hopelink

Financial Foundations for Immigrants and Refugees

Welcome to Financial Foundations!
Introduction

Facilitators are strongly encouraged to read all modules at least two weeks prior to class so you have time to fully prepare. There are activities and exercises that will require advanced preparation. We estimate it will take approximately two hours of preparation for each module depending on how familiar you are with the topics.

Hopelink's *Financial Foundations for Immigrants and Refugees* facilitator guide contains four modules. This introduction and three content-specific modules on financial topics that were chosen and created based on input from members of our community who identify as immigrants and refugees, as well as those who provide services and support to them.

We developed this facilitator guide for financial education professionals, volunteers, service providers, and individuals who have a passion for supporting this community but may not have much experience facilitating financial discussions. The guide and participant workbooks can be used in a formal classroom setting, in small groups, or individually. The materials are free to download and customizable so you can adjust them to meet the needs of those you serve.

Facilitators are encouraged to use the Financial Foundations materials as an opportunity to learn more about the unique needs of people in your community and how you can best partner with participants, service providers, and financial institutions to meet those needs.

Participant workbooks are available to download in multiple languages to address the growing need in our community and across the state to increase access to linguistically appropriate financial education and financial coaching services. Individuals who have recently arrived in the

United States and have limited ability to read, speak, write, or understand English experience significant barriers to accessing safe, and affordable financial products and services, community resources, and financial education opportunities. They also face challenges navigating and fully participating in the U.S. financial system, which impacts achieving financial well-being for themselves, their families, and their communities.

The immigrant and refugee community, like all the individuals we serve, are unique and so are their needs. Financial Foundations is meant to be a starting place to have money conversations and help you support the financial education needs of immigrants and refugees with whom you are working. These needs will vary and so will the pace and depth you will need to cover in each module.

Thank you!

Our sincere thanks to the Washington State Department of Financial Institutions for their financial support and encouragement which allowed Hopelink to increase our investment in translation, linguistically appropriate service providers, and interpretation.

We would also like to thank and acknowledge Luellen Lockwood and Megara Potts who volunteered hours of her time to help research, develop, and edit these materials. Lastly, thank you to our colleagues at International Rescue Committee, and World Relief of Western Washington, Immigrant Women's Community Center, Express Credit Union, and Hopelink's English for Work Program who offered their expertise and first—hand knowledge of the unique needs facing our immigrant and refugee community.

Additional Resources

The following is a list of additional free, unbiased resources to explore as you prepare to start classes. Collaborating with trusted local financial institutions and organizations will also help provide much needed access to safe, appropriate financial products and services. More topic-specific resources are included in each module.

- Challenges facing immigrants (Consumer Financial Protection Bureau research) Financial Education Program serving Immigrant Populations CFPB 05.20.2016.pdf. Consider products that meet religious requirements – see page 26 Financial Education Program serving Immigrant Populations CFPB 05.20.2016.pdf
- International Rescue Committee Safe Program (Support for Afghan Financial Empowerment) online classes and videos in English, Pashto and Dari SAFE (safeirc.org)

- The CFPB offers free financial education materials for LEP consumers that can be downloaded or ordered in bulk. Selected materials are available in Spanish, Haitian Creole, Mandarin, Korean, Vietnamese, French, Tagalog, Arabic, and Russian. These financial education materials can be found at promotions.usa.gov/cfpbpubs.html.

Icons and what they mean.

 Advanced preparation required.

 Learning Objectives for each module.

 Refer to participant workbook.

 Tools and resources you may need.

 Group discussion or sharing activities.

 Points to summarize or recap.

Feedback helps us all deliver better support!

We are delighted that you are interested in using Hopelink's Financial Foundations materials to support financial education and wellbeing of those you serve. We launched Financial Foundations in 2023. We tried to include topics and materials that are timely, but we also know the world can change quickly. As you begin to work with these materials and facilitate sessions, we would love your feedback by scanning this QR code or email Hopelink at FinancialEd@Hopelink.org.

The Facilitator Mindset

The term "facilitator" is used with intention, rather than teacher or instructor. The facilitator mindset is one of collaboration and shared experience. A facilitator is "someone who helps to bring about an outcome-such as learning, productivity, or communication-by providing indirect or unobtrusive assistance, guidance, or supervision."[1]

[1] "Facilitator." Merriam-Webster.com Dictionary, Merriam-Webster, https://www.merriam-webster.com/dictionary/facilitator. Accessed 2 Nov. 2022.

