ERS
ALLPOINTS
REACH
LYTLEEAP
ALLONE HEALTH
SANDCREEK
EASE@WORK
ENCOMPASS
IMPACTSOLUTIONS

Financial Wellness Booklet

WELL-BEING. DONE WELL.

QUESTIONS? CONTACT US! 800-451-1834 www.mylifeexpert.com

OUTLINE

INTRODUCTION TO FINANCIAL WELLNESS

Financial Wellness means different things to different people...

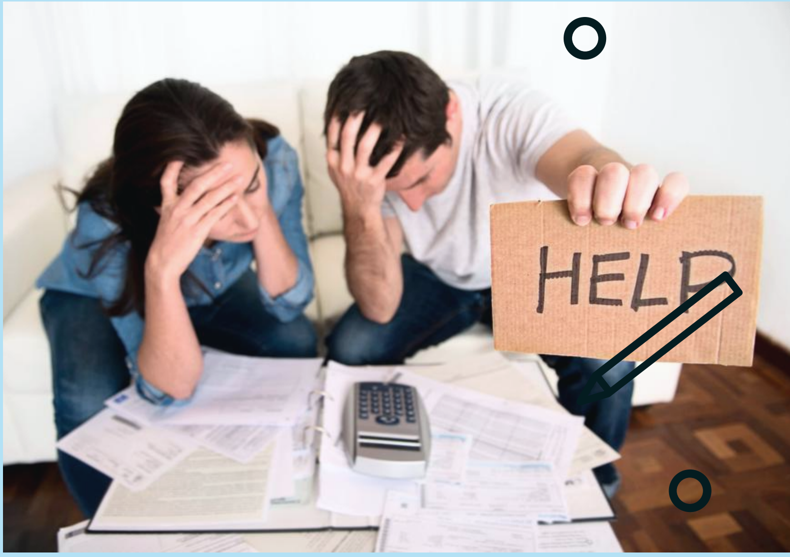
AllOne Health is committed to the financial wellness of our clients. As a leader in the Employee Assistance industry it is vital to shape helpful resources and education that empower individuals to make choices that improve their overall quality of life.

This Financial Wellness booklet is designed to cover personal financial concepts, guidelines, and resources to assist you in improving your personal financial literacy.

Financial wellness means different things to different people. For some, it can mean having enough income to pay your bills, or maybe enough in Savings for a summer vacation. For others, it might mean having a solid investment portfolio with solid gains and exponential growth. The bottom line is that experiencing financial wellness revolves around feeling safe, secure and confident in your finance regardless of different life situations.

Financial literacy in the United States is an area of on-going study that reflects a trend that most adults feel as though they could improve their overall knowledge. Furthermore, many employees cite financial stress as a large concern that impacts their life and level of happiness. Credit debt, student loan debt and other forms of debt can impact a person’s ability to save and put money towards the future. The personal savings rate in the United States is 7.7% as of January 2020 (U.S. Bureau of Economic Analysis) and is indicative of potential improvement with the idea that if people improve their financial behaviors and attitudes, saving becomes an important component to help address any unforeseen financial hardship.

ATTITUDE IS EVERYTHING!



- ***What is the first thing that you think about when the word 'money' is mentioned?***

- ***What feelings bubble up?***

- ***Where do you go in your heart and mind?***

These are important questions and serve as the bedrock to financial wellness. If you automatically feel stressed out when money is mentioned, chances are that your behaviors will follow the same path. When we are fearful or anxious, this causes stress hormones to be released in our bodies and the 'fight or flight' impulse takes over. We might end up arguing with a partner/spouse, we may end up making a bad financial decision in the 'heat of the moment' or simply end up ignoring the situation altogether. Our perceptions about money and personal finances shape our financial reality.

Take Note: When we take on an attitude of confidence and engage our financial situation head on with discernment and practical thinking, we can make better choices and experience more control over our financial life.

