cash advance fees and can have an annual fee.
- If you carry debt over from one month to the next month you will be charged interest, which will increase your debt.
- Credit reports are documents that show how you have borrowed and repaid debt. Lenders use your reports and credit scores to determine if they will lend money to you and at what cost.
- A credit score is a grade based on a snapshot of your credit report. There are many types of credit scores. The higher the score, the better you have managed your credit.
- The FICO score is the most popular. Here are the factors that determine your FICO score: Payment History – 35%, Amount Owed – 30%, Length of Credit History 15%, Types of Credit in Use 10%, New Credit 10%.
- Your score will go down the most if you miss a payment, spend too much on your credit card, get sued for not paying or file for bankruptcy.

- Identity theft is a crime where someone uses your personal information to open an account or received a benefit. Reviewing your credit report is an effective way of spotting identity theft.
- **RESOURCES –** you can access your free credit report once every 12 months at www.annualcreditreport.com. You can pull all three at once or one every few months. These reports do not come with a credit score.
- **RESOURCES –** You can also view your report at www.creditkarma.com and www.creditsesame.com, which will access your report on your behalf and provide a proxy to the FICO credit score.

DEBT MANAGEMENT

- When in debt, you can help your client prioritize their debt. Though all cases are different, here's a list ranking priorities: essential living expenses, secured debt, super-creditors (government debt), credit cards and other consumer debt.
- Alternate options in managing debt: debt management plans, settling debt (without assistance of a debt settlement company), bankruptcy.
- **RESOURCES –** for debt management plans, clients can speak with a representative at the National Foundation of Credit Counseling at https://www.nfcc.org/.
- **RESOURCES –** for bankruptcy consultations, clients can try the City Bar Consumer Bankruptcy Project at http://www2.nycbar.org/citybarjusticecenter/projects/economic-justice/consumer-bankruptcy-project, or the NYC Bankruptcy Assistance Project at http://www.legalservicesnyc.org/index.php?option=com_content&task=view&id=30&Itemid=59.

TAXES

- Clients should utilize free tax preparers if eligible. They can find them at http://www1.nyc.gov/assets/dca/TaxMap/index.html
- If clients have tax issues they might be eligible for free assistance at a Low-Income Taxpayer Clinic at https://www.irs.gov/Advocate/Low-Income-Taxpayer-Clinics/Low-Income-Taxpayer-Clinic-Map

GENERAL RESOURCE

All clients can obtain free financial counseling at a Financial Empowerment Center in their local neighborhood. To get more information call 311 and request a financial counselor or at http://www1.nyc.gov/site/dca/partners/financial-empowerment.page