The first time you meet with participants will set the tone for success in the remaining sessions. As a Financial Foundations facilitator, you are creating a safe space for participants to explore financial topics and gain confidence in their ability to navigate the U.S. financial systems. Facilitators and participants both have information and experiences to share and can learn from each other.

Participants are not native-born to the United States and have arrived under many different circumstances. If you are working with refugees, they have likely arrived under duress and with humanitarian support. They and their families have likely experienced and continue to experience trauma. They may have family members in danger about whom they are very worried, have lost their community of support, are frightened, confused, and unsure of who to trust. They may not have a clear idea of their path forward and what the future holds. They are vulnerable to predatory actors and may have significant language barriers. It will be very important to go at a pace comfortable for all participants.

Below are several things to consider as you prepare to start your classes:

1. **Levels of literacy and learning style.**
   Not all participants will share the same level of literacy in English and/or in their first language. Some participants may have a high level of English language proficiency while other may have no ability to communicate in English. Some will be literate in their first language, and some may not be fully literate in their first language.

   Don't assume literacy levels or learning styles. Simply encourage multiple ways to use the participant workbook and communicate as they are comfortable. In addition to directly translated content, the workbooks include space for participants to take notes, draw illustrations, make markings, doodle, or do whatever they need to help support their learning style and planning.

2. **Connect to resources in your community.**
   If you are not already working in the financial education or social services field, take time to learn about free, unbiased, trustworthy resources in your area so you are prepared to connect participants to those resources if needed. Think about ways you can reduce barriers to access by inviting guests to your session. For example, is there a financial institution in your community with products and services specifically designed for the immigrant and refugee population?

   We have provided many resources throughout the facilitator guides to help you get started. Look for unbiased information provided by regulatory and consumer protection agencies to fill in any missing information that is relevant to the community you are serving.

3. **Using translators and interpreters.**
   Just because someone speaks the language, doesn't make them an appropriate choice for translation or interpreting. Professional translators or interpreters, bi-lingual service providers, volunteers, or staff from financial institutions are good choices. Try to avoid family members, friends, or others who may not fully understand the content, insert their own opinions, or take short cuts in translation.

   If you must use interpreters, keep in mind pacing and word choice. Avoid colloquial language, slang, idioms, etc. When using an interpreter, additional time will be needed to facilitate and make sure participants have a clear understanding of the materials covered before proceeding.

4. **Timing.**
   Session length will vary depending on the participants and how you choose to deliver the module content. Each module will take somewhere between 1.5-2 hours to allow for discussion, clarification, and questions. You can adjust the module content and therefore the time it takes to complete a session. This will depend on how many participants are in a group or if you are working 1:1.

5. **Scheduling sessions.**
   When scheduling sessions, work closely with participants and/or the providers who support them. Sessions often work well if they are part of an established gathering already, such as community dinners or lunches, resource centers where people already gather, churches, housing sites, etc.

   Consider the following when scheduling classes:
   - Access to transportation if in-person.
   - Access to technology if virtual.
   - Days and times that work best for participants and their families.
   - Childcare.
   - Physical set-up of classroom. For example, arrange chairs and tables in a circular shape for a more conducive atmosphere for sharing.
   - Other considerations for your sessions:

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Tools you may want on hand for classes.

- Sign in sheet or some way to take attendance if the class is virtual.
- Pre- and post-class questionnaire. Keep this simple, limit to 2-3 questions.
- Name tags or name tents if in-person, type their name in window if virtual.
- Markers, pens, pencils, or whiteboard/screen share if virtual.
- Handouts and workbooks for participants. These may need to be delivered/mailed prior to the first class if virtual.
- Calculators or phones with calculators.
- Interpreters if needed.
- A list of resources and support in your area to share with participants.
- Extra income and expense tracing worksheets.
- Extra savings plan worksheets.
- Other:

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6. **Immigrations status of the population you are serving.**
Immigration status and documentation can be scary words and can cause concern for participants. It may be important to stress to participants the need for this information is simply to understand what financial products and/or services are available to them and what resources are available in the community to support them. There is no need to dwell on these terms, as it can cause undue stress for participants.

Each module goes deeper into types of documents and status participants will need to access financial products and services. Below are some common immigration status definitions and documentation terms in case they are not familiar to you.