FINANCIAL AWARENESS

With the advent of technology, money and our spending have become more conceptual in nature. The ease of credit, paychecks being automatically deposited into checking accounts, sending money via various electronic means to pay our bills, spending has become a 'non-thinking behavior' for many people. When we desire to take more control of our personal finances it becomes increasingly clear that we must address and acknowledge two areas of how our money and spending impact us:

Subjective Financial Awareness – This is the behavioral facet of money management. Our thoughts, feelings and emotions drive our motivations, which in turn come out in our actions – or non-action – as it relates to our finances. Improving our subjective financial awareness requires us to address our values, our money personality (Am I a Saver or Spender?) and how our habits, choices and decisions affect our financial life.

Objective Financial Awareness – These are the actual numbers of our money situation and the awareness around things like: How much do I make after taxes each month? How much credit card debt to I have? What are the best ways to seek out the most beneficial rates on insurance? What is my credit score, and even how much money do I have left over each pay period after I'm done meeting all my financial obligations?

Having a solid grounding in each of these types of awareness is critical to shaping a personal financial landscape that empowers you to lead a healthy financial life. Sometimes it is difficult to 'see the forest for the trees' when it relates to our personal financial situation. Money is not a topic that we openly discuss with our friends and it is easy to assume that everyone just knows what they are doing. This is not the case and there is no shame in recognizing that sometimes we all need help to address parts of our lives that have been left untended.

We tend to create worst-case scenarios from a lack of addressing certain facets of our financial lives (credit debt, credit scores, budgeting) and eventually fear, shame and guilt can enter our financial equation. It's during times like these that it may be helpful to reach out to a counselor to help you assess the situation in a supportive and non-judgmental way to help you create a plan that empowers you, increases your awareness and moves you into a more confident mindset as it relates to your finances.

BUDGETING 101

'HAVING A PLAN FOR YOUR MONEY"

Budgeting can be defined as 'Having a plan for your money.' Sometimes this can be difficult to do if you've never done it before, and may require that you develop new habits that are consistent and helpful.

Things that you can do right now are:

- Find a budget worksheet online, or you can use an Excel spreadsheet, or heck even a blank piece of paper!
- Write down your monthly net income (this is after taxes).
- List out all your monthly bills and expenses (if you are married or have a partner, invite them to join you).
- After listing out your income and expenses determine if you have money left over each month. You will either have a surplus of income, break even, or maybe even show a deficit.
- For a deeper dive, go back three months into your bank account and list out all spending that has occurred that wasn't necessary for household expenses (Mortgage/rent, insurance, cell phone, utilities, etc.) These expenses would be more along the lines of eating out, impulse buys (online or at retail outlets), entertainment, or even coffee stops.
- Assess if you have the capacity in your budget to put away savings, even a small sum is great. Remember it's not about the amount, but more about creating the habit!
- Assess if there are areas in your spending/budget that you could decrease to allow you to have more money for other things.
- Consider challenging yourself to live on less than what you make for one pay period. Giving yourself an allowance based on pay cycles is a good way to practice self-discipline and create ongoing awareness of your money habits.

If you get to the end of your budget and realize there isn't enough income, please contact us and we can schedule a financial counseling session with one of our financial professionals to review your situation and determine ways to restore financial balance.

Consistency and Simplicity
It is critical when making any changes to your habits around budgeting that they are consistent and simple, if you make things too challenging and complex, we tend to not follow through and the desire is eventually lost. Small steps forward are key. Talking with a financial counselor can help you determine which steps, and at which stages, are the most helpful based on your unique situation.

Extra Credit: Explore different budgeting apps online! There are many available and for those that like to have access to their budget on their cell phones, this is a great way to do it!

STAY ON TOP

CREDIT REPORTING

Having “good credit” is important to many consumers. It is not uncommon to attach feelings of pride or guilt to our credit rating. This section will cover the basics of credit reporting and answer questions around what is reported with some resources to access your credit report from reputable sources.

Credit bureaus, sometimes referred to as credit reporting agencies or consumer reporting agencies, are companies that gather information about our payment history on existing credit obligations and sell that information to interested parties.

In our modern era, complex and secure computers house credit report information with even more complex analytics that determine our credit scores.

It is important to stay on top of your credit reporting information. Nowadays, with identity theft and fraud becoming more prevalent, there are ways to guard ourselves against potential criminals seeking to take advantage of our financial situation.

Who Can Look at My Credit Report?

