Financial Empowerment Curriculum

Moving Ahead Through Financial Management

Created by the Allstate Foundation & National Network to End Domestic Violence (NNEDV) and adapted for use for the Self-Sufficiency & Financial Literacy Project of

Laurel House
Working to End Domestic Violence

PO Box 764
Norristown, PA 19404
(610) 277-1860
Hotline (800) 642-3150
www.laurel-house.org
Hotline (800) 642-3150
Financial Empowerment Curriculum
Moving Ahead Through Financial Management

PREFACE

The curriculum that follows provides guidance and information on financial empowerment to consumers who have agreed to participate in the Laurel House Self-Sufficiency Project, an outgrowth of an Allstate Foundation grant, awarded to Laurel House in 2009. The initial purpose of the grant was to assist residents of Bridge housing achieve self-sufficiency through financial literacy and job/career development. As a result of the work and research of a task force of staff, business representatives, consumers, and other volunteers, the Laurel House Self-Sufficiency Project expanded to include a mentoring component and additional participants from among alumni of its shelter and consumers of its community counseling, DART I and DART II programs. The project has three primary components — Mentoring, Financial Empowerment and Job/Career Development.

This curriculum is written with the expectation that the mentors of the Self-Sufficiency Project will use it as a tool to assist them as they work with their mentees and guide them towards financial empowerment. It is designed so that they can share any or all of its contents with the women they are mentoring as it applies to their individual circumstances. For that reason it is written as if speaking directly to the mentee. It serves a dual purpose—at the same time as it is intended to guide the consumer, it also educates the mentor to the particular issues and financial concerns of domestic violence survivors.

Laurel House staff are committed to assisting mentors and mentees in whatever way they need support in using this curriculum. We hope that they will
INTRODUCTION

Whether you are a survivor of domestic violence struggling to eat, find a safe place to live, hold a job, achieve career goals, support children, seek asylum from cruelty, protect assets or overcome identity theft, this curriculum can help.

You deserve access to housing, jobs and economic resources for you and your family, whether you have left an abusive relationship, remained in it, or found yourself trapped within another. Every strategy and story within this curriculum is designed to help you navigate the complex challenges you may encounter. It explores the possible choices and identifies many of the community resources that can help you build a financially independent life that includes the agencies and businesses with which Laurel House partners so as to enhance your skills, find jobs, build careers and explore opportunities within traditional and non-traditional job markets.

The focus of the curriculum is on women because women represent the majority of domestic violence survivors. Please note that the use of gender-specific pronouns is not meant to discount the experiences of any survivor in any way.

The curriculum was developed to help you with:

- Resources to strengthen your confidence in order to take action;
- Strategies to address the financial and safety challenges you face;
- Resources for working through the quality-of-life changes you may encounter;
- Strategies to work through challenges after an abuser’s misuse of your personal records;
- Tactics to understand financial fundamentals and basic steps to building a strong financial base, including budgeting, saving, building credit, and managing debt.

Also, the information in this curriculum is intended to be general advice for individuals involved in abusive relationships. Not everyone’s situation is the same. So, if you need specific advice regarding your situation, reach out to Laurel House staff and your mentors. They can help you find experts in financial advising, banking or the law with whom you can consult.
Overview

The Moving Ahead Through Financial Management curriculum offers a range of information that addresses basic money and financial management principles. It is divided into five separate modules.

MODULE 1: UNDERSTANDING FINANCIAL ABUSE

MODULE 2: LEARNING FINANCIAL FUNDAMENTALS

MODULE 3: MASTERING CREDIT BASICS

MODULE 4: BUILDING FINANCIAL FOUNDATIONS

MODULE 5: CREATING BUDGETING STRATEGIES

Limitations

This curriculum serves as a general guide of financial principles and strategies. It is not intended to address individual financial or safety issues. You and your mentors with the support of Laurel House staff will individualize this curriculum to best support your needs.

Summary

Financial planning and management are life-long processes. Surviving from day-to-day, struggling to make ends meet, escaping abuse and starting over may be frightening. But, trust in your right to be safe and understand that change is possible. Only you can decide the best pace to pursue change.

If you or your mentors have any questions or need a fuller explanation of the information in this curriculum, ask questions — contact Laurel House staff or the National Network to End Domestic Violence at (202) 543-5566.
### TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>MODULE 1: UNDERSTANDING FINANCIAL ABUSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>■ Financially Abusive Relationships</td>
</tr>
<tr>
<td>■ Safety Planning</td>
</tr>
<tr>
<td>■ Separation, Divorce and Child Support</td>
</tr>
<tr>
<td>■ Disclosing Abuse</td>
</tr>
<tr>
<td>■ Privacy Challenges and Identity Change</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MODULE 2: LEARNING FINANCIAL FUNDAMENTALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>■ Finance Management</td>
</tr>
<tr>
<td>■ Identifying Income and Assets</td>
</tr>
<tr>
<td>■ Managing Debts and Liabilities</td>
</tr>
<tr>
<td>■ Banking Options</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MODULE 3: MASTERING CREDIT BASICS</th>
</tr>
</thead>
<tbody>
<tr>
<td>■ Reviewing Your Credit Report</td>
</tr>
<tr>
<td>■ Understanding Your Credit Score</td>
</tr>
<tr>
<td>■ Improving Your Credit Score</td>
</tr>
<tr>
<td>■ Understanding Bankruptcy</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MODULE 4: BUILDING FINANCIAL FOUNDATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>■ Financial Paperwork</td>
</tr>
<tr>
<td>■ Loan Options</td>
</tr>
<tr>
<td>■ Loan Application Process</td>
</tr>
<tr>
<td>■ Home Options</td>
</tr>
<tr>
<td>■ Home Ownership</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MODULE 5: CREATING BUDGETING STRATEGIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>■ Budgeting Basics</td>
</tr>
<tr>
<td>■ Setting Financial Goals</td>
</tr>
<tr>
<td>■ Savings Strategies</td>
</tr>
<tr>
<td>■ Investment Options</td>
</tr>
<tr>
<td>■ Insurance Overview</td>
</tr>
<tr>
<td>■ Education Opportunities</td>
</tr>
</tbody>
</table>
MODULE 1:

Understanding Financial Abuse

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

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

The objectives of this module are to:

- Recognize the signs of a financially abusive relationship.
- Keep safe after ending a financially abusive relationship.
- Explain the financial impact of separation, divorce and child support.
- Describe some of the consequences of disclosing abuse.
- Explain the challenges to maintaining the women’s privacy in regard to financial abuse.

Key topics covered in this module include:

- Financially Abusive Relationships
- Safety Planning
- Separation, Divorce and Child Support
- Disclosing Abuse
- Privacy Challenges and Identity Change
Fatima, an immigrant from Ethiopia, came to the U.S. after marrying Fariq, a U.S. citizen who is also Ethiopian. Fariq controlled every aspect of their lives, managing all bank accounts and paying all bills.

Fatima wasn’t allowed to leave their home, even to shop for food, clothing or household supplies. He also controlled how she cared for their children and criticized her for the lessons she chose to share with them.

After five years of marriage, Fatima was determined to free herself of his insults and control, and she left her abusive husband. She knew little about her new country and had no idea where to turn for help.

After leaving, she visited a library where she found information that led her to a domestic violence shelter. While working with her advocate at the shelter, Fatima began to make plans to support herself and her children.

Although she had never applied for a loan, her application for an apartment was denied due to a poor credit rating. Her credit report revealed that she was responsible for more than $33,000 in debt from her husband’s business, which he had put in her name. Now, in addition to the pressure of caring for herself and her children, Fatima must manage her overwhelming debt and rebuild her credit history.

Fatima’s story is one of many domestic violence survivors. The good news is that there is hope and there are people, programs and organizations willing and ready to help Fatima recover from this setback.

In Fatima’s situation, she was able to recover financially and gain personal and financial independence by working hard, staying focused, and never giving up despite the challenges that continued to cross her path.
Financially Abusive Relationships

What is Financial Abuse?

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

Financial abuse is a tactic used to control relationships by preventing access to money or other financial resources. Your partner is financially abusive if he/she:

- Controls how money is spent
- Withholds money or “gives you an allowance”
- Withholds basic living resources, medication or food
- Does not allow you to work or earn money
- Steals your identity, money, credit or property
- Justifies his/her behavior as cultural

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

- Both partners have access to financial statements and information although one partner might manage the day-to-day finances and bill paying,
- Couples identify when they have different values about money and negotiate joint financial goals;
- Couples set plans to meet joint goals and stick to them;
- Couples recognize and respect that decision-making is equal regardless of who earns more income for the family;
• Each of you has access to money on your own without having to ask for permission or hide your spending;

• Financial decisions are made jointly between you;

• Both of you have access to money and knowledge about whether and how money is spent, and neither of you is deceitful.

