

CARE Track

CARE Boot Camp: Basic Training for Financial Foot Soldiers

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CARE Boot Camp: Basic Training for Financial Foot Soldiers

September 12, 2014

Materials collected by Joseph U. Schorer

Table of Contents

1. Template description of CARE program to send to possible sponsors of CARE presentation
2. Template questionnaire for faculty contact at a school hosting a CARE presentation
3. Example of an information memo to give to CARE volunteers in preparation for CARE presentation
4. PowerPoint slides for Chicago CARE's presentation - "Charge It!"
5. PowerPoint slides for Chicago CARE's presentation - "Mastering Student Loans"
6. Summary of key features on Chicago CARE's download web site - www.CAREChicago.org
7. Sample handout - Summary of key features of major federal grant and loan programs
8. Sample handout - Key web sites and 10 simple rules
9. Sample skit - a hypothetical § 341 meeting for audience actor and CARE volunteers

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MEMORANDUM

TO: [Name of organization]

FROM: [names of CARE volunteers contacting organization],
on behalf of the Credit Abuse Resistance Education (CARE) program

DATE: []

RE: CARE program

Thank you for your interest in the CARE (Credit Abuse Resistance Education) program offered in the Chicago area. This memo is written (1) to give you some background on the CARE program and (2) to explain in greater detail the typical CARE presentation.

Background on the CARE program

The CARE program is a national program designed to alert middle school, high school and college students to the many consequences of consumer credit abuse. It is now being administered by the American Bankruptcy Institute. It was the subject of a story on NPR and a segment on WTTW. You can find out more about the CARE program by visiting its web site at <http://www.care4yourfuture.org>. Its local web site, where you can view and download materials, is www.CAREChicago.org.

This program developed out of a growing conviction among legal and business professionals that the financial literacy of young people must improve. The CARE program achieves its goal by in-school presentations to students and presentations to other community groups, including churches and affinity groups. Bankruptcy judges, lawyers, bankruptcy trustees, and college educators typically give these presentations. We make these presentations for free, taking time out of our own schedules to meet with students in the school environment. We undertake this project because it is important.

We have a large, committed core of volunteers. We spend our professional lives in the debtor-creditor world. We have given presentations all over the Chicagoland area. Since 2012 alone, we have held programs at Austin Business and Entrepreneurship Academy High School, Al Raby School for Community and Environment, Alcott High School, Bogan High School, Carmel Catholic High School, Downers Grove South, Glenbrook North, Glenbard South, Guerin College Prep High School, Highland Park High, York High School, Lane Tech High School and dozens of other schools. Our programs have been highly successful, in part because the students detect and appreciate both the expertise and the passion of the people making the presentations.

Overview of the typical CARE presentation

CARE presentations are elegant in their simplicity. We aim to be direct, interactive, multimedia, concrete, and relevant. To achieve this goal, we normally have two or three speakers at a program. The speakers talk at sessions can last from thirty minutes to two hours. We are highly flexible in terms of available times for a presentation as well as the specific order

CARE FINANCIAL LITERACY CONFERENCE 2014

in which topics are covered. For a class that runs forty to forty-five minutes, a typical presentation might follow the following format:

First, the initial speaker (or two) will give a PowerPoint presentation that lasts 10 to 15 minutes. This slideshow opens with a question-and-answer format designed to challenge students' assumptions about consumer credit. Mixing graphics with topical data, the program (which can be adapted to the particular focus desired by the teacher) tackles such topic as

- Credit reports, credit scores and the differences between them
- Key features of credit cards, including rates, “buzz word” terminology, fees and affinity cards and
- Budgeting and the differences between needs and wants.

Next, a speaker (frequently a bankruptcy lawyer, trustee, or judge) will key metrics about student loans, the differences between student loans and true financial aid, the differences among the various types of federal and private student loans and, critically, important rules of thumb for determining the amount of student loans that the students can afford.

Last, if time permits, we have a Jeopardy-based game that we have the students play. It reviews the materials discussed as well as asks questions about handouts that are provided in advance to the class.

Our formats are not rigid. Teams of volunteers are encouraged to adapt the program to the size, length, and demographics of the class. We allow time for and welcome student questions.

We have no hidden agenda. Our volunteers get no compensation for their work except the satisfaction of knowing that that they have done their part to educate the audience on the optimal strategy for intelligent use of credit cards, for smart management of student loans and for other strategies to avoid being head over heels in debt.

Please let us know if your school would be interested in hosting one of our CARE programs.

Contacts:

[Insert contact information]

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Credit Abuse Resistance Education (CARE) QUESTIONS FOR FACULTY CONTACT

YOUR NAME:

PHONE NUMBER AND E-MAIL ADDRESS:

YOUR SCHOOL OR ORGANIZATION:

SCHOOL/ORGANIZATION ADDRESS:

TODAY'S DATE:

1. What is the target date for a CARE presentation (WE MUST HAVE AT LEAST 4 WEEKS NOTICE)?
2. Is your group a school, a parent organization for a school or some other organization?
3. To how many classes/sessions do you want the CARE volunteers to speak?
4. How long is each class/session? What are class/session times?
5. How many students/attendees are in each class?
6. Which of the following topics do you want the volunteers to cover? If possible, please specify an order of priority
 - (a) Credit cards, credit scores and credit reports
 - (b) Student loans
 - (c) Key features of bankruptcy
 - (d) Other
7. [If a school] Are the students all seniors? If not, what are the age ranges?
8. Have the students/attendees had any classes on credit card use and abuse? on student loans?
9. Can you supply a PowerPoint projector, computer and speakers?
10. Can you supply a white board and markers?
11. When do we need to get you handouts so you can print them for the class/attendees?
12. Is parking available? If not, where can volunteers find parking?
13. Questions are always welcome, but if you get them to us in advance, we can be better prepared.
14. Are there any other aspects of the audience or the setting about which you want to tell us?

Please return this form to:

[Key contact information for CARE volunteer] [Key contact information for CARE volunteer]

CARE program at Glenbrook North High School (April 1 and 2, 2014)

Here is general information regarding the upcoming CARE program. Please feel free to call Jeff Schwartz (office: 312-521-2626 or cell: 847-477-8898) if you have questions. Thank you for your help on this very worthwhile program (and a special thanks to Joe Schorer for setting up the program at GBN).

Logistics, parking, equipment, etc.

The volunteers for this program are laid out on the grid that is separately attached. There are two people scheduled for each shift. Each class is approximately 90 minutes long. The programs are on **Tuesday April 1, 2014** and **Wednesday April 2, 2014**. Classes are in classroom F106 (Katie Jones) or F107 (Mindy Ingersoll). More specifically, here is the break out of classes:

Tuesday morning, April 1 shift

7:40 - 9:13 (Mindy Ingersoll Room F107) (Schorer and Schwartz)
9:23 - 10:53 (Katie Jones Room F106) (Schorer and Schwartz)

Tuesday afternoon April 1 shift

1:25 - 2:55 (Katie Jones Room F106) (Thorne and Schwartz)
1:25 - 2:55 (Mindy Ingersoll Room F107) (Gierum and Schorer)

Wednesday morning, April 2 shift

7:40 - 9:13 Katie Jones F106 (Bach and Beardsley)
7:40 - 9:13 Mindy Ingersoll F107 (Childers and Steege)

Wednesday afternoon, April 2 shift

1:25 - 2:55 Katie Jones F106 (Morrison)

If for some reason you cannot make your session, please call me ASAP.

