








Use this **income tracker** to plan the best times to save and to spend.

- 1 Write in the names of any income and benefits that apply to you.
- 2 Fill out the table with the amounts you receive each week.
- 3 Total up each week's income.
- 4 Circle the payments that come at a predictable time and amount. This will show you the income you can count on each month.

Month of _____

	Week 1	Week 2	Week 3	Week 4	Week 5
 Primary job:					
 Government program:					
 Disability benefits:					
 Financial support:					
 Additional:					
 Additional:					
 Additional:					

Weekly totals:

--	--	--	--	--













Total income for this month:

--

Use this **spending tracker** to consider what is important to you.

- 1 Get an envelope to collect your receipts.
- 2 Use the table to sort your spending into the categories below. Don't forget about bills you share with others.
- 3 At month's end, total up each category.

This month's spending:

											
Cell phone	Debt payment	Eating out	Education + childcare	Entertainment	Groceries + other supplies	Health expenses	Helping others	Housing + utilities	Pets	Transport	Other

1											
2											
3											
4											
5											

Category totals:

--	--	--	--	--	--	--	--	--	--	--	--





Total spending for this month:

See how seasonal and unexpected expenses led to debt last year.

- 1 Write down expenses that led to debt last year and the amounts (\$) you owed for each.
- 2 Circle the expenses that could lead to debt again. Then, fill out the column on the right.
- 3 If your income is seasonal, draw a box around the months you receive money.










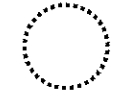
First, think about last year.

Now, think about this year.

	Fill in any quarterly, seasonal, or emergency expenses.	Fill in the amounts you owed for each.	What expenses do I need to prepare for this year? Fill in when they might occur.
 Examples: holiday gifts, heating	DEC		
	JAN		
	FEB		
 Examples: home repairs, car repairs, taxes	MAR		
	APR		
	MAY		
 Examples: summer activities, car insurance bill	JUN		
	JUL		
	AUG		
 Examples: back-to-school supplies, new clothes	SEP		
	OCT		
	NOV		

Use the **saving snapshot** worksheet to plan and prioritize.

Think about some things you'd like to save for.

										
Debt	Education	Electronics	Emergencies	Entertainment	Family needs	Home	Medical expenses	Transportation	Travel	Other

Prioritize what you could accomplish now and later.

<p>Short-term List something you want to accomplish in the next few months.</p> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>	<p>Medium-term List something you want to accomplish next year.</p> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>	<p>Long-term List something you want to accomplish far in the future.</p> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
--	--	--

SAVINGS TRACKER

How much can I save this month?



This tool will help you:

- Focus on habits to change to help you to save
 - Track your savings for a month
 - Reflect on your progress when you meet a savings goal
- Think about this:
- If you have a lot of everyday expenses, think of which ones you could cut back on to save money.
 - Consider weeks when it may be difficult to save and make a plan to stay on track.

Start with one question:

What is one thing you can do now to start saving?

YOUR MONEY. YOUR GOALS

A step further

One thing I will try next month to help me save:

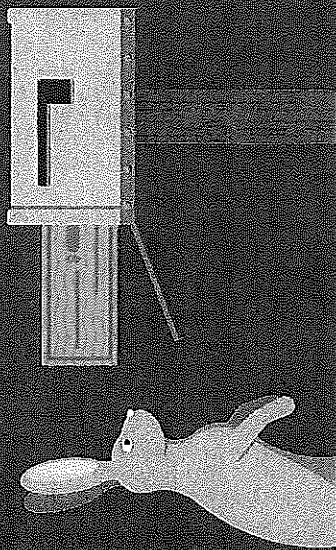
What is the total amount of money you were able to save for each month?

Jan.	Feb.	Mar.	Apr.
\$	\$	\$	\$
May	Jun.	Jul.	Aug.
\$	\$	\$	\$
Sep.	Oct.	Nov.	Dec.
\$	\$	\$	\$

Next step

For more ideas on what you can change in order to save, refer to the "Savings Strategies" tool in this booklet.

How can I save when I get a tax refund?



This tool will help you:

- **Brainstorm** ways to use your refund
- **Commit to spending** and saving portions of your refund for specific goals
- **Decide the total** amount that you will allocate to each area

Keep in mind:

You can have your tax refund direct deposited into up to three accounts.

You can use the strategies in this tool to help you prioritize how you spend and save other large sums of money.

Start with one question:

How will you get your taxes prepared this year?

YOUR MONEY. YOUR GOALS

Additional resources

In addition to saving a portion of your tax refund, here are a few ways to save during the tax process.

If you need assistance in preparing and filing your returns one of your choices is to visit a Volunteer Income Tax Assistance (VITA) site. IRS-certified volunteers can help you file your taxes and make a plan for your refund, all for free. Find a site by visiting irs.treasury.gov/freetaxprep or call (800) 906-9887.

If you use a paid preparer to do your taxes, they may offer you a refund advance loan or a refund anticipation check. Refund advance loans may get you a portion of your refund faster, but you will have to pay a fee. To speed up your refund without paying a fee file your taxes online and use direct deposit.

The Earned Income Tax Credit (EITC) is a benefit for people who are working, but have low-to-moderate income. For more information, visit irs.gov/credits-deductions/individuals/earned-income-tax-credit.

TIP: Your federal tax refund, including all tax credits and overwithholding, is exempt from the asset limit test for most public benefits for 12 months after receipt.

The Child Tax Credit (CTC) reduces the taxes you owe by up to \$2,000 for each qualifying child under the age of 17 if you meet certain criteria. For the most current information visit irs.gov/publications/p972/ar02.html.

Purchase a Series I Savings Bond and earn interest from the government. You don't need a bank account and you can give bonds as a gift. For more information visit treasurydirect.gov/indiv/research/indepth/ibonds/res_ibonds_ibuy.htm.

CREDIT REPORT

How do I get a free copy of my credit report?



This tool will help you:

- **Get free copies** of your credit reports
- **Decide when** to request your free credit reports
- **Figure out** what to do once you receive your reports

Know the facts:

Your **credit report** is a record of some of your bill-paying history, public record information, and inquiries by lenders into your **credit history**. It does not tell you your credit scores.

