


RethinkingDebt

Helping People Reclaim Financial Health




1

Did you know...





- One in 4 Americans have more debt than savings.
- Only 50 % of Americans are setting up a monthly budget.
- 40 % of income is going toward, dining, hobbies and entertainment each month.



2

Did you know...

- 52 % of Americans are spending more than they earn.
- The average person's spending increased 30 % in the last 25 years.
- The average American spends \$ 1.33 for every dollar earned.


3

Average household debt in the U.S



Total Debts Excluding Mortgage-
\$38,000.00

Student loads-**\$46,783**



Life Happens...

4

Spending Money

- The decision to buy is the most basic and pervasive money management behavior.
- Everyone has a different perspective on spending money.
- We relate to money and spending differently depending upon our values and experiences.
- The act of spending is neutral.
- The act of spending is tied to our emotions.
 - Approximately 6% suffer from spending addiction
 - Over 2 million individuals within our nation



5

Workshop Overview

- Who is RethinkingDebt?
- What do we do/How can we help
- Making the connection



6

RethinkingDebt

A Trusted Community Partner Since 1970



CCCS of Rochester is proud to be the only locally-based non-profit Credit Counseling Agency in the Rochester area.



7

Our Mission & Affiliations

Our focus is on the financial health of individuals and families, helping those we serve to achieve financial wellness through our programs and services.

- Member agency of the National Foundation for Credit Counseling
- Licensed by the New York State Department of Financial Services and the US Department of Housing and Urban Development
- A member of the Better Business Bureau with an A+ rating



8

Our services: **Relevant & Effective**

Counseling programs:

- Budget & Credit
- Debt Management Programs
- First-Time Homebuyer
- Foreclosure Prevention
- Reverse Mortgage
- Bankruptcy



9

Our Focus: **You & Your Goals**

We are genuinely committed to providing guidance to help you achieve your financial peace of mind.



10

Our approach: **Trust & Support**

Our financial counseling is:

- Affordable
- Individualized
- Confidential
- Comforting
- Motivating



11

Spending Activity

- In small groups you will:

List the top reasons people spend more than they should.

- Choose someone to record
- Choose someone to share
 - One minute time limit



12

Common Reasons

- We don't know what we're spending
- We are numbed by plastic
 - McDonalds Study: \$4.50 vs. \$7.00
- Emotions
 - Boredom, depression, sadness, anger
- Keeping up with the Joneses

13

Common Reasons

- Failure to adjust when circumstances change
 - Increasing costs: health, gas, food, heating, etc.
- Entitlement
- Inability to wait
 - Tax refunds, bonuses, raises, etc.
- Can't say no

when I'm sad,
shopping helps.

14

Who are we meeting with?

- 5400 appointments annually
- 36% of the appointments utilize DMP
- Average debt load is about \$17,000
- 85% of clients who are enrolled in our program become debt free within 3-5 years
- The average savings of interest using a program is about \$6,000-\$8,000



15

What can you expect in a counseling session?

Our staff provides a **caring** and **judgment-free** space for you to confront your financial challenges.



16

What can you expect in a counseling session?

Session Outline (~ 60 min)

- Discuss goals
- Budget review
- Debt review
- Action plan



**In-person or over the phone.*

Together, you and your counselor will **craft solutions** to help you meet your financial goals.

After your counseling session you will feel, at the very least, **organized** and **in control**.



17

What is a Debt Management Plan?

Debt Management Plans, or DMPs for short, are a comprehensive strategy for eliminating your debt within five years, **without** wrecking your credit score.



18

What can you expect in a debt repayment program?

Negotiations with your creditors regarding:

- ✓ Consolidated payment
- ✓ Lower interest rates & payouts

Benefits:

- ✓ Stop late fees
- ✓ Stop collection calls
- ✓ Pay off debts < 5 years



19

Example

Without help:

- Card 1 = \$1,500 @ 22.9% APR
- Card 2 = \$5,500 @ 23.9% APR
- Card 3 = \$12,000 @ 20.9% APR

Payment = \$760

Payout = \$25,600

With DMP help:

- Card 1 = \$1,500 @ 8.9% APR
- Card 2 = \$5,500 @ 8.9% APR
- Card 3 = \$12,000 @ 6.9% APR

Payment = \$700

Payout = \$21,000



20

Find a Good Strategy

- Credit counseling services:
 - Reduced payments
 - Make one payment
 - There are stipulations i.e. “No more credit”
 - 3-5 year repayment period
 - Plans may not cover all debts
 - debts outside of the plan
 - secured debt (auto and home loans)
 - **Consumer Credit Counseling Service**
 - www.nfcc.org
- Debt settlement services:
 - Will cause damage to credit history
 - No guarantees it will work



21

Find a Good Strategy (Cont.)

- Bankruptcy:
 - Chapter 13 or 7
 - Should only be used as a last resort
 - Does not remove all negative information from a credit report
 - Fees can be expensive
 - Some things are non-dischargeable
 - Remains on credit report for 7 – 10 years



22

Can RethinkingDebt help you?



- Whether your debt is big or small, we can help.
- On average, RethinkingDebt provides over 450 counseling sessions each month to clients, half of them being over the phone.

23

Common Questions -

- Is a DMP a loan?
- How does a DMP affect my credit score?
- Will I have to close my accounts?
- Will I be able to get loans for other things?
- Is there a fee?

24



Our Location:

25



Our Building:

26



27



28