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

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

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

<table>
<thead>
<tr>
<th>Did/does your partner:</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐ Steal money from you or your family and force you to give access to your money or financial accounts?</td>
</tr>
<tr>
<td>☐ Make you feel as though you don’t have a right to know any details about money or household decisions?</td>
</tr>
<tr>
<td>☐ Make financial decisions that affect you or your family without consulting or reaching agreement with you?</td>
</tr>
<tr>
<td>☐ Forbid you from working or attending school or training sessions?</td>
</tr>
<tr>
<td>☐ Overuse your credit cards or refuse to pay the bills?</td>
</tr>
<tr>
<td>☐ Force you to file fraudulent tax claims?</td>
</tr>
<tr>
<td>☐ Prevent you from obtaining or using credit cards or bankcards?</td>
</tr>
<tr>
<td>☐ Withhold physical resources including food, clothes, necessary medications or shelter from you?</td>
</tr>
<tr>
<td>☐ Force you to work or refuse to work to help support the family?</td>
</tr>
<tr>
<td>☐ Interfere with your performance at work through harassing activities like frequent telephone calls, emails or visits to your workplace?</td>
</tr>
<tr>
<td>☐ Force you to turn over your benefit payments or threaten to report you for “cheating” on your benefits so your benefits will be cut off, even if you aren’t cheating?</td>
</tr>
<tr>
<td>☐ Force you to agree to give your partner permission to be able to legally sign documents without your knowledge or consent?</td>
</tr>
</tbody>
</table>
Safety Planning

When a survivor determines that she is in an abusive relationship, the first call to action is developing a plan that will keep her and her family safe. Through our hotline and during her stay at our shelter, Laurel House advocates focus much of their work with her on issues related to her safety.

It is a common strategy for an abusive partner to hide assets and information about bank accounts and debts. If you had not already done so, Laurel House advocates and counselors most likely helped you acquire information and documents that your abuser may have hid from you, such as Social Security numbers (for herself, children and her abuser), her marriage certificate and birth certificates, bank statements and credit card statements.

What do I do now if I am being financially abused?

Step 1: Evaluate my personal confidence level regarding finances.

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

Financial safety planning is critical whether or not you choose to stay away from or return to the abusive relationship.

Step 2: Begin saving money immediately

A common control tactic used by abusers is to keep you from having any money of your own. If you are not already doing so, save some cash for yourself for emergencies. This can be a challenge, but it is something many survivors have been able to accomplish by using all their resources. One strategy is to save change from purchases.

Many victims of domestic violence who have had to flee their home report being surprised to discover their partner immediately drained any joint bank accounts. This tactic is a deliberate attempt to get the victim to return and can be a very powerful method of regaining control.
Step 3: Seek financial independence, one step at a time.

Consider opening your own checking account and applying for a credit card. Having a personal checking account and at least one credit card in your name ensures that you have your own personal credit history.

Home and Shelter Concerns

- Supply a copy of your credit report for housing applications instead of having a potential landlord check your credit report to avoid your abuser from discovering your new address.

- Limit your housing search to private property owners rather than larger property-management firms. Private property owners often use proof of credit history provided at the time of application rather than checking with a credit bureau whereas larger property management firms often use a credit bureau.

Technology Concerns

- You can find out how much of your personal information is available on the Internet by using free and fee-based websites such as www.google.com, www.switchboard.com, www.veromi.com to search for your phone number and address.

- Be cautious about completing any applications online or using the Internet to communicate with your landlord, especially if your abuser is technologically savvy. Information sent over the Internet can be intercepted or monitored. To protect privacy, information should be faxed or sent by mail.

- Set up a news alert on www.google.com that will notify you whenever your name, address or phone number is published on the Internet. Google archives about four billion Web pages.

Workplace Safety

If you are afraid of your abuser finding or harassing you at your workplace, you should:

- Consider providing a photograph of your abuser to your employer’s security personnel and reception.

- Make arrangements with security to be escorted to and from the parking lot or to public transportation.
• Provide company security personnel and your supervisor with a copy of your PFA.

• Screen your telephone calls.

• Consider changing your work schedule and travel patterns to and from work.

• Save threatening e-mails, voice mails, letters and gifts. If you choose to use the legal system, this evidence will be helpful. If you have a PFA, document your experience to help prove that your partner or ex-partner is violating it.

• Request your workspace be relocated to a more secure area or to another site if possible.

• Have a cell phone with you at all times to provide you with a way to contact help or emergency services, if needed.
Separation, Divorce and Child Support

One of the major issues a married domestic violence survivor faces is determining whether or not to file for divorce. The most important action to take on this topic is to immediately consult an attorney. Good legal advice is essential, and the right legal course of action is different for every individual.

If leaving an abusive relationship, your partner may try to prevent you from accessing financial information. Try and gather as much data as possible before meeting with an attorney, including:

- Past income tax returns.
- One of your own pay stubs if you are working and one of your partner’s paycheck stubs (if possible).
- Copies of your partner’s employee-benefit statement.
- Your wish list of assets that you would like to retain.

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

As a single woman or a single mother, your financial status may change dramatically after leaving your partner. Estimate your current living expenses, including any money you spend on your children. If you can’t maintain your current lifestyle, cut back on expenses or find additional sources of income.

Different budgeting and money saving strategies may be helpful and are addressed later in this curriculum.

Another important item to consider when preparing for a divorce is insurance coverage. If you are covered under your partner’s company health plan, you may be able to continue the same coverage for 18 months under a program called COBRA (although your premiums could be quite expensive). If COBRA coverage is too expensive, consider requesting that the court order your partner to be responsible for your children’s health insurance by including it in the divorce settlement.
Lastly, an integral part of any divorce settlement is a property division agreement. Some of the common assets that must be divided in a divorce include: your home, savings, retirement plans, household items, etc.

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

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

Finding an attorney with the right credentials is essential to a successful case. Legal counsel can be found through several resources:

- **Laurel House** Residents of our Bridge Program may be entitled to representation from Bill Baldwin, Esq., Deputy Director of Laurel House. For participants of the Self-Sufficiency Program, living elsewhere in the community, he is available for consultation and can give you a referral to an attorney who is familiar with divorce and domestic violence.

- **Women’s Center of Montgomery County** They offer a monthly consultation meeting with an attorney who specializes in domestic violence. Call (215) 635-7344 for details of date, time and location.

- **Legal Aid of Montgomery County** They provide legal services to victims who are unable to afford or access them on their own. Although they do not represent survivors for divorce, they can provide important legal information and provide a range of services for victims of domestic violence, such as representation for Protection From Abuse (PFA) hearings and related issues regarding their rights and responsibilities.

- **State Bar Associations** Local bar associations can help identify the names of attorneys who specialize in divorces cases.

Different attorneys and legal assistance providers have different billing processes. It is important to ask questions during conversations about billing to
make sure all of the terms and responsibilities are understood.

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

For unmarried partners, paternity is not automatic. Paternity is a legal determination of a child’s biological father. Paternity establishes a legal relationship that may result in eligibility for benefits from legal fathers such as inheritance, veteran’s benefits, Social Security benefits or life insurance. But it also establishes a legal role for the father, namely visitation and/or custody rights, which may result in increased safety risks.

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

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

When are you eligible to receive child support?

You may be able to collect child support if:

- At least one child for whom you are seeking support is under 18
- You are the children’s custodial parent or guardian

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

In addition to providing safety protections from abusive partners, protection orders can help survivors and their children obtain financial support. In a protection order, survivors may have the right to ask the court to order their partner to pay for various types of expenses, including child support.
What does “good cause” mean and what does it have to do with child support options?

Everyone who applies for or gets cash assistance, subsidized childcare assistance or other Temporary Assistance for Needy Families (TANF) benefits must establish paternity and pursue support. If domestic or family violence (or other circumstances such as rape or incest) make complying with these requirements dangerous, the recipient may be excused based on “good cause.” You can request good cause from your welfare worker at any time. Good cause will be granted if pursuing support will:

- Make it more difficult for a family or household member to escape domestic violence;
- Place a family or household member at risk of further domestic violence;
- Unfairly penalize a family or household member because of domestic violence; or
- The child who needs support was raped by the biological father or born as a result of rape or incest.

What will happen if you have “good cause” for not pursuing child support?

- When a caseworker is notified that someone wants to request good cause, they will not take action to collect support until the application has been considered.
- Applicants are referred to a specific caseworker who will help fill out the domestic violence verification form or supply verification in cases of rape, incest or adoption.

What are some common child support strategies to consider?

- If you need child support quickly (and it is not unsafe for you to pursue it), you may consider going to court on your own.
- File a temporary child support order when you file your PFA. It asks the court to give you child support until the hearing on your original complaint.
- Review the abuser’s financial statement for accuracy. Consider consulting a lawyer if the financial statement appears inaccurate or fraudulent.
Do you still have rights in the US if you are from another country?

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

The Violence Against Women Act offers options for relief and support to battered immigrant and refugee women. However, the paperwork is extremely complicated and time consuming. She can ask an immigration attorney to support her through this process.

Where can I go for more information on child support?

Although there are federal laws regarding child support, each state has laws to regulate enforcement and procedures. To get information about child support enforcement in Pennsylvania, contact the Office of Child Support Enforcement at:

Office of Child Support Enforcement  
Administration for Children and Families  
Department of Health and Human Services  
370 L’Enfant Promenade, SW  
Washington, DC 20447  
(202) 401-9373  
www.acf.dhhs.gov/programs/cs
Disclosing Abuse

For victims of domestic violence, disclosing the experience of abuse to others can be very helpful in seeking support and safety. However, it is important to carefully consider with whom this very personal information is shared and the potential consequences. It is important that you trust your instincts.

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

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

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

- Analyze any community organization’s requirements or policies for disclosing domestic violence such as “mandated reporters”. Laurel House staff can help with this.
- Research your company’s confidentiality program and employee assistance program (EAP) if she chooses to access it.
- Learn about your legal rights to take time off, such as extended-leave or vacation-time policies.
- Research unemployment insurance policies. If you must leave your job due to domestic violence, you may qualify for benefits.
Privacy Challenges and Identity Change

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

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

Before making the decision to change your identity:

- Consider getting a PO Box address through the address confidentiality program.
- Block online and automated telephone access to social security numbers by visiting [www.socialsecurity.gov/blockaccess](http://www.socialsecurity.gov/blockaccess).
- Contact banks, utilities, department store credit cards, phone companies, etc., to place a new or extra password on your accounts.
- Reduce the number of accounts in your name, such as utilities. Find housing that includes utilities in the monthly rent (or, if single, ask a roommate to put the utilities in their name).
- It is rare that children’s identity and social security numbers can be changed without both parents being notified.
- People are often tracked down through friends and family. Ask family and friends to be protective of your information, and refrain from sharing it with those you do not trust to do so.
- Be mindful of someone stealing your identity. It is not uncommon for abusers to commit identity theft on their victims.