Glenbrook North High School is at 2300 Shermer Road in Northbrook. You can easily find it on Mapquest if you do not know the way there. To park at the high school, drive up/down Shermer to the high school. Visitors park on the south side of the building (the side facing a street called "School Drive" that is perpendicular to Shermer). I have been assured that there will be adequate parking for you at the high school. Please enter through the main entrance on the south side of the building and check in with security. You will need to show a photo I.D. to security. Please ask for directions to your classroom if you do not know the way.

When you check in, please ask for Katie Jones or Mindy Ingersoll (depending on which teacher has the class you are assigned to). Katie or Mindy will take you to the

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classroom. I suggest that all of the shifts get to the school at least 20 minutes before the shift begins. Among the reasons to get into the classroom early is to make sure the PowerPoint presentations are set up on the computers. It takes a while to get through security, to get into the classroom and get oriented, to work out with your fellow volunteers who is doing what, etc.

The classrooms have up-to-date computer connections that will play the PowerPoint shows with sound, animation, etc. The classrooms have white boards and multiple colors of markers. If you need additional materials, please let me know ASAP, so that I can contact the school to make appropriate arrangements.

Even though I am having the school put the PowerPoint presentations (described below) on the school computers, I suggest that, as a backup, one volunteer from each shift **bring with you CDs or thumb drives containing the various PowerPoint programs.** You will be able to download the programs from the Chicagoland CARE program web site, which is:

<http://www.CAREChicago.org>

PLEASE NOTE: Because the three different PowerPoint presentations described below have been specially crafted for Glenbrook North, please be sure you download the correct presentation off of the web site.

Suggestions for program content

Each class is 90 minutes long. That is a lot of airtime to fill. Of course, you are free to organize in whatever way works best for you and to use whatever materials you think will be most instructive. The following suggestions are by no means intended to be a command.

At the same time, please be aware of some special requests we have from GBN. Our teacher contact Katie Jones has consistently urged us to tell war stories from our business lives that demonstrate what really happens in court when debtors get in trouble (more on that below). She also likes our suggestion we talk about student loans rather than focusing on credit cards.

Specifically, she has asked us to manage our time as follows (but we can put these blocks in whichever order we choose):

30 minutes - credit and bankruptcy - Why You Don't Want to Go Into Bankruptcy (the GBN Version) – can also do the 341 meeting skit

30 minutes - student loans -- Managing Student Loans

30 minutes – Jeopardy (Chicago Public Schools Version)

Here is my suggestion as to the way to balance all these requests.

First, open with the PowerPoint called “Get Smart! Credit Tips and Bankruptcy.” This PowerPoint is a combination of two other programs we have used in the past:

Charge It! and Why You Don't Want to Avoid Bankruptcy. It strips out material that the teachers have already covered in their regular classes. It has one video. You activate the clip by putting the mouse cursor over the main picture until it turns into a hand. Then click; give the clip about 10 seconds to find the file; and the clip starts running. **Please make sure the computer has the sound turned on and the volume at the right level.**

This presentation is an especially good opportunity to tell war stories. You should make this segment and others a "Scared Straight" experience for them. So this is your chance to be dramatic, concrete, direct, and decisive. Do not pull punches.

We also have a 341 meeting skit which we introduced to one of the classes last year at GBN. It was a big hit because it puts many of the bankruptcy issues into a real life situation. If you plan on doing the skit, make sure you leave enough time. You may also want to ask the teacher if they want to play the role of the debtor.

Second, work through the PowerPoint called "Managing Student Loans." This is a condensed and updated version of the student loan presentation from last fall. Please note that it has two videos embedded in it, under the slide "The Danger of STDs." Play the video as you would play others; it only lasts about 3 minutes and one under "Be Careful with Private Loans" which last about 1 minute.

Third, play the Jeopardy game. I suggest you bring candy or some other cheap prize and offer it to the winning team. That really gets the students motivated! Please note that the content of the Jeopardy game has been substantially revised and updated to fit with the student loan materials. Some of the content you will not cover in these materials, because the GBN teachers have already covered it in classes. This Jeopardy game has been specially crafted to synchronize with the presentations and materials that the classes have already covered.

I **STRONGLY** urge you run all the Powerpoints, and especially the Jeopardy game, at your office or on your home computer in advance. In that way, you will get comfortable with how they are set up. The download center contains a Word document that gives instructions, troubleshooting tips, etc. for playing Jeopardy. Please note that this version of the Jeopardy game differs from prior versions that you have seen. It has new questions and answers and, on several of the answers, there are optional links to extra point questions.

As the Jeopardy instructions indicate, it is very important that you close completely out of PowerPoint at the end of the Jeopardy game when class is over. Otherwise, it will not work correctly for the next class. **Also, be sure to run the game using the PowerPoint Viewer.exe application.**

Other matters

Each team will have to figure out the most efficient allocation of duties. One suggestion I have is that the first team member do the "Get Smart!" segment, the second

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team member do the “Managing Student Loan” segment, and the team members decide between themselves how they want to emcee the Jeopardy game.

These students are smart, but they can get bored quickly. So the basic elements of good speaking style should be followed. Walk around the class. Pose questions to the students. Vary your tone, your pace, your demeanor. Be dramatic. Do whatever it takes to grab the students’ attention and keep it.

When we are done, let’s exchange comments, suggestions on the student loan materials. It may be a useful new product that our CARE presentations can use at lots of places.

Please feel free to call me if you have questions. If I think of other matters, I shall try to contact you.



CHARGE IT!!!

WHAT YOU NEED TO KNOW BEFORE YOU
DECIDE TO USE CREDIT CARDS

Chicago C.A.R.E. Program

Daily Show



How many of you have a debit card?



How many of you have a credit card?



What is the difference between a debit card and a credit card?

- A debit card draws money from an bank account that you have deposited money into. When you use a debit card to pay for something, you are spending money that you have saved.
- When you use a credit card, you are borrowing money that you will have to pay back *maybe with interest.*

Why get a credit card?

Because they are convenient



Because they are needed for Internet purchases


A close-up photograph of a red keyboard key. The key features a white shopping cart icon and the text "Buy now!" in white. The key is set against a dark grey keyboard background.

Because they are needed for work or travel

Two photographs side-by-side. The left photo shows a large, illuminated "Holiday Inn" sign with a star on top. The right photo shows a Shell gas station with its characteristic red and yellow canopy.

How do you get a credit card?

Apply at your college

A photograph showing a student at a college booth. The student is looking at a display board that features logos for various credit cards, including Visa, Mastercard, and American Express. The booth has a white table with papers and a sign that says "University of...".