1. Potential Employers
2. Bank Lenders
3. Credit Card Companies
4. Rental Agencies/Landlords
5. Insurers

The Three Major Credit Bureaus:

1. **Experian** – www.experian.com
2. **Transunion** – www.transunion.com
3. **Equifax** – www.equifax.com

You are entitled to receive one free copy of your credit report from each credit bureau, every 12 months.

WHAT IS REPORTED?

All three reporting agencies report on the same information, however their layouts might look different.

- **Credit Score** – Your credit score is listed at the beginning of your credit report, this number is used to determine an individual's 'credit worthiness' and is used as a risk assessment tool by potential lenders to determine the payment history of a borrower and the overall risk associated with repayment on any loan.

- **Personal Information** – Full name, aliases, current and previous addresses, Social Security number. This section DOES NOT include things like medical information, income, race, gender, ethnicity, or religious/political affiliations.

- **Collections** – Past due, or unpaid bills or loans will sometimes be sent to a collection agency from the initial creditor and is reported as derogatory information on your credit report.

- **Judgments/Bankruptcy** – These are defined as 'Public Records' Your credit report will show any past due bills that have been sent to a law firm whereby they have a right to file a judgment. A judgment is a court-recognized debt that was filed usually by a law firm or an attorney. Bankruptcy is also considered public record and will reflect as such on the credit report.

- **Credit Information** – This section reports on any open accounts or outstanding loans you might have (credit cards, student loans, auto/home loans, personal or Home Equity Lines of Credit, bank loans). This area of your credit report is where information being reported is generally considered in 'Good Standing.'

- **Inquiries** – Inquiries are requests by others to review your credit report. There are two types of inquiries: 1. Those that you initiate, usually when you apply for credit somewhere and 2. inquiries for other purposes. These can be things like pre-approved credit offers, or an account review by a current lender. (Yes, this is legal!), These inquiries do not impact your credit score, but remember, any time you apply for credit it drops your score! The best route to take when thinking about applying for credit is to first make sure that your credit rating is high enough that you know will be approved.

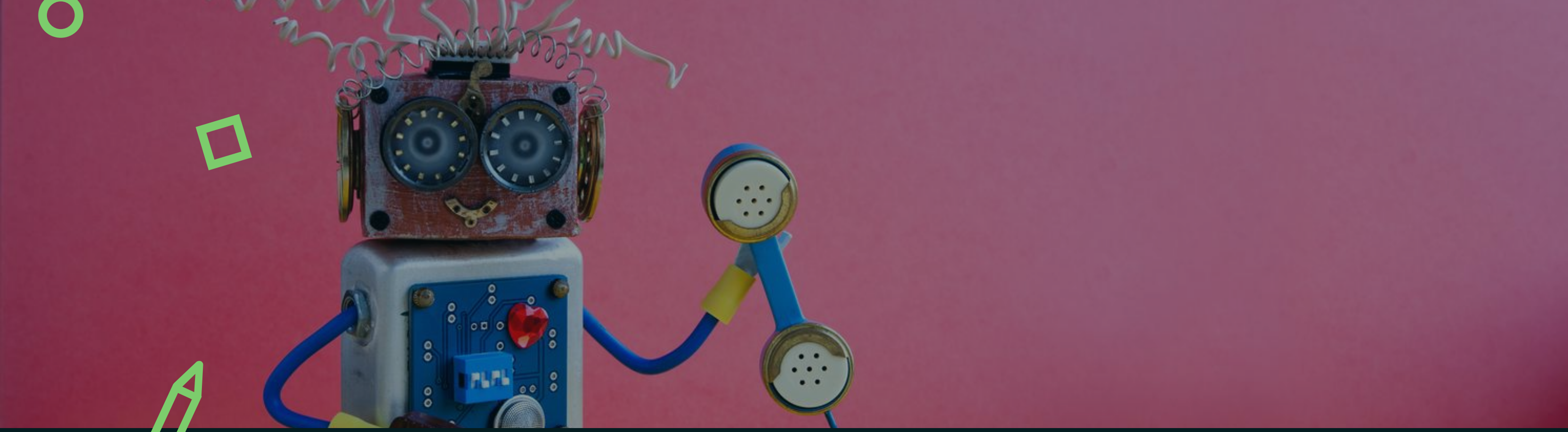
The Question Always Asked!