There are two types of identity theft:

- “Account takeover” occurs when someone acquires your existing credit ac-
count information and purchases products and services using the actual credit card or the account number and expiration date.

- “Application fraud,” also called “true-name fraud,” occurs when someone uses your Social Security number and other identifying information to open new accounts in your name.

Some abusers steal their partner’s identity to open new credit accounts, impersonate them, find out where they are living or ruin them financially. Identity thieves can steal your name, personal information, date of birth, Social Security number, driver’s license number, passport, credit card information, ATM number, telephone calling card or other account information.

Anyone can become a victim of identity theft from an abuser, a family member, or even a stranger. Personal information needed to steal your identify can be found by:

- Digging through trash bins for credit card and loan applications and documents containing personal information including date of birth or Social Security number.

- Stealing mail from mailboxes to obtain newly issued credit cards, bank and credit card statements, pre-approved credit offers, investment reports, insurance statements, benefits documents or tax information.

- Accessing credit reports fraudulently (e.g., pose as an employer, loan officer or landlord to obtain information).

- Using the Internet to track personal information or pay an information broker for a background check report that provides date of birth, information about family members, unlisted phone numbers and last known addresses.

If you believe you are a victim of identity theft from an abuser (or anyone), take the following actions immediately: notify credit bureaus, contact creditors, call the Social Security Administration, obtain a new driver’s license number, document all conversations regarding the identity theft, and consider reporting the crime to the police.

To an identity thief, information is more valuable than money. Limit the individuals or businesses with whom personal information is shared. For example,
by sharing your phone number with retail stores offering discount cards, your unlisted number could be disclosed and sold to an information broker, collected and combined with other publicly available information about you and posted on the Internet.

Become data savvy:

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

- Google search yourself to see what information is on the Internet about you.

- Limit the information you or your children share on the Internet.

- Oftentimes, innocuous pictures of information posted on social network pages or picture sharing websites can unintentionally provide personal information about an individual.

- Shred everything and do not place a credit-card statement, bank statement or tax information in a trash or recycling bin without shredding it.

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

- Practice computer safety. Laurel House has volunteer computer consultants that will help you setup computer and Internet safeguards to assure that you (and your children’s) activity on the internet remains as safe as possible.

- Consider purchasing identity theft insurance.

This section only provided a brief overview of some of the implications of personal privacy, identity change and identity theft. For more information and guidance on how to handle these situations contact a Laurel House advocate or counselor.
MODULE 2:
Learning Financial Fundamentals

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

The objectives of this module are to:

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

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

The last time she left, she ate at a soup kitchen three nights a week. The women running the program gave her clothing and let her use the bathroom in the staff office to freshen up. Although they offered to help her find additional resources, Deanna refused. She was ashamed.

They also encouraged Deanna to get her GED, but she was afraid to start something she might fail. So she lived in her car and worked for a day-labor program, earning enough money to buy gas, food and personal items from time to time.

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

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

Deanna gained financial independence by securing a part-time job at a daycare that also had a tuition reimbursement program that paid for her schooling. She not only got her GED but also attended a community college and received an Associate’s Degree in Early Childhood Education.

She has since pursued her dream and has opened her own childcare center. Although this took over five years to accomplish, she could not be more proud, happy or secure. Deanna gained independence by working hard, staying focused, and never giving up despite the challenges that continued to cross her path.
Finance Management

Like most people, you have limited amounts of money to buy what you need and want, so you must make careful decisions about how to use your money most effectively. Limited money could mean $25 a week for one survivor, but $500 to another as everyone’s situation is different.

Regardless of personal finances, the first step to finance management is to become knowledgeable and be prepared.

Become Informed

Knowledge is the key to overcoming fear and achieving economic success. Talk to trusted friends and co-workers and ask them for advice on financial planning. (Mentors can be one of those trusted friends.)

Worst-Case Scenarios

“What’s the worst thing that can happen to me in my situation? Is the worst-case financial scenario something I can handle?” By being aware of the worst-case scenario, you can eliminate the fear that prevents you from moving forward.

Take Action

Set small and obtainable goals and begin to implement them, even as you learn another way to better manage your finances. Determine the difference between a want and a need. A “need” is something you must have in order to survive and live. Needs are the essentials, the “must haves” of life like food and shelter. When it’s cold out, we need heat. Since needs are essential, we must pay those expenses first.

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

Laurel House advocates and counselors can help you access private and public resources, like public assistance, that pay for basic day-to-day needs, including housing, food and clothing, and offer you many other services such as individual counseling, support groups, economic planning, referral programs, legal
Identifying Income and Assets

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

Consider the following:

- Are your property and financial assets held in both of your names or is everything in your partner’s name?
- Is your apartment lease in both your names? Is your home titled to both of you jointly?
- Do you have joint bank accounts?
- Has your partner threatened to make you cash-in any property or financial assets you own, so that he can share the proceeds?
- Does your partner have more than one pension or retirement plan from current and previous jobs?
- Do you know what information is required in the court order, decree or property settlement before your partner’s pension plan will pay benefits directly to you?

The answers to these questions will be useful if you pursue child support, need to divide property or if you are going through a divorce. It’s important for you to share this information with your advocate and attorney.

If you suspect that your partner may attempt to hide assets, it’s important to start investigating finances before initiating divorce proceedings. If you can, investigate the following:

- Does your partner own antiques, tools, artwork or collections whose value could be underestimated?
- Does your partner receive income that has not been reported on tax returns or financial statements?
- Is your partner the co-owner of a custodial account with your children or in your children’s names?
- Does your partner own any certificates of deposit, municipal bonds or Series EE Savings Bonds that aren’t registered with the IRS?
• Could your partner have asked his employer to delay any bonuses, stock options or raises?
• Has your partner recently paid any “debts” to a friend or family member that you think may be phony?
• Could your partner have retirement accounts you’re unaware of?
• Does your partner own a business?

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

Following separation and during a divorce process, abusive partners often refuse to cooperate or make attempts to manipulate the process. Be aware of safety risks while managing these challenges. You may discover that your partner has:

• Opened accounts and created additional debt in your name;
• Hidden or undervalued his own assets;
• Refused to comply with payment plans established by creditors; or
• Quit his job or obtained a low-paying job to escape financial responsibility.

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

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

Make a list of your outstanding debts.

Figure out how much you owe. Include educational loans, home improvement loans, checking-account overdrafts, personal loans, rent-to-own agreements and other installment purchases. Use the chart that follows to document your debt. List the name of the creditor, the amount you owe, the interest rate and monthly payment.

Prioritize and decide which debts to pay first.

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

Find credit cards and loans with the lowest interest rate.

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

What follows is an example of a chart to help you manage and pay off your debt.
Open a checking account

If you don’t already have one, now that you have taken some time to identify your assets and liabilities, the next step is to open up a checking account. Selecting a financial institution that meets your needs is critical to successful money management. Consider using one financial institution for all your services, bank accounts, and credit cards to limit the number of financial institutions that have information about you.

This will also help in managing your finances.
Banking Options

Financial institutions specialize in different services and include:

Banks

Banks are financial institutions that accept deposits and channel money into lending activities. Banks and savings and loan institutions are for-profit entities whose interests include earning a return on their investments. Traditional banks serve customers from the general public.

Credit Unions

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

Payday Lenders

Payday lenders provide small cash advances, usually $500 or less. To get a cash advance, a borrower gives the payday lender a postdated personal check or authorization for automatic withdrawal from the borrower’s bank account. Payday loans come with hefty fees. For a two-week payday advance, a borrower will pay at least $15 for every $100 borrowed. Although the loans are short-term, the loan fees are nearly equal to a 400 percent annual percentage rate (APR). While these types of loans may appear to be an easy option, expensive loan fees may push the borrower into deeper debt in the long run. Consider this option carefully.

Check Cashing Stores

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

Choosing a Financial Institution

When considering which financial institution to choose, shop around and begin by asking the following questions:

- Do you need a branch close to your home or work?
- How do services compare?
• How comfortable do you feel with the staff?
• Does the bank meet your cultural needs and requirements?

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

? Checking accounts: fees, minimum balance requirements and overdraft charges

? Automated Teller Machines (ATMs): availability and fees

? Savings accounts and products: interest rates, restrictions and penalties on withdrawal

? Bank branch hours: are they convenient

? Telephone services: available 24 hours, automated or immediate connection to a consultant

? Online banking and bill pay

? Safety of money: look for the FDIC logo

FDIC stands for Federal Deposit Insurance Corporation. If a bank is “FDIC Insured”, an individual is currently insured for up to $250,000 in deposits in the event that a bank is financially unable to meet its obligations to repay deposits. A financial institution displays a government logo at its front door, in the lobby and at the tellers’ counter to indicate that it is federally insured.

Using an ATM

Banking transactions done by an ATM include depositing money, withdrawing money (getting cash), or checking balances from either savings or checking accounts. The benefits of using an ATM include easy access to banking services and easy access to cash. This reduces the need to carry large amounts of cash.