Look for a good deal



Or check with a bank or credit union your family does business with



The important thing is to shop around and look for the best terms



If you Google “credit card compare”
You will find sites that compare credit card terms and conditions:

- [Compare 2013 Credit Cards - ConsumerCompare.NextAdvisor.com](#)
- [consumercompare.nextadvisor.com/](#)
- View Our Side By Side **Comparison** Of The Best **Credit Cards**.
- [Credit Cards - Credit Card Offers at CreditCards.com](#)
- [www.creditcards.com/](#)
- [Compare Credit Cards & Credit Card Offers at CreditCards.com](#). Search *credit cards* and reviews about the best low interest, 0% balance transfer, reward, cash.
- [www.bankrate.com/credit-cards.aspx](#)

How do Credit Cards Work?

- Charges you make are collected by the credit card company and billed to you once a month.

CREDIT CARD STATEMENT				SEND PAYMENT TO Box 1264 Anytown, USA	
ACCOUNT NUMBER	NAME	STATEMENT DATE	PAYMENT DUE DATE		
4125 310 412	John Doe	3/1/00	3/5/00		
CREDIT LINE	CREDIT AVAILABLE	NEW BALANCE	MINIMUM PAYMENT DUE		
\$1200.00	\$1074.76	\$125.24	\$20.00		
REFERENCE	SOLD	POSTED	ACTIVITY SINCE LAST STATEMENT	AMOUNT	
4850E7382		1/25	PAYMENT THANK YOU	-168.80	
33F348K3	1/12	1/15	RECORD RECYCLER ANYTOWN, USA	14.83	
89102K3	1/13	1/15	BEFORAMA REST. ANYTOWN, USA	30.55	
N434FJ332	1/16	1/18	GREAT ESCAPES BIG CITY, USA	27.90	
88RT202A	1/20	1/21	CRUD-DEL GASOLINE, ANYTOWN, USA	12.28	
973DW9321	2/29	3/09	SHRTR TY SUDT TINYVILLE, USA	49.70	
Previous Balance	(+)	108.80	Current Amount Due	125.24	
Purchases	(+)	125.24	Amount Paid Due		
Cash Advances	(+)		Amount Over Credit Line		
Payments	(-)	-168.80	Minimum Payment Due	20.00	
Credits	(-)				
FINANCE CHARGES	(+)				
Late Charges	(+)				
NEW BALANCE	(*)	125.24			
FINANCE CHARGE SUMMARY		PURCHASES	ADVANCES	For Customer Service Call:	
Periodic Rate	1.95%	0.54%		1.888.xxx.xxx	
Annual Percentage Rate	19.85%	6.45%		For Local or State Card, Call:	
				1.888.xxx.xxx	
				24 Hour Telephone Numbers	

- The credit card bill will list all of your charges (you must review for any mistakes, and must quickly act if you find a mistake)
- The credit card bill will tell you how many days you have to pay the bill
- And it will tell you what the minimum payment is

- Why is the minimum payment so much less than the balance?



- Because the credit card company does not want you to pay off the balance, it wants to charge you interest. Interest is charged on what you do not pay off by the due date.

The Trick about Interest

- Interest is the price you are charged to borrow money. The higher the interest rate, the more you will pay.
- Simple Interest:
 $(\text{Principal}) \times (\text{Interest Rate}) = \text{Amount Due}$
- Compound Interest:
 $(\text{Principal} + \text{Accrued Interest}) \times (\text{Interest Rate}) = \text{Amount Due}$

What does it mean for interest to compound?



Simple versus Compound Interest-

You borrow \$100 at 10% interest – how much interest will you owe after 5 years?

- \$50 if simple interest – five years at \$10 a year
- \$61 if compound interest

Why the difference – because when interest compounds, you are paying interest on interest – the interest gets added to the amount of the loan

WARNING !!

With credit cards, interest compounds *daily* on unpaid balances.



True or False?

All credit cards charge the same rate of interest?

FALSE

- Different banks charge different rates. **Shop Around.**

Good sites:

- Cardtrak.com
- Lowcards.com
- Cardhub.com
- Cardratings.com



Why does the interest rate matter?

What if you bought ...

- This plasma TV costing **\$2,000**



- And what if you use your credit card to buy the television and you make monthly payments of **\$300**?
- Assume you never miss a payment and the annual percentage rate on your card is **13%**.

What will the television end up costing you?

How long will it take to pay for it?

- Your total cost will be **\$2087**
- It will take you **SEVEN MONTHS** to pay for it

- Now, instead of an 13% rate, assume that, because your credit rating is poor, you must pay interest at a rate of **30%**.
- Also assume that you pay the **MINIMUM MONTHLY PAYMENT** of only **\$60** per month.

How long will it take you to pay for the television?

How much will you end up paying for the television?



- It will take you **74 MONTHS** (over **SIX YEARS**). **Total payment: \$4,354!**

Your choices:

- pay \$2,000 cash
- pay \$2,087 over seven months
- pay \$4,354 over six years



[More About Balances](#)

True or False?

If you are late in making a few payments on your credit card, the interest rate you pay may increase sharply.

TRUE

For example, on one Platinum VISA card, the rate jumps from 13% to 33% if you pay late or miss even one payment.



True or False

- If you pay your credit card balance in full each month, it doesn't matter what rate the bank charges on your credit card.

TRUE

- Since you only pay interest on the unpaid amount each month, you **never** pay any interest charge if you pay the entire debt.
- Banks hate when you do this because they make money from the interest you pay. **They will call you a deadbeat!!**





When you don't pay your bill in full, you become what the banks call a revolver. *Someone who goes around and around with an unpaid balance, paying interest each time around.*

Are there also fees for using credit cards?

- Annual fees (average \$65 a year).
- Late fees (up to \$30 for each late payment).
- Excess charges fee (over credit limit).

How to avoid fees --

- Pay on time (at least the minimum)
- When applying for the card, don't agree to "over the limit" charges
- Shop around for a card without an annual fee

What are "teasers"?



“Teasers” are very low rates that get your attention.

“Teasers” often only last a few months, then the rate may go much higher.

“Teaser” rates may be lost if a single payment is late.

Bottom line – a teaser may be good deal if you are disciplined.

But know all of the terms before signing up.

What are Awards?



AS LOW AS **9.95%**

- Award programs give you points, or miles, or dollars every time you use the card.
- These programs can encourage excessive or improper use of credit cards.
- But when credit cards are used properly (balance paid each month), award programs can provide useful benefits.
- For young people, the best awards programs are those that pay cash back based on credit card purchases.

Is the message here that you should not get a credit card?

- NO!!! The message is that you should be a **smart** consumer of credit cards.



- Credit cards are not just convenient, they are becoming essential to anyone who works or who makes on-line purchases.

- Smart use of a credit card will create a credit history and improve your credit score.

Why do you need a good credit history?

- To borrow money to buy a car.
- To borrow money to buy a home.
- Sometimes even to get a job.

