



FEDERAL CREDIT UNION



FINANCIAL COUNSELING WORKBOOK





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Dear Empowerment Loan Applicant,

Welcome to Concord Federal Credit Union's (CFCU) Financial Counseling Program. Applicants are required to complete financial counseling with a CFCU financial counselor, or a third-party counselor approved by CFCU, prior to Empowerment Loan approval.

Free financial counseling is a valuable benefit. It helps Empowerment Loan borrowers establish realistic financial goals, build credit, pay debt, increase savings, and maintain good standing with the loan. If the loan becomes delinquent, the borrower may be required to participate in additional financial counseling sessions.



Features of the Empowerment Loan Program

- The borrower's loan pay back activity is reported to the credit bureaus, thereby establish a credit history.
- A percentage of the loan proceeds is held in the borrower's share (savings) account earning interest that is untouched through the length of the loan (loan term).
- The Empowerment Loan Program can help borrowers achieve complete debt relief.
- A \$10.00 late fee will be charged every 30 days a loan payment is delinquent.

CONCORD <small>FCU</small>			
PERSONAL LOAN PRODUCTS FOR EVERY NEED	EMPOWERMENT LOAN	PARTIALLY-SECURED LOAN	FULLY-SECURED LOAN
This loan type is good for...	An applicant with low or no credit score who wants to work on building a strong credit history	An applicant with a positive balance in share account who prefers to utilize a portion of it for their current needs	An applicant with a positive balance in share account who prefers not to utilize it for their current needs
Collateral/Security Required	One third of loan amount is frozen in the member's share account	Less than 100% of the loan amount is frozen in the member's share account	100% of the loan amount is frozen in the member's share account
Minimum Amount	\$300	\$300	\$300
Maximum Amount	\$6000	\$50000	Flexible
Minimum Term	12 Months	Flexible	Flexible
Maximum Term	36 Months	Flexible	Flexible
Fees	\$10 application fee \$10 each month the loan is delinquent	\$25 application fee \$10 each month the loan is delinquent	\$25 application fee \$10 each month the loan is delinquent
Documentation Required	- Proof of employment for at least 4 months -Proof of income -Bank statements -List of current financial obligations	- Proof of employment for at least 4 months -Proof of income -Bank statements -List of current financial obligations	None
Other Requirements	Participation in financial counseling program	None	None
Interest Rate	Please Call for Current Rates	Please Call for Current Rates	Please Call for Current Rates

If you have any questions, please email us at hello@concordfcu.org or call 718-622-0623

CHAPTER 2: FINANCIAL COUNSELING GOALS AND WHAT TO BRING TO YOUR SESSION



Financial Counseling Goals

- Set personal financial goals
- Create a plan (spending, savings, debt repayment/reduction)
- Create a realistic, sustainable budget
- Manage and pay down debt
- Establish, build, or improve your credit history
- Better manage rent payments and other bills
- Increase savings/establish savings over time
- Develop smart money habits
- Achieve long term financial well-being
- Loan consolidation into one monthly payment
- Monitor and control spending

What to bring before and to your session:

- 3x Recent paystubs for each job
- 3x Recent statements for utilities and other recurring bills
- Outstanding bills
- Collection notices
- Previous tax return
- Letters from creditors, judgements, garnishments, tax lien/levy
- Court papers
- Student loan bills or loan information
- Copy of credit report





What are your hopes, dreams, and goals for financial counseling?

What are your short-term (immediate) goals and what actions do you need to take now to reach them?

What are your medium-term (6 months to a year) goals and what actions do you need to take to reach them?

What are your long-term (more than a year) goals and what actions do you need to take to reach them?

CHAPTER 3: RESPONSIBLE USE OF CREDIT/DEBT REPAYMENT

Sources of Credit

1. Retailers

- High interest rates
- Incentives offered when opening an account
- Interest rates determined by company policy rather than credit score

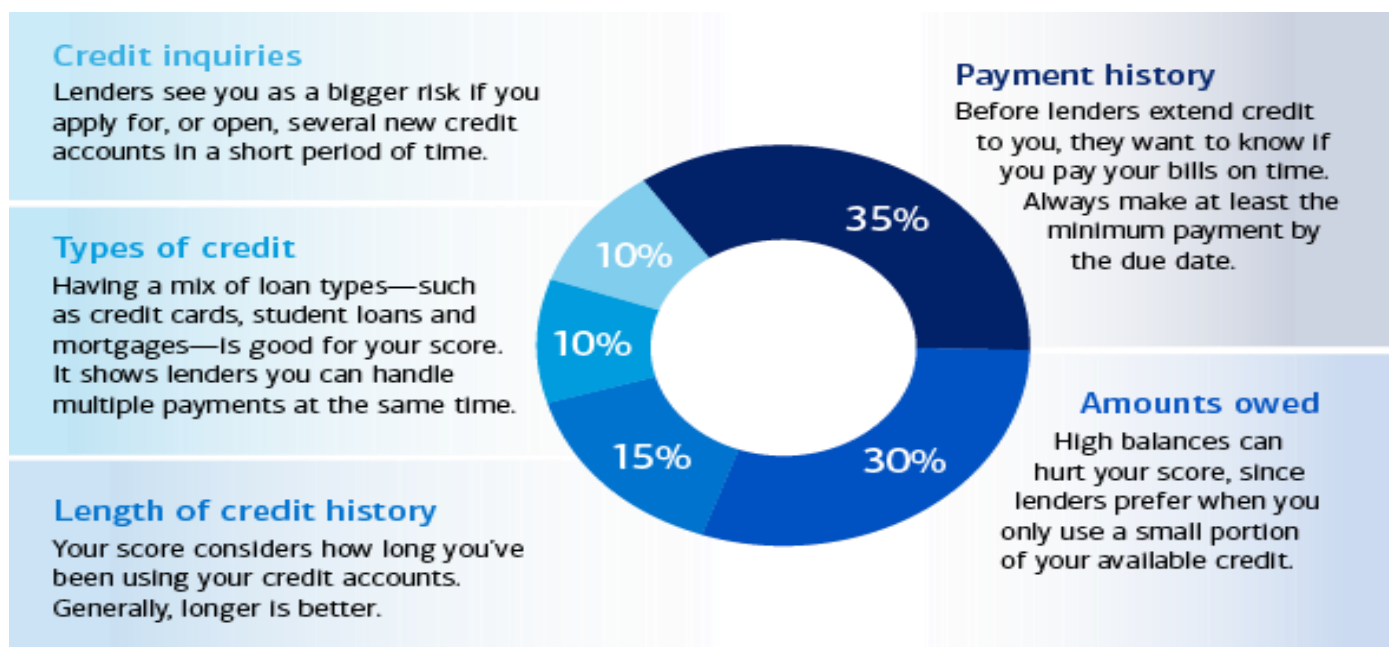
2. Banks

- High fees and interest rates that vary depending on the card program and holder
- Credit approval that may be based less on the ability to pay and more on the ability to spend

3. Credit Unions

- Lower interest rates and fees
- A commitment to better customer service since membership is the equivalent of ownership
- Prepaid Cards - no interest and low fees

Credit Score Determination



Increase Your Credit Score/Establish Credit

- When applying for a credit card, be sure to review the APR (Annual Percentage Yield interest percentage rate) on a yearly basis. Avoid promotions to open up new credit cards if the cost is more than the benefits. Some of these cards can carry very high interest rates.
- Empowerment Loan
- Become an authorized user to a primary card holder
- Have a credit utilization of between 7% - 30%; pay off balances as soon as possible
- Use a secured card
- Pay high interest debts first
- Communicate with creditors when having a problem repaying debt

CHAPTER 3: RESPONSIBLE USE OF CREDIT/DEBT REPAYMENT

Can I afford new debt?
How much of my income is going towards debt repayment per month?

Debt-to-Income Ratio = (Monthly Debt Repayment/Gross Monthly Income) X 100

Monthly Debt Repayment*	\$
Gross Income (Monthly Payafter deduction)	\$
Debt-to-Income Ratio	\$

*Not Included-monthly utilities, cell phone bill, cable bill, health insurance, groceries, food

Debt-to-income ratio is one of the ways lenders consider you for a loan application. For example, if you pay \$150 a month on your credit card balance, \$300 a month on student loans, and \$550 a month on car note, you have a monthly debt of \$1,000. Let's say your gross monthly income is \$3,000. This means your debt-to-income ratio is 30%. If you rent, you might want to consider ways to increase income and/or lower debt.

Recommended Per Consumer Finance
=15%-20% (Renters)
=36% or less (Homeowners)-Some Lenders will go up to 43%

Medical Debt

1. Receiving a medical bill does not affect credit score as long as a collection agency is not involved. Even paying a few days late does not affect credit score.
2. Medical providers wait 60-180 days to turn over medical debt depending on the medical provider. The credit reporting agencies wait 180 days before the medical debt appears on the credit history.
3. If the medical bill ends up being paid by the insurance company, the CRA must remove it from the credit history.
4. If medical debt is not resolved, it can lead to financial problems such as damaged credit.
5. It's not advisable to take out an interest-bearing loan to pay off medical debt.

Debt Collector Resource from Consumer Finance

<https://www.consumerfinance.gov/about-us/blog/understand-how-cfpb-debt-collection-rule-impacts-you/>



CHAPTER 4: PAYDAY LOANS

Payday Loans

A payday loan is a relatively small, high-cost and high-interest loan, typically due in two weeks and made with a borrower's post-dated check or access to the borrower's bank account as collateral.

- payday loans are designed to trap borrowers in debt
- annual percentage rates on payday loans are extremely high, typically around 400% +
- if lender deposits a repayment check and there are insufficient funds, the borrower is hit with even more fees
- don't submit loan information to the credit bureaus

Tax Refund Anticipation Loans

Some tax return preparers offer what they call "instant" or "fast money refunds." These refunds are actually borrowed against the amount of your anticipated refund.

- includes high fees and high interest rates
- must be repaid even though the borrower does not get a refund or the refund is smaller than anticipated

Payday loans are illegal in New York State. It is a violation of New York State law to make payday loans in-person, by telephone, or over the Internet. It is also illegal for a debt collector to collect, or attempt to collect, on a payday loan in New York State.

Need assistance paying bills?

- ask your creditors for more time. Find out what they charge for late payments and interest rates since it may be lower than what you might be paying for a payday loan
- work with a community development credit union, which may provide small dollar affordable loans to eligible members

Sources:

https://www.dfs.ny.gov/consumers/scams_schemes_frauds/dangerous_or_predatory_loans



CHAPTER 5: SAVINGS

What spending cycle are you in? What spending cycle do you want to be in?

Cycle 1- Earn/Spend/Earn/Spend

Cycle 2- Earn/Spend/Borrow/Spend

Cycle 3- Earn/Spend/Save

Cycle 4- Earn/Spend/Save

Savings - set aside income for future use. What are your savings goals?

1. Goals for emergency savings

- One month's rent or mortgage
- One month's income
- Increase emergency savings as possible (6-12 months of expenses)

2. Set-aside savings-

- these are separate from emergency funds and are for predictable and unpredictable expenses (outside of day-to-day spending)

3. Retirement savings- Social Security is not enough to retire on

- 401k
- Traditional pension
- IRA

4. Other savings

- Raises
- Tax refund/bonus
- Autosave
- Additional income

5. Online Banking-Direct Deposit

<https://www.cue-branch.com/concordcares/Login.aspx>



CHAPTER 6: MAKING A BUDGET

Spending Plan/Budget

	Budget (Monthly)	Actual (Monthly)
Income:		
Gross Income (Employer)	\$	\$
Other Income ()	\$	\$
Other Income ()	\$	\$
Other Income ()	\$	\$
Total-Income	\$	\$
Expenses:		
Food/Supplies		
Groceries	\$	\$
Dining Out	\$	\$
Household Supplies	\$	\$
Other Food Expenses	\$	\$
Total- Food/Supplies Expenses	\$	\$
Transportation:		
Public Transportation (Bus/Train)	\$	\$
Public Transportation (Ride Share, Taxis)	\$	\$
Gas	\$	\$
Parking/Tolls	\$	\$
Car Loan	\$	\$
Car Maintenance/ Insurance	\$	\$
Car Rental	\$	\$
Other Transportation Expense	\$	\$
Total-Transportation Expenses	\$	\$
Health:		
Health Insurance	\$	\$
Medicine	\$	\$
Other Health Expense	\$	\$
Total-Health Expenses		

Expenses (continued)		
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	Budget (Monthly)	Actual (Monthly)
Housing:		
Rent/Mortgage Payment	\$	\$
Utilities	\$	\$
Cable	\$	\$
Internet	\$	\$
Telephone/Cellphone	\$	\$
Total-Housing Expenses	\$	\$
Personal:		
Child Care	\$	\$
Donations	\$	\$
Entertainment	\$	\$
Vacation	\$	\$
Credit Cards Payments	\$	\$
Clothing/Laundry/Dry Cleaning	\$	\$
Student Loan Payments	\$	\$
Child Support	\$	\$
Money sent to family/friends	\$	\$
Subscriptions	\$	\$
Pets	\$	\$
Spousal Support	\$	\$
Other Personal Expenses	\$	\$
Total-Personal & Family Expenses	\$	\$
Total Expenses	\$	\$
	Budget (Monthly)	Actual (Monthly)
Savings:		
Cash	\$	\$
Accounts	\$	\$
Investments	\$	\$
Retirement	\$	\$
Total Savings	\$	\$
Total Income	\$	\$
Total Expenses	\$	\$
Net Income (Loss)	\$	\$

CHAPTER 6: MAKING A BUDGET

COMMENTS/NOTES (SPENDING PLAN/BUDGET)

COMMENTS/NOTES (DEBT REPAYMENT)-LIST ALL YOUR ASSETS, DEBTS & AMOUNTS

COMMENTS/NOTES (ACTION PLAN)

FINANCIAL RESOURCES

Financial Toolkit- <https://www.osc.state.ny.us/covid-19/financial-toolkit>

Protecting your credit during Covid-19

<https://www.cssny.org/news/entry/covid-19-financial-tips#protectingyourcredit>

Ready to Rent- helps New Yorkers prepare to apply for affordable housing

<https://www1.nyc.gov/site/hpd/services-and-information/ready-to-rent.page>

<https://www1.nyc.gov/site/hpd/services-and-information/housing-ambassadors.page>

Help Paying for Childcare- <https://ocfs.ny.gov/programs/childcare/subsidy/help.php>

Supplemental Nutrition Assistance Program (SNAP)-

<https://www1.nyc.gov/site/hra/help/snap-benefits-food-program.page>

Discounted Metro Cards- <https://www1.nyc.gov/site/fairfares/index.page>

Discounted Phone/Internet- <https://access.nyc.gov/programs/affordable-connectivity-program/>

NYS Unemployment- <https://www.ny.gov/services/unemployment-0>

Social Security Benefits- <https://www.ssa.gov/benefits/>

Free Tax Prep- <https://access.nyc.gov/programs/nyc-free-tax-prep/>

Jobs in NYC government- <https://www1.nyc.gov/jobs/index.page>

Financial Help from the government- <https://www.usa.gov/covid-financial-help-from-the-government>

Financial Assistance- <https://www.benefits.gov/categories/Financial%20Assistance>

Home Buying Preparation- https://www.hud.gov/topics/buying_a_home

Downloadable Budgeting Worksheet- <https://www.kiplinger.com/kiplinger-tools/spending/t007-s001-budgeting-worksheet-a-household-budget-for-today-a/index.php>

Consumer.gov Financial Education- <https://consumer.gov/section/credit-loans-debt>

Public Library E-Books- Financial Literacy E-Books on various public library websites

must have a library card



Prepared by: Concord Federal Credit Union