When entering your PIN, you should be sure no one is looking over your shoulder and position yourself to block anyone from seeing your PIN code. You should keep your PIN number a secret, and should not disclose it to anyone (especially an abuser). You should not write your PIN number on your ATM card, keep your PIN on a piece of paper in the same location as your ATM card, or keep this number in your wallet. For added security, you should change your
PIN number periodically. If your ATM card is ever lost or stolen, you should report it immediately to your bank.

If you are making a deposit to your account, you should try to have all the necessary paperwork ready by keeping some deposit envelopes with you so that way you minimizes the time spent at the ATM. Also, the ATM location should be well lit. You should not approach or use the ATM if the area looks unsafe, look for suspicious people around the ATM, and use a machine that is visible to nearby traffic. If possible, you should bring a friend along to stand nearby and avoid talking to strangers when using the ATM.

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

Lastly, be sure you are aware of the banking fees for using an ATM, as fees will vary by bank and machine. Using an ATM owned by your bank will often result in lower (or no) fees compared to using an ATM from another bank, however each bank sets their own fees. Be especially careful if you only make small (for example twenty-dollar) withdrawals. If the fee per withdrawal is $1.50, then you will be paying a lot of unnecessary fees. In this case, it is better to make a single withdrawal of $100, then multiple withdrawals of $20. Try to use a bank account that does not charge you for using their machines, and try to stick to using your own bank’s ATM machine.

By identifying your income, assets, debts and liabilities, and opening an individual bank account (separate from a partner’s) with an ATM card, survivors will begin to better manage their finances.
MODULE THREE:
Mastering Credit Basics

This module explains how to access and read your credit reports and better understand credit scores. In addition, it will share strategies on how to improve a credit score.

The objectives of this module are to:

- Explain how to access and review a credit report.
- Identify the factors that control a credit report and credit score.
- Recall strategies that will help increase a credit score.
- Describe the impact of bankruptcy.

Key topics covered in this module include:

- Reviewing Credit Reports
- Understanding Credit Scores
- Improving Credit Scores
- Understanding Bankruptcy
Story of Survival

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

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

Vivian’s story is one of many domestic violence survivors, but there is hope and there are people, programs, and organizations willing and ready to help Deanna.

The bright-side to this story is that Vivian did seek help and worked with an advocate through her local domestic violence program.

Vivian and her advocate worked closely together to review her credit report, create strategies to reduce her debt and save money. After much worry and contemplation, Vivian did not file for bankruptcy and was able to seek financial independence by using the resources available to her and taking action.

If your situation is similar to Vivian’s in any way, read this module to learn how to review and improve your credit, manage your debt and avoid bankruptcy.
Reviewing Your Credit Report

The first step for survivors to mastering credit basics is to access and review their credit report. A credit report provides information about you, your ability to pay your past debts, and assigns you a credit score.

Upon request, each of the three credit reporting agencies (Equifax, Experian and TransUnion) must provide you with a free copy of your credit report every 12 months. Be aware that the free report does not give your credit score. To obtain the credit score, a small fee must be paid. Even if resources are limited, consider paying this fee as the information can save considerable time and money in the long-run.

The contact information for the central Web site that handles requests for reports from the three agencies (which can be ordered on line, by phone or by mail), and the three credit reporting agencies is below. Laurel House staff and/or mentors can assist making a request for a copy of a credit report and help you with reading it.

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

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

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

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

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

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

Initially, that 3.5 percent may not sound like very much. However, the difference between someone with a credit score of 720 on a mortgage loan amount of $150,000 compared to someone with a credit score of 500 can be up to $350 a month.

How do I know if I have good credit?

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

Does checking your credit report lower your credit rating?

Checking your credit score or pulling your own credit report does not hurt your credit rating. The credit scoring system is set up so that inquiries made by a consumer checking his or her own credit score or credit report do not count in any way whatsoever towards lowering or raising one’s credit score.

In addition, credit inquiries made by credit card companies or mortgage lenders checking your credit report to send you pre-approved offers do not count either. If they did, every American would have a very low credit score.

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

Where can I get help to improve my credit?

Work with a reputable nonprofit community-based credit counseling organization that provides one-on-one assistance. Don’t confuse expensive credit-repair clinics with legitimate nonprofit credit counseling organizations and be careful of organizations that charge upfront fees, make unrealistic promises or lack accreditation credentials. Using non-reputable organizations can actually harm your credit.
Understanding Your Credit Score

Your credit score is calculated from a lot of different credit data in your credit report. This data can be grouped into five categories as outlined below.

Payment History

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

Amounts Owed

- Amount owing on accounts
- Amount owing on specific types of accounts
- Lack of a specific type of balance, in some cases
- Number of accounts with balances
- Proportion of credit lines used (proportion of balances to total credit limits on certain types of revolving accounts)
- Proportion of installment loan amounts still owing (proportion of balance to original loan amount on certain types of installment loans)

Length of Credit History

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

New Credit

• Number of recently opened accounts, and proportion of accounts that are recently opened, by type of account

• Number of recent credit inquiries

• Time since recent account opening(s), by type of account

• Time since credit inquiry(s)

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

Types of Credit Used

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

Your credit score takes into consideration all these categories of information, not just one or two. No one piece of information or factor alone will determine your score. The importance of any factor depends on the overall information in your credit report. For some people, a given factor may be more important than for someone else with a different credit history. In addition, as the information in your credit report changes, so does the importance of the different factors in determining your credit score.

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

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

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

Below are some strategies to help improve your credit score.

Payment History Tips

Pay your bills on time.

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

If you have missed payments, get current and stay current.

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

If you are having trouble making ends meet, contact your creditors or see a legitimate credit counselor.

This won’t improve your credit score immediately, but if you can begin to manage your credit and pay on time, your score will get better over time.

Amounts Owed Tips

Keep balances low on credit cards and other “revolving credit.”

High outstanding debt can affect a credit score.

Pay off debt rather than moving it around.

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

Don’t close unused credit cards as a short-term strategy to raise your score.

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

Don’t open a number of new credit cards that you don't need, just to increase your available credit.

This approach could backfire and actually lower your credit score.

Length of Credit History Tips

If you have been managing credit for a short time, don't open a lot of new accounts too rapidly.

New accounts will lower your average account age, which will have a larger effect on your score if you don't have a lot of other credit information. Also, rapid account buildup can look risky if you are a new credit user.

New Credit Tips

Do rate shopping for a given loan within a focused period of time.

Credit scores distinguish between a search for a single loan and a search for many new credit lines, and the time over which inquiries occur.

Re-establish your credit history if you have had problems.

Opening new accounts responsibly and paying them off on time will raise your credit score in the long term.

Note that it's OK to request and check your own credit report.

This won't affect your score, as long as you order your credit report directly from the credit reporting agency or through an organization authorized to provide credit reports to consumers.

Types of Credit Use Tips

Apply for and open new credit accounts only as needed.

Don't open accounts just to have a better credit mix - it probably won't raise your credit score.

Use credit cards but manage them responsibly.

In general, having credit cards and loans (and paying timely payments) will
raise your credit score. Someone with no credit cards, for example, is a higher risk than someone who has managed credit responsibly.

Note that closing an account doesn’t make it go away.

A closed account will still show up on your credit report, and may be considered by the score.

Understand how to read your credit card statement.

Make sure you know where to find the minimum amount due, total due, due date, interest rate, etc. This will enable you to better prioritize when to pay each creditor.

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

Correcting Errors Tips

If you discover errors on your credit report it is important to take action to correct these errors as soon as possible. Errors on your credit report are potentially very damaging to your credit score. To do this, follow these steps:

1. Make a copy of your credit report and circle every item you believe is incorrect.
2. Write a letter to the credit-reporting agency (the address is printed on the report). Tell the credit-reporting company, in writing, the information you feel is inaccurate. Include copies (NOT originals) of documents that support your position. Explain each dispute and request an investigation to resolve the issues.
3. Send a similar letter to the creditor you believe reported incorrect information.
4. Send all materials by certified mail, return receipt requested, so you have proof the information was received.
5. The reporting agency will initiate an investigation by contacting creditors to
verify the accuracy of the information. If the creditor can’t verify that the entry is correct, it must remove the error. If any changes result from the investigation, the credit-reporting agency must send you a free copy of your new report.

6. If the investigation reveals an error, you have the right to ask that a corrected version of your credit report be sent to everyone who received the report during the past six months.

7. If an investigation doesn’t resolve your dispute, ask that a 100-word statement of the dispute be included in your file and in future reports. The credit-reporting agency must include this explanation in your report each time it sends it out.

8. Accurate negative information, such as a bankruptcy or delinquent account, typically remains on your credit report for at least seven years.

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

Sample letter of dispute supplied by the federal trade commission:

Current Date
Your Name
Your Address
Your City, State, Zip Code
Complaint Department
Name of Company
Address
City, State, Zip Code
Dear Sir or Madam:
I am writing to dispute the following information in my file. The items I dispute also are encircled on the attached copy of the report I received.
This item (identify item(s) disputed by name of source, such as creditors or tax court, and identify type of item, such as credit account, judgment, etc.) is (inaccurate or incomplete) because (describe what is inaccurate or incomplete and why).
I am requesting that the item be deleted (or request another specific change) to correct the information.
Enclosed are copies of (use this sentence if applicable and describe any enclosed documentation, such as payment records, court documents) supporting my position.
Please investigate this (these) matter(s) and (delete or correct) the disputed item(s) as soon as possible.
Sincerely,
Your Name
Enclosures: (list what you are enclosing)
Obtaining Help Tips

It’s not difficult to improve a credit record. If you are unable to make a payment, contact your creditor as soon as possible to work out a payment plan. If you need help with this or with setting up a budget, contact a credit-counseling service.