- There are 3 major credit reporting agencies that track credit histories:

- Experian
- Equifax
- Transunion

These credit agencies only track the credit history of those who actually have credit.

If you never have credit, you will never have a credit history.



• The credit agencies will give anyone who has a credit history a credit score. This score is based on:

- Different types of credit;
- Length of credit (older people have higher scores);
- Missed payments;
- Lawsuits and bankruptcies;
- Number of credit inquiries.

Your Credit Score Matters

- Ms. Good Credit and Ms. Bad Credit both graduated from the same college, both work at the same company, and both are purchasing identical homes in the same neighborhood.
- Both are going to take out a 30 year mortgage for \$100,000.
- Ms. Good Credit has a credit score of 770.
- Ms. Bad Credit missed a few payments while in college and has a credit score of 570.

Your Credit Score Matters

- Due to her 770 credit score Ms. Good Credit qualifies for a mortgage at 6%.
- Due to her 570 credit score Ms. Bad Credit qualifies for a mortgage at 10%.
- How much less will Ms. Good Credit pay a month (and over the life of the loan)?

Your Credit Score Matters

- Ms. Good Credit's monthly payments are \$268 less.
- Ms. Good Credit saves \$3,216 a year or \$96,480 over the life of the loan.
- YOUR CREDIT SCORE MATTERS

Credit Score	Interest Rate	Monthly Payment
720-850	6.15%	\$609
690-719	6.37%	\$624
660-689	6.66%	\$643
620-659	7.48%	\$698
590-619	9.41%	\$834
500-589	10.0%	\$877

True or False?

- If you miss just one or two payments on your credit card, it won't hurt your credit rating.

FALSE

- That negative information can legally remain on your report for up to 7 years. Bankruptcy stays on for 10 years.

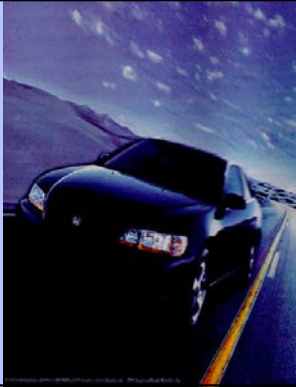


True or False?

If you apply for a car loan, the lender will probably review your credit report.

TRUE

- People who lend you money will almost always review your credit report.



True or False?

- When you apply for a job, your prospective employer may review your credit report.

TRUE

- A prospective employer can review your credit report if you give written authorization. More employers are asking to see credit reports.



What happens when credit cards go bad?



Why is bankruptcy so bad?

You may lose everything but the shirt on your back



And everyone will know your business

97 (Official Form 7-13-2011)

UNITED STATES BANKRUPTCY COURT
Eastern District of Virginia

In re: **Michael S. Voss** Debtor Case No. 13-00773 (JAL)

STATEMENT OF FINANCIAL AFFAIRS

I. Income from employment or operation of businesses

Note: State the gross amount of income the debtor has received from employment, trade, or profession, or from operation of the debtor's business, including joint tenancy, rental or an investment or investment-like activity, from the beginning of the calendar year to the date the case was commenced. State also the gross amount received during the two years immediately preceding the calendar year of filing for protection, to the extent the debtor reports on the basis of a calendar year other than the calendar year from which the case arises, including the beginning and ending years of the debtor's most year of a job position in that jurisdiction for each source separately. Identify each filing calendar year in column 1, and state the source of such income in column 2 or a job position in that column in column 3, unless the source is the recipient and a job position is not filed.

YEAR	SOURCE	FISCAL YEAR PERIOD
2011-2012	Admiral Federal	01/04-12/31/04
2012-2013	NAVY USCG	01/04-12/31/04
2013-2014	Admiral Federal	01/07-12/31/07
2014-2015	NAVY USCG	01/08-12/31/07
2015-2016	Employment in private US coast guard	01/08-12/31/08

A. Income other than from employment or operation of business

Note: State the amount of income received by the debtor other than from employment, trade, profession, operation of the debtor's business during the two years immediately preceding the commencement of this case. State particularly if a job position in that case involves the exact source separately. Identify each filing calendar year in column 1, and state the source for each source in column 2 or a job position in that column in column 3, unless the source is the recipient and a job position is not filed.

YEAR	SOURCE	FISCAL YEAR PERIOD
01/11-01/12	Capital Bank	01/08-12/31/08
01/12-01/13	Ordinary Dividends	01/09-12/31/09
01/13-01/14	Reserve Interest	01/04-12/31/04
01/14-01/15	Dividends and Interest, Charles Schwab Acct. No. 9877-0843	01/07-12/31/07
01/15-01/16	Dividends and Interest, Charles Schwab Acct. No. 9888-0847	01/07-12/31/07
01/16-01/17	Dividends and Interest, Charles Schwab Acct. No. 1031-0848	01/08-12/31/07
01/17-01/18	Schwab SFP-IRA of Michael Voss, Acct. No. 9100-4417	01/01/08-02/28/08
01/18-01/19	Schwab SFP-IRA of Michael Voss, Acct. No. 9100-4417	01/01/08-02/28/08
	Interest and Dividends	

The End

Chicago C.A.R.E. Program



MASTERING STUDENT LOANS

Our message

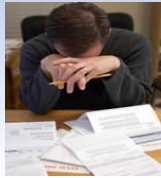
- An education is a good thing. But if you finance it with student loans, plan ahead and tread carefully.
 - There are things you can do NOW to help manage your students loans even before you go to college.



2

Student Loan Debt

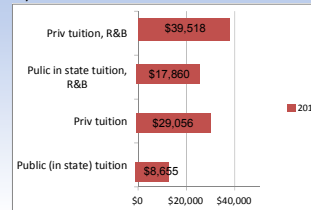
- Total US student loans has hit \$1.2 trillion
- 37 million Americans, 19.9% of American household owe student loans
- Average spending on college in 2012 was \$21,178



3

Student loan debt

- Approximately two thirds of college students have student loans
 - average owed at graduation -- \$26,600
 - Equates to a monthly payment of \$306 for 10 years



4

Our 3 messages are

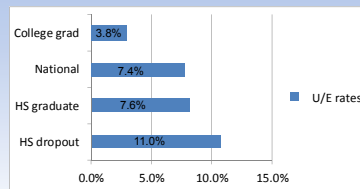
1. Student loans should be your last financing option for college
 - They are not “financial aid” – they are debt
 - Only use student loans when all other sources are exhausted
2. Do not borrow more than you can afford
3. Be smart about the type of student loan you get

5

Our message

- Is not to avoid college

Unemployment rates



6

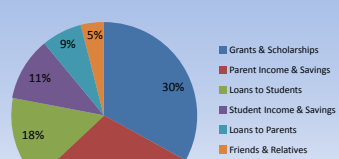
- Other than student loans, how do people pay for college?