- The highest credit score a consumer can achieve (under perfect circumstances) is 850.
- A score of **740** and above will generally always qualify you for the best rates and is considered **'Excellent'**
- A score of **650** and above is considered **'Good credit'**
- A score below **550** means that it might be wise to meet with a financial counselor to seek out the best ways to improve your credit score.

Remember that your credit score does not define you as a person. Our credit rating will go up and down during our lifetime and usually coincide with various life factors that we sometimes don't have control over: Loss of job, economic factors, divorce, health issues, etc.

You have a right to accurate credit information, and also can attach your own statement to your credit report that might explain a derogatory reporting item to a potential lender.

Please reach out with any questions related to credit reporting and or consumer advocacy as it relates to the best methods to improve your credit score.



THE DEBT COLLECTION PROCESS & YOUR RIGHTS...

It can be scary to have a bill that you can't pay and then start getting demand letters in the mail and phone calls from creditors. Eventually, if no payment arrangement is reached between you and the creditor, the account will be sent to collections. The following is a description of the process of collections and what you can do to protect yourself.

Generally, there are three phases to the debt collection process:

1. For the first six months of your delinquency, you usually will deal with your creditor's internal collector, which is sometimes referred to as a first-party agency (You, the debtor, are the second party.) This may be an ideal time to try and settle your debt, since no middleman is involved and your lender still has an incentive to maintain a positive relationship with you.
2. Once your lender has decided that you aren't going to repay your debt, it will be assigned to an outside organization, sometimes known as a third-party agency. At this point, the debt is still owned by, and owed to, the original creditor. If the third-party agency is successful in recovering all or part of the debt, it will earn a commission from your creditor, which can either be in the form of a fee, or a percentage of the total amount owed.
3. In the third phase of the process, your original creditor writes off your debt and sells it — often for pennies on the dollar — to an outside collection agency, sometimes known as a debt buyer. Your creditor is no longer involved. The collection agency is still trying to recoup as much of the debt as it can, in order to turn a profit on its purchase.

In recent years, creditors have been turning over more of their delinquent accounts to debt collection law firms, rather than to traditional bill collectors. The idea is that communication from a lawyer makes a greater impression, thereby increasing the possibility of repayment.

INITIAL CONTACT FROM DEBT COLLECTORS

Debt collectors are permitted to contact you by every communication system available – phone, letters, email or text message – but there are rules they must follow or they are in violation of the Fair Debt Collection Practices Act (FDCPA).

Those rules include:

- **They must identify themselves as a debt collection agency and give their name and the address for the collection agency.**
- **They must tell you the name of the creditor (company or person you owe), the amount you owe and how you can dispute the debt or seek verification of the debt.**
- **If the debt collector does not provide verification information on the first communication with you, he must send written notice with that information within five days of the initial contact.**

Ask a debt collector as many questions as you can during the initial contact and avoid saying anything that could be interpreted as admitting you owe the debt.

DEBT COLLECTION LAWS

Although collectors are legally entitled to attempt to collect all owed debts, they are restricted in the methods they can employ by the Fair Debt Collection Practices Act. The law passed Congress in 1977 as an amendment to the Consumer Credit Protection Act of 1968.

The FDCPA:

- **Prohibits a collection agency from discussing your debt with your family, friends, neighbors or employer.**
- **Limits the times of day collectors can call you.**
- **Prohibits the use of slurs, obscenities, insults or threats.**
- **Provides remedies for consumers who wish to stop collection agencies from all contact.**
- **Requires collectors to verify all debts and end collection procedures if verification is not forthcoming.**

While the original creditors are not covered by the provisions of the act, all third-party bill collectors and lawyers who are regularly engaged in the collection of debts are covered. In addition, many states have statutes that regulate the practices of bill collection agencies, with some requiring them to be licensed, registered or bonded. A majority of U.S. collection agencies — approximately 3,200 of them — belong to ACA International, the world's largest nonprofit trade group representing collection agencies, creditors, debt buyers, collection attorneys and other industry service providers. The ACA requires its members to abide by all laws and regulations, as well as its own codes of ethics and operations.

The ACA requires its members to “treat consumers with consideration and respect” and “communicate with consumers with honesty and integrity.” It also restricts collectors from engaging in “dishonorable, unethical or unprofessional conduct likely to deceive, defraud, or harm a consumer.”