Don’t be fooled by counselors who claim they can erase bad credit. If a counselor suggests that you make false statements on a loan or credit application, misrepresent your Social Security number or obtain an Employer Identification Number from the Internal Revenue Service (IRS) under false pretenses, find a new counselor or you will be guilty of committing fraud.

Nonprofit organizations in every state offer credit guidance to consumers at little or no cost. Your employer, credit union or housing authority may also offer no-cost credit counseling programs.

What do you do to keep personal information including name, address, phone number and financial information confidential and secure?

Credit-counseling organizations handle your most sensitive financial information and should have safeguards in place to prevent misuse.
Understanding Bankruptcy

Bankruptcy is a last resort. It cannot clean up a bad credit record. Before considering bankruptcy, consult a nonprofit credit counselor.

Declaring bankruptcy has long-term affects.

- It could determine whether or not you get the job you want.
- Your insurance rates may increase.
- It may be difficult to rent an apartment or qualify for a home loan.
- Bankruptcies stay on your credit report for 10 years.

Phone companies and other utility and service providers may look at your credit history before providing service.

According to legislation passed in 2005, many debtors will not be able to use Chapter 7 to wipe out debt. Instead, they must establish plans to repay debt within five years under Chapter 13.

Before you decide to file bankruptcy, try the strategies below.

Reduce your spending.

Consider a smaller home or vehicle. If you reduce spending, you may be able to find the money to repay your debt.

Talk with your creditors.

Creditors are often willing to work out a payment plan to help you pay off what you owe.

Talk with a nonprofit counseling agency.

These agencies can help you create a plan to handle all of your debts.

Talk to an attorney.

Expert advice can help you understand the consequences of declaring bankruptcy.

Consider debt consolidation.

To pay your debt, you may be able to borrow against your workplace retire-
mentation plan, stocks or other securities, or the cash-value of your life insurance policy. Analyze the risks and consequences of this action thoroughly.

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

Each state has laws defining exempt and non-exempt property. Creditors cannot seize exempt property. Some property is entirely exempt, while the exemption for other property may be limited to a certain dollar amount.

Examples of exempt property include:
- Household furniture and furnishings
- Clothing and jewelry
- Tools of a trade or business

Social Security and other such benefits, including life insurance, may also be exempt property. Some states exempt all or a portion of one’s home and adjoining land. To learn more about which assets are protected in your state, contact a lawyer or local nonprofit legal organization.

As you have learned in this module, having a thorough understanding of your credit score will have a tremendous impact on your ability to gain financial independence. Remember, work with your local domestic violence advocate on securing your credit report and improving your score. Also, be sure to visit www.myFICO.com to learn more about the impact of your credit score.
MODULE 4:
Building Financial Foundations

This module reviews advanced finance management principles and topics.

Please note that the information in this curriculum is intended to be general advice for individuals involved in abusive relationships. However, not everyone’s situation is the same. So, if survivors need specific advice regarding their particular situation, they should contact Laurel House staff, a financial adviser or attorney.

The objectives of this module are:

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

Key topics covered in this module include:

- Financial Paperwork
- Loan Options
- Loan Application Process
- Home Options
- Home Ownership
Story of Survival

Joelle loves her job. She works 20 hours a week for an organization that advocates for, and provides support to, families in low-income communities. In 1999, she was convicted of a drug felony, incarcerated and went through a drug treatment program. Following her release, she became pregnant and had a child. However, the father was abusive and the relationship did not last.

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

Joelle’s story is one of many domestic violence survivors, but there is hope and there are people, programs and organizations willing and ready to help Joelle.

In 2005, Joelle decided to contact the National Network to End Domestic Violence and ask for help. By working with her local advocate, she was able to secure another side job independently and allowed her to work from home. She also worked with her advocate on innovative ways to save money and remain in hiding from her abuser.

Today, Joelle is living in a one-bedroom apartment near the organization she works for and continues to be a strong and proud mother to her child. Although her place is small and she is still on a very restrictive budget, she is no longer sought after by her abuser and she is happy.
Financial Paperwork

Fully understanding her financial situation is the next step in a survivor’s building her financial foundation. In order to prepare for budgeting (which will be addressed in Module Five), she needs to gather the financial documents that indicate what she owes, how much she has and the living expenses she requires.

Survivors may find the following tips helpful:

- If you cannot get access to your birth certificate or Social Security number, you can use your driver’s license or state identification card to request a copy of your birth certificate or Social Security card contacting the appropriate state vital records department. Laurel House staff can help with this.

- You need only the most recent copy of your bank, investment or credit card statements.

- If you cannot find paper copies of documents, request an electronic copy be sent to a private email account for which only you have the password.

- Don’t worry if you can’t access your utility or other monthly expenses. If you have a checking account, your most recent bank statement will provide information about monthly expenses (or if you pay via money orders, make copies of the statements).

The following list of documents may help you rebuild your financial life. This list is the ideal, but don’t be discouraged if you do not have or are unable to obtain all of these documents. At a minimum, make note of account numbers, the phone number for your bank or credit union, credit card companies or other lenders.

Financial Records:

- Bank statements and cancelled checks
- Credit card accounts, loan documents and statements
- Pay stubs for the last six months for you (and your spouse if possible)
- Tax filings and refunds
Employee benefit records

Copies of credit card bills and other incurred debt (car loan, etc.)

Money order receipts

Documentation from any public assistance received

Other documents if applicable to your situation
(For example, Bank certificates of deposit (CD’s), Mortgage applications and repayment records, Business financial statements, Statements of all retirement accounts, Royalty statements and advances, Records of business partnerships, Brokerage account statements of investments.)

Legal Documents:

Birth certificates

Marriage certificate

Passports

Social Security card

Divorce settlements and pre-nuptial agreements

Records of any pending legal actions

Driver’s license or state identification card

Adoption papers for any adopted children

Paperwork pertaining to immigration and laws for you, your children and partner

Protection orders and temporary protection orders (including police reports)

Other documents if applicable to your situation
(For example, Wills and trust documents, Records of inheritance, etc.)

Property Documents:

Title documents, mortgage agreements and payment records

Original purchase documents, such as appraisal documents
- List of collectibles, jewelry, artwork, other valuables (include photos)
- Vehicle registrations
- Insurance policies
- Pictures of the furnishings and personal items in your home
- Copies of any existing wills and deeds

Health Records:
- Medical and dental records
- Health, life and disability insurance policies
- Medical expense records
- Records of prescriptions for drugs and eyeglasses
- List of doctors (for you and your children or other dependents) and their telephone numbers
- Living will

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

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

As a survivor begins to rebuild her financial foundation, she may want to look at obtaining a loan to meet her financial goals. Taking on debt isn’t always bad and can actually be very helpful in building a positive credit score. The key is to not to take on more debt than she can manage. The most important piece of knowledge to share is this, “Avoid taking out any loan unless you have a solid plan for repayment.”

Also, be aware that if she is attempting to keep her location or actions confidential, taking out ANY loan, including credit cards, may make her vulnerable and are traceable via her credit report.

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

An unsecured loan is a loan obtained without collateral (such as a house or car). This loan is also called a signature loan. There are three main types of unsecured loans: I.O.U. Loan, Credit Card Loan and Personal Loan.

Unsecured Loan: I.O.U. Loan

The simplest unsecured loan is a personal loan from a friend or family member, with an I.O.U. as signature of agreement to pay back the loan.

This type of loan may be a good option but before taking a loan from family or friends consider the following: what might happen if you are unable to repay the loan, how might this damage the relationship, and what if the family member or friend changes their mind and wants to be paid back earlier? If you decide that this is a good option, consider putting the agreement on paper, in order to avoid problems in the future and include on it:

1. Date, month and year the agreement is made.
2. Full name of the person lending the money and their address.
3. Full name of the person receiving and borrowing the money and the person’s address.
4. Amount of the loan.
5. Number of months or years the loan is for.
6. Amount of each scheduled payment.
7. Interest charged on the loan, if applicable.

8. Signatures of both the borrower and lender.

Unsecured Loan: Credit Card Loan

Another common type of unsecured loan is a purchase made on a credit card. Each time you make a credit card purchase, you sign a form which authorizes the payment and agree to pay the money borrowed. The term and amount of the loan are predetermined when you first applied for and receive the credit card.

With this type of loan, the money is not loaned on the basis of collateral, such as home or property ownership. The credit card company merely has the borrower’s agreement to pay any funds borrowed. However, if the loan is not paid in appropriate time, additional fees may be assessed, the account may be sent to collections, and legal proceedings can be taken against the borrower.

The key to any loan (especially credit cards) is to only utilize it if you have the ability to repay.

With that said, credit cards can be a good option for short-term needs and for establishing credit. However, discipline is the key to using credit cards. Before putting something on a credit card, consider the interest rate, the monthly payment and how long it will take you to pay off the loan.

Unsecured Loan: Personal Loan

Also, banks can offer an unsecured loan to a borrower. Usually banks will assess the creditworthiness of the borrower before handing over cash without collateral. Those who have lower credit scores tend to have less chance obtaining an unsecured loan, and if they can get one, they may be assessed high interest rates, since the lender is taking more of a risk. Usually, an unsecured loan is for a small amount, perhaps for a one-time medical fee or short-term needs. When your credit is good, shopping around for the best interest rate for an unsecured loan is a good idea.

Frequently, the best rates for an unsecured loan are offered through credit unions. If you have an existing account with the credit union, obtaining an unsecured loan should not be a problem.