Try to answer this question before we go to the next slide

7

Sources for college financing

Sources



- There are lots of ways to pay for college besides student loans

Let's look at some of them

8

Sources of college financing-- Student income

- Get a job!
 - Besides cutting down on amount of loans you need, it is a great way to become familiar with an industry and make contacts for post graduation employment
- Get work-study “financial aid” in college
 - There are federal work study programs at 3,400 institutions
 - Part of FAFSA application

BUT DON'T OVER-COMMIT



9

GRANTS AND SCHOLARSHIPS

FREE MONEY

Average amount of grants and scholarships: \$6,355

On average grants and scholarships cover:

- 37% of private school costs
- 22% of public school costs
- 34% of 2 year public college



10

FAFSA

Free Application For Federal Student Aid

- Federal grants and loans and as a practical matter state grants and private loans require you to fill out a FAFSA
- Plan ahead and have your FAFSA ready to be submitted as early as possible (starting January 1 of each year for school starting in the following fall)



11

Primary Federal Grants are Pell Grants

- capped at \$5500/student/year
- do not need to be paid back
- need-based



12

Primary Illinois Grants Are Illinois Monetary Award Program

- Illinois resident who attends an Illinois approved college
- need-based financial aid is awarded on a first-come, first-served basis to about 140,000 students a year.
- Up to \$4,720 a year (2013-14)
- **APPLY EARLY** - Just five years ago, students who applied as late as August were able to get grants for 2014-2015. The program ran out of money on February 27.



13

Scholarships

- **Money that does not have to be paid back!**
- Awarded on the basis of merit, skill, need or unique characteristic
- Avoid paying for help to find scholarships –it's usually a scam



14

Scholarships

- Places to look:
 - High School Counselor
 - Booster Club, PTA etc.
 - Surrounding Community
 - Local Businesses, Community Clubs, Parent's Business or Professional Affiliations
 - The College/University you plan to attend
 - **Collegegreenlight.com – free service that based upon a student's profile creates a list of various scholarships**
 - On the Internet

fastweb.com	collegeanswer.com
collegeboard.com	Studentscholarshipsearch.com
gocollege.com	Finaid.org
scholarshiphelp.org	careerinonet.org/scholarshipsearch



15

Crazy Scholarships

- **Chick & Sophie Major Memorial Scholarship Duck Calling Contest** (\$2,000) is open to any high school senior in the United States who can call ducks
- **The \$500 Loftbed Scholarship.**
- **Create-A-Greeting-Card \$10,000 Scholarship Contest**
- **The Asparagus Club Scholarship** (\$1,500) for those pursuing a degree in business, food management or grocery industry.
- **The American Fire Sprinkler Association** (\$10-\$2,000). Read a short essay about sprinklers and fire safety and take a 10-question quiz (each correct answer gives you a chance to win).
- **Vegetarian Resource Group** (\$5,000) show you promote "a peaceful world through a vegetarian diet/lifestyle"
- **Tall Club, Little People of America, Star Trek, Dr. Pepper fan**
- **Beans For Brains Scholarship** (6-\$3,250) proficient knitters or crocheters.
- **Fifth Month Scholarship** (\$1,500) you must write a letter to the number five (#5) and explain why the number five is so important.
- **Zombie Apocalypse Scholarship** (\$1,500) Imagine zombies have taken over your school Write an essay on how will you survive.
- **Two Ten Foundation Footwear Design Scholarship** (\$1,000-\$5,000) is available to any student who is studying design with a focus on footwear
- **Michigan Llama Association Scholarship** (\$500) to a child of a member
- **American Association of Candy Technologists** (\$5,000) majoring in food science



16

Here's the point: Scholarship money is available from all sorts of unlikely places. Look for it.

17

Sources of student financing: Student loans

- Student loans should be your last resort
 - Student loans are **DEBT**. They are not “financial aid,” no matter what the college says. (Watch this video↓)



18

Let's discuss this in more detail

- First let's discuss how much you can afford in student loans.
- Then let's talk about the differences between the types of student loans.

19

How much student loan debt can you afford?

- You should borrow reasonably in relation to what you expect to earn after graduation
- **Rules of thumb***:
 - It is recommended that you limit your borrowing so that your monthly payment is no more than 8-10 percent of your monthly gross salary (see next slide)
 - According to some commentators, your total student loan debt should **NEVER** exceed your first year salary after college/grad school
 - “Otherwise, you will be paying student loans when your children go to college” – Mark Kantrowitz, of FinAid.org

*based upon FinAid.org

20

Expected Salary <small>(based upon FinAid.org)</small>	Maximum Manageable Monthly Payments <small>(based upon loan at 3.9%)</small>	Manageable Education Debt <small>(based upon 10% of gross wages)</small>
\$20,000	\$166.00	\$16,540.00
\$30,000	\$250.00	\$24,808.00
\$40,000	\$333.00	\$33,078.00
\$50,000	\$417.00	\$41,348.00
\$75,000	\$625.00	\$62,022.00
\$100,000	\$833.00	\$82,696.00

Occupation	Starting Salary	Max Monthly Loan Payment	Manageable Student debt
Retailing	\$29,400	\$245	\$24,312
Teacher	\$35,900	\$299	\$29,687
Law Enforcement	\$39,600	\$330	\$32,746
Accountant	\$49,100	\$409	\$40,603
Nuclear Engineer	\$60,200	\$501	\$49,783

21


Once you have a handle on the amount of student debt you can afford

- Ask yourself, will my target school require loans in excess of what I can afford?
If “yes,” then STOP and re-think about going to this school.
- If you can afford to borrow, what kinds of choices do you have in student loans?


22

2 types of student loans – not all student loan debt is created equal

- Federal



- Private



23

4 Types of Federal Loans

1. PLUS Loans
 - (Parent Loans For Undergraduate Students)
2. Stafford Subsidized
3. Stafford Unsubsidized
4. Perkins Loans

24

True or False?

- A student receiving a federal loan needs a credit history or a cosigner

FALSE

PLUS LOANS (highlights)

- Need based
- Parents can borrow up to cost of attendance minus any other financial aid award amounts.
- Parents must have excellent credit history



27

Federal Subsidized Stafford Loans

- Need-Based
- Your school determines the amount you can borrow



28

Federal Unsubsidized Stafford Loans

- **NOT NEED BASED**
- Both subsidized and unsubsidized Stafford loans require that you start paying the loan back 6 months after graduation

Perkins Loans

- Need-Based
- College picks recipients
- Capped at \$27,500 for undergraduate
- Must start paying back 9 months after graduation
- Only 1% of all federal student loans

30

5 key features of federal loans



31

1. Fixed interest rates



Interest rates are reset each year but once you take out a loan the interest rate is fixed for that particular loan.

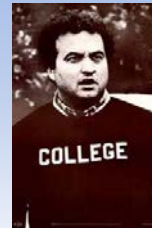
32

2. Cap on amounts

- Yearly caps
 - \$3,500 to \$12,500
- Caps on total amount borrowed

33

3. Interest deferral while in school



34

4. Long cure period (270 days)



35

5. Friendly Repayment Options For Federal Loans

- Standard Plan - fixed payment, fixed time not to exceed 10 years.
- Extended Plan (extends repayment period)
 - must owe over \$30,000, not to exceed 25 years
- Income Based Plan (lowers monthly payments)
 - Need-based cap at 10% of discretionary income (i.e., take-home pay)



36

Income-based repayment plans and extended plans

- You can have both an extended plan and an income-based repayment plan
 - For example, you can get a 25-year extended plan that initially reduces your monthly payment on a \$25,000 Stafford loan from \$252 a month to \$131 a month
 - If you qualify for an income-based repayment plan that caps payments at 10% of discretionary income and you take home only \$1,500 a month, your monthly payment gets further reduced to \$150

37

Federal loan forgiveness

- There are now 2 federal student loan debt programs to FORGIVE student loans

38

Loan Forgiveness Program #1

- Forgiveness program #1
 - Students who pay their monthly payment on time, even under a combined EXTENDED, INCOME-BASED plan, will have any remaining debt forgiven at 20 years
- **What's the catch?**
 - You must make 120 monthly payments on time
 - It only makes a difference for extended plans >20 years

39

Loan Forgiveness Program #2

- Public service loan forgiveness accelerates the forgiveness for income-based repayment to 10 years and makes it tax-free
 - Only Stafford loans are eligible. PLUS loans, Perkins loans and private student loans are not eligible.
 - Borrower must be employed full-time in a public service job, such as police, fire, military, public education and charities (although you don't need to spend 10 consecutive years employed – it only needs to be 10 cumulative years).
- **What's the catch?**
 - You must make 120 monthly payments during period of public service
 - Are you willing to commit to public service?

40

Features of Private Loans

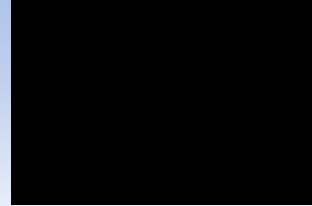
- 2.9 million students currently have private loans
- Total Private loans outstanding is \$165 billion (approximately 14% of total student debt).
- Arranged privately with your bank or other financial institution

DISCOVER | STUDENT LOANS



41

Be Careful With Private Loans



42

Other private loan features

- Floating interest rates
 - depends on credit history
 - can go as high as 25%-30%
- Immediate payment
- Negotiated deal
- No right to postpone or extend payments
- Fees – on average \$900 just to get a loan
 - Federal loans also charge fees - PLUS loans are 4%, Stafford loans are 1% and Perkins loans are 0%



43

Other key features of private loans

- Hair trigger defaults
 - E.g., default if lender “feels insecure”
- Parent co-signs



44

Here's the bottom line on private student loans

- Get them only after you have exhausted all other options for financing
- It is estimated that more than half of student borrowers fail to max out on government loans before incurring private loans!!



45

Defaults

- **Yes, it can happen to you**
- As of June 2013, more than 7 million borrowers were in default (more than 90 days late in payments) of their student loans
- Approximately 9.1% of borrowers were in default within 2 years of having to make payments

46

WHAT HAPPENS IF YOU DEFAULT (for both federal and private loans)

- Student loans must be repaid whether or not the student finishes his/her program of study
- Lender can sue
 - Private student loan—Lender can sue you one day after you default
 - Federal loans—Student is considered in default after being delinquent for 270 days; lender may file claim as early as 271 days
- Lender can garnish wages and (once received) social security benefits
- Income tax refunds may be intercepted (offset)
- Collection charges of up to 25% deducted from each payment, slowing repayment trajectory
- Can't renew professional licenses
- It's on your credit report, with disastrous effects for getting credit cards, auto loans, rental apartment, even a job
- Not eligible for federal financial aid.

47

I Can Always File Bankruptcy To Get Out Of My Student Loan - Can't I?

- Nope – it is very difficult to discharge student loans in bankruptcy. Discharge requires Bankruptcy Court to conclude payment would lead to “undue hardship”
 - Undue hardship is the present and future inability to repay the debt and maintain a minimal standard of living
- Only one percent of student loan debt gets discharged based upon a showing of undue hardship

48

Great web sites

- www.FinAid.org
- www.collegegreenlight.com

49

Summarize

1. Look for college funding from sources other than student loans
 - Fill out FAFSA early
 - Apply for grants and scholarships early and widely
 - Work college aid officers
2. Figure out how much in student loans you can afford
 - Does your desired degree have the earning power to pay off your loans

50

Summarize

3. If you are going to have loans, get fed loans first, private loans last
4. Borrow only what you need
 - Don't use student loans to pay for living costs if at all avoidable
5. **DO NOT** miss a payment. Default is very expensive

51

The End

CHICAGO CARE WEB SITE

CARE Chicago web site: www.CAREChicago.org

- Front page contains links for downloading many PowerPoint programs, including:
 - Charge It! - an overview on credit cards, credit reports and credit scores
 - Why You Don't Want to Go Into Bankruptcy - a scared straight discussion of consumer bankruptcy
 - Managing Student Loans - a discussion of alternatives to student loans, of smart ways to calculate the amount of loans a student can afford and of the key features of student loans
- "Videos" tab contains contains humorous credit-related videos that make a point, including:
 - A clip from Jon Stewart's "The Daily Show" with Dimitri Martin give his "advice" on credit card usage
 - Saturday Night Live with Steve Martin and Amy Poehler learn that they should "not buy stuff you cannot afford"
 - A humorous video in which the teenage speakers explain that student loans are just like STDs
 - Aston Kutcher gets a People's Choice Award and lectures the audience on money management
- "Articles" tab contains articles from newspapers and magazines on all sorts of issues related to consumer financial literacy - credit cards, student loans, credit scores and more
- And much, much more

AMERICAN BANKRUPTCY INSTITUTE

Summary of Major Federal Student Loans and Grants for Undergraduates, 2014-2015					
	Pell Grants	Stafford Loans		PLUS Loans	Perkins Loans
		Subsidized	Unsubsidized		
Interest Rates for Loans Disbursed on or after July 1, 2014 and before July 1, 2015	N/A	4.7%	4.7%	7.2%	5.0% fixed rate
Amount	Up to \$5,550/year Amount depends on financial need, cost of attendance, and enrollment status (full time/part time)	Dependent students (under age 24, with limited exceptions): Up to \$5,500 to \$7,500 per year, depending on year in school (maximum \$3,500 to \$5,500 subsidized, depending on year in school) Up to \$31,000 total (maximum \$23,000 subsidized) Independent students (and dependent students whose parents do not qualify for PLUS loans): Up to \$9,500 to \$12,500 per year, depending on year in school Up to \$57,500 total (maximum \$23,000 subsidized)		Cost of attendance minus other financial aid received	\$5,500/year; \$27,500 total. Eligibility and amount depend on financial need
Benefits	Do not need to be paid back	No interest while enrolled at least half time for Subsidized Stafford Loans or Perkins Loans Fixed interest rate will not change during the life of the loan Income-Based Repayment and Public Service Loan Forgiveness programs Options to temporarily postpone payments: <ul style="list-style-type: none"> • Deferments for situations such as unemployment, economic hardship, and active military duty, or while enrolled at least half time (interest-free for Subsidized Stafford Loans only) • Forbearances (interest accrues on all loans) • No fees for deferments or forbearances Discharged in cases of death, severe disability, school closure			
Can Be Used For	Cost of attendance (tuition and fees, housing and food, books and supplies, transportation, miscellaneous personal expenses) minus other financial aid received				
Recipient or Borrower	Eligibility and amount depend on financial need, cost of attendance, and enrollment status (full time/part time)	Students enrolled at least half-time, with financial need	Students enrolled at least half time	Parents of dependent students enrolled at least half time	Students with financial need selected by the college

Source: <http://studentaid.ed.gov/types/loans> (viewed Aug. 4, 2014) and House Committee on Education and the Workforce (202) 225-3725

JTBF 8-7-14

10 Simple Rules to Remember

1. Have a budget and live within it.
2. Don't have more than one or two credit cards.
3. Shop around and get the best deal.
4. If you can eat it, drink it, or it costs less than \$20, don't charge it.
5. Use a debit card, check or cash whenever possible.
6. Pay off the balance every month.
7. Always have a plan – never make just a minimum payment.
8. Don't use cash advances or convenience checks. Both can come with fees on top of high interest rates.
9. Understand the difference between needs and wants.
10. If you are borrowing to pay a credit card debt – STOP – you are in trouble.

Web sites at which to shop for and compare credit cards

ConsumerCompare.Nextadvisor.com	Lowcards.com
creditcards.com/	Cardhub.com
bankrate.com/credit-cards.aspx	Cardratings.com

Good credit cards for students

Capital One Journey Student Rewards – 1% cash back; text alerts of payment due date (Smartmoney.com 2011)

Citi mtvU Platinum Select Visa – points for good grades (Smartmoney.com 2011)

Citi Dividend Card for College Students - 5% cash back in quarterly rotating categories, 1% cash back on everything else (note: there is an annual \$300 cash back max) and no annual fee (NextAdvisor.com, February 2014)

Pentagon Federal Credit Union Visa Platinum Cashback Rewards - 1-5% cash back (Smartmoney.com 2011)

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Web sites that catalog college scholarship programs

bigfuture.collegeboard.org/scholarship-search Finaid.org
careerinfonet.org/scholarshipsearch gocollege.com
collegeanswer.com studentscholarshipsearch.com
collegegreenlight.com

Another useful web site

annualcreditreport.com - get a free copy annually of your credit report from each of the three major credit bureaus

341 Meeting Questions

Trustee: black

Debtor: red

1. Trustee: This is case number 35 on my call sheet. Sorry for the hour and a half wait while I did the other 35.
2. Trustee: State your name for the Record.

Debtor: Say name.

Trustee: Do you solemnly swear or affirm that the testimony you are about to give is the truth, the whole truth and nothing but the truth?

Debtor: Yes.

3. Where do you live? *Provide any address –it can be made up.*

Do you own or rent? *Own.*

How much is it worth? *Its worth about \$500,000 and I have a \$300,000 mortgage on it.*

[Moderator explains that the home can be sold and the equity above \$15,000 belongs to the trustee for the creditors]

4. I have here the papers you filed to go into bankruptcy. I am going to ask you some questions about them.

First, did you sign the petition, schedules, statements and related documents? *Yes.*
Is this your signature? *Yes.*

Did you read the petition, schedules statements and related documents before you signed them? *Yes.*

Is all the information contained in those documents true, correct and complete?
Yes

Is there anything that you left off that you'd like to tell me about?
I own a cat and a dog. The dog is a rare breed and cost \$1,000, but now he is old and can't walk well. Did I have to put those down?

[Moderator explains that all assets must be listed, it is up to the trustee to decide if a particular asset has no value]

I see that your assets include a 2012 Lexus, and that you say that it is worth \$8,000. Where did you get the \$8,000 value?

A friend told me.

How much do you owe on the car?

\$7,000

Did you drive here today using that car?

Yes.

Please give me the keys. [Moderator explains that he has checked the Blue Book value of the car and it is over \$30,000. As trustee, he will sell the car, pay off the \$7,000 owed on it, pay \$2,400 to the bankrupt to cover his exemption, and pay the rest to creditors.]

How I am supposed to get home? [take the bus or walk]

I see that your list of liabilities shows money owed to banks. What is that for?

I owe about \$95,000 on four credit cards.

Do you owe anything for student loans?

Yes, about \$125,000.

[Moderator note that student loans generally are not dischargeable]

Are all your liabilities disclosed in these papers?

I owe my brother \$5,000 which is not included in the papers. I plan to pay him anyways so I did not include that debt.

Also, I did not include \$10,000 I owe to a loan company for a boat I bought. The loan company has been sending people to tell my children that I better pay back the loan or else. It has really scarred my kids. To avoid any trouble, I plan to pay back the loan.

[Moderator explains that all debts, even those owed to family, can be gotten out of in bankruptcy. Also, that it is a crime to threaten harm to a person in debt or to harass family members of that person]

5. Have you sold or gotten rid of any of your property in the last year?

I went to Las Vegas and lost a lot of money. When I could not pay my gambling debt, I gave my engagement ring to the casino to settle it.

Have you given any gifts to relatives?

A while ago I won \$15,000 in the lottery. I split it three ways to my three kids, \$5,000 each. Otherwise it would have been in my bank account and the credit card companies would have taken it. I did not want that to happen.

[Moderator explains that gifts to children, at a time when bills can't be paid, are unlawful. The children could be sued to get the money back]

6. Are you suing anybody for any reason in any court?

When I was driving, I was hit by a drunk driver who ran a red light. My back was injured and I will have back pain for the rest of my life. I have been offered \$50,000 to settle the case but my lawyer says that is too low.

[Moderator explains that whatever is collected for the injury above \$15,000 belongs to the trustee for the creditors]

7. Are you currently entitled to receive the proceeds of insurance or an inheritance?

My grandmother died a week before I filed for bankruptcy and left \$25,000 for me in her will. I was her favorite. I sat up with her when she was sick before she died and I know she really wants me to use the money well.

[Moderator explains that inheritance money belongs to the trustee for the creditors]

That is a nice ring on your finger

It was my grandmothers' wedding ring. It is solid 15 karat gold.

Please give it to me.

[Express shock and outrage]

[Moderator explains that a ring is like any other asset that will be taken and sold to pay creditors. The bankrupt may be able to exempt some of the cash value of the ring, but above that the ring is lost to the trustee]

Credit Abuse Resistance Education (CARE)

Blueprint for New Program Start-up

Would you like to get the CARE program started in your area? It's easy to get started!

Process:

1. Determine the high schools you will invite to participate and the number of seniors at each of

those schools. Contact each high school principal with whom you would like to work. Visit

the school to explain the CARE program to the principal using the CARE website so the

Principal will clearly understand the CARE content and format. Determine the best day(s) and

time(s) to schedule the CARE presentation(s).