Credit reports may be used by credit providers, banks, and landlords. It's important that you **get your free credit reports every 12 months** and check them for errors.

Start with one question:

When was the last time you checked your credit report?

YOUR MONEY. YOUR GOALS

Be prepared

What will I be asked for when I request my report?

You will be asked to provide some information to verify your identity. This includes your Social Security number and previous addresses (if you've moved in the last two years).

Also, be ready to answer a series of security questions that are meant to be hard for anyone but you to answer, such as:

- What's the amount of your monthly mortgage or car payment?
- What were your previous home addresses?

TIP: Each credit reporting

company uses different security questions. If you find you can't answer one company's questions, try requesting your report from another company. You could also request your report via mail.

There is more than one kind of report. Your credit report is just one of many different types of "consumer reports." Other types of consumer reports include banking history reports, background checks, and utility payment reports.

To learn more about specialty consumer reports and how to get a copy of them, visit

cfpb.gov/askcfpb/1813

You can get additional free reports under certain circumstances. Visit cfpb.gov/askcfpb/5 for more information.

Through December 31, 2026, all U.S. consumers can also get six free credit reports every 12 months from Equifax by establishing a "myEquifax" account at equifax.com/personal/credit-reportservices/ free-credit-reports or by calling 866-349-5191. That's in addition to the one free Equifax report (plus your Experian and TransUnion reports) you can get at AnnualCreditReport.com

Follow the three steps below to make sure that the information included in your report is accurate.



Step 1: Request a free copy of your credit report



Step 2: Read and review your credit report (try the Checking for Errors tool)



Step 3: Dispute any errors that you find in your credit report (try the Disputing Errors tool)

Make a plan to get your credit reports for free each year.

TIP: Watch out for websites that offer free credit reports or scores. They may require you to share your personal information or try to sell you products that may not be right for you.



Request a free copy of your credit report.

Requesting your free annual credit reports will not cause your credit score to drop. AnnualCreditReport.com is the **only** federally authorized central source for free credit reports.



Set a date and mark your calendar.

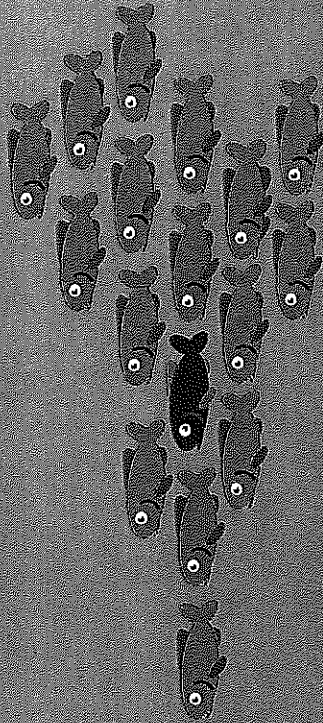
You have a right to get a free report from each of the three nationwide credit reporting companies once every 12 months.

<input type="checkbox"/> Online	Visit AnnualCreditReport.com and follow directions to request your free credit report. See 'Be prepared' to learn about the security questions you may be asked.
<input type="checkbox"/> By mail	Download and complete form at AnnualCreditReport.com/manualRequestForm.action Mail to: Annual Credit Report Request Service P.O. Box 105281 Atlanta, GA 30348-5281 If additional information is needed to process your request, the credit reporting company will contact you by mail.
<input type="checkbox"/> By phone	Call 877-322-8228 to have a request form mailed to you.

<input type="checkbox"/> I'll request my reports on three dates	<input type="checkbox"/> I'll request all three reports on this date
Staggering them can help you see if anything is changing throughout the year or if any fraud has occurred.	This is a good idea if you're buying something big soon, using credit, so you can correct any errors right away.
DATE	DATE
COMPANY	COMPANY
	Equifax, Experian, & TransUnion
	Equifax
	Experian
	TransUnion

CHECKING FOR ERRORS

How do I make sure my credit report is accurate?



This tool will help you:

- Review the information on your credit report
- Spot errors you may want to dispute and identify other questions you may have

What you'll need:

- ☐ A copy of your credit report (you can use the Credit Report tool to get a free copy)
- ☐ A pen or highlighter to mark your report

TIP: Use the Disputing

Errors tool if you find incorrect info and the Identity Theft & Fraud tool if you suspect that you've been a victim of identity theft.

Start with one question:

Have you taken a closer look at what's in your credit report?

YOUR MONEY. YOUR GOALS

Additional resources

How do banks, lenders, and credit providers use this information?

Companies that look at credit reports believe that how you've handled credit in the past is a good predictor of how you'll handle it in the future. This is why it's important to check your reports for errors and get errors you find corrected.

How long does negative information stay on your report?

In general, negative information (like late or missed payments) can remain on your report for up to seven years. However, there are some exceptions including:

- Bankruptcy (10 years)
- Civil suits and judgments, and arrest records (up to 7 years or until the statute of limitations expires)
- Criminal convictions (never removed)

To learn more about negative information on your report, visit cfpb.gov/askcfpb/314/

What do landlords and employers see when they do credit checks and background checks?

Some specialty consumer reporting agencies compile information just for landlords to help them decide who they rent to. These agencies collect information such as your name, previous addresses, amount of time at each residence, and payment history records from your past landlords.

Employment reports often include credit checks, criminal history information, civil and criminal records—such as bankruptcy filings and other court documents—and information related to your employment history.

To learn more about specialty reports, visit cfpb.gov/askcfpb/1813/

To learn more about employment records, visit cfpb.gov/askcfpb/1823/

Use this **checklist** to review the information on your credit report.

- 1 Use the checklist to review the five sections of your credit report.
- 2 Highlight or circle things in your credit report that may be errors, that you don't recognize, or that you have questions about.

Is this information in your report correct?