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

Benefits of Secured Loans

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

Drawbacks of Secured Loans

- If the loan is not repaid, the lender may take possession of the asset.
- Since the loan amount is generally higher, the application process may take longer.

There are three main types of secured loans: Debt Consolidation Loan, Car Loan and Home Loan.

Secured Loan: Debt Consolidation Loan

One type of secured loans is a debt consolidation loan where a home or personal property is used as collateral. Instead of having many high interest credit card payments to make each month, money is loaned to pay the original lenders off, and the borrower then only has to repay the one loan.

This is not only more convenient, but it will also save a lot of money over time, since interest rates for secured loans are lower. A debt consolidation loan usually offers a lower monthly payment as well.

Secured Loan: Car Loan

A car loan is a very popular type of secured loan. The primary difference between loans for new and used cars is that new car loans tend to come at a lower interest rate. This may be an important factor for people with poor credit, as the higher interest rate could make a used car substantially more expensive. People should be very careful when shopping for a car loan to ensure that they get the best loan for their needs.

Before shopping for used cars or loans, it is a good idea to sit down and determine what kind of car payment you can afford. Drivers should remember that in addition to monthly payments, the car will also need to be insured, and the car will require gas and periodic repairs and maintenance.
All of these costs can add up, and it is important to provide for them in a monthly budget to avoid surprises or a loan which is too big to carry comfortably.

While putting together a loan, it can help to use a car loan calculator (such as, www.edmonds.com) to get a rough idea of how things like the amount of a loan, the length of a loan, and the interest rate can change monthly payments and the total cost of the loan over time. As a general rule, loans with short terms are better (36 vs. 60 months), because borrowers pay less interest, and the lower the interest rate, the less costly the car financing.

Car Financing Through a Car Dealer

If considering financing a car through the dealer, make sure you understand all of the costs.

Car Financing Online

It is also possible to find used car financing online, and through lenders which are not locally based, although the customer service may not be as good.

Car Financing With No Credit

While there may be good reasons to consider a no credit car loan, there can also be some dangers. Some of the drawbacks include:

- Typically only available on used cars.
- Many lenders that offer this type of loan do not report to the credit reporting agencies (which makes it difficult to rebuild your credit).
- The interest rate is typically higher due to the increased risk.
- If a payment is missed, the interest rate may increase and the lender can repossess the vehicle.

If you have bad credit, chances are good that you’ll find at least some lenders who are willing to finance your automobile purchase. However, be extra careful. Some lenders prey on borrowers who have bad credit, since they may be compelled to take just about any offer because they feel desperate.
Secured Loan: Mortgage Loan

The most popular secured loan is a mortgage (home) loan. The terms of the mortgage loan are usually different from a standard bank loan, both in terms of structure and in duration. In most mortgage financing arrangements, the property that is purchased with the financing is used as collateral for the debt. There are four main types of mortgage loans: fixed-rate, adjustable rate, balloon, and sub-prime.

Fixed-Rate Loan

The two most common loan terms today are the 15-year and the 30-year mortgage. This loan provides the same interest rate during the life of the loan.

Adjustable Rate Mortgages (ARMs) Loan

An adjustable rate mortgage, also known as ARM or floating rate mortgage, is a type of mortgage with a flexible interest rate.

Some people view the balloon loan as a poor choice because the borrower must be disciplined enough to plan for a large-sum payment at maturity (or be prepared to refinance their loan or move from the property).

Sub-Prime Loan

If you cannot qualify for a mortgage loan or you are having difficulty obtaining credit through the normal channel, then a sub-prime loan may be your next option. This type of loan is good for repairing credit records but you may not wish to repay the loan over a long period. You might take out a loan over five years and then circumstances may change and you can pay it back sooner. If you think this may be the case, ask about the lenders early repayment terms. With that said, you want to be mindful when investigating this type of loan as it is often considered high-risk. Be aware of predatory lending as this type of lending is often found in the sub-prime market.
Loan Application Process

Why do some people get loans approved without any problem, while others struggle through the process? What do lenders look at when they evaluate you?

Getting your loan approved depends on how your financial background matches the lender’s criteria. Although the criteria may change from lender to lender, the following guidelines are often used to evaluate loan applications.

- Employment History: Depending on the type of loan, most lenders look for one to two consecutive years of employment within the same industry. This shows employment stability and that you do not hop from one job to another.

- Credit History: Lenders look for a history of on-time payments. Too much debt on credit cards, or maxed-out credit lines, indicates that you may be unable to pay your debt.

- Outstanding Liabilities: How big a loan can you comfortably repay? The size of your income dictates the amount of liability you can support. Your total monthly payments for debts (including credit card debt, car loans, student loans, existing mortgages or child support) should not exceed 42 percent of your monthly earnings.

- Cash and Asset Reserves: Lenders may request information about your cash available (checking and savings).

Before visiting a lending institution, you should take advantage of numerous online mortgage calculators. These mortgage calculators also make it possible to determine how much you can afford in a mortgage loan, as well as how such monthly payments will be for specific mortgage loan amounts.

Although the information on these calculators is not as accurate as the information provided by a lender, it does provide you with ballpark figures.
Home Options

Transitional Housing

Laurel House’s Bridge Program is representative of a transitional housing option. Our residents rent from us on houses and apartments in Norristown (seven units) and North Wales (five units), paying 30% of their income for rent. Laurel House leases the units in Norristown from owners, subsidizing the rents through housing grants and other funding. Laurel House owns the units in North Wales. Residents pay their own utilities. The goal of transitional housing programs like ours is to assist residents towards self-sufficiency and securing permanent housing by the end of their stay (up to two years).

Rental Properties

• Limit your rent to 25 to 30 percent of your income. For example, if your gross monthly income is $1,600, you should look for something that costs no more that $400-$480 a month.

• Define your needs. What size rental do you need (studio, one bedroom, two bedrooms or more)?

• Ask about additional fees such as utilities. These vary from landlord to landlord.

• Pay outstanding utility bills. Make sure all utility bills in your name are current.

• Look for a rental through word of mouth, newspaper, online, or by driving through areas where you’d like to live.

• Complete and submit your application.

• Sign the lease once approved, move in.

Lease Bifurcation

If your name is on a lease or rental agreement with your current or former abuser, you may be able to remove your name or have the abuser’s name removed from the lease. This process is called lease bifurcation. Laws vary by state, so ask an attorney about the relevant bifurcation laws in the state in which the property is located.
Many lease bifurcation laws require landlords to allow one party to be released or removed from a jointly held lease if there is good cause, such as domestic violence. Once a name is removed from the lease, that person has no responsibility to pay rent, utilities or other expenses and no right to be on the property.

Section 8 Federal Housing

The Section 8 program makes privately owned rental housing affordable to low-income households. It provides rent subsidies (rental vouchers) for eligible tenants. These subsidies usually equal the difference between 30 percent of the household's adjusted income and the Department of Housing and Urban Development (HUD) approved market rent. For example, if your rent is $600 and you can only pay $480, a Section 8 voucher can cover the remaining $120. Availability of Section 8 often has a long waiting list.

Although many property owners rent or lease units to individuals with Section 8 vouchers, some do not.

Addressing Property Damage

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

- If your abuser has damaged your property, you may be able to obtain financial assistance to make repairs through the state’s Crime Victims Compensation Fund. Crime victim compensations provide funding to cover out-of-pocket expenses resulting from a crime. For more information about your Crime Victims Compensation Fund, contact Victim’s Services Center of Montgomery County, PA (or visit http://www.nacvcb.org/). You may need to provide a police report or cooperate with law enforcement to access this fund.

- If you have renter’s insurance, your policy may cover the costs of damage to the property. If you have insurance, you may need to file a police report for your insurance company to repair the damage. Consult your policy agreement for more information or call your insurance company to discuss your options.
General Rights of Tenants

Livable rental units must provide:

- Accommodations that are weather and waterproof
- Plumbing in good working order
- Enough hot and cold running water
- A heating system in good working order
- An electrical system in good working order
- Accommodations that are free from infestations of insects and rodents
- Sufficient trash cans
- Floors, stairways and railings in good repair
- Natural lighting in every room
- Working windows that open at least halfway or mechanical ventilation
- Fire or emergency exits that lead to street or hallway
- A working deadbolt lock on the main entrance
- Working security devices on windows
- Working smoke detectors
- Written 24-hour advance notice of the owner's intent to enter the property, except in case of an emergency.

- The right to a prompt response, when a tenant has provided a written request for repairs to the landlord, the tenant has the right to a prompt response.
- Tenants must receive 30 days written notice of a rent increase under 10 percent and 60 days written notice of a rent increase of more than 10 percent.
- Tenants must receive the return of their security deposit within 21 days of vacating a unit. They have a right to an itemized statement of any money withheld by the landlord.
General Tenant Responsibilities

Tenants must:

- Pay the rent on time
- Keep the unit clean and sanitary
- Use gas, electrical and plumbing fixtures properly
- Fix or pay for repairs of items they or their guests damage
- Not remove anything from the structures or buildings that they have not put there and must not allow anyone else to do so
- Use the premises and the rooms for their intended purpose
- Not engage in illegal activities on the premises
- Limit household tenants to the number allowable by law

Before Signing a Lease

- Do not put money down unless you’re sure you want the apartment. Although legally entitled to have your deposit returned, it may be difficult to recover.
- Calculate the anticipated costs of utilities (e.g. heat, water, electricity) when determining whether you can afford an apartment.
- Check the apartment to ensure that it’s in acceptable condition. Put all agreements for repairs in writing.
- Evaluate how the landlord/superintendent responds to “after hours” emergencies.
- Talk with prospective neighbors about the competency and reputation of the landlord and/or management company.
- Visit the property at night and/or during the weekend to see what the community is like.