Note: Schools provide classroom space, Internet access and computer with projection and a

teacher /monitor in the room.

2. Recruit the number of attorney volunteers needed to present the CARE program on the

determined dates and times in your selected high school (s). The CARE program is presented to

high school seniors in a classroom setting of 20-30 students. For example, if the high school

has 100 seniors, four to five presentations may be offered by multiple attorneys.

3. Arrange for attorney orientation. This can be an informal meeting of participating attorneys to go

over the CARE content and share ideas for effective presentation. It can be a more comprehensive

CARE FINANCIAL LITERACY CONFERENCE 2014

training session with an experienced CARE presenter as a workshop leader. Attorneys may be

credited with 2 hours of CLE credit for participating in this community service program.

4. Schedule each of the volunteer attorneys to a time slot at each high school.

5. Publicize your CARE outreach through local newspapers, radio, your Bar Association or other

community publications prior to the program delivery. Often the media will cover the activity as a

public service or school/business partnership.

6. Inform the national CARE organization about the number of attorney volunteers and the number of students reached after the presentations are completed.

WELCOME TO THE CREDIT ABUSE RESISTANCE EDUCATION (CARE) PROGRAM!

*Presented by Jan Mester, CARE Coordinator for Louisville, Kentucky
Sept.12, 2014*

www.careinky.org

Dallas

Introduction

Credit Abuse Resistance Education (CARE) is a program of the Kentucky Bar Foundation and the Louisville Bar Association. That means many lawyers and judges care about teens and their money sense. I am an attorney with _____.

In my job I (Briefly explain what you do. Give a few personal anecdotes about your teen years and your money stories).

Today we will talk about credit. How to think about it, prepare to use it and avoid credit mistakes.

The CARE booklet is yours. It has great information so hang on to it. Take it home and share it with your parents. We will talk about some major credit issues but you will need to read and think about what's in the booklet and how credit can change your life.

Theme 1- MINDSET

Pg. 4-6 Let's get started! How many of you earn money with a part-time job? How many of you have a checking account? Who is saving for a major, future purchase like a car, trip, school, or an apartment? How many of you keep track of your spending? Tell me some of your experiences with money.

70% of the United States economy is spending by consumers—that's you! You are important and your money behavior does make a difference so be smart about it.

Pg. 7 Purchasing things you want is fun but understanding the decision making process can keep you from making a mistake that will be extremely expensive and may affect your future choices. Learn a simple thinking process and you will be less likely to buy something impulsively. State your goal, list alternatives, think about what you want and how each alternative addresses that want and determine which alternative is most appealing.

Theme 2- Budgeting

Pg. 8 Budgeting will be important to you as you go out on your own at college, in a job, or living on your own.

Pg. 9-13 There are many ways to track spending and the 5 tips we suggest are just a start. It is important to know what you want to achieve and plan to have the money to get to your goals.

Theme 3- Credit Sense

Pg. 12 Credit can help you reach long-term goals. Management of a checking account and debit card prepares you to use credit responsibly.

Pg. 14 A credit card statement is an important document. When you get it, read it carefully. You will be charged fees and interest if you are not careful.

Pg. 15-17 Bad credit follows you. You don't want to learn the hard way. There is a score that tracks your responsibility with credit. It goes up and down with your use of credit good and bad.

Theme 4- Credit Used by Teens

Pg. 18-19 Credit is not a bad thing but you need to know the costs of using a credit card or borrowing money you don't have. There will be different types of credit you will use through life. Buying now and paying later can cost you BIG TIME unless you are aware of fees, interest and consequences.

Pg. 20 Many teens have a car loan. How many of you are paying off a car? We have some tips for managing the purchase of a car. Think about price, down payment, and shop around.

Pg. 21 If you have a job you may use the services of a payday loan company. This company gives you money in advance of your paycheck- but you pay interest.

Theme 4- Credit Used by Teens - Continued

Pg. 22 Renting household goods and technology like televisions, computers and appliances is expensive. You would be wise to save money to buy things you need instead of renting and paying more for used goods.

Pg. 23 Did you know that 26% of young people 18 to 26 are victims of stolen credit card information? Never give personal information online. Your identity and finances need to be protected. Hackers on the Internet get your personal information by texting and e-mail with offers and gimmicks. Be careful about passwords and downloads so that you don't share information with the wrong people.

Theme 5 – Heading to College?

Pg. 24 How many of you are planning on going to college, community college or trade schools? There are many opportunities for loans and financial aid. The FAFSA form is most commonly used by schools to determine if you are eligible for a loan and how much you may receive for school. Check out a new option called the Kentucky Advantage Education Loan.

Pg. 25 Getting out of high school and being more on your own is exciting! You will not have other adults taking care of your wants and needs. As an adult you will need to be realistic about your financial life. Think about how you can make your money work for you.

Pg. 26-27 Let's review. We have covered a lot of important topics. Do you get it? There is a checklist of big credit ideas for you to consider. Talk with your parents about money. Ask questions and don't hesitate to say that you want to know more about money and credit. Does anyone have questions or comments about what we have talked about today? Thank you!



Thank you!
CARE Volunteer

Before you meet the students:

TIP You may find the CARE website helpful- www.careinky.org

TIP Be aware of the wide range of socio-economic diversity within a classroom. Not all the students will be going to college, have allowances, or cars. Some may have difficult family situations; one parent in the home, poverty, homelessness. They may be unwed mothers and fathers on their own.

TIP Make your examples appropriate for teens. They won't be interested in mortgages, retirement and bankruptcy for now. They are interested in cars, jobs, clothes and popularity. Touch upon their interests.

TIP Talk with students- not to them. You can relate to them by asking them questions; be friendly and approachable. Their words and feelings should be acknowledged. Conversation allows their perspectives, attitudes and experiences to be expressed.

TIP Keep your presentation moving. Don't read the booklet to the students.

TIP At the end of your presentation, ask for questions. Thank the students and the attending teacher.



CARE Boot Camp: Basic Training for Financial Foot Soldiers

Asking questions to engage teens

It is important to engage your teen audience in conversation as part of your CARE presentation. Talking **with** the teens and not just **to** them will have far more impact. Their words and feelings can be acknowledged and attorney questions allow teens' perspectives, attitudes and experience to be expressed.

Below are some suggested questions you may choose to use during your CARE presentation.

- How do you earn, manage and save money?
- What are some part-time jobs that you doing while in school?
- What are some typical expenses that you currently have?
- What types of debt do teenagers face?
- How can high school students be better money managers?
- Do you keep a budget or track what you do with your earned money?
- What expenses are worth using credit for?
- What goods or services do you impulsively buy?
- How can borrowing money from friends cause problems?
- Why is your financial reputation important?
- Do you use the services of banks or credit unions?
- What are some bad habits that can cause money problems?
- Where can you go for help with money problems?
- How can abusing credit mess up your life?
- What is a good use of credit?
- What is a bad use of credit?
- What do you see in your financial future?
- Is being rich important?



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