Header and identifying information

- ☐ My name (including spelling), Social Security number, current telephone number, and current address
- ☐ My previous addresses
- ☐ My employment history



Public record information

- ☐ My money-related public record information (like bankruptcies, judgments, or tax liens)



Collection agency account information

- ☐ My accounts I've had in collections, if any
- ☐ The status of each of my accounts



Credit account information

- ☐ All of the accounts in this section (they may be called trade accounts) belong to me
- ☐ The status of each account is listed correctly
- ☐ I'm listed accurately on accounts where I'm an authorized user, co-signer, or joint owner
- ☐ Accounts I've closed are listed as "closed by the consumer"



Inquiries made to your account

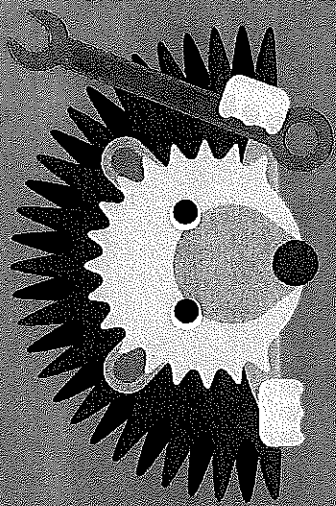
- ☐ Are all "inquiries" or times when I've applied for credit and a lender reviewed my credit report correct? To learn more about inquiries, visit: cfpb.gov/askcfpb/1317

List questions or errors

TIP: Beware of companies promising to remove negative information from your credit report. If the information is accurate and current, no one can do this.

DISPUTING ERRORS

How do I get errors in my credit report fixed?



This tool will help you:

- **Figure out** who you should contact to correct errors on your credit report
 - **Gather information** to dispute the error
 - **Get errors corrected** so they don't hurt you in the future
- You don't have to pay a company to dispute errors for you. You have a **legal right** to dispute errors yourself for free.

Know your rights:

Errors on your credit reports, or fraud caused by identity theft, can make borrowing more expensive or prevent you from getting credit in the future.

Start with one question:

Did you find any errors in your credit report?

YOUR MONEY. YOUR GOALS

Additional resources

What if I don't have proof?

You can still submit a dispute, but having proof will help you make a better case. If you don't have receipts, contact your bank or prepaid card company for information about payments you've made.

Having a problem with credit reporting?

You can submit a complaint to the Bureau at cfpb.gov/complaint

You can also send the credit reporting company a letter stating you don't agree with the outcome. The credit reporting company has to clearly note that the information has been disputed and provide your explanation on any future reports.

A step further

When will I hear back about my dispute?

The company generally has 30 calendar days to investigate your dispute. After the investigation is complete, the credit reporting company should send you the results within five business days.

What will happen next?

If the dispute results in a business changing the information it furnished or reported to a credit reporting company about you, they must notify the various credit reporting companies.

If you filed your dispute with a credit reporting company and they find the information to be inaccurate or incomplete, or that it can't be verified, the credit reporting company must delete the item or correct the information in your file. They must also notify the company that provided the information about the error.

If the error is fixed, you'll receive a copy of your updated report. This will not count as your free annual credit report.

Use this worksheet to help **dispute** errors you find in your credit report.

1 Complete one worksheet for each error you find in your credit report.

2 Download the dispute letter template from cfpb.gov/askcfpb/1303 and complete it using the information you write below.

3 Mail your dispute letters to the credit reporting company and the company that provided the information you think is wrong.

TIP: You can also submit your dispute online through the credit reporting company's website.

Credit report date: _____

Report reference number: _____



Explain the error.

What information is inaccurate? What's inaccurate about it?

TIP: Be as specific as you can. If possible, include dates or names that could help show that the information is inaccurate.



Request a change.

What are you asking the company to change or remove from your report?



Gather the proof.

What documents (like copies of receipts or letters) can you attach to show that the information is incorrect?

TIP: To make it easier to find the items you're disputing, include a copy of the part of your report that has the error marked or circled.

Use this debt log to see what you owe.

- 1 List all the debts you have.
- 2 Fill out the table to see your total monthly debt payment.
- 3 Circle any debts in collections.

Think about the types of debt you have:


	Auto loan		Back child support		Credit card debt		Friends & family		Medical debt		Past-due fees & fines		Mortgage or past-due rent		Payday loan		Student loan
---	-----------	---	--------------------	---	------------------	---	------------------	---	--------------	---	-----------------------	---	---------------------------	---	-------------	---	--------------

.....

MY MONTHLY DEBT PAYMENTS

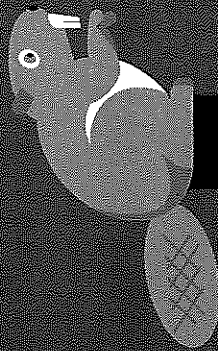
OTHER INFORMATION ON MY DEBTS

Debt	Payment amount	Payment due date	Up-to-date?	Interest rate (%)	Total amount left to pay	Payoff date or goal	Notes - including any fees

 Total monthly payment amount:

\$

Which debts do I prioritize in tight months?



This tool will help you:

- Understand the consequences of missing or delaying payments when you can't pay the monthly minimum
- Figure out the trade-offs in your situation
- Create a plan to make this month's most important debt payments

What you'll need:

- ☐ Any overdue notices
- ☐ Any letters that threaten eviction, foreclosure, repossession, default, or discontinuation of service

Start with one question:

How do you decide which debts to pay first?

A step further

Use this monthly snapshot to better understand how much money you can use to pay your debts. It will also help you balance your income, expenses, and debt payments.



How much money do you receive each month?

Some sources might be:

- Primary and second jobs
- Government programs
- Disability benefits
- Financial support

\$



Subtract your monthly expenses

Besides debt payments, examples of monthly expenses might be:

- Rent and utilities
- Transportation
- Education and childcare
- Cell phone
- Groceries

— \$



What's left can be put towards paying debts

\$

Keep in mind

Falling behind on secured debt payments can be especially risky. If you miss payments, you can lose things like your car or house.

Estimating your monthly spending is a good start. If you want a clearer picture of where your money goes, track your spending for a month using the "Spending Tracker" in the CFPB's "Behind on Bills" booklet or "Your Money, Your Goals" toolkit at cfpb.gov/your-money-your-goals.

Weigh the **risk** of making a late debt payment.

First, think about your debts.



