

# Allstate Foundation Purple Purse Moving Ahead Curriculum

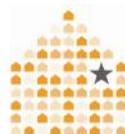
A Financial Empowerment Resource

MODULE 2

## Learning Financial Fundamentals



**Purple Purse**  
Allstate Foundation



**NNEDV**  
NATIONAL NETWORK  
TO END DOMESTIC  
VIOLENCE

# Learning Financial Fundamentals

**Y**ou are seeking to build a solid financial future. This module outlines some important information you'll need to do this. It will help you review your complete income, debt, budgeting and financial picture.

Please note that this information is intended to be general advice for persons who are in, or have been in, an abusive relationship. However, not everyone's situation is the same. For specific advice regarding your particular situation, contact a domestic violence advocate, financial advisor or attorney.

## Key topics covered in this module include:

- Finance Management
- Budgeting and Saving
- Assets and Liabilities
- Banking Options
- Module 2 Appendix

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| MODULE 1        | Understanding Financial Abuse          |
| <b>MODULE 2</b> | <b>Learning Financial Fundamentals</b> |
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| MODULE 5        | Creating Budgeting Strategies          |



Stand up. Speak Out.

National Domestic Violence Hotline: 1-800-799-SAFE (7233)

# Story of Survival



**D**eanna lived with her abusive boyfriend, Martin, for two years. She had no family to call for help and Martin did not allow her to have a job, friends or money. She wanted to leave him.

The first time she left, she ate at a soup kitchen three nights a week. The women running the program gave her clothing. They let her use the bathroom in the staff office to freshen up. Although they offered to help her find additional resources, Deanna refused. She was ashamed. They also encouraged Deanna to get her GED, but she was afraid to start something she might fail.

So Deanna lived in her car and worked for a day-labor program. She earned enough money to buy gas, food and personal items from time to time. After a while of this, she returned to her boyfriend.

She wanted the second time she left to be different. She wanted to find a job that was stable and paid better. Before she met Martin, Deanna dreamed of opening her own childcare center, but that dream now seemed out of reach.

Deanna's story is one of many domestic violence survivors. However, there was hope. There were people, programs and organizations willing and ready to help Deanna.

Deanna gained financial independence by getting a part-time job at a daycare center. This job also had a tuition reimbursement program that paid for her schooling. She not only got her GED but also attended a community college. She received an Associate's Degree in Early Childhood Education.

Deanna continued to pursue her dream and opened her own childcare center. Although this took over five years to accomplish, she could not be more proud, happy or secure. Deanna gained independence by working hard. She stayed focused and never gave up, despite the challenges that continued to cross her path.

This Curriculum, along with supportive partners in your local community, is designed to help you do just that: gain personal and financial independence.

# Finance Management



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If you are like most people, you have a limited amount of money to buy what you need and want. This means you must make careful decisions about how to use your money most effectively. Limited money could mean \$25 a week for one survivor or \$250 to another, as everyone's situation is different. Regardless of your personal finances, the first step to effective money management is to learn what it's all about. Being well-informed is the key to being prepared.

## Become Informed

Knowledge will help you overcome your fear and achieve **economic security**. Talk to friends and co-workers you trust. Consult with trusted professionals. Ask them for advice regarding finances. Access trusted websites for easy-to-understand information regarding money management, such as reducing your debt and long-term planning. Schedule time to attend financial workshops offered by community organizations and banks.

## Worst-Case Scenarios

Ask yourself "What's the worst thing that can happen to me in my situation?" Is it something you can handle? By having a plan for the worst-case scenario, you may be able to eliminate some of the fear that keeps you from moving forward.

## Take Action

Once you've gathered enough information, you can take action. Set small, obtainable goals and begin to work toward them, even if you are still learning.

Another way to help you better manage your finances is to determine the difference between a

### NEEDS



- healthy food
- shelter
- car and gas
- heat and utilities
- clothing

### WANTS



- candy bars
- cup of pricey coffee
- a new video game
- a new TV
- movie tickets

want and a need. A **need** is something you **must** have in order to live, such as food and shelter. **Wants**, on the other hand, are not essential. Look at the chart above that outlines some difference between needs and wants.

Private and public resources may provide free or low-cost services to support you and your children. They may also offer benefits to help pay for basic day-to-day needs. These may include housing, food, utilities and clothing. Visit [www.govbenefits.gov](http://www.govbenefits.gov) to learn more about your state's benefits.

Most domestic violence programs offer services such as shelter, support groups, short-term economic planning, referral programs, legal advocacy and peer support.

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Sometimes accessing public resources can be difficult. Work with a domestic violence advocate to learn what's available in your community and how to access those resources.

