BCFP Research and Tools for Financial Educators, Adults and Young Adults

2018 Society for Financial Education & Professional Development
Adults & Young Adult Financial Education Resources
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About the Bureau...

The Bureau of Consumer Financial Protection regulates the offering and provision of consumer financial products and services under the Federal consumer financial laws, and educates and empowers consumers to make better informed financial decisions.
Resources for adult financial educators webpage

We help you help the people you serve. For adult financial educators, the tools here show our latest thinking on consumer financial behavior and effective financial education practices.

Featured event
Free webinar about shopping for a mortgage
Thursday, June 28, from 2-3 p.m. ET
View details and enroll

Tools and resources to use with the people you serve

We've gathered our tools, worksheets, and handouts by topic. You can use these resources with the people you serve. You can also download the inventory of

Resource inventory for financial educators

Find it at consumerfinance.gov/adult-financial-education

- **Understanding the financial education field and practices**
  - Keep up with the financial education field and with promising and effective practices

- **Understanding consumers**
  - Gain insights into consumer behaviors, motivations, perceptions, and attitudes, including challenges consumers face in the financial marketplace

- **Tools for financial educators**
  - Investigate training materials and toolkits designed to improve your effectiveness and service to clients

- **Tools for consumers**
  - Help your clients with easy-to-digest web tools and guides tailored to their needs
Join us on Linked-In!

www.linkedin.com/groups/5056623

Join the discussion!

FINANCIAL EDUCATION DISCUSSION GROUP ON LINKEDIN

Share your thoughts and best practices, keep up with news and research in the financial education field.
The Bureau’s online tools on homeownership, paying for college, and planning for retirement

**consumerfinance.gov/owning-a-home**

**consumerfinance.gov/paying-for-college**

**consumerfinance.gov/retirement**
Submit a Complaint and Ask CFPB

cfpc.complaint

consumerfinance.gov/complaint

Having a problem with a financial product or service?
Tell us about your issue—we’ll forward it to the company and work to get you a response, generally within 15 days.

Submit a complaint
We’ve handled over 1 million complaints, helping consumers connect with financial companies to get direct responses about problems with mortgages, student loans, payday loans, debt collection, credit reports, and other financial products and services.
Every complaint we receive gives us insights into problems that people are experiencing in the marketplace and helps us to identify and prioritize problems for potential action. The results: better outcomes for consumers, and a better financial marketplace for everyone.

Start a new complaint

Ask CFPB
We offer clear, impartial answers to hundreds of financial questions. Find the information you need to make more informed choices about your money.

Auto loans
- What effect will shopping for an auto loan have on my credit? Read answer
- I owe more on my current loan than my current vehicle is worth. What do I need to know if I buy a new vehicle? Read answer
See all auto loans questions

Bank accounts and services
- How quickly can I get money after I deposit a check into my checking account? What is a deposit hold? Read answer
- I would like to be able to have my friend or family member help with my bill-paying and banking. What are my options? Read answer
See all bank accounts and services

Credit cards
- What is a credit card interest rate? What does APR mean? Read answer
- How do I dispute a charge on my credit card bill? Read answer
See all credit cards questions
Credit Reports and Scores

Primary goals

- Provide consumers with foundation of knowledge
- Help consumers fix urgent issues
- Direct consumers to the most relevant information for their personal financial situation

consumerfinance.gov/consumer-tools/credit-reports-and-scores/
Order Free Publications

- Up to 1,000 free copies of each publication
- English and Spanish publications
- 3-4 weeks for delivery
- Easy to order
- High quality printing

Learn more at consumerfinance.gov.
Print resources on credit scores and reports
Your Money, Your Goals

- Training enhances confidence about discussing finances with clients
- Training provides clear examples of effective communication techniques
- Modular toolkit is user-friendly with plain language text
- Available for download in English and Spanish
- Customized versions for social service providers, legal aid organizations, community volunteers, and worker organizations
The Bureau’s Financial Well-Being Scale
Measuring Financial Well-Being

Measuring financial well-being

A guide to using the CFPB Financial Well-Being Scale
What is financial well-being?

A state of being wherein a person can fully meet current and ongoing financial obligations, can feel secure in their financial future, and is able to make choices that allow enjoyment of life.