To keep or get a job, I need to pay:

- ☐ Auto loan
- ☐ Auto title loan
- ☐ _____



Obligations I need to pay:

- ☐ Court-ordered judgments and obligations such as back child support or past-due fines/court fees
- ☐ _____



To stay housed and keep utilities on, I need to pay:

- ☐ Back rent
- ☐ Mortgage
- ☐ Past-due utility bills
- ☐ _____



Other debts:

- ☐ Credit card debt
- ☐ Debts in collection
- ☐ Loans from friends and family
- ☐ Medical debt
- ☐ Past-due bills
- ☐ Payday loans
- ☐ Student loans
- ☐ _____

TIP: Late mortgage payments or an eviction can make it harder to find a new place to live.

TIP: Credit card companies may raise your interest rates if you pay more than 60 days late.

Now, **prioritize** your payments.

Ultimately, you're responsible for paying all of your debts on time. But, if you have to delay some payments, think about the order you want to pay them in.

Highest priority payments
(I'll pay these first)

Lowest priority payments

DEBT SLAPPED ©

Planning for Post-Secondary Education Activity

Student Name: _____

Date: _____

INSTRUCTIONS: Go through questions 1-32 in this document and type in your answers.

1. What post-secondary school do you plan on attending?
2. Choose a job, trade, or career you are interested in (examples below):

BACHELOR'S DEGREE MAJOR	2020 AVERAGE STARTING SALARY
Computer Science and Engineering	\$74,000
Banking	\$52,600
Sales & Marketing	\$48,500
High School teacher	\$43,100

ASSOCIATE'S DEGREE	2020 AVERAGE STARTING SALARY
Dental Hygienist	\$70,400
Construction Management	\$64,800
Nurse	\$61,000
Physical therapist assistant	\$49,100

PROFESSIONAL TRADE	2020 AVERAGE STARTING SALARY
Plumber	\$55,160
Carpenter	\$48,330
Welder	\$37,000
Apprentice electrician	\$53,000

If you would like to explore salaries and careers on your own, Google the career for starting salary and use these helpful websites:

<http://www.payscale.com/college-salary-report/majors-that-pay-you-back/bachelors>

<http://www.mynextmove.org/>

<http://www.bls.gov/ooh/>

<https://www.payscale.com/index/us/job>

3. Take the estimated starting Salary from the charts above (or your own research) and multiply by .75 for your estimated yearly take-home pay (meaning it doesn't include the taxes and other payroll deductions you will likely pay from your gross pay).

4. Take the Annual Take Home Pay from #3 above and divide by 12 for your estimated monthly take-home pay. This is the estimated amount you will have to pay your monthly expenses.

Researching your school

Check out your school on the following website:

<http://nces.ed.gov/collegenavigator/>

- a. **Type** in the name of the school you are considering in the "Name of School" field.
 - i. Note that entering part of the school name may be easier – for instance type in "Seattle" to find Seattle University or Seattle College.
- b. Hit **Enter**
 - i. This may lead to a list of schools with similar names. If so, select the school you want.

This will lead to an information page for the school you selected with several categories, such as General Information; Tuition, fees, and estimated student expenses, etc. You will be asked to select some of those categories below.

5. Will the school you've chosen give you the education/degree you need to do the job you have chosen?

☐

Yes

☐

No

Accreditation is a type of quality assurance process under which educational institutions are evaluated by an external body to determine if the school meets an acceptable level of quality. You want to make sure that your school meets the accreditation standards as determined by a reputable rating agency.

6. Is the institution accredited? (Select the "Accreditation" category.)

☐

Yes

☐

No

7. What agency accredited your school?

A school's retention rate indicates how many students stay enrolled year over year. A low retention rate means that many students leave before finishing their degree. Similarly, a school's Overall Graduation Rate indicates how many first-time students who enroll in degree seeking programs (such as an AA or BA) finish their degrees. *For instance, the Overall Retention Rate for Community College is roughly 54% vs 70% for a Public University. The average Graduation Rate of 4-year Universities is 60%.*

8. Is the retention rate at your school of full time students high, medium, or low? (Select the "Retention and Graduation Rates" category.) High (the best) is 80% and above, Average is 60% to 79% and Low is 59% and below.

☐

High

☐

Average

☐

Low

9. Is the Overall Graduation Rate at your school high, medium, or low? (This is also in the "Retention and Graduation Rates" category.) High (the best) is 80% and above, Average is 50% to 79% and Low 50% or below.

☐

High

☐

Average

☐

Low

A cohort default rate is the percentage of a school's borrowers in the U.S. who enter repayment on certain student loans during a federal fiscal year and default prior to the end of the next one to two fiscal years. (A federal fiscal year goes for one year, but unlike a calendar year, it starts on October 1.) A loan is put into default by a lender after 270 days of non-payment by the borrower. Defaulting on a loan will show on your credit report and will make it difficult to take out any loans in the future. A school with a high cohort default rate may not be adequately preparing its graduates for future employment – or, it may have a significant number of students who drop out before graduation.

Select the “Cohort Default Rates” category to answer the question below.

10. At the school you have selected, is the Cohort Default Rate of the most recent academic year Low (6% or less, the best), Medium (between 7%-12%) or High (over 12%)?

☐ High

☐ Medium

☐ Low

Researching the Cost of attending School

Select the “Tuition, fees, and estimated student expenses” category. Once there, look under the Tuition and fees” heading and choose what fits: the in-state or out-of-state number.

11. What is the Tuition of the most recent academic year?

Look under the “TOTAL EXPENSES” heading. Notice the differences between:

- On Campus
- Off Campus
- Off Campus with Family

Select one of those choices that best fits with your plans and budget. Note that this number will include tuition, books and supplies, room and board, and other.

12. What are your Total Expenses for (1) year of your schooling?

13. Take the number you selected in #12 above and multiply it by 2 for a 2-year program or by 4 for a 4-year program for your Total Expenses to Graduate.
-

Paying for School

Many students use student loans to pay for all or part of their post-secondary schooling. There are different types of loans available to students and it is important to understand the differences.