How to Handle Evictions

There are three types of eviction notices.

Notice from Landlord: The landlord is required to give notice before he or she files
a lawsuit against you. The notice may state “Pay the rent or vacate in three days.” If you fail to do either during the designated time, the landlord may file an eviction lawsuit in court.

**How to handle this notice:** Comply with this notice by paying the overdue rent. If you do not have enough money to pay the rent, contact Laurel House or to learn about possible grants or loans.

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

**How to handle this notice:** Talk to a lawyer as soon as possible. The time limit for responding to a summons may be as little as three days, and your lawyer will need time to prepare. If you do not have a lawyer, contact Legal Aid. In. Montgomery County at (610) 275-5400, 625 Swede St, Norristown.

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

**How to handle this notice:** Comply with this notice and move your family and your belongings as soon as possible. If you leave any items behind, you may have to pay storage fees to get them back. If you did not receive a summons before you received the order to vacate, see a lawyer immediately. The lawyer may be able to get the order set aside on grounds that you did not have a chance to defend yourself in court.

**Illegal Evictions**

Illegal eviction takes place when you are forced to leave your home by someone who does not have a legal right to evict you. Your landlord has the legal right to exclude you from your home only in certain circumstances.

Some tenants can be evicted more easily than others, including women who share living accommodations with their landlord.

You may be illegally evicted if your landlord:

- Changes the locks while you’re out or stops you from getting into your home;
- Makes life so uncomfortable for you that you’re forced to leave your home; or
- Physically removes you from the property or has anyone who is not a bailiff employed by the county court remove you.

Illegal eviction is a serious civil and criminal offense. The courts may force your landlord to allow you back into your home, impose fines and in extreme cases, award compensation.
If your landlord has illegally evicted you or is attempting to evict you, inform him or her in writing that this action is illegal. Some landlords are unaware of the law and may not realize they’re acting illegally. Ask your landlord to:

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

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

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

If you have been evicted, you will need to find another place to live.
Home Ownership

For most people, acquiring a home requires obtaining a mortgage. Banks make a wide range of loans, and many of them have a great deal of expertise when it comes to helping you evaluate your circumstances and identify mortgage packages that are right for you.

A banker can explain how the mortgage works, what type of commitments the prospective home owner is making, and how a particular type of mortgage would provide the most benefit for him/her.

Consulting a mortgage broker is also a great way to acquire current and reliable mortgage advice.

Real estate professionals also tend to have a working knowledge of mortgages and can be a great source of mortgage advice. In order to help people obtain financing, a realtor is often able to assess the financial condition of a potential buyer and create a match with the right type of lender.

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

Ask yourself these questions:

- Do I have a steady income and a stable job?
- Do I plan to stay in the same city or state for at least three to five years?
- Do I have a budget? Do I stick to it?
- Do I have a good credit or non-traditional credit history (including payments to landlords, utilities, cable, insurance, etc.)?
- Do I have savings for a down payment and closing costs? Have I researched programs that offer down payments and closing costs for survivors of domestic violence?
- Have I tried to pre-qualify for a home mortgage?
- Can I pay off most of my current debt before I buy a home?
- Have I looked at low- and moderate-income mortgage programs?
- Have I taken homebuyer education classes?
- Can you afford to buy a home?
Most lenders require a down payment, usually three to 20 percent of the home mortgage. A three to five percent down payment is standard for many first-time homebuyer programs. And don’t forget the closing costs.

Most people can comfortably repay a mortgage that is 2.5 times their total annual income (before deductions). If you make $30,000 a year, you can qualify for a $75,000 mortgage. You still must have the down payment, closing and inspection costs, and a good credit rating.

Although you may qualify for a large mortgage with some lenders, you may be unable to meet the monthly payments, and you could lose your home.

Review your finances and estimated monthly expenses carefully. Do not take on a mortgage unless you can comfortably make the monthly payments.

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

Creating Budgeting Strategies

This module provides steps you can take to manage your budget, set proper financial goals and save money, as well as other advanced money-saving topics such as investing and education planning.

The objectives of this module are:

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

Key topics covered in this module include:

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

Lauren, a successful executive, has hidden the pain of her abusive marriage for many years. For a long time she hoped that the violence would stop, but despite all of his promises, James continues to be very cruel toward her. On paper Lauren and James appear to have built a very lucrative and successful relationship. This is untrue. Despite her successful, high-paying career, Lauren must ask permission to buy anything and does not know what they own collectively.

After 13 years of marriage, she has decided to leave James. She doesn’t know where to begin to separate the financial responsibilities they shared. James has emptied her savings account and money market fund, leaving Lauren with no access to cash. She is afraid no one will believe her, and she doesn’t want her colleagues to find out she is a victim of abuse. She fears their perceptions of her may change.

Lauren’s story is one of many domestic violence survivors but there is hope and there are people, programs and organizations willing and ready to help.

Today, Lauren is happily remarried and she now performs public speaking engagements. She wants to change the perception of domestic violence and is a proud spokesperson.
Budgeting Basics

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

The definition of financial security varies from person to person. For some, it means having food, shelter and a decent job. For others, it means being able to live where they want, afford childcare and own a car. And for others, financial security is defined by preparing for a comfortable retirement, enjoying vacations, owning a home, and paying for college.

Financial security is one of the many reasons why making the decision to end an abusive relationship can be difficult. Most women find that their standard of living declines after ending an abusive relationship and those without employment may have to work to support themselves and their children. This can be overwhelming and frightening.

Regardless of how you define financial security, begin by developing a budget. A budget will help you to understand where your money goes.

To create a budget, follow these steps:

Step 1: Identify your net monthly income

This is the money that comes into your household, after deducting taxes, Social Security, insurance, etc.

Step 2: Identify your monthly expenses

Monthly expenses include rent and utilities, as well as those that occur periodically, like car insurance and medical expenses.

Step 3: Subtract your monthly expenses from your income

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

To continue the budgeting process, complete the form on the following page.
## Personal Budget Form

### Monthly Income (checks or cash):

<table>
<thead>
<tr>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

### Monthly Fixed Expenses:

<table>
<thead>
<tr>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent/mortgage (principal, tax, insurance)</td>
</tr>
<tr>
<td>Life insurance</td>
</tr>
<tr>
<td>Medical/health insurance</td>
</tr>
<tr>
<td>Vehicle insurance</td>
</tr>
<tr>
<td>Disability insurance</td>
</tr>
<tr>
<td>Household insurance</td>
</tr>
<tr>
<td>Car payments</td>
</tr>
<tr>
<td>Other loan payments</td>
</tr>
<tr>
<td>Savings</td>
</tr>
<tr>
<td>Emergency savings</td>
</tr>
<tr>
<td>Other (list)</td>
</tr>
</tbody>
</table>

### Monthly Flexible Expenses:

<table>
<thead>
<tr>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utilities (electric, gas, water, phone, fuel oil, etc.)</td>
</tr>
<tr>
<td>Credit card payments</td>
</tr>
<tr>
<td>Auto upkeep (gasoline, oil, maintenance)</td>
</tr>
<tr>
<td>Food (at home and away from home)</td>
</tr>
<tr>
<td>Clothing</td>
</tr>
<tr>
<td>Household supplies</td>
</tr>
<tr>
<td>Medical/dental costs</td>
</tr>
<tr>
<td>Recreation/entertainment</td>
</tr>
<tr>
<td>Church donation/other charities</td>
</tr>
<tr>
<td>Childcare</td>
</tr>
<tr>
<td>Education</td>
</tr>
<tr>
<td>Personal allowances</td>
</tr>
<tr>
<td>Other (list)</td>
</tr>
</tbody>
</table>

### Total Monthly Expenses:

<table>
<thead>
<tr>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

### Total Income Minus Total Expenses:

<table>
<thead>
<tr>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

### Add or Minus Balance from Previous Month:

<table>
<thead>
<tr>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>
### Reviewing Expenses and Financial Responsibilities

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

#### Your Personal Worksheet: Reviewing Your Assets

<table>
<thead>
<tr>
<th>Category</th>
<th>I feel pretty comfortable that resources will support my children and me</th>
<th>I'm not sure if my current resources will support my children and me</th>
<th>I need additional assistance to support my children and me</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong> – Salary, child support (through a protection order or a divorce decree), public assistance, etc.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Savings</strong> – Money for emergencies, children’s education, retirement, etc.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Housing</strong> – Safe, affordable housing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Insurance</strong> – Health, life, auto, disability, etc.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Transportation</strong> – Access to public transportation or a reliable car and resources to pay for car insurance and maintenance expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Childcare</strong> – Daycare, babysitting</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Your Personal Worksheet: Reviewing Your Liabilities

<table>
<thead>
<tr>
<th>Category</th>
<th>I have no problems managing this debt</th>
<th>I can continue making payments but may need help managing</th>
<th>I can no longer make payments on this debt and need assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Car loan</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit card debt</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student loans</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medical debt</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payday loans</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Title loans</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans from family</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Home loans</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Savings is listed as a category because it should be treated as part of your budget. It is important to put aside money each month for savings, if possible.

Start by deciding how much you are comfortable saving each month. Once you determine that amount, pay yourself first. If you do not have enough money to cover all the expenses, find ways to reduce your spending or increase your income. This may mean you have to work a few extra hours, avoid eating out or limit treats for your children. This may sound difficult, but you will feel good knowing you have money saved for your future.