Elements of financial well-being:

- Having control over day-to-day, month-to-month finances
- Having the capacity to absorb a financial shock
- Being on track to meet financial goals, and
- Having the financial freedom to make choices that allow one to enjoy life
# The four elements of financial well-being

<table>
<thead>
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<th>Present</th>
<th>Future</th>
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<tr>
<td><strong>Security</strong></td>
<td>Control over your day-to-day, month-to-month finances</td>
<td>Capacity to absorb a financial shock</td>
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<tr>
<td><strong>Freedom of choice</strong></td>
<td>Financial freedom to make choices to enjoy life</td>
<td>On track to meet your financial goals</td>
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Using the scale

The BCFP Financial Well-Being Scale can be used in a variety of ways, including:

- Initial assessment
- Tracking individual progress
- Assessing program outcomes
- Survey research
Financial coaching

Urban Institute* randomized control trial of two financial coaching programs:

- Branches, a faith-based social services organization in Miami
- The Financial Clinic, a New York-based nonprofit helping build the financial security of working-poor Americans

The study:

- Total of 945 clients participated
  - 479 in treatment group
  - 466 in control group

*The research described in this report was funded by the BCFP under a competitive award, contract number CFP-12-Z-00006. The views, findings and conclusions in this report are those of the authors, and do not necessarily reflect those of the Bureau of Consumer Financial Protection.
Research findings

On average, people who were offered access to financial coaching experienced improvements in their financial lives relative to those not offered access to financial coaching.

**Financial behavior**
- Were more likely to pay bills on time
- Increased frequency of savings deposits

**Objective financial outcomes**
- Increased savings by almost $1,200 in New York City
- Reduced debt by over $10,000 in Miami
- Increased credit scores by 21 points in New York City

**Subjective financial well-being**
- Reported an increased sense of confidence in their finances and reduced feelings of financial stress
Key takeaways for practitioners

- Coaching is a flexible approach that can work for many types of clients.
- Steps should be taken to make it easy and convenient to participate.
- Coaching clients have varying levels of engagement in coaching services.
- Issues with credit and debt are often the key interest and motivation of coaching clients seeking services.
- Coaches need to take time to understand the motivations and challenges of their clients.
- Multiple approaches to training and staffing of financial coaching programs can be successful.
Financial Rules to Live By
Rules to Live By Consumer Worksheets

My credit spending rule to live by

Money tips you might hear:

“Use cash when it’s available, not credit cards.”
“Save 10 percent of your income.”

“Use the 50/20/30 rule to manage spending: 50 percent of your take-home pay to needs, 20 percent to savings and debt payments, more than 30 percent to your wants.”

About money rules to live by:
Just like lane markers on a highway, your money rules to live by are guidelines that help you stay in the right direction. You might have to speed some things up, slow down others, or change lanes from time to time, but your money rules can help you reach your financial destination.

About the CFPB:
The Consumer Financial Protection Bureau (CFPB) is a U.S. government agency created to act as a consumer protection agency for these rules.

My spending rule to live by

“A common rule of thumb”

“Save 10 percent of your income.”

“Check your credit report once a year.”

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My savings rule to live by

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Find it at consumerfinance.gov/adult-financial-education
Consumer worksheet on managing spending

Consumer tips for managing spending

Managing spending and keeping up with your budget can be difficult tasks, but there are ways to make it easier to manage your spending and reach your financial goals—and improve your financial well-being.

This worksheet helps you recognize common spending challenges and come up with ways you can take action to manage your spending.

Step 1: Identify spending challenges

Which of these common spending challenges apply to you?

☐ I don’t track or budget my income and spending because it’s a hassle.

☐ I have tried to use a budget, but tracking my income and spending is too complicated and/or takes too much time.

☐ I struggle to pay my bills and expenses because I have inadequate or irregular income.

☐ When I overspend, I often think I can spend less later to make up for it, but I find it’s hard to do.

☐ I don’t think about the money I spend when using my debit or credit card to make purchases.

☐ I like to treat myself and others occasionally even if I can’t afford it.

☐ My financial situation is discouraging, so I avoid thinking about it.

If you’ve checked one or more of these boxes, try out some of the tips on the next page to better manage your spending.

Step 2: Address spending challenges

1. Start by getting a handle on where all your money goes

   • Track your spending for a week or a month to see how much you’re spending in different categories.

2. Create a budget

   • Create a household budget. (For an easy-to-use budget worksheet, go to My New Money Goal at consumerfinance.gov/MyNewMoneyGoal).

   • Decide how much money you can set aside or save for special occasions so that you can enjoy life without overspending.

3. Decide how much to spend

   • Set a weekly spending limit based on your budget for small purchases that can add up and keep you from achieving your aspirations. Consider setting aside cash for these purchases at the beginning of the week and not spending more than you set aside.

   • Check your balances before going shopping, and set a spending limit based on your budget.