Federal student loans are backed by the government and typically:

- have several repayment plans
- allow you to change your repayment plan
- come with an interest rate that is fixed or stays the same
- provide public service loan forgiveness if you get a qualified job and choose a qualified repayment plan
- offer more consumer protections than private student loans
- are very difficult to wipe away in bankruptcy

Private student loans are backed by banks or other financial institutions and typically:

- do NOT have a fixed interest rate. It can go up.
- do NOT offer the same kind of flexible repayment plans as federal student loans
- do NOT offer loan forgiveness programs
- provide less consumer protections than federal student loans
- are very difficult to wipe away in bankruptcy

Additionally, there are both Subsidized and Unsubsidized Federal Student Loans:

Subsidized loans do not charge you interest while you are enrolled in school or during an authorized period of deferment. Instead, interest starts to run only after you leave school or end a period of deferment.

Unsubsidized loans do charge you interest while you are enrolled in school so the interest grows during that time and it starts as soon as you receive the student loan.

You can learn more about the different kinds of student loans offered by the federal government on the following website:

<https://studentaid.ed.gov/sa/repay-loans/understand/plans#estimator>

You can see current rates of interest for different student loans here:

<https://studentaid.ed.gov/sa/types/loans/interest-rates>

Determine your student loan payments under two Federal Student Aid plans by using the following calculator:

Use this link: **<http://www.finaid.org/calculators/loanpayments.phtml>** and follow these steps:

- A. Enter loan balance (the total amount borrowed)
- B. Enter 5.05% in interest rate
- C. Enter 0.0 in loan fees
- D. Choose 10 year Loan Term for Standard Plan and then 25 for Extended Plan
- E. Type \$50 Minimum Payment
- F. Select "Graduating Soon" from Enrollment Status dropdown menu.
- G. Select degree that fits from Degree Program dropdown menu.
- H. Type 2 or 4 (or whatever fits) in Total Years in College.
- I. Select "No" for Print payment schedule.
- J. Select the CALCULATE button.)

What are your estimated loan payments?

14. Standard Plan- Monthly Payment:

15. Standard Plan- Total to pay off loan:

16. Extended Fixed Plan- Monthly Payment:

17. Extended Fixed Plan- Total to pay off loan:

18. What are some differences between the Standard Plan and Extended Plan?

What if you could cut the amount you are borrowing? We will discuss ways to do this later, but for now, let's see what would happen if you reduce the amount you are borrowing by 25%.

- A. Take your Balance ("Total Expenses to Graduate" estimate from **#13 above**) and multiply by .75
 - a. Example: \$100,000 Balance x .75 = \$75,000
- B. Take your new balance and run it through the Standard repayment plan (10-year) calculator process above

19. What are your new Total Expenses to Graduate?

20. What is your new Standard Plan-Monthly Payment

21. What is your new Standard Plan- Total to pay off the loan?

Compare this with your **original Standard Plan Monthly Payment** and **total to pay off the loan**.

22. How much less would you pay a month?

23. How much less would it cost you to pay off the loan?

The money you save you can put toward other things in your life. We will have you list other ways you can further reduce the amount you are borrowing later in this worksheet.

Let's look further into interest rates.

24. What if we increased the interest rate to 10%? Using the same Loan Amount used in #19, adjust the rate to 10%. What is the Standard Payment now?

25. Do you want a higher or lower interest rate when you borrow?

Remember private student loans often do not have a fixed interest rate so it can go up. Federal student loans are fixed. They stay the same.

Budgeting

Now, let's calculate the percentage of your take home pay that will be taken up by student loan payments after you finish your post-high school education.

- A. Use your original Standard Plan- Monthly Payment (**from #14**) divided by your Monthly Take Home Pay (**from #4**), X 100 to get the percentage of your Take Home Pay per Month taken up by your student loan monthly payment.

Example

Student loan mo. payment divided by Monthly Take Home Pay

\$1,092 / \$4,062 x100= 26 %

26. What % of your income are your student loan payments?

Budgeting Exercise

Monthly take home earnings (from #4): \$

Estimate your monthly expenses:

Food	\$350
Housing	\$1,000
Transportation:	\$300
Insurance	\$100
Health care	\$100
Phone	\$150
Cable/Internet	\$115
Entertainment	\$300
Savings	\$200
Personal care/products	\$120

Monthly expense total: \$2,735 (not including student loan)

27. Add your original Standard Plan-Monthly payment (from #14) to the monthly expense total of \$2,735. What is the total?

The above is an estimate of your total monthly expenses (including your student loan payment).

28. Take your estimated monthly take home pay (from #4) and subtract your total expenses (from #27). What is the result?

29. Will you have enough money to pay back your student loans? Are you in the black (a positive #) or in the red (a negative #)?

If you are in the red (negative number), so to speak, what budget categories are you going to reduce or eliminate so your monthly grand total is equal to or smaller than your monthly take home earnings?

**30. Write one expense category you will cut down on and by how much.
(Example: Reduce Entertainment by \$150/month.)**

The more you can save on your student loan, the more you'll have for your other budget categories.

Consider ways to reduce your borrowing:

- Don't borrow more than you need to
- Choose a less expensive school
- Apply for grants and scholarships
- Take a year or two off to save up money for college
- Work during college
- Live with family
- If living with family isn't feasible, live with roommates
- Complete your degree. The odds of defaulting on your loan increase for those who don't graduate.

31. Write some ways you are going to reduce your borrowing.

32. What is the difference between student loan debt and other debts? For one thing, it's nearly impossible to get out of it, even in bankruptcy. What are some other differences?

DEBT SLAPPED ©

Planning for Post-Secondary Education Activity Answer Sheet

PRINT ANSWERS

Student Name:

1. My proposed school:
2. My future job, trade, or career:
3. Estimated starting yearly take-home pay:
4. Estimated starting monthly take-home pay:
5. Does the school give you the education/degree you need:
☐ Yes ☐ No
6. Is your school accredited:
☐ Yes ☐ No
7. What is the accrediting agency:
8. Is the retention rate of full time students high, medium, or low?
☐ High ☐ Medium ☐ Low
9. Is the Overall Graduation Rate high, medium, or low? (Circle)
☐ High ☐ Medium ☐ Low
10. Cohort Default Rate of the most recent academic year: high, medium or low
☐ High ☐ Medium ☐ Low
11. My Tuition of the most recent academic year:
12. My Total Expenses for 1 year of schooling:
13. My Total Expenses to Graduate:
14. My Standard Plan Monthly Payment:
15. My Standard Plan- Total to pay off the loan:

16. My Extended Plan Monthly Payment:

17. My Extended Plan-Total to pay off the loan:

18. What are some differences between the Standard Plan and Extended Plan:

19. My new Total Expenses to Graduate (25% reduction):

20. My new Standard Plan Monthly Payment:

21. My new Standard Plan Total to Pay off the loan:

22. How much less you pay a month:

23. How much less it costs you to pay off the loan:

24. What happens if the interest rate on the amount in #19 is increased to 10%?

25. Do you want a higher or lower interest rate?

26. What is the % of your income taken up by your student loan payment:

27. What is the total of your original Standard plan- Monthly payment plus your Monthly expense total:

28. Subtract total expenses from your monthly take home pay and write the answer:

29. Do you have a negative or positive number?

30. Reduce (budget category and how much)

31. List some ways you will reduce borrowing:

32. What are some differences between student loan debt and other debts:



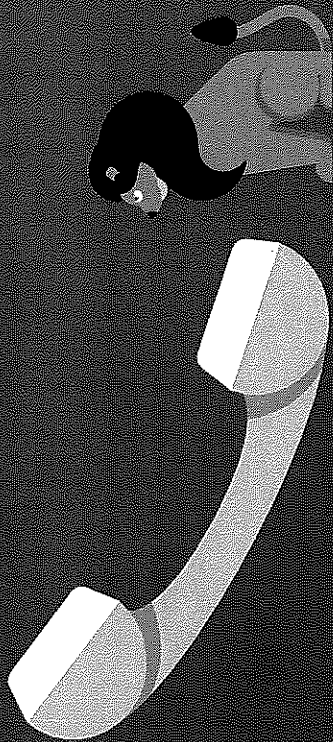
CENTS

CONSUMER EDUCATION
AND TRAINING SERVICES

Presented by Judge Karen A. Overstreet (Ret.), United States Bankruptcy Court, CENTS Judicial Liaison, CARE Board Member; Tony Leahy, Executive Director, CENTS (Consumer Education and Training Services)

For more information, go to www.centsprogram.org,
www.debtslapped.org, and www.care4yourfuture.org

How do I respond to a debt collector?



This tool will help you:

- Take actions to verify whether the debt is valid
- Know how to dispute the debt if you do not owe it
- Know what to do next if you do owe the debt

Start with one question:

Are debt collectors contacting you?

Know your rights:

A debt collector cannot:

- Call repeatedly to harass or abuse you
- Use obscene language
- Make a false or misleading statement about what you owe
- Publish your name for not paying a debt
- Lie to you

If debt collectors harass you, they may be violating the law.

Need to submit a complaint?

cfpb.gov/complaint

Additional resources

Have more questions about debt collection?

Find CFPB debt collection resources, including sample letters you can send to debt collectors, at cfpb.gov/debt-collection

Having an issue with a debt collector? Submit a complaint with the CFPB at cfpb.gov/complaint

Need help finding a credit counselor? To find a certified credit counselor, visit usa.gov/debt

Need help finding an attorney?

To find an attorney in your state who can advise and represent you if you are sued on a debt, visit cfpb.gov/askcfpb/1433

This booklet references third-party resources or content that consumers may find helpful. The inclusion of links or references to third-party sites does not necessarily reflect the CFPB's endorsement of the third-party, the views expressed on the outside site, or products or services offered on the outside site. The CFPB has not vetted these third-parties, their content, or any products or services they may offer. There may be other possible entities or resources that are not listed that may also serve your needs.

If a debt collector contacts you, don't ignore it!



Ask for information.

If you're not sure about the debt or the amount, ask for more information (or send a letter or the form to the right).

- ☐ Collector's name and address
- ☐ Original creditor's name and address
- ☐ Account number
- ☐ Amount owed
- ☐ When account became delinquent
- ☐ When collector obtained the debt and the amount it was then
- ☐ Whether the debt's statute of limitations has expired (and you can no longer be sued for the debt)
- ☐ Documentation proving you're required to pay
- ☐ A copy of the last bill

Be cautious. No matter what debt collectors say, you don't have to give sensitive info like your full Social Security or bank account numbers.

Keep records. Write down dates, times, and notes for every call. Save everything debt collectors send you and the original copies of anything you send them. These will help if you have a dispute or go to court.



Resolve.

If the debt is not legitimate, don't delay in disputing the debt! Send the debt collector a letter (or use the form to the right) disputing the debt immediately. You may lose your ability to dispute the debt if you wait until after a court issues judgment.

If the debt is legitimate, don't despair! At least now you know what you're dealing with. You still have options:

- Try to settle with the debt collector for a smaller amount that will fully resolve the account. (You can do this yourself by contacting the collector.)
- OR, negotiate a payment plan that will give you more time to pay down your debt.
- OR, pay the debt in full and move on.

If you're sued by a debt collector, be sure to respond to court documents. If you don't respond, the court will usually assume you agree with what the creditor says, and issue a money judgment against you. You may want an attorney to advise or represent you at the hearing.

My name is _____

My address is _____

I am writing about _____

account number _____

Check all that apply:

☐ I want to ask: _____

☐ Send me the dates the debt was incurred, and the name and address of the original creditor.

• Crude Oil
39.54

+0.23(+0.59%)

Liz Weston: Fear of bankruptcy holds too many people back

AP

LIZ WESTON of NerdWallet
Associated Press 21 September 2020



FILE - This undated file photo provided by NerdWallet shows Liz Weston, a columnist for personal finance website NerdWallet.com. (NerdWallet via AP, File)

The mystery isn't why so many people file for bankruptcy each year. It's why more people don't.

Each year, only a fraction of the Americans who could benefit financially from bankruptcy actually seek relief. Economists say some don't file because collectors aren't aggressively pursuing them, while others may strategically delay filing because bankruptcy could benefit them more down the road.

Many bankruptcy attorneys have a much simpler explanation: Fear, a lack of information and misplaced optimism keep people from getting a fresh start.

A TEMPORARY PAUSE

About 14% of U.S. households — or roughly 17 million — owe more than they own, according to Federal Reserve Bank of New York estimates. Many of these households could benefit from having their debts wiped out, but fewer than 1% of U.S. households actually file for bankruptcy each year. Last year, there were 752,160 personal bankruptcy filings. Researchers refer to this gap as “missing bankruptcies” — the filings that could be happening, but aren't.