(debt.org, 2020)

BANKRUPTCY

THE BASICS

Nobody ever plans to file bankruptcy, but life happens. Sometimes a situation occurs with a job loss, divorce, health issues and unexpected medical bills or even too much credit card debt can sometimes force an individual to seek out bankruptcy relief. It's not the end of the world and yes, there is life after filing for bankruptcy.

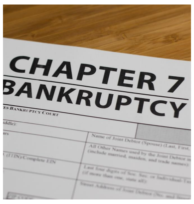
What is bankruptcy?
Bankruptcy is a legal action that allows an individual or company to eliminate debt and to stop creditor harassment and the process of collections against a consumer.

The Two Most Common Bankruptcy Filings for Consumers
Most people that file for bankruptcy will either have the option of Chapter 7 or Chapter 13.

- **Chapter 7** is known as "straight" bankruptcy or "liquidation." Here, an individual must give up property which is not "exempt" under the law, so the property can be sold to pay creditors. Those who file Chapter 7 keep their property with some exceptions. The general rule is that you can keep a vehicle and your place of residence, but if you own things like motorcycles, RV's or even rental property it's usually a good idea to consult with an attorney about how filing Chapter 7 might impact those assets. More often than not, people who file Chapter 7 are looking to find relief from unsecured debts (medical bills, collections, and credit cards). You cannot file Chapter 7 on secured debts such as your mortgage, car, motorcycle, etc. Anything that is considered collateral against the initial loan to obtain said asset. Additionally, in Chapter 7 bankruptcy, the debtor must turn in his or her nonexempt property, over to a trustee, who then converts the property to cash and pays the debtor's creditors. In return, the debtor receives a Chapter 7 discharge (relief of existing debt). He or she must also obey any additional orders and rules of the bankruptcy court.

- **Chapter 13** is a type of "reorganization" used by individuals to pay all or a portion of their debts over a period of years (generally 60 months) using their current income. Typically, those who don't qualify for Chapter 7 use Chapter 13. It is always a good idea to seek out a couple different opinions when Chapter 13 is involved as it usually requires the presence of a trustee and it is critical to ensure that when you make payments to said trustee, that the payments are then distributed consistently to creditors.

  Once the bankruptcy is filed, you are then formally protected by court order releasing a debtor (you) from all of his or her debts and ordering the creditors not to attempt to collect them from the debtor.



BANKRUPTCY LIMITATIONS

Any person who resides in, does business in, or has property in the U.S. is permitted to file—except a person who has an intentionally dismissed prior bankruptcy case within the last 180 days. To be permitted to maintain a Chapter 7 bankruptcy, a person must qualify for Chapter 7 relief under a process called "means testing," designed to determine whether an individual has enough disposable income to pay off existing debt.

MEANS TESTING

Under this method, a person's current annualized monthly income is tested to determine:

- If the disposable income exceeds the median annual income for the person's state and family size (as reported by the U.S. Census Bureau)
- If the individual is not able to pay a minimum of $100 per month for 60 months to his or her unsecured creditors

Keep in mind: Disposable monthly income is a person's current monthly income from all sources less the person's permitted current monthly expenses.

TIMELINE

A Chapter 7 bankruptcy can take anywhere from 2-6 months. A Chapter 13 bankruptcy can take longer.

HOW LONG WILL IT STAY ON MY CREDIT REPORT?

A bankruptcy will remain on a credit report for 7 to 10 years, it depends on if you file a Chapter 7 or a Chapter 13.

Chapter 13 bankruptcy is removed from your credit report seven years from the filing date and Chapter 7 is removed from your credit report after ten years from the filing date.

You do not have to contact the credit bureaus to remove the reporting, but, it's always a good idea to pull your credit after the time has elapsed to ensure that it's no longer there.