4. Keep track of where you are

   • Compare your actual spending to your budget, monthly or more frequently. Make adjustments to your budget if it’s regularly out of line.

   • Check your balances regularly on accounts, credit cards, and prepaid cards. You can check your balances online, at an ATM, on your smartphone, or by calling your bank or credit union. Be aware that these services may incur fees—check with your financial service provider.

   • Sign up for balance alert text message services from your financial institution.

Step 3: Create a personal plan for managing spending

Steps I will take to manage my spending

Pick one or more of the solutions above or come up with your own ideas

1. ____________________________

2. ____________________________

3. ____________________________

4. ____________________________

Find it at consumerfinance.gov/adult-financial-education
The portal helps people find information and learn about debt collection while providing links to additional resources.

Information is broken down by key sections:

- **Get started**
- **Understand your situation**
- **Take action**

Debt collection

Addressing debt collection issues can be challenging. You do not have to face them alone. Our resources can help you better understand how debt collection works and what your rights are when dealing with debt collectors.

Get started

The basics of debt collection

Why a debt collector is contacting you

A debt collector may be trying to contact you because a creditor believes you are past due on the payments you owe on a debt. Read more

Learn what could happen if you avoid a debt collector

Ignoring or avoiding a debt collector is unlikely to make the debt collector stop contacting you. If you believe you do not owe the debt, you should tell the debt collector. Read more

Learn about some examples of "unfair" practices by a debt collector

Key terms

- Credit counselor
- Debt collector
- Fair Debt Collection Practices Act (FDCPA)
- Garnishment
- Harassment by a debt collector
- Judgment
- Original creditor
- Statute of limitations

See all key terms

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www.consumerfinance.gov/consumer-tools/debt-collection/
Resources on debt collection

The new landing page features a set of response letter templates:

5 sample letters to send debt collectors

Our sample letters can help if you:

- Need more information
- Do not owe the debt
- Want the debt collector to stop contacting you while you dispute the debt
- Want the debt collector to only contact you through a lawyer
- Want to specify how the debt collector can contact you

* These letters are not legal advice. You'll also want to keep copies of any letters you send.

To sign up for The Bureau’s Debt Collection Boot Camp visit: https://www.consumerfinance.gov/about-us/blog/sign-our-email-course-and-get-your-finances-shape/
Resources on debt collection

Know your rights when a debt collector calls

When a debt collector calls, your best response is to confront the situation head-on.

Your first instinct may be to hide or ignore the situation and hope it goes away. But that can make things worse.

First, be sure the debt collector and the debt are legitimate.

Find out:
- Who you’re talking to (get the person’s name)
- The name of the debt collection company
- The company’s address and phone number
- The name of the creditor

Ask the debt collector for:
- The amount owed
- The name of the creditor
- How you can dispute the debt or verify the debt is yours

If the debt collector doesn’t tell you this information the first time it contacts you, ask for the information in writing. It’s a good idea to get this written notice before you agree to pay the debt collector or try to negotiate.

Harassment is illegal

The Fair Debt Collection Practices Act says debt collectors can’t harass, oppress, or abuse you or anyone else they contact.

For example, debt collectors can’t:
- Make repeated phone calls that are intended to annoy, abuse, or harass you or anyone answering the phone.
- Use obscene or profane language.
- Make threats of violence or harm.
- Publish lists of people who refuse to pay their debts (this does not include reporting information to a credit reporting company).
- Call you without telling you who they are.

If you believe a debt collector is harassing you, you can submit a complaint with the CFPB.

Find it at [www.consumerfinance.gov/consumer-tools/debt-collection](http://www.consumerfinance.gov/consumer-tools/debt-collection/)
Questions?


To sign up for the Financial Education Discussion Group: www.linkedin.com/groups/CFPB-Financial-Education-Discussion-Group-5056623

Thank you for joining us today!
Everyone has a story

These videos highlight consumer stories where they say they were:

- pursued for debts that weren’t owed,
- felt they were contacted too often, and
- were threatened with jail by debt collectors

[www.consumerfinance.gov/consumer-tools/everyone-has-a-story](http://www.consumerfinance.gov/consumer-tools/everyone-has-a-story)

*Note that these consumers’ experiences may not have been included in the survey.*
Resources

Resources for Financial Educators webpage:
www.consumerfinance.gov/adult-financial-education

To sign up for the Financial Education Exchange, email:
CFPB_FinEx@cfpb.gov

To sign up for the Bureau’s Financial Education Discussion Group:
www.linkedin.com/groups/CFPB-Financial-Education-Discussion-Group-5056623