A budget is a tool that will help you make critical spending decisions. In addition to paper-based budgeting tools, there are also free budgeting tools available online, such as www.MINT.com or www.QuickenOnLine.com.

If you don’t have enough money to support your family, or if you have substantial debt, don’t despair!

- Document the assets you currently have such as housing, childcare support, part-time job, health insurance, car, etc.
- Review your financial liabilities. Do you have credit-card debt or do you owe money to family or friends? By understanding how much debt you have, you can better manage your finances.

This exercise will help you determine if you need additional financial support.

If you don’t have assets in a particular category, develop a plan to access resources in your local community. Laurel House staff or your mentors can help with this.

Once you have a clear picture of your liabilities, create a plan to lower and eliminate them.

### Setting Financial Goals

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

For many of us, emotions and money are closely tied and spending to fill an emotional need can be a challenge when sticking to a budget. If you are having trouble sticking to your budget, ask yourself the following questions:

Am I shopping to make myself feel better? What emotion am I experiencing and is there another way that I can fill this need?

These are just a couple of examples of how spending can take on an emotional element in your life and how it can pose challenges in regard to keeping a budget.

For example, after her divorce Carrie finally felt free. In her marriage, her husband controlled all of the spending and she rarely got to even choose what clothes she could wear. Carrie felt like she deserved to buy new clothes and enjoy her new freedom. At first, she kept her purchases to a minimum but over time the shopping increased. Carrie was struggling financially and angry about the abuse she had suffered. Shopping was becoming a way of demonstrating her anger but it was putting her further in debt. After identifying what was happening, Carrie worked with her advocate to find other ways of expressing her feelings and was able to get her spending under control.

Another example is with Maria and Vincent. Maria fled to a shelter with her three children to escape Vincent’s abuse. After spending two months in a shelter the family moved to a transitional housing program. The family was now safe but it was hard to live with less income. The children often complained that they missed their old neighborhood and frequently threw temper tantrums for not getting the new toys that they wanted. Making matters worse, every time the children went to visit Vincent he bought them things and took them to places that Maria couldn’t afford. The children blamed Maria for the situation and she felt guilty that they had experienced Vincent’s abuse and now that she could not give them the material things that they wanted. She didn’t understand why the children didn’t give her more credit, after all, she had been the one who had always worked so hard to get them to safety and was doing the best she could. Not knowing what to do, Maria began buying things for the children that she couldn’t afford.

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

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

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

Strategies for Dealing with Emotions and Money

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

**Step 1:** Write goals down and identify how much time and money it will take to get there.
Step 2: Keep your written goals handy and remind yourself often of the priorities you have set. This may help keep you on track if your emotions start to take over.

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

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

Inexpensive ways to treat yourself and your children ... without breaking the bank

Treating yourself:
- Give yourself a manicure
- Enjoy your favorite dessert
- Read a good book
- Spend time with a good friend
- Go for a walk

Treating your children:
- Bake them a cake
- Read them a story
- Rent a video or borrow one from the library
- Play their favorite game with them
- Invite their friends for a sleepover

Savings Strategies

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

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

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

According to www.getrichslowly.org, compounding may appear tedious and boring. Why is it important to start investing now?”

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

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

It’s human nature to procrastinate. “I can start saving next year,” you tell yourself. “I don’t have time to open a retirement account, I’ll do it later.” But the costs of delaying are enormous. Even one year makes a difference.

To make compounding work for you:

• **Start early.** The younger you start, the more time compounding can work in your favor and the wealthier you can become. If you didn’t start early, don’t
despair, there is still time. Put away as much as you possibly can.

- **Make regular investments.** Remain disciplined and make saving for retirement a priority. Do whatever it takes to maximize your contributions. If you work for a company that provides a match, make sure that you enroll and are eligible for the highest match from the company.

- **Be patient.** Do not touch the money. Compounding only works if you allow your investment to grow. The results will seem slow at first, but persevere. Most of the magic of compounding comes at the very end.

There are a number of types of accounts where you can earn interest on your savings. When deciding where to put your money, consider how available you need it to be and what kind of interest rate you can earn on your money. For example, emergency funds need to be readily available so a typical savings account is a good choice. However, funds that won’t be need immediately can usually earn a higher interest rate in a money market account or certificate of deposit (CD).

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

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

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

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

**Investment Options**

According to [www.investopedia.com](http://www.investopedia.com), investing is defined by putting your money to work for you. Essentially, it’s a different way to think about how to make money. Growing up, most of us were taught that you can earn an in-
come only by getting a job and working. And that’s exactly what most of us do. There’s one big problem: if you want more money, you have to work more hours but there is a limit to how many hours a day we can work.

Quite simply, making your money work for you maximizes your earning potential whether or not you receive a raise, decide to work overtime or look for a higher-paying job.

There are many different ways you can go about making an investment. This includes putting money into stocks, bonds, mutual funds, or real estate (among many other things), or starting your own business. It doesn’t matter which method you choose for investing your money, the goal is always to put your money to work so it earns you an additional profit.

The most obvious investment for many of us is for our retirement. A retirement plan is a savings strategy designed to provide employees with an income or pension after they are no longer working. Retirement plans can be set up by employers, insurance companies, the government or other institutions such as employee associations or trade unions. The following are some of the ways you can save for retirement.

**Individual Retirement Accounts (IRAs)** are retirement savings accounts that provide tax advantages when you save for retirement. There are different types of IRAs, some provided by employers and others are set up by individuals.

**Pensions** are retirement plans set up by employers to provide benefits to retired employees.

**401(k) Plans** are retirement plans that defer income taxes on retirement savings and any interest they may earn until withdrawn. Most plans are sponsored by private-sector corporation employers. Comparable salary deferral retirement plans include 403(b) plans that cover employees of educational institutions, churches, public hospitals and nonprofit organizations and 401(a) and 457 plans that cover employees of state and local governments and certain tax-exempt entities.

Determine how much money you need to retire comfortably. Most people have a mix of stocks and bonds. When considering how you will divide your funds, contacting a personal financial representative can help you decide on the best investment strategy.
Another great option is to visit Allstate’s financial resources Web site at www.allstate.com (click Tools and Resources and select Financial).

In addition to these resources available online, some common investment options include:

- Savings Bonds
- Mutual Funds
- Stock Investments
- Bonds

Establish a will.

This is usually the heart of an estate plan. Without a will, the laws of the state in which you die will determine who receives your property. If you don’t designate a legal guardian for any dependents or minor children, a court will decide who will raise them.

Establish a trust.

This can hold virtually any kind of tangible or intangible property and can be as flexible as needed to meet your objectives. Some trusts are established to avoid probate or reduce future estate taxes. Others are designed to provide for minor children.

Designate powers of attorney.

This document clearly states your wishes about how to handle your healthcare and property and who is responsible for carrying them out if you are unable to communicate. Be sure to pick somebody who has consistently been a part of your life and likely always will.

Purchase life insurance.

Life insurance can provide the cash your survivors may need to pay federal estate taxes when you die.

In addition to these common investment options, most communities offer a variety of asset-building programs to help you reach your financial goals.

Contact community organizations to find out if they offer any of the following programs that interest you and whether there are income limits:
• **Individual Development Accounts (IDAs)** are savings accounts matched by public and private sources for investments in education, homes and businesses. The accounts match your savings and allow a set period to save for specific goals. These goals usually include education, home purchase or seed money to start a business.

• **Micro-Enterprise Development** are small capital investments that allow individuals to form micro-businesses to contribute to their family’s economic and social well-being.

• **Financial Literacy Programs** help families learn how to manage their finances and make wise economic choices. These programs help families move toward goals, including owning a home or business, or saving for education and retirement.

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

• **Federal and State Earned-Income-Tax Credits (EITCs)** provide cash to low-income individuals through tax refunds. EITCs increase the income of the working poor and promote their ability to save.

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

- **Emergency Assistance Funds** provided by nonprofit organizations or faith-based institutions supply emergency assistance to individuals who need help paying rent and utility bills or relocation costs.

- **Miscellaneous Savings Programs** help low-income individuals and families save for needed assets.

**Insurance Overview**

Insurance is an important part of your financial well being. It can help protect you financially if you have health problems, are involved in a car accident, or if your home is damaged or destroyed.

**Health and Medical Insurance** covers some or all health and medical expenses due to illness or accidental injury.

**Auto Insurance** can help you repair or replace your car if you get into an accident and help protect you in the event of a lawsuit. In PA you are required to have auto insurance.

**Homeowners or Renters Insurance** pays to repair and replace your home if it is damaged or destroyed. Renters need insurance to protect their furniture and other personal property, as well.

**Life Insurance** can help cover funeral expenses, childcare and other costs.

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

**Disability Insurance** provides a portion of income lost due to a total or partial disability caused by illness or accident. In addition to insurance you may purchase on your own, when applying for a job ask the potential employer about employee benefits that may include short- or long-term disability or life insurance.

**Educational Opportunities**

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

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

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

Below is a brief list of various education and training options available:

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

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

**Community Colleges** provide associate degrees and the opportunity to transfer to a four-year college or university. And many offer open enrollment, eliminating the need to take standardized tests including the Scholastic Aptitude Test (SAT) or the American College Testing (ACT) program.

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

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

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

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

Another factor to consider when looking at continuing your education is how you are going to pay for learning. It is important to look into all tax-free or tax-deferred investments, especially when planning for your children’s higher education needs.

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

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

- **Federal Pell Grants** don’t have to be repaid. Generally, Pell Grants are awarded only to undergraduate students, those who haven’t earned a bachelor or