Now, there's an additional set of missing bankruptcies: the cases people normally would have filed in recent months, but haven't. Bankruptcy filings dropped dramatically in the second quarter of this year, to about 60% of the average for the previous five years.

Courthouses were shuttered by pandemic closures, which made it harder for creditors to pursue foreclosures and wage garnishments. Those are two big drivers of consumer bankruptcy filings, says David Cox, a bankruptcy attorney in Lynchburg, Virginia, and co-author of “Consumer Bankruptcy: Fundamentals of Chapter 7 and Chapter 13 of the U.S. Bankruptcy Code.”

Borrowers have benefited from various forms of coronavirus relief, such as suspended payments on federal student loans, mortgage forbearance and expanded hardship options for loans and credit card accounts. The \$600 weekly bump in unemployment checks, which expired in July, also kept many people afloat, Cox says.

Lower jobless benefits, along with the reopening of courts and continued high unemployment, mean the lull in bankruptcy filings is likely temporary, says Jenny Doling, a bankruptcy attorney in Palm Desert, California, who serves on the American Bankruptcy Institute's Chapter 13 Advisory Committee.

She worries that people will wait too long to file. Too often, people drain retirement funds or other assets that would be protected in bankruptcy to pay debts that will ultimately be erased, she says. Putting off bankruptcy also can make it harder to come up with the \$1,500 needed to file a typical case.

YOU WON'T LOSE EVERYTHING

Cox says many of his clients delay filing because they fear they will lose cars, homes and other property. They are pleasantly surprised that they aren't stripped of everything they own, he says.

"There's a misunderstanding about how bankruptcy works and what it would take from you," Cox says.

The vast majority of people who file the most common type of bankruptcy, Chapter 7, don't have to give up any of their possessions. The types and amount of property you can keep vary by state, but typically include clothing, professional tools, wedding rings and at least some equity in your home. A few thousand dollars of equity in a car is usually protected as well. If you have assets that wouldn't be protected in Chapter 7, you could file for a Chapter 13 repayment plan instead.

YOU CAN GET CREDIT AGAIN

A bankruptcy filing remains on your credit reports for up to 10 years. But credit scores can start to recover soon after you file. It's possible to get a VA or FHA mortgage two years after a bankruptcy. Most loans require you to wait at least four years.

People can start to rebuild credit a few months after their bankruptcy case is discharged by getting secured credit cards, which require a deposit, or credit-builder loans, available from some credit unions, community banks and online.

THE PROBLEM WITH ANXIETY — OR UNREALISTIC OPTIMISM

Debt often leads to anxiety and depression that makes taking action difficult, Cox says. Many of his clients arrive at their first meeting with grocery sacks full of unopened bills.

But misplaced optimism can also be a problem. The same hopefulness that causes people to take on too much debt also can lead them to put off the reckoning, he says.

"You always think, 'Our income's going to increase, things will be better going forward,'" Cox says.

Anyone struggling with debt now should consider consulting a bankruptcy attorney, Doling says. The first visit is often free, and referrals are available from the National Association of Consumer Bankruptcy Attorneys. Consulting with an attorney doesn't obligate you to file, but it could help you avoid expensive mistakes if you later decide that's your best option.

"The people who do much better in bankruptcy are the ones who came in and got advice early on," Doling says.

This column was provided to The Associated Press by the personal finance website NerdWallet. Liz Weston is a columnist at NerdWallet, a certified financial planner and author of "Your Credit Score." Email: lwes@nerdwallet.com. Twitter: [@lizweston](https://twitter.com/lizweston).

RELATED LINK:

NerdWallet: When Bankruptcy Is the Best Option <http://bit.ly/nerdwallet-bankruptcy>

When Bankruptcy Is the Best Option

Bankruptcy may make sense if you are unable to repay debts as you cover obligations such as retirement, food and shelter.

Liz Weston August 19, 2020



Many or all of the products featured here are from our partners who compensate us. This may influence which products we write about and where and how the product appears on a page. However, this does not influence our evaluations. Our opinions are our own.

Bankruptcy isn't the end of the world. It may even be good for you.

Bankruptcy stops collection calls, lawsuits and wage garnishments. It erases debt. And despite what you've heard, bankruptcy may help your credit scores.

Credit bureaus and scoring experts often say bankruptcy is the single worst thing you can do to your scores. Foreclosures, repossessions, charge-offs, collections — nothing else can drive your scores down as fast and far as a bankruptcy.

But that's not the whole story. Most people struggle so long with their debt that their credit is already battered by the time they file for bankruptcy. And once they do, their scores typically rise, not fall. If the debt is erased — which is known in bankruptcy court as a “discharge” — scores go up even more.

“Within a year, you're way better off,” says Jaromir Nosal, assistant professor of economics at Boston College, who co-authored a study for the Federal Reserve Bank of New York about the effects of bankruptcy. “It's a pretty rapid rate of recovery.”

Free tools for tackling debt

NerdWallet helps you stay on top of upcoming payments and understand your debt breakdown.

How much and how soon credit scores can rise

Using data from Equifax credit bureau, researchers at the Federal Reserve Bank of Philadelphia found that filers' Equifax credit scores plunged in the 18 months before filing bankruptcy and rose steadily afterward.

Among the findings:

- The average credit score for someone who filed Chapter 7, the most common type of bankruptcy, in 2010 was 538.2 on Equifax's 280 to 850 range. (Scores in the low 600s and below are generally considered poor.) By the time the filers' cases were discharged, usually within six months, their average score was 620.3.
- The other type of bankruptcy, Chapter 13, requires a three- to five-year repayment plan, which most people don't complete. (Half of Chapter 13s filed between 2007 and 2013 were dismissed, and an additional 12 percent were converted to Chapter 7s or other types of bankruptcy, according to an American Bankruptcy Institute analysis of Justice Department figures.) Those who did and got a discharge, though, saw their scores rise from 535.2 to 610.8, the Philadelphia Fed researchers found.