COMMON FINANCIAL TERMS

- **Adjustable Rate (variable rate)** – an interest rate that can change depending on the market.
- **Bankruptcy** - Legal process through which people who cannot repay debts to creditors may seek relief for some or all of their debts.
- **Budget** – A financial plan where you monitor your income and your expenses.
- **Chapter 7** – Under bankruptcy law where you liquidize your assets in order to pay off your debt and in return, you receive protection from your creditors.
- **Chapter 13** – Under bankruptcy law where you are placed on a debt repayment plan that has been court-approved and in return, you receive protection from your creditors.
- **Checking Account** – A bank account where you keep your money. The account allows you to pay bills and most of your financial transactions.
- **Certificate of Deposit (CD)** – A type of savings account that have higher interest rates, but cannot be accessed until the maturity date.
- **Credit** – A contract in which a borrower receives money and agrees to pay the lender back at a later date, with interest.
- **Credit Report** – Data gathered from your creditors. The three major credit bureaus
- are Experian, Equifax and TransUnion and you are entitled to at least one free copy of these reports, from EACH of these bureaus, once a year.
- **Credit Score** – A number generated by your credit history that is used by lenders to
- determine your worthiness for a loan.
- **Debt Management** – An outside source that negotiates on behalf of the debtor to come up with a new agreement/payment plan between the creditors and the debtor. DMP's work to have positive relationships with creditors in order change agreements/reduce payments.
- **Debt Settlement** – Legal outside source that will negotiate with your creditors to lower payments or forgive outstanding unsecured credit debt.
- **Discretionary Expenses** – These are the "I want" expenses rather than the necessary "I need" expenses (ex: I want a new TV, but I don't necessarily need a new one.)
- **Fixed Rate** – An interest rate for a loan that remains the same for the length of the loan.
- **Money Market Account** – A bank account that earns a higher interest rate than a typical savings account.
- **Monthly Fixed Expenses** – An expense that has the same dollar amount every month (ex: mortgage or car payment).
- **Monthly Variable Expenses** – These expenses can fluctuate every month (ex: electric and other utility payments).
- **Periodic Expenses** – Expenses that do not occur on a regular monthly basis (ex: car insurance payment or tuition fees, getting your oil changed).
- **Revolving Lines of Credit** – A type of credit in which the credit will replenish once the borrower has paid off their debt. There is usually a credit limit associated with this type of credit.
- **Savings Account** – A bank account that earns interest.
- **Secured Credit** – Debt/loan that is backed by collateral (Ex: secured credit cards, mortgage, car loan, furniture).
- **Unsecured Credit** – Debt/loan that isn't secured by collateral. (ex. Medical bills, retail accounts, credit cards).

DEBT MANAGEMENT VS DEBT SETTLEMENT

DEBT MANAGEMENT PROGRAM

- Nonprofit that works to have relationships with credit card companies.
  - Because of this relationship, creditors are more likely to work with a debt management program (DMP).
- They will consolidate your unsecured debt into one monthly payment.
- They will work with your creditors to lower interest rates, lower monthly payments, or stop late fees.
- Often includes credit counseling/financial education.
- There IS usually a monthly fee of around $35.00.
- Usually takes 3-5 years to eliminate debt when working with a DMP.
- Usually can't start a new credit card or use your current credit cards while on a DMP.

DEBT SETTLEMENT PROGRAM

- Company that attempts to negotiate with your creditor to accept a smaller amount than what is owed.
  - In order for this to happen, payments need to be stopped .
  - A savings account is opened that you contribute money to.
  - Once enough money has been saved, the debt settlement company will try to negotiate with your creditors to accept that amount.
- No upfront fee, but a percentage will be charged, once the debt has been settled.
- Possible startup/monthly maintenance fees.
- Your credit score will go down.
- Most likely will end up with late fees, penalty fees, and you will continue to accrue interest.
- Your forgiven debt could be taxed.
- The IRS views forgiven debt as income.
- There are no guarantees that it will work.

DEBT RESOURCES

CREDIT BUREAU REPORTING AGENCIES

- https://www.equifax.com/personal/
- https://www.experian.com/
- https://www.transunion.com/

DEBT MANAGEMENT COMPANIES

- https://www.nfcc.org/
- https://www.greenpath.com/
- https://www.moneymanagement.org/

STATE/COUNTY RESOURCES

- https://www.needhelppayingbills.com/
- https://www.unitedway.org/
    - Or dial 211 to speak with someone

BUDGETING APPS

- https://ww.mint.com/
- https://pocketguard.com/
- https://www.marcus.com/us/en/clarity-money