The **Personal Responsibility and Work Opportunity Reconciliation Act** was passed in 1996. It's also known as *welfare reform*. This act gives each state the choice of electing **Family Violence Options (FVO)** as part of its Temporary Assistance for Needy Families (TANF) state plan. FVO provides special provisions for persons who are victims of family violence. Provisions include:

- Domestic violence or abuse screening
- Confidentiality protections for domestic violence survivors and others who are victims of family violence
- Information and referrals to domestic violence support and advocacy services
- Waivers (suspensions of a rule or policy) for program requirements, including:
  - time limits
  - residency requirements
  - child support cooperation requirements (good cause)
  - family cap provisions

These waivers are given when program requirements make it more difficult to escape abuse, present safety risks or unfairly penalize domestic violence victims.

For more information on FVO in your state, contact your local domestic violence program.

In addition, you can go to [www.Benefits.gov](http://www.Benefits.gov) to find out which government benefits you may be eligible to receive. Or you can contact your local public assistance program. An advocate from your local domestic violence program can help you locate the contact information. An advocate can also help you complete any applications. Before you meet with a representative for public assistance, discuss the following with an advocate:



- The pros and cons of disclosing domestic violence before you share any details about your experiences.
- Request domestic violence indicator flags to be placed within your personal TANF file.
- Federal and state public assistance programs have “welfare-to-work” policies. This means participants in public assistance programs must undergo job training and find work.
- If you contact your state or county public assistance office, request the following:
  - A list and explanation of all programs and services available in your city and state. Examples include:
    - cash assistance
    - child support
    - food stamps
    - free or reduced school lunch
    - child care assistance
    - medical insurance and assistance
  - Information on how to access applications for all programs
  - Information on how applications should be completed (face-to-face, completed and mailed or online)
  - A list of required documents (proof of identity, income, Social Security numbers for household members, etc.)

# Finance Management

## Finance Management

## Budgeting and Saving

## Assets and Liabilities

## Banking Options

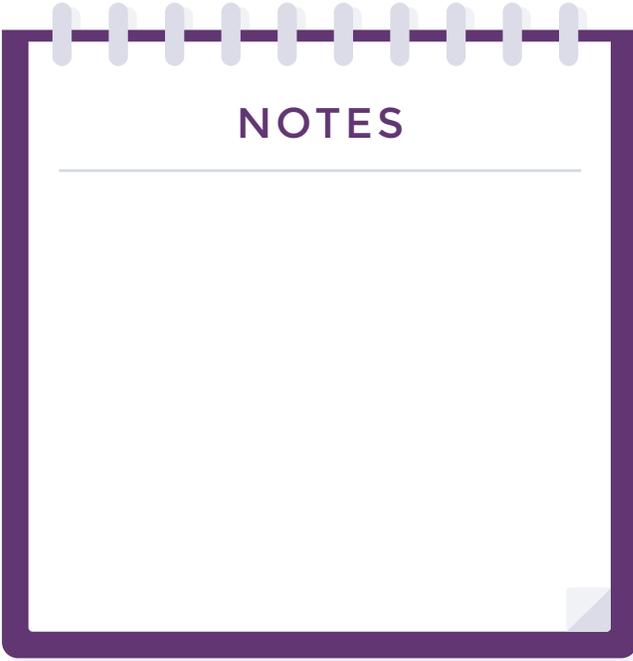
- Eligibility qualifications
- Income and assets limitations documents
- If you are homeless or in a shelter, ask about priority processing to receive emergency assistance services
- Once you receive public benefits, you will likely have regular contact with your caseworker. You must show that you meet program requirements to continue receiving these benefits.
- If you receive **Supplemental Security Income (SSI)** from the **Social Security Administration**, you may qualify for **Medicaid**.
- Be prepared to answer questions and provide documentation about your finances. Eligibility for most programs is based on your income level.
- If your claim for benefits or your application is denied unfairly, consider filing an appeal.

Lastly, if you are 62 or older, remember that you are eligible for **Social Security benefits**. These benefits are determined by the amount of income earned over your working life. Were you married for at least 10 years and have an ex-spouse who is also 62 or older? If so, you are also eligible to obtain benefits based on the working life of your spouse. Drawing upon these benefits does not affect the benefits that an ex-spouse receives. It can be an important source of income.

- You can apply for Social Security benefits in person, online or over the phone. To apply online, go to [www.socialsecurity.gov](http://www.socialsecurity.gov). You can also make an appointment to apply over the phone by calling 1-800-772-1213.
- For people who are deaf or hard of hearing, you can also use the Social Security Administration's toll-free "**TTY**" number at 1-800-325-0778. The Social Security Administration can be reached by phone or TTY between 7 A. M. and 7 P. M. on Monday through Friday.
- When you apply for benefits, you will need the following information:
  - Your Social Security number
  - Your birth certificate

- Your W-2 forms or self-employment tax return for last year
- Your military discharge papers, if you had military service
- Your spouse's birth certificate and Social Security number if he or she is applying for benefits
- Children's birth certificates and Social Security numbers, if applying for children's benefits
- Proof of US citizenship or lawful alien status if you (or a spouse or child applying for benefits) were not born in the US
- The name of your bank and your account number if you want your benefits directly deposited into your account

You will need to submit original documents or copies that are certified by the issuing office. Or you can take the originals to the Social Security Administration (SSA) office. The SSA will make photocopies and return the documents to you.



## NOTES

# Budgeting and Saving

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Financial planning is critical. It starts with a **budget**. You may not be married to your partner. Or you may be married and seeking separation or divorce. Whatever your situation, you must take control of your finances so that you can move forward.

The definition of financial security varies from person to person. For some, it means having food, shelter and a decent job. For others, it means being able to live where they want, afford childcare and own a car. And for others, financial security is defined by preparing for a comfortable retirement, owning a home, and paying for college.

The need for financial security is one of the many reasons why making the decision to end an abusive relationship can be difficult. Most women find that their standard of living declines after ending a relationship. The stress of supporting themselves and their children can be overwhelming and frightening.

No matter how you define financial security, if you decide to leave an abusive partner, one thing is true. You are not alone. Community service providers can help you:

- address safety concerns
- identify assistance programs
- devise appropriate strategies to regain control of your life

Begin by developing a budget. A budget will help you to understand where your money goes.

## To create a budget, follow these steps:

### Step 1: Identify your net monthly income

This is the money that comes into your household, after deducting taxes, Social Security, insurance or any other withholdings. The amount of a paycheck is your **net pay**.

### Step 2: Identify your monthly expenses

Monthly expenses include food, rent and utilities, as well as those that occur periodically, like car insurance and medical expenses.

### Step 3: Subtract your monthly expenses from your income

The difference between your income and expenses shows whether you have any money to spare. If you have extra money, you'll need to decide whether to spend or save it. If you don't have extra money you'll need a plan. Can you reduce expenses? Earn more money? By distinguishing between needs and wants, you can better identify areas where you might be overspending.

To continue the budgeting process, there is a sample budget provided on the following page and another at the end of this module (see [appendix page 18](#)).

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## Personal Budget Form

|           |  |  |
|-----------|--|--|
| <b>A</b>  | Monthly Income (checks or cash):                                     |  |
|           | Monthly Fixed Expenses:  |  |
| <b>1</b>  | Rent/mortgage (principal, tax, insurance)                            |  |
| <b>2</b>  | Life insurance   |  |
| <b>3</b>  | Medical/health insurance   |  |
| <b>4</b>  | Vehicle insurance  |  |
| <b>5</b>  | Disability insurance   |  |
| <b>6</b>  | Household insurance  |  |
| <b>7</b>  | Car payments   |  |
| <b>8</b>  | Other loan payments  |  |
| <b>9</b>  | Savings  |  |
| <b>10</b> | Emergency savings  |  |
| <b>11</b> | Other (list)   |  |
| <b>B</b>  | <b>Total</b> (add items 1-11)  |  |
|           | Monthly Flexible Expenses:   |  |
| <b>12</b> | Utilities (electric, gas, water, phone, fuel oil, etc. )             |  |
| <b>13</b> | Credit card payments   |  |
| <b>14</b> | Auto upkeep (gasoline, oil, maintenance)                             |  |
| <b>15</b> | Food (at home and away from home)                                    |  |
| <b>16</b> | Clothing   |  |
| <b>17</b> | Household supplies   |  |
| <b>18</b> | Medical/dental costs   |  |
| <b>19</b> | Recreation/entertainment   |  |
| <b>20</b> | Church donation/other charities                                      |  |
| <b>21</b> | Childcare  |  |
| <b>22</b> | Education  |  |
| <b>23</b> | Personal allowances  |  |
| <b>24</b> | Other (list)   |  |
| <b>C</b>  | <b>Total</b> (add lines 12-24)                                       |  |
| <b>D</b>  | <b>Total Monthly Income</b> (line <b>A</b> )                         |  |
| <b>E</b>  | <b>Total Monthly Expenses</b> (add lines <b>B</b> and <b>C</b> )     |  |
| <b>F</b>  | <b>Monthly Balance</b> (subtract line <b>E</b> from line <b>D</b> )* |  |
|           | <b>Add or Subtract Balance from Previous Month:**</b>                |  |

\* If line E is bigger than line D, subtract line D from line E. Write your answer as a negative number, for example, -\$45

\*\* If you have money left over from the previous month, add it. If you ran short on the previous month, subtract it.

If you end up with a negative number, you'll need to deal with it. Either cut that amount from your budget (lines 1-24), or find additional income to cover it.

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**Savings are important!** That is why they are listed as a category (line 9 on *Personal Budget Form*). Savings should be treated as part of your budget. It's important to put aside money each month for savings, no matter how small, even if it's just a few dollars. Start by deciding how much you can comfortably save each month and then consistently follow these rules:

- **First** pay your savings account, even if it's a small amount
- **Next** pay your required bills (rent and utilities)
- **Then** pay other bills, like revolving credit cards

If you do not have enough money to cover all the expenses, consider the following:

- Explore ways to bring in more income
  - Work a few extra hours at work (if possible)
  - Create a home-based micro-business, such as selling arts and crafts
- Reduce expense
  - Avoid eating out
  - Limit treats
  - Find cheaper alternatives in household purchases
- Re-evaluate your Needs and Wants List

This may sound difficult, but knowing you have money saved for the future feels good and can give you more options. Over time, paying yourself first will get easier. After a while, you'll wonder why you didn't do it sooner!

A budget is a tool that will help you make critical spending decisions. Whatever your situation, it's important to review all of your assets and resources to find out if they will support you and your family. If you end a relationship, your income and financial assets may change dramatically. Take time to determine how much money you need to support your family. By doing this, you can prepare in advance to meet your family's financial needs.



In addition to paper-based budgeting tools, there are also free budgeting tools available online, such as [www. MINT. com](http://www.MINT.com) or [www. QuickenOnline. com](http://www. QuickenOnline. com).

If you don't have enough money to support your family, or if you have considerable debt, don't despair! Debt is common in the US and there are many resources to help you manage it. Don't let your fear of debt prevent you from moving forward. First steps:

- Document the assets and resources you currently have such as housing, child support, employment, health insurance, car, etc.
- Review your financial liabilities. Do you have credit card debt? Do you owe money to family or friends? By understanding how much debt you have, you can better manage your finances.

Work with your domestic violence advocate to develop a plan to access resources in your community. An advocate can also help you identify your financial resources and reduce debt. Your local domestic violence program may have partnerships with organizations that can help.

To manage your money wisely, set financial goals. Then establish a budget to help you achieve them.

What are your personal financial goals? Buy a car? Set up a savings fund for emergencies? Whatever you have identified, that is a financial goal. To achieve your financial goals you'll need to manage your finances and put money aside regularly to meet those goals.

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## Financial Goals and Emotions

For many of us, emotions and money are closely tied and we sometimes spend to fill an emotional need. This can be a huge challenge when trying to stick to a budget. If you are having trouble with emotional spending, ask yourself the following questions:



What emotions am I experiencing?



Am I shopping just to make myself feel better?



Is there another way that I can fill this emotional need?

### Example: Carrie

*After her divorce Carrie finally felt free. In her marriage, her husband controlled all of the spending. Carrie rarely got to even choose what clothes she could wear. She felt like she deserved to buy new clothes and enjoy her new freedom.*

*At first, she kept her purchases to a minimum, but over time the shopping increased. Carrie was struggling financially and angry about the abuse she had suffered. Shopping was becoming a way of coping with her anger but it was putting her further in debt. After identifying what was happening, Carrie worked with her advocate. Together, they found other ways of expressing her feelings. In time, Carrie got her spending under control.*

### Example: Maria

*Another example is the story of Maria and Vincent. Maria fled to a shelter with her three children to escape Vincent's abuse. After spending two months in a shelter, the family moved to a transitional housing program. The family was now safe but it was hard to live with less*

*income.*

*The children often complained that they missed their old neighborhood. They frequently threw temper tantrums for not getting the new toys that they wanted. To make matters worse, every time the children went to visit Vincent, he bought them things and took them to places that Maria couldn't afford.*

*The children blamed Maria for the situation. She felt guilty that they had experienced Vincent's abuse and that she couldn't give them the things they wanted. Still, she didn't understand why the children didn't give her more credit. After all, she had been the one who had worked so hard to get them to safety. She was doing the best she could. Not knowing what to do, Maria began buying things for the children that she couldn't afford.*

These are just two examples of emotional spending. They show how spending can take on an emotional element and how it can pose challenges in keeping a budget.

## Strategies for Dealing with Emotions and Money

Having a plan that helps you overcome emotional spending can help. Here are some strategies:

### Step 1:

Write down your financial goals. Estimate how much time and money it will take to get there.

### Step 2:

Keep your written goals in a place where you'll see them. Read them often to remind yourself of your goals. Consider setting electronic reminders or even words of encouragements on your smart phone or other electronic devices. This may help keep you on track if your emotions start to take over.

### Step 3:

Examine your feelings and notice when you are being

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tempted to overspend based on emotion. When you do, consider an alternative way to meet your needs. Remind yourself of how you will feel when you meet your financial goals. Consider putting a purchase off for a day. Do you still want it 24 hours later?

Below are a few questions to ask before making a purchase:

- **Did I compare prices?** Be sure you are paying a fair price.
- **Is this a need?** Don't buy something just because you "fell in love" with it.
- **Can I afford it?** Don't spend more than you can afford.
- **Will this delay me from reaching my financial goals?** If you have to borrow in order to buy something, it will take longer to achieve your financial goals because you will be paying **interest** on the loan. (More about interest later.)

Are your children old enough to understand the benefits of spending less today to reach future goals? Many children are. Try enlisting their help. Perhaps make a game of it. Who can find the best deals? Who can set a financial goal and work toward it? Who can spot emotional spending? Who can identify **true** needs?

Teaching children how to manage money can be a challenge. But if they understand the difference between needs and wants, how to budget and how to save, they will know more than many adults. Having your kids on board can help create a home where everybody is working towards the same goal. It's not easy but it's definitely worth trying!

The best way to teach children about finances is to be a good role model. They will pay attention to what you say about money. They will notice how you manage money. Let your children see you budget, comparison shop and make regular contributions to a savings account.

It's important to reward yourself! Here are some ideas. And add more ideas—ones that suit you and your children.

## Emergency Savings Fund

Experts advise setting up an emergency savings fund. It should have enough money to pay three to six months of basic living expenses such as housing, transportation and food. For many of us, this amount seems impossible and out of reach. Don't let that

### Inexpensive ways to treat yourself and your children ... without breaking the bank

#### TREATING YOURSELF:



- Give yourself a manicure
- Enjoy your favorite dessert at home
- Read a good book
- Spend time with a friend
- Go for a walk
- Invite friends over for a potluck to share the cost of food

#### TREATING YOUR CHILDREN:



- Cook or bake together
- Read them a story
- Spend the day at the library
- Play their favorite game with them
- Invite their friends for a sleep-over

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stop you—begin with a savings goal that feels realistic. You can start small. Your first goal can be one month’s rent or housing costs. You can build from there. It’s okay that goals take several months or even years to reach. What’s more important is that you save something *every month*. Every dollar helps and adds up over time!

It’s important to put money away consistently and spend it only for true emergencies. It’s better to save \$10 every month than to save \$25 only occasionally, for two reasons. One, chances are that if we wait until we have an extra \$25 to save, it will likely not happen. Two, there is magic in **compound interest**. Compound interest arises when interest is added to the **principal**, so that from that moment on, the interest earns interest. Take a look at the savings account chart below for an example of 2% interest of just 5 years:

| Year | Deposit  | Interest | Total Deposit | Total Interest | Balance  |
|------|----------|----------|---------------|----------------|----------|
| 1    | \$120.00 | \$1.31   | \$120.00      | \$1.31         | \$121.31 |
| 2    | \$120.00 | \$3.76   | \$240.00      | \$5.07         | \$245.07 |
| 3    | \$120.00 | \$6.26   | \$360.00      | \$11.33        | \$371.33 |
| 4    | \$120.00 | \$8.81   | \$480.00      | \$20.14        | \$500.14 |
| 5    | \$120.00 | \$11.41  | \$600.00      | \$31.55        | \$631.55 |

***This shows that saving \$10 a month, for just 5 years, at 2% interest, would grow to over \$630.***

The best way to ensure your future financial success is to start saving today. Depositing your savings in a bank helps your money grow, through interest. Banks pay interest on the money placed in savings accounts. Earning interest on your money is important. Saving money is a good thing. But having your savings grow, through compound interest, is a *great* thing. Even modest savings can generate real growth, given enough time and dedication. Consider setting up an automatic transfer or direct deposit to build your savings account over time, even if it’s a small amount.

This way, saving is automatic and happens regularly. For more information on compound interest, visit Allstate’s website. Search ‘calculators’ for a variety of tools and resources or click the link below:  
<https://www.allstate.com/tools-and-resources/financial.aspx>.

There are different types of accounts where you can earn interest on your savings. Each type offers different interest rates. Each type differs in how easy it is to withdraw money. For example, emergency funds need to be readily available, so a typical savings account is a good choice. However, funds that won’t be needed immediately can usually earn a higher interest rate in a money market account or **certificate of deposit (CD)**.

Here is a summary of typical types of accounts for savings:

## Interest-Earning Savings Accounts

Typically, these accounts will earn you the least interest of all the options. However, they are very safe and money can be withdrawn at any time.

## Money Market Accounts

**Money Market Accounts** pay about one-half percent higher interest than traditional savings accounts, but they may require a higher minimum **balance**. You can usually make as many deposits as you want for free. However, there are limits regarding the number of **withdrawals** that can be made each month.

## Certificates of Deposit (CD)

If you have money that can be tied up for three months to six years, certificates of deposit will usually offer the highest interest rates, depending on the **term** (how long it must remain deposited) you choose. There are penalties for early withdrawals, so choose a term you can live with.

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The next step in financial management is to begin identifying your income and assets, plus your debts and liabilities. Assets include those you alone own and those you own with your partner. They may also include assets just your partner owns.

## Consider the following:

- Are your property and financial assets held in both of your names or is everything in your partner's name?
- Is your apartment lease in both your names? Is your home titled to both of you jointly?
- Do you have joint bank accounts? Individual bank accounts?
- Has your partner threatened to make you cash in any property or financial assets you own, so that he can share the proceeds?
- Does your partner have a pension or retirement plan from current and previous jobs?
- Do you know what information is required in the court order, decree or property settlement before your partner's pension plan will pay benefits directly to you?

The answers to these questions will be useful if you pursue child support, need to divide property or if you are going through a divorce. Remember to share this information with your advocate and attorney. If you suspect that your partner may attempt to hide assets, it's important to start investigating your finances before you initiate divorce proceedings. If you have the resources, investigate the following:

- Does your partner own tools, collections or other items of value that could be underestimated?



- Does your partner receive income that has not been reported on tax returns or financial statements?
- Is your partner's name on an account with your children or in your children's names?
- Could your partner have asked his employer to delay any bonuses, stock options or raises?
- Has your partner recently paid any "debts" to a friend or family member that you think may be phony?
- Could your partner have accounts you're unaware of?
- Does your partner own a business?

You may not be requesting access to or ownership of the above items or accounts. However, it's important that they be counted as an asset so the division of property is fair.

Sorting through a financial relationship you shared with an abusive partner can be difficult and sometimes dangerous. Just know there are professionals who can help you. Contact your domestic violence advocate or attorney for contact information.

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Following separation and during a divorce process, abusive partners often refuse to cooperate. They may attempt to manipulate the process. Be aware of your safety risks as you face these challenges. You may discover that your partner has:

- Opened accounts and created additional debt in your name
- Hidden or undervalued his own assets
- Refused to comply with payment plans established by creditors
- Quit his job or obtained a low-paying job to escape financial responsibility

## Mediation

You may be asked to use a mediator to resolve financial obligations (debts) you share with your partner. **Mediation** may not be a good choice for you. It is not always safe or helpful for victims of domestic violence. It requires that partners work together as equals to reach a settlement. It can also require many meetings. Let the court know if mediation is not a safe option for you.

You may decide to agree to mediation. Understand that you do not need to like or agree with everything in order for mediation to work. The role of the mediator is to facilitate communication so that each party is heard. Sometimes all it takes is to remove the strong emotions from a situation in order for the couple to reach a satisfactory agreement. Websites such as [www.mediate.com](http://www.mediate.com) provide additional information about mediation. Please note, however, we are not affiliated with this website. We cannot vouch for the accuracy of the information that is contained on it.

If you are looking for a lawyer with experience in mediation, you may contact your local Bar Association's Lawyer Referral Service for a recommendation. Generally, an attorney who is a part of this Referral directory will provide a half-hour consultation. They will charge a reduced rate



(ranging between \$25 and \$50). In this consultation, you can get brief advice and talk to the attorney about his/her philosophy about the mediation process. Then you can decide if you want to hire the attorney at his/her regular hourly rate.

You can find a link to each state's Bar Association Lawyer Referral service on [www.womenslaw.org](http://www.womenslaw.org) and search 'find a lawyer.'

## NOTES

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Now that you have taken some time to identify your assets and liabilities, the next step is to open up a bank account (if you don't have already one that is separate from your partner). Selecting a financial institution that meets your needs is critical to successful money management. Financial institutions include:

## Banks

Banks are financial institutions that accept deposits and use the money for lending activities. A traditional bank issues **stock** and is therefore owned by its stockholders (shareholders). Banks are for-profit businesses and serve customers from the general public. They may also offer **online banking** services, via the internet. In addition, there are banks that are only on the internet.

## Credit Unions

Credit unions are community-based financial institutions that offer a wide range of services. They are owned and controlled by their members, who are also shareholders. Credit unions serve their members and membership is defined by a credit union's charter. For example, a credit union may offer membership through certain employers or to certain professions. Another credit union may have a broader membership. Credit unions often offer lower interest rates on loans.

## Payday Lenders

**Payday lenders** are companies that lend customers small amounts of money at high interest rates. The borrower agrees that the loan will be repaid when the borrower's next paycheck arrives. Payday loans are small cash advances, usually \$500 or less. To get a cash advance, a borrower typically gives the payday lender a

postdated **personal check** or authorization for automatic withdrawal from the borrower's bank account.

Payday loans come with hefty fees. For a two-week payday advance, a borrower will pay at least \$15 for every \$100 borrowed. Although the loans are short-term, the loan fees could end up being nearly 400%. While these types of loans may appear to be an easy option, expensive loan fees often push the borrower into deeper debt. This debt can be very difficult to get out of. Before taking this type of loan, explore all other options, including consulting your advocate or other support systems. With them, you can explore what other options might be available in your community.

## Check Cashing Stores or Services

Check cashing stores are small businesses that cash checks for a fee. In general, the fee is about 4%. However, you can likely avoid these fees if you have a bank account or are a member of a credit union.

## Choosing a Financial Institution

When considering which financial institution to choose, shop around. Look for the services and features that are going to work best for you and your situation.

Generally speaking, a large national or international financial institution will offer a wider range of services. However, it may provide less personalized service than a smaller one. Instead of a bank, you may wish to consider a credit union.

For some women, culturally-specific services are important. Look for banks that have bilingual employees or websites and information in other languages.

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Some institutions are specifically owned by, and run for, specific ethnic, religious and cultural clientele. For instance, are you interested in wiring money to family in another country? Does the bank offer this and what are the fees?

It's important to note, all banking institutions require proof of:

- Name, examples:
  - Unexpired passport
  - Birth certificate
  - Government issued driver's license
- Date of Birth, examples:
  - Unexpired passport
  - Birth certificate
  - Government issued driver's license
- Residence or business address within the US, example:
  - Utility bill
- Identification number, examples:
  - Social Security number
  - ITIN (individual taxpayer identification number)
  - Employer ID

In order to compare banks, consider the services they offer and discover the fees they charge for these services.

- Think through your needs for a branch location. Do you need a branch close to your home or work?
- Compare services: which ones offer the services you need?
- How comfortable do you feel with the staff?
- Does the bank meet your cultural needs and requirements?
- Checking accounts: what are the fees, minimum balance requirements and overdraft charges?
- **Automated Teller Machines (ATMs)**: where are they available and what are the fees?
- Savings accounts and products: what are the interest rates, restrictions and penalties on withdrawal?

- Bank branch hours: are they convenient for your work schedule?
- Telephone services: are they available 24 hours, is the service automated or can you get an immediate connection to a consultant?
- Are online banking and bill pay available?
- Safety of money: look for the FDIC logo 

## **FDIC** stands for **Federal Deposit Insurance**

**Corporation**. If a bank is "FDIC Insured", deposits are currently insured for up to \$250,000. In the event that a bank is financially unable to repay deposits, FDIC will repay them.

A financial institution that is FDIC insured will display a government logo at its front door, in the lobby and at the tellers' counter to indicate that it is federally insured.

## Using an ATM

To use an ATM, you will need a bank account, and you will also need an **ATM card**. With this card you will get a code, also known as a **Personal Identification Number (PIN)**.

## ATM Safety Tips:

- Keep your PIN number secret (including from your abuser).
- Do not write your PIN number on your ATM card.
- Change your PIN number periodically.
- Ensure that the ATM location you use is well lighted and feels safe.
- Do not count your money at the ATM.
- If there is a discrepancy between the amount withdrawn and the cash received, notify your bank.
- Be aware of all banking fees.
- Use an ATM owned by your bank for lower (or no) fees.
- If your ATM card is lost or stolen, immediately report it to your bank.

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Be especially careful if you only make small (for example \$20) withdrawals. For example, if the fee per withdrawal is \$1.50, you will pay that \$1.50 each time you withdraw money. Whenever possible, make a single withdrawal of \$100 rather than multiple withdrawals of \$20. Try to use a bank account that does not charge you for using their machines, and try to stick to using your own bank's ATM machine.

Most, not all, stores offer free cash back on purchases when using a **debit card**. Consider this method to accessing cash to avoid ATM fees. Additionally, it's important to know that using your debit card for some purchases (gas stations, restaurants, car rentals, hotels, etc.) can put a 'hold' on your account that's larger than the actual purchase. This will make those funds unavailable until the hold is released, which can take 3-4 days.