A recent study by FICO, the company that created the leading credit score, found much smaller gains. Median credit scores for people who filed for bankruptcy between October 2009 and October 2010 rose from the 550s before they filed to the 560s afterward, says Ethan Dornhelm, senior director for FICO's scores and analytics group. (Most FICO scores are on a scale of 300 to 850.)

After two years, 28% of bankruptcy filers had scores of 620 and above. After four years, 48% had scores of 620 or above, and only 1% scored 700 or above.

But the FICO study didn't distinguish between Chapter 7 and Chapter 13, or between people who got a discharge and those who didn't. Those with undischarged debt could be skewing the results. In other words, people with completed bankruptcies could have seen bigger gains than what's reflected in the median figures, Dornhelm says.

Saving your credit score is only one reason

Credit scores aren't the only factor to consider, of course. Some of the others:

An end to collection hell: Nosal's study found that once people fell seriously behind on their debt — with at least one account 120 days overdue, for example — their financial troubles tended to get worse. Balances in collections and the percentage of people with court judgments grew.

By contrast, people who file for bankruptcy benefit from its "automatic stay," which halts almost all collection efforts, including lawsuits and wage garnishment. If the underlying debt is erased, the lawsuits and garnishment end.

Freedom from certain debts: Chapter 7 bankruptcy wipes out many kinds of debt, including:

- Credit card debt.
- Medical bills.
- Personal loans.
- Civil judgments (except for fraud).
- Past-due rent.
- Past-due utility bills.
- Business debts.
- Some older tax debts.

Some debts, including child support and recent tax debt, can't be erased in bankruptcy. Student loan debt can be, but it's very rare. But if your most troublesome debt can't be discharged, erasing other debts could give you the room you need to repay what remains.

Better access to credit: It can be difficult to get credit right after a bankruptcy. But Nosal's study shows people who have completed bankruptcy are more likely to be granted new credit lines within 18 months than are people who fell 120 days or more overdue at the same time but didn't file.

Your credit limits after bankruptcy are likely to be low, however, and your access to credit — like your credit scores — won't recover completely until a Chapter 7 bankruptcy drops off your credit reports after 10 years.

That's a long time in the penalty box. But let's dispense with the idea that people facing bankruptcy are choosing between paying their bills and not paying their bills.

When to stop digging a hole you can't escape

Most of us feel we have a moral obligation to pay what we owe — if we can. But typically that ship has sailed by the time people realize they need to consider bankruptcy. They can continue trying to chip away at debts they may never be able to repay, prolonging the damage to their credit scores and diverting money they could use to support themselves in retirement. Or they can recognize an impossible situation, deal with it and move on.

If you can pay your bills, obviously you should. If you're struggling, check out your options for debt relief. But bankruptcy may be the best option if your consumer debt — the kinds listed above that can be erased — equals more than half your income, or if it would take you five or more years to pay off that debt even with extreme austerity measures.

Here's what you need to know:

You need a bankruptcy attorney: It's easy to make a mistake in the complicated paperwork, and an error could cause your case to be dismissed. If that happens, you end up with no relief — but still have credit scores tanked by the bankruptcy filing.

Attorneys typically want to be paid upfront: There are some legal aid and pro bono services available, but they're often overwhelmed by demand. If you're really strapped, call the bankruptcy court in your area to find out what resources are available. Your local bar association may be able to direct you to attorneys willing to take on some pro bono cases. Otherwise, you'll need to scrape up some cash.

Raise cash the smart way: Trim unnecessary expenses, if you still have any. Sell stuff, if you've got anything to sell. If you're still paying your credit cards and other consumer debt, you could stop and redirect the money to pay for an attorney. Another option is to borrow from friends and family. Don't open new credit accounts to borrow the money, though, since that could be considered fraud. Working a second job can be problematic if you boost your income above the median for your area, since that complicates your filing. Discuss your options with an attorney; many offer a free or low-cost initial consultation.

Don't wait too long: There's a misconception that people file bankruptcy at the drop of a hat or when they still have other options. The reality for most is quite different. Some drain assets, such as their retirement accounts, that could have been protected from creditors in bankruptcy. People throw good money after bad until they have no money left to seek relief.

That's why we advise debtors in over their heads to investigate bankruptcy first.

"The worst thing that can happen is not being able to go bankrupt and not being able to pay," Nosal says. "That's when people really suffer."

About the author: Liz Weston is a columnist at NerdWallet. She is a Certified Financial Planner and author of five money books, including "Your Credit Score." [Read more](#)

Also in Personal Finance

One thing
I'm proud of:

One promise
to myself:

Who can help me?

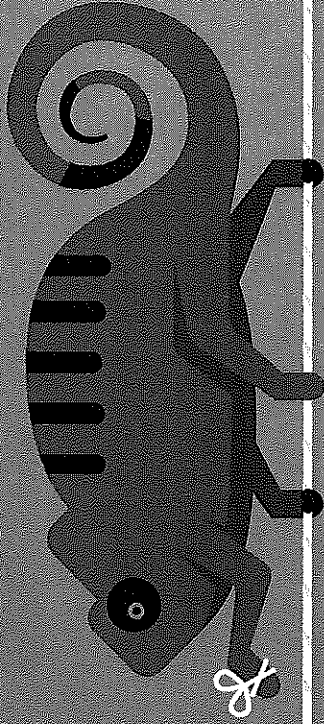
One thing
I'd like to
change:

One dream
I have for
myself:

Date to complete:

GOAL SETTING

What is one thing I want to change?



This tool will help you:

- **Identify** the things that really matter to you
- **Work** toward a future that includes those things
- **Track** your progress
- **Take pride** in making life better for you and your family

What to do:

1. **Pick a statement** that interests you
2. **Write down** your goal
3. **Share** your goal with someone who will hold you to it

Start with one question:

How have you helped someone else reach a goal?

YOUR MONEY. YOUR GOALS

A step further

Create an action plan. Think about how long it will realistically take you to reach your goal. Then, make an action plan and stick to it. Don't forget to list any resources that might help you. For example, you might seek out information, tools and equipment, professional assistance, a loan, or find transportation.

Step 1	
Resources needed:	Date to complete:
Step 2	
Resources needed:	Date to complete:
Step 3	
Resources needed:	Date to complete: