

FINANCIAL RECOVERY



Welcome



- 1. Agenda**
- 2. Ground Rules**
- 3. Introductions**



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Objectives



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



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Objectives

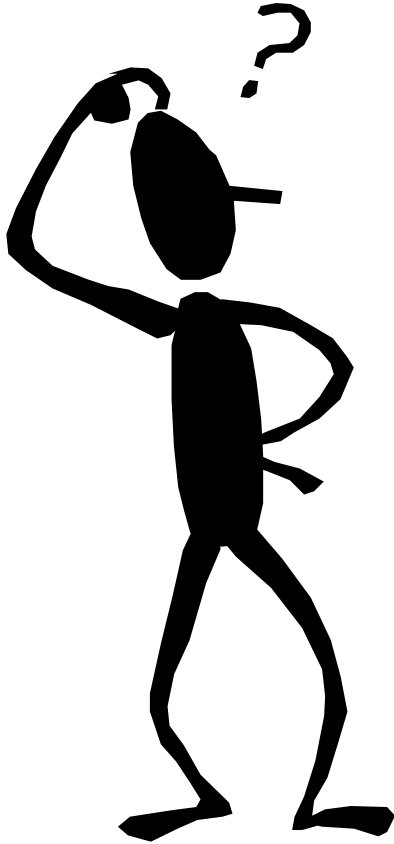


- **Identify steps to successfully implement a financial recovery plan**
- **Recognize how to guard against credit repair scams**
- **Identify timeframes to review and adjust your financial recovery plan**



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What Do You Know?



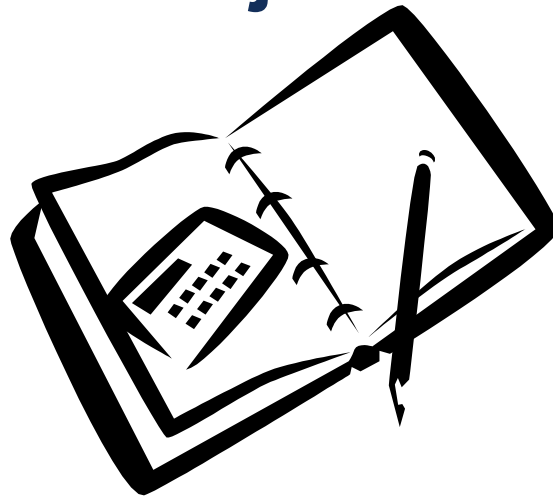
What do you know or want to learn about financial recovery?



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Steps to Financial Recovery

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



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Step 1: Evaluate Your Current Financial Situation


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



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Activity 1: Monthly Income and Expenses

Complete Activity 1 in the Participant Guide.

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



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Monthly Income and Expenses

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



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Step 2: Develop a Financial Recovery Plan

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



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Set Financial Goals

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



Activity 2: My Financial Goals

Complete Activity 2 in the Participant Guide.

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



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Develop a Spending Plan

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



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Step 3: Implement Your Plan

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



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Seek Assistance

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



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Rebuild Your Credit

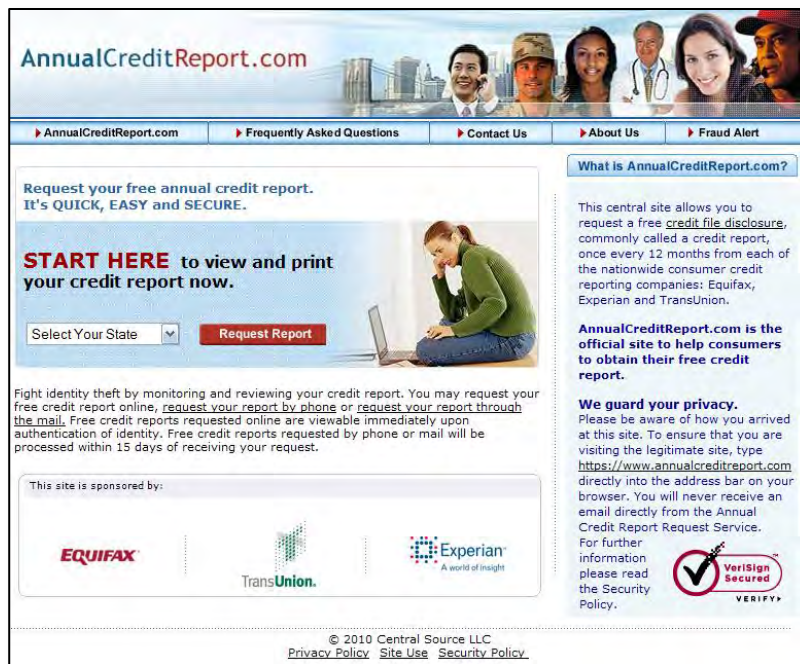
- **If repairing your own credit:**
 - Order a copy of your credit report
 - Identify and correct any errors
 - Contact your creditors to explain your situation
 - Negotiate payment plans with your creditors when you have some money to pay them
 - Opt-out of receiving unsolicited offers for credit cards



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Get a Copy of Your Credit Report

- Order a free credit report from each credit bureau once every 12 months through www.annualcreditreport.com



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Check for Errors

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



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Before Contacting Your Creditors

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



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Contact Your Creditors

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



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Using a Credit Counseling Agency

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



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Using a Credit Counseling Agency

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



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Credit Repair Scams

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



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Step 4: Review and Adjust Your Plan

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



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Adjust Your Financial Recovery Plan

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



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Review and Adjust Your Insurance Coverage

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



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Review and Rebuild Your Investments



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



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Rebuild Your Savings



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



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Prevent Future Setbacks

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



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Summary

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



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Conclusion

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



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