

Did you know...



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

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Did you know...

- <u>52</u> % 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.





Average household debt in the U.S.



Total Debts Excluding Mortgage-\$38,000.00

Student loads-\$46,783



Life Happens...

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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 <u>6%</u> suffer from spending addiction
 - Over 2 million individuals within our nation



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Workshop Overview

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



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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.

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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

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Our services: Relevant & Effective

Counseling programs:

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



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Our Focus: You & Your Goals

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



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Our approach: Trust & Support

Our financial counseling is:

- Affordable
- Individualized
- Confidential
- Comforting
- Motivating





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





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when i'm sad, shooping helps

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



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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



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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





What can you expect in a counseling session?

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

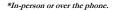
RethinkingDebt.org.**

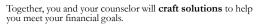


What can you expect in a counseling session?

Session Outline (~ 60 min)

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





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

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What is a Debt Management Plan?

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



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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





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

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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

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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 historyNo guarantees it will work





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
 - Fees can be expensive
 - Some things are non-dischargeable
 - Remains on credit report for 7 – 10 years



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Can RethinkingDebt help you?



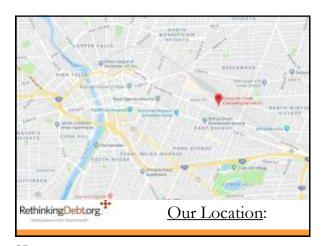
- Whether your debt is big or small, we can help.
- On average, RethinkingDebt provides over 450 counseling sessions each month to clients, half of them being over the phone.

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?

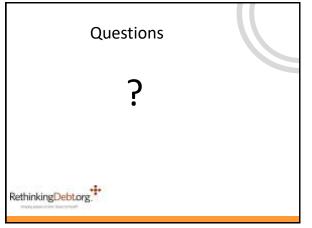
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