By identifying your income, assets, debts and liabilities, and opening an individual bank account (separate from your partner's), you will begin to take control of your finances. Continue to read through this curriculum to learn more about money-saving strategies and budgeting techniques.

## Online Banking

According to Money Instructor ([www.moneyinstructor.com](http://www.moneyinstructor.com)), most banking used to be done by using a bank teller. However, banking today is often done electronically or online.

Banking transactions done electronically can include depositing money, withdrawing money (getting cash), transferring funds from one account to another or just checking your account balance(s).

The benefits of using electronic banking also include easy access to banking services and to paying bills. This reduces the need to carry large amounts of cash.

## Tips for Safe Banking over the Internet

As use of the Internet continues to expand, more

banks and credit unions are using it. They use it to offer products and services and also to enhance communications with consumers.

The Internet offers the potential for safe, convenient ways to shop for financial services and conduct banking business, any day, any time. However, safe banking online involves making good choices. These decisions will help you avoid costly surprises or even scams. It's important that you know how to:

- Confirm that an online bank is legitimate and that your deposits are insured
- Keep your personal information private and secure
- Understand your rights as a consumer
- Learn where to go for more assistance from banking regulators

For more information, visit <https://www.fdic.gov/bank/individual/online/safe.html>.

## Use a Strong Password

On-line banking may save you significantly in postage and avoiding late fees. However, make sure you use a secured, safe internet connection. Creating a strong password is essential.

If you can only memorize one strong password, make it your online banking password. Your password should include

- upper and lower case characters
- numbers
- alternative characters, such as !@#\$\$%^&\* (when allowed)
- consider replacing letters with numbers; for example: 'Independent' becomes Ind3p3nd3nt# (3 replaces e and a hashtag is added at the end for extra protection)

The website, [www.moneyinstructor.com](http://www.moneyinstructor.com), has a Bank Online Simulator which might help you better understand how to use features available through online banking.

# Module 2: Appendix

## Personal Budget Form

|           |  |  |
|-----------|--|--|
| <b>A</b>  | Monthly Income (checks or cash):                                     |  |
|           | Monthly Fixed Expenses:  |  |
| <b>1</b>  | Rent/mortgage (principal, tax, insurance)                            |  |
| <b>2</b>  | Life insurance   |  |
| <b>3</b>  | Medical/health insurance   |  |
| <b>4</b>  | Vehicle insurance  |  |
| <b>5</b>  | Disability insurance   |  |
| <b>6</b>  | Household insurance  |  |
| <b>7</b>  | Car payments   |  |
| <b>8</b>  | Other loan payments  |  |
| <b>9</b>  | Savings  |  |
| <b>10</b> | Emergency savings  |  |
| <b>11</b> | Other (list)   |  |
| <b>B</b>  | <b>Total</b> (add items 1-11)  |  |
|           | Monthly Flexible Expenses:   |  |
| <b>12</b> | Utilities (electric, gas, water, phone, fuel oil, etc. )             |  |
| <b>13</b> | Credit card payments   |  |
| <b>14</b> | Auto upkeep (gasoline, oil, maintenance)                             |  |
| <b>15</b> | Food (at home and away from home)                                    |  |
| <b>16</b> | Clothing   |  |
| <b>17</b> | Household supplies   |  |
| <b>18</b> | Medical/dental costs   |  |
| <b>19</b> | Recreation/entertainment   |  |
| <b>20</b> | Church donation/other charities                                      |  |
| <b>21</b> | Childcare  |  |
| <b>22</b> | Education  |  |
| <b>23</b> | Personal allowances  |  |
| <b>24</b> | Other (list)   |  |
| <b>C</b>  | <b>Total</b> (add lines 12-24)                                       |  |
| <b>D</b>  | <b>Total Monthly Income</b> (line <b>A</b> )                         |  |
| <b>E</b>  | <b>Total Monthly Expenses</b> (add lines <b>B</b> and <b>C</b> )     |  |
| <b>F</b>  | <b>Monthly Balance</b> (subtract line <b>E</b> from line <b>D</b> )* |  |
|           | <b>Add or Subtract Balance from Previous Month:**</b>                |  |

\* If line E is bigger than line D, subtract line D from line E. Write your answer as a negative number, for example, -\$45

\*\* If you have money left over from the previous month, add it. If you ran short on the previous month, subtract it.

If you end up with a negative number, you'll need to deal with it. Either cut that amount from your budget (lines 1-24), or find additional income to cover it.