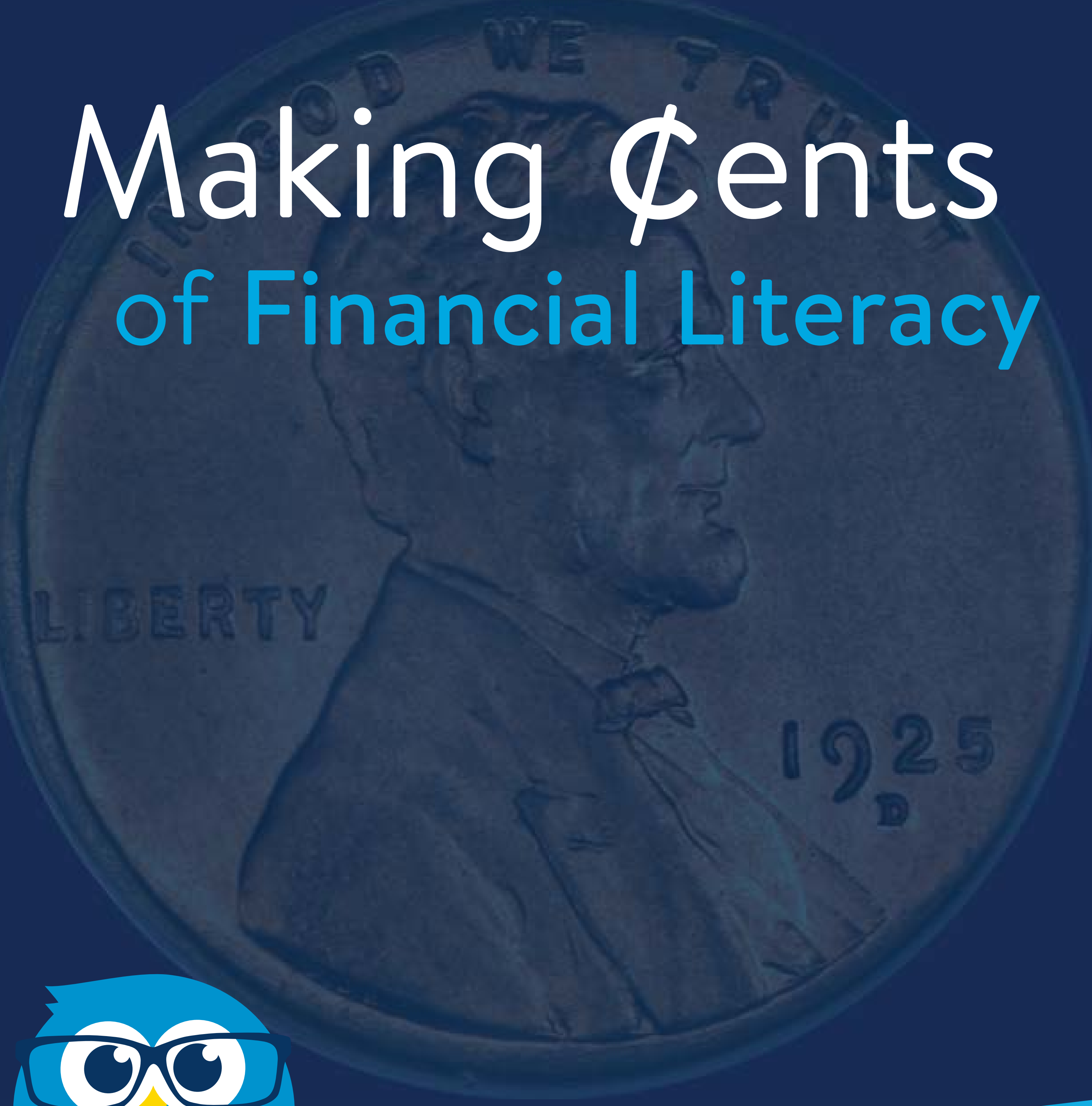


Making ¢ents

of Financial Literacy

credit.org

April is Financial Literacy Month

We all start out not knowing anything about money. However, we each have our own story that explains how we learned what a dollar is really worth – whether it was a stint with a lemonade stand or babysitting.

Personal financial literacy is important to ensure that individuals are prepared to manage money, credit, and debt. It also is essential for individuals to become responsible workers, heads of households, investors, entrepreneurs, business leaders and citizens.

Sixteen years ago, with the goal of increasing public awareness about the importance of financial education in the United States and the serious consequences that may result due to a lack of understanding personal finances, Congress officially designated April as Financial Literacy Month.

Being financially literate means knowing how to manage money, use credit effectively, build wealth and make sound financial decisions. It has nothing to do with the amount of your income. It means knowing what to do with your paycheck once you've earned it.

Financial literacy can mean economic security and overall well-being for consumers that are well-educated and well-informed. You can potentially make better decisions for yourself and your families and also contribute more to your communities and encourage economic development. Being financially literate also means having the knowledge to make informed choices for you, your family and your community.

I am committed to providing you with financial education and resources to improve our nation's financial literacy.

Sincerely,

Todd Emerson,
President & Chief Executive Officer

Financial Literacy Quiz

How financially literate are you?

Test your financial knowledge and decision-making with these questions:

1. Which of these bills should you pay first each month?
   A. Credit card bills   B. Car lease or auto loan payment   C. Rent or mortgage payment

2. What is a good size for an emergency savings fund?
   A. One paycheck   B. 3 to 6 months' living expenses   C. 1 year's living expenses

3. Will applying for a credit card impact your credit score?
   A. Yes   B. Not if the application is approved   C. Not if the application is declined

4. Which mortgage typically has higher payments, but lower interest over the life of the loan?
   A. 30-year mortgage   B. 15-year mortgage

5. What is the threshold for a "good" credit score?
   A. 680   B. 800   C. 920

6. The best way to save for a financial goal is:
   A. Save every spare cent you can until the goal is met
   B. Save 25% of your total income, and be consistent
   C. Write your savings goal down and factor it into your budget

7. The best way to save for a comfortable retirement is:
   A. Social Security   B. An Individual Retirement Account   C. Mutual Funds

8. What's the first step to take if you are the victim of identity theft?
   A. Put a "credit freeze" on your accounts
   B. Call the authorities, including the police and the Federal Trade Commission
   C. Call your creditors and cancel the affected accounts

Answers:
1) C   2) B   3) A   4) B   5) A   6) C   7) B   8) C

If you got one or more of these incorrect, visit our FIT (Financial Instructional Training) Academy at credit.org/courses/ or call us at 800-449-9818 for personal help with debt and money management.

Increase Your Financial IQ

You don't have to do it alone. Whether you're trying to ward off a financial crisis or just looking for financial education to increase your financial IQ, reach out to credit.org.

There is no shame in reaching out for financial or debt assistance. Every year millions of people receive credit counseling and financial education from National Foundation for Credit Counseling (NFCC) member agencies like credit.org.

With the growth of less than honorable credit counseling organizations that promote only a one-size-fits-all approach, it's important to know the difference between reputable credit counseling agencies and those that do not always act in consumers' best interests.

One way to know a credit counseling agency is credible is to work with an organization that is a member of the NFCC. All members can be identified by the NFCC member seal – given only to agencies that meet a series of high quality and ethical standards for agency accreditation, counselor certification and policies that ensure free or low-cost confidential services.

Tbe NFCC requires all agencies to be:

- 501(c)(3) nonprofit organizations
- accredited by the COA (Council on Accreditation for Family & Children Services)
- Compliant with the NFCC's stringent quality credit counseling standards
- Audited yearly by an independent certified public accountant (CPA)
- Governed by an independent & community-based board of directors

As the nation's oldest and largest nonprofit credit counseling organization, the NFCC builds capacity for its members to deliver the highest quality financial education and counseling services. For more than five decades, the NFCC has played a vital role in providing financial counseling and education to help consumers address important personal financial management problems.

Services include:

Financial Education Classes
One-on-One Financial Coaching
Homeowner Counseling and Education
Bankruptcy Counseling and Education

Certified Counselors

As an NFCC member agency, credit.org employs certified credit counselors that are committed to providing you with the financial education and money management skills needed to make sound financial decisions. The NFCC operates its own highly-regarded Counselor Certification Program. Each counselor must pass a six-part exam within one year of hire to ensure they have both the knowledge and skills to provide quality personal assistance to individuals struggling with financial challenges. Counselors must be recertified every two years.

Looking for credit counseling agencies that are membersof the NFCC is one way to ensure that you are selecting the right credit counseling partner and receiving the best financial education you can to increase your IQ. Knowing the difference between reputable credit counseling agencies can make all the difference.

Credit.org is headquartered in California and offers face-to-face and nationwide phone counseling services. Call us at 800-449-9818 or find us on the web at www.credit.org.

Free Financial Education

Credit.org offers free online and in-person workshops to help people achieve financial literacy. Visit our online FIT (Financial Instructional Training) Academy online at credit.org/courses.

All of our seminar workbooks and educational guides are available as free .pdf downloads from our site at credit.org/downloads. Some of the materials we offer include:

Road Map to Financial Freedom

The Wise Use of Credit

Couples & Money

Preserving Homeownership

Surviving the Holidays

Deals for Wheels

Understanding Your Credit Reports & Scores

The Consumer Guide to Good Credit

Surviving a Job Loss

Identity Theft Prevention

Predatory Lending

Basics of Financial Planning

Power of Paycheck Planning

Raising a Money-Smart Child

Essential Couponing

A Better Financial Future For Your Children

It is our job to prepare our children with knowledge to make the right financial decisions as early as possible. Waiting until they receive their first paycheck may be too late – so start early.

The Council for Economic Education found in their 2018 survey that only 1/3 of states require students to take a personal finance class before graduating, and only 7 states administer a personal finance test to ensure students have learned from the teaching.

We must teach kids about budgeting. As soon as your child can count coins, start teaching smart money management skills. Provide a list of small jobs outside of general chores to earn extra money. Talk about plans to save or spend the money–explain how spending $5 on candy will prolong the time it takes to save money for the "must-have" video game.

Arm children with basic financial tools. Open a savings account for your child whether your child is a newborn or about to enter high school. Show your children how to add gift money or part-time income to a savings account.

Where possible, turn every day errands into personal finance lessons. Let your children see you compare prices, use coupons, or broker a discount on a large purchase. Take the time to explain how and why you make your purchasing decisions.

Communicate openly with children about personal finances. Words like reconcile, savings, interest, credit & debt are common place for adults but not for children. Take time to sit down with young children and teach them what these terms mean. For older children, start to talk about the importance of college savings accounts (529), IRA & 401(k) retirement accounts, and the difference between risk & return on stocks and bonds.

Teach children the correct ways to use credit. With credit card companies aggressively targeting college students and more parents giving teenage children credit cards, now is the time to teach children how to use credit wisely. Explain the importance of paying off the credit card every month – or paying at least double the minimum payment.

Teach children about loans and bills. Most children don't necessarily realize their parents don't "own" their house, or realize the products for which people take loans. And with smart phones, kids often don't realize that data plans and text messages are not free. Teach children about responsible use of loan debt and the importance of paying bills on time.

Your Guide to Credit Reports

According to a recent study by the Consumer Federation of America, a consumer with an average credit score of 700 would reduce finance charges by $76 each year by increasing his or her score 30 points. Your credit report reflects the history of your borrowing and payment practices for a seven-to-ten-year period. A credit report contains information about your credit and loan history, including amounts and payment history, & is used extensively by potential lenders to evaluate your credit worthiness. When applying for a loan, lenders examine your credit history to assess the likelihood that you will repay the loan.

How you handle credit today will affect your access to credit later. Besides banks and credit card companies that pull your credit reports, certain utility companies and even property management companies also pull your credit reports whether you're opening a credit card, applying for a loan, purchasing a home or car, renting an apartment, or signing up for utilities.

How to read your credit report

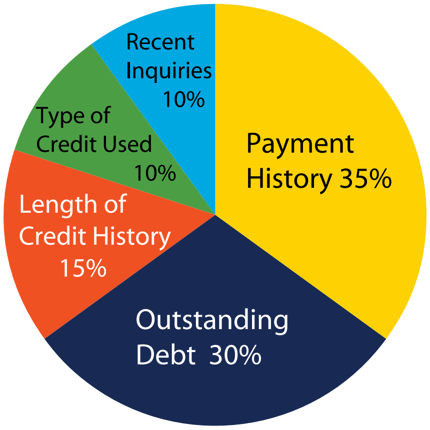
- Identity information – including Social Security Number, current and previous addresses, and date of birth. This information is used to ensure the credit report information is accurate and matched with the right person. It also can help detect and prevent identity fraud.
- Employment history – where you've worked and for how long.
- Credit history – account records with creditors. Each account (or trade line) will include your payment history, how much you currently owe, your minimum monthly payment amount, and the total credit limit available on the loan.
- Inquiries – a list of potential lenders that have requested your credit report and when.
- Public financial records – including collections accounts, bankruptcies, court judgments, tax liens and late child support payments. A public record notation on your credit report is generally never positive.

Your Credit Score

Lenders use a mathematical formula to generate a "score" to help determine if you are a good credit risk. This is called a "credit score", and the most frequently used version is the FICO score created by Fair Isaac and Company. FICO scores range between 300 and 850 with higher values being preferred because it indicates to lenders you are a lower risk.

Your credit score is determined by five factors: payment history, outstanding debt, length of credit history, recent inquiries, and types of credit in use.

Each of these factors is weighted differently to determine your score:



- Payment history (35%) – Build up a consistent payment history. Late payments, judgments, bankruptcy, and tax liens can lower your score.
- Outstanding debt (30%) – Maxing out your credit cards can lower your score, so stay well under your credit limit.
- Length of credit history (15%) – Long relationships with lenders have a positive influence on your score.
- Recent inquiries (10%) – Too many inquiries for credit within a short period of time can lower your score because it suggests you are frantic for credit and/or may soon be overexposed.
- Types of credit used (10%) – Too many open lines of credit (e.g. credit cards, retail accounts, installment loans, mortgages) can drop your score. Loans from finance companies can lower your score, especially when no other type of credit is reported.

The interest rates you are charged on loans may be determined by your FICO score. Often times the higher your score the better chance you have of getting a lower rate. FICO scores also can be used to determine your homeowner and auto insurance premiums, and whether or not you qualify for a loan.

Know your rights

Through the federal Fair Credit Reporting Act (FCRA) every consumer is entitled to a free copy of your credit report once every 12 months from each of the three major credit bureaus. Read each report carefully as there may be discrepancies between the three credit bureaus because creditors do not necessarily report information to all three, and they don't always share information.

Order your free credit report at www.annualcreditreport.com, or call 877-322-8228.

Identity Theft: Don't Let it Happen to You

Identity theft is the nation's fastest growing crime with about 19 people becoming a new victim every minute, according to the Identity Theft Resource Center. Identity theft is when someone uses your personal information (name, Social Security Number, credit card information, etc.) without your consent to commit fraud and/or other crimes.

Don't be fooled

Identity thieves can get sensitive personal information from a variety of ways including:

- Stealing from your mailbox
- Hacking records from business or other institutions with your information
- Dumpster diving
- Phone or email scams also known as "phishing"
- Shoulder surfing while at the ATM
- Skimming your credit or debit card numbers usually at ATMs using a portable scanning device

Don't be a victim

While no one action can fully prevent identity theft, there are steps you can take to reduce your chances of becoming a victim:

- Create passwords for your online credit card, bank, and phone accounts. Avoid using easily available information like your birth date, phone number, and mother's maiden name.
- Sign your credit and debit cards as soon as they arrive.
- Carry your cards in a safe place separate from your wallet.
- Do not carry your Social Security Card; keep it in a secure place.
- Keep a record of your account numbers, their expiration dates, and the phone number and address of each company in a secure place.
- Never give out personal or account information in response to an email or phone query unless it is part of a transaction that you initiated.
- Save receipts to compare with billing statements.
- Open bills promptly and reconcile accounts monthly.
- Tear or shred outdated copies of credit card charge receipts, copies of credit applications, bank statements, and other documents with your personal information.
- Use caution when storing personal information on a personal computer.
- Update virus protection software regularly.
- Consider purchasing a service that alerts you to any request for your credit information, or unusual activity on your account.

What to do if your identity has been stolen

- If your credit and debit cards are lost or stolen, immediately contact the issuers of the cards.
- Contact the fraud departments of any one of the three major credit bureaus to place a fraud alert on your credit file – the other two credit bureaus automatically will receive the fraud alert. The fraud alert asks creditors to contact you before opening any new accounts, or making changes to your existing accounts. Credit reports from all three bureaus will be sent to you free of charge.
- Close the accounts that you know or believe to have been tampered with or opened fraudulently.
- File a police report. Get a copy of the report to submit to your creditors and others who may require proof of the crime.
- File a complaint with the Federal Trade Commission (FTC) which maintains a database of identity theft cases.
- If creditors and/or credit bureaus are not cooperative in removing fraudulent entries from your credit report, consult an attorney to determine legal action.
- Contact the local Office of the United States Trustee if a bankruptcy case has been filed fraudulently in your name.

Contact the following if you think your identity has been stolen:

Equifax 1-800-685-1111 • www.equifax.com

Experian 1-800-397-3742 • www.experian.com

TransUnion 1-800-888-4213 • www.transunion.com

FTC 1-877-438-4338 • www.consumer.gov/idtheft

Warning Signs of Debt Troubles

You or someone you know may be in some financial trouble. You're not alone. The first step to digging yourself out of debt is to recognize the warning signs.

You are only able to make the minimum credit card payment.
A lot of cards come with high interest rates, and only paying the minimum payment will cause you to pay more in interest, which can put you in big financial trouble. If you are unable to pay more than the minimum payment, then there could be a problem.

You are hiding purchases or financial information from family members. Not being honest about the purchases you make cannot only lead to financial trouble, but also can strain your personal relationships. Because your financial situation could affect others – and often does – honesty is the best policy.

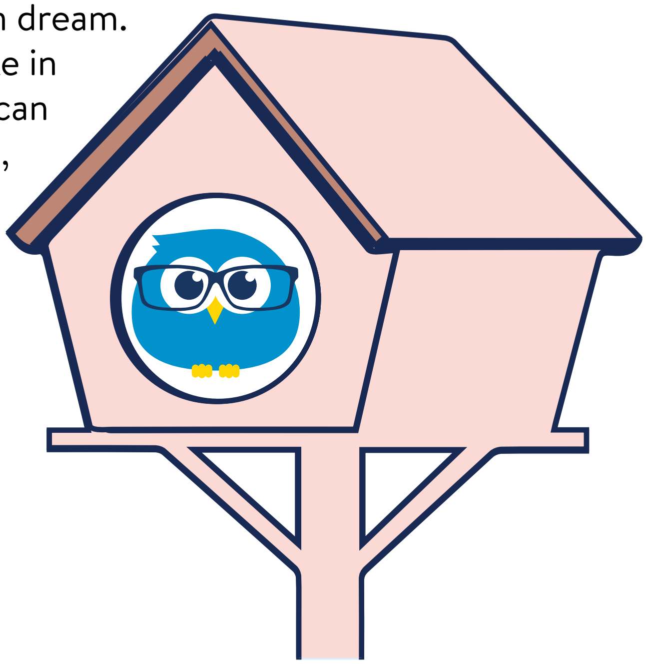
Because your credit card is maxed out, you apply for new ones. When your cards are taken to the limit, it is time to pay off the balance and adjust your spending habits – not apply for more cards. Requesting a higher limit or waiting until the end of a grace period potentially causes more harm than good. These situations only mask financial problems and potentially make it worse.

Writing checks when there is no money. If you are paying bills and have no money left until your next paycheck, you may be headed for trouble. It also is not a good idea to use your credit card to pay for the necessities because you don't have the cash. As a general rule you should not be spending more than 20 percent of your take-home income on credit card bills.

You're taking cash advances from your credit cards. The worst way to use a credit card is to get a cash advance. Not only is the money loaned to you at the worst possible terms, there are also very high one time charges, either a flat rate or a percentage of the amount. A $1,000.00 cash advance could have a one-time fee of $50.00, plus interest for any unpaid balances. If you find yourself using cash advances for regular bills and expenses, you have a debt problem.

It's never too late to get some help. Contact credit.org at 800-449-9818 or visit us online at www.credit.org.

Keys to Homeownership



For many, owning their own home is the American dream. It also is one of the largest purchases you will make in your lifetime. If homeownership is your dream, it can become a reality with realistic goals, sound advice, careful planning, and a clear understanding of the costs involved. Did you know the average net worth for a homeowner is in excess of $100,000, and the average net worth for a renter is $5,000?

Credit.org provides homeowner counseling and education services to help you:

- Understand the home-buying process
- Decide how much you can realistically afford
- Review your credit and help you prepare your credit for homeownership
- Develop a savings plan for your down-payment
- Decide what kind of mortgage is right for you

Determining needs

Prior to house shopping, a prepared homebuyer will determine needs and use a checklist during an open house to compare properties. When creating the checklist, consider the following: how much space your family needs; the style and layout you prefer; a specific part of the city more convenient for your lifestyle; and what amenities are "must-haves" such as a garage, large backyard, appliances, etc.

Pre-Purchase Coaching

Agencies that are HUD-approved like credit.org can offer counseling to help home buyers ensure success. We have Pre-Purchase Homeownership Counseling to help people at all stages of the home buying process. Get started at credit.org/home-buyer-coaching/ and take a mortgage readiness assessment.

Obtaining a Mortgage

Most homebuyers rely on their borrowing power to buy a house. Mortgages are available from a number of sources including:

- Savings and loan associations
- Commercial banks
- Mortgage companies
- Federal credit unions
- Financial companies

It is recommended that you first start your search for a mortgage with a financial institution with which you already have a financial relationship, such as a checking or savings account. Your friends, family, or co-workers may provide recommendations. A real estate agent also may know which lenders in your area offer the best terms, and don't forget to check your local newspaper's real estate section as a good source of information. Some prefer to use a mortgage broker who will shop your loan application to various lenders around the country. This process can save you time, but make sure the fees paid are equal to the services provided and that the broker is paid up front.

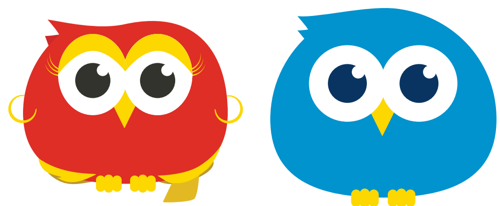
For your first meeting with the lender, being prepared will save you time. Gather the following items in advance of your meeting:

- Purchase contract for the house
- Bank information (account number, branch address, latest bank statement)
- Pay stubs, W2 forms for the past two years, or other proof of employment and salary
- Self employed? Bring balance sheets, tax returns for past two years, and a year-to-date profit and loss statement
- Information about debts, including loan and credit card numbers, and creditor contact information
- Evidence of mortgage or rental payments such as canceled checks, or money order receipts

Owning a home is within your reach! There are special federal, state, and local programs that can assist first-time homebuyers with providing incentive and tax programs for eligible applicants. Look for programs in your community that will assist with entry costs. We can help refer you to such programs. Log onto www.homeownership.org or call us at 800-294-3896 for more information.

Money Smarts For Life's Big Decisions

Before Saying "I Do"



Today, men and women dutifully manage household and personal finances. Since money is one of the primary reasons couples divorce, talk about money before you walk down the aisle.

Define financial goals. Discuss shortand long-term living arrangements, vacation, and standards of living. Make sure you understand the other person's expectations.

Develop a plan to reduce personal debts. Start by fully disclosing all debts, and review each other's credit reports. Begin paying off credit card and car loans first. Find ways to double up on payments to reduce debt before you get married.

Cut costs on wedding plans. It's easier to scale back when you have long-term goals identified and in mind while planning. High schools and colleges offer an enormous resource for inexpensive, top-quality services for the nuptials and celebration such as quartets, photographers, graphic designers, and interior decorators.

Know when to merge bank accounts. If your spouse (or fiancé) has bad credit, maintain separate accounts. However, it's perfectly acceptable to begin a joint savings account. Doing so could serve as a great financial education tool and incentive to improve personal finances. If your spouse (or fiancé) has good credit, you may consider opening a joint account to pay bills, but maintaining separate accounts for personal savings, etc.

Preparing for a New Baby

Whether you're first-time parents or this is your third baby, here are some simple tips as your family gets ready to welcome that bundle of joy. You can never be too prepared.

Single parents: Discuss child support in advance. Open dialogue early is essential to your baby's care and welfare.

Test self-employment or reducing income before diving in headfirst! Completely live off of one income for a few months during, or ideally before, pregnancy. Save the other income. The manageability of this will help you determine if your family can maintain a lifestyle that's desired and necessary.

Bargain shop and buy second hand. For a number of non-medical and non-consumable items, generic and off-brands are as good as, and even better, than popular and name brand items. Check consignment shops because babies grow out of it before they wear it out.

Clip coupons. Even if you don't think you'll need the product, you can never tell what may arise. Sign up for coupons from formula and diaper companies.

Stockpile. With less than two months time before the baby arrives, save diapers, wipes, shampoo, lotions, scented garbage bags, etc.

Buying a Car

Whether you're a first-time buyer or a seasoned pro, car manufacturer deals change all the time. Consider the following before you sign on the dotted line.

Check the seller's reputation. Whether you're buying new or used, know whom you're buying from. Ask your friends and family where they bought their cars.

Compare the asking price. Check out other dealers and the average retail price listed in Edmunds (www.edmunds.com) or Kelley Blue Book (www.kbb.com), which are available free online as well as at bookstores, supermarkets, and libraries.

Verify car's history. If you're buying a used car, check the vehicle's title history to verify the odometer reading and see if it has been salvaged after a wreck. Histories are available online from several companies for a fee. You must have the vehicle information number (VIN), a 17-character identifier that usually can be found on the dash near the windshield and on the driver's side door frame.

Finance the right way. Even if you have bad credit, check around for the lowest interest rate. The National Consumer Law Center says many people don't realize they qualify for conventional financing. Places that appeal to buyers "regardless of credit" will often saddle you with a vehicle a more reputable dealer would have scrapped.

Read all the fine print. Carefully read the sales contract and make sure you can afford the payments. Know your interest rate, length of loan, and what late fees will be assessed for past-due payments.

Negotiate based on the price of the vehicle not the monthly payment. Many dealers entice you to purchase a more expensive vehicle than you can afford by stretching out loan payments over a longer time period. As a general rule, you shouldn't sign up for a car loan longer than four to five years. Don't talk monthly payments – do your research before you go to know what the payment will be for certain prices.

College

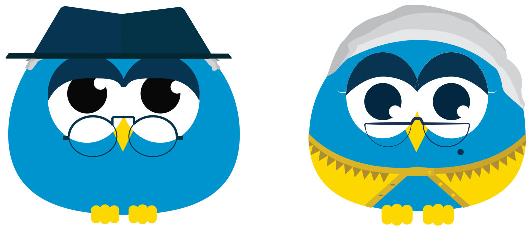
Saving for college is a large goal, and one that is cruicial if graduates are going to have a good start to their working life. Recent graduates are struggling under the weight of large student loans, so do your best to help them avoid those kinds of headaches.

Start early and save consistently. It's realistic to save for college for the child's entire life, so start as soon as s/he is born! Use automatic withdrawals, and if your employer offers an automatic deduction into a 529 plan, take advantage of that.

Don't use yoru retirement accounts for your kids' college expenses. We don't want them to have to borrow, but that's still better than not being able to meet your needs in retirement.

Find ways to make college less expensive. Can the student live at home to cut housing expenses? Start at a community college, then transfer to a 4-year college after the first 2 years? Have you applied for every scholarship available?

Retirement



Many people are working after the normal retirement age of 65, and it is estimated that a majority of workers believe they are behind on their retirement savings. Consider the following to help you prepare for retirement:

Start now! The sooner you start saving the more time your money has to grow. Make retirement savings a high priority by setting goals, devising a plan, and sticking to it.

Unfortunately, millions of Americans haven't found an easy way to save for the future. Each saver has to determine what the best retirement savings vehicle is for his or her unique situation. Look into starting an IRA. Choose between a traditional IRA, where you get tax-deferred savings, meaning you pay less in taxes today and then are taxed when you withdraw from the IRA in retirement, or a Roth IRA, where you pay your full tax bill today, and pay no taxes on the withdrawals when you retire. Which to choose? If you think you'll be in a higher tax bracket in retirement, or if you think tax rates will be higher, go with a Roth. If you're confident your taxes will be lower, go traditional.

Don't touch your savings. You may lose principal and interest as well as tax benefits. Roll over your savings if you change jobs into an IRA or 401(k).

These life-changing events are supposed to be happy times, not stressful ones. It doesn't have to be difficult. Credit.org can help you by identifying other ways in which you can make smart financial decisions, and keep more money in your pocket for such occasions.

1-800-449-9818

credit.org

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COA Council on Accreditation — Credibility : Integrity : Achievement

U.S. Department of Housing and Urban Development

BBB

NFCC — Begin a brighter financial future today.

LIVE UNITED United Way — United Way of the Inland Valleys

Consumer Credit Counseling Service®