- **Refugee:** International law recognizes a refugee as someone who has been forced to flee their country because of persecution, war or violence. A refugee has a well-founded fear of persecution for reasons of race, religion, nationality, political opinion or membership in a particular social group.
- **Immigrant:** An immigrant is an individual who moves from one country to another with the intention of residing there permanently or for an extended period of time.

- **Asylum seeker:** An asylum seeker is someone who leaves their home country due to a fear of persecution and seeks protection in another country by applying for asylum.
- **Resident Alien (Green Card Holder):** A resident alien is a non-U.S. citizen who has been granted legal permanent residency in the United States, also known as having a "green card", allowing them to live and work there permanently.
- **Special Immigrant Visa (SIV):** A type of visa given to individuals who have worked with the U.S. government abroad and faced threats. It allows them and their eligible family members to immigrate to the United States and seek safety and protection.
- **H1 Visa/H1B Visa:** A non-immigrant visa issued by the United States to allow employers to hire foreign workers in specialty occupations. The H1 visa is specifically designed for individuals with specialized knowledge, skills, or expertise in fields such as science, engineering, computer programming, or other highly skilled professions. It enables foreign workers to work temporarily in the United States for a sponsoring employer. H1 visas are typically granted for a period of up to three years and can be extended to a maximum of six years in most cases.
- **Spouse of H1:** The spouse of an H1 visa holder is the legally married partner of someone who holds an H1B visa, allowing them to live in the United States together. Under certain circumstances, the spouse of an H1 visa holder may be eligible to work in the United States. Specific eligibility requirements should be verified with the U.S. Citizenship and Immigration Services (USCIS) or an immigration attorney.
- **Social Security Number (SSN):** A unique identification number assigned to individuals in the United States for the purposes of tracking their earnings and benefits. Eligibility requirements may vary based on specific circumstances and immigration statuses. An SSN is generally available to the following groups of individuals:
    - U.S. Citizens: All U.S. citizens, regardless of age, are eligible to apply for and obtain a social security number.
    - Permanent Residents: Individuals who have lawful permanent resident status, commonly known as green card holders, are eligible to obtain a social security number.
    - Authorized Non-Citizen Workers: Non-citizens who have employment authorization from the U.S. Citizenship and Immigration Services (USCIS) can apply for a social security number. This includes individuals with temporary work visas, such as H-1B or L-1 visas, as well as refugees and asylees.
    - Foreign Students: Non-citizen students studying in the United States with valid student visas, such as F-1 or M-1 visas, are eligible to apply for a social security number if they have been authorized for employment by the designated school official.

- Dependents: Certain dependents of individuals who have a valid social security number, such as spouses and children, may also be eligible to obtain their own social security numbers.
  See: https://www.ssa.gov/pubs/EN-05-10096.pdf for more information about Social Security Numbers for non-citizens.

- **Individual Taxpayer Identification Number (ITIN):** A tax identification number issued by the IRS to individuals who need to file taxes to report earnings or earned interest but are not eligible for a Social Security Number. An ITIN is not a valid for work purposes. To apply for an ITIN, you need to complete Form W-7, attach the required identification documents, and mail the application to the IRS. They will review your application and send you an ITIN if approved. You can also apply for an ITIN at a Certified Acceptance Agent in your State: https://www.irs.gov/individuals/international-taxpayers/acceptance-agent-program.

MODULE 1: Managing Your Money

Facilitator Guide

Please review the Introduction module before starting Module 1.

Overview: This may be the first time you are gathering with your group, or perhaps you are familiar with the participants already. In either case, we want to recognize that talking about money can be uncomfortable for a lot of reasons.

As discussed in the Introduction, it will be important to begin by establishing a welcoming, safe, inclusive, and respectful environment where participants can learn about financial topics and resources to help them navigate the U.S. financial systems without fear of being judged.

Learning objectives: All Financial Foundations modules provide an opportunity for participants to learn about financial topics, build skills, and gain confidence to access safe, affordable financial products and services. The key objectives in this module include:

- Participants will feel welcome and safe talking about finances supported by a non-judgmental, participant-first approach to learning.
- Participants will explore their knowledge based on their personal experiences and be able to identify their most pressing financial priorities.
- Participants will gain a better understanding of their unique values, priorities, and goals as it relates to money and finances.
- Participants will learn the importance of setting financial goals.
- Participants will learn how to create a system for tracking their income and expenses and identify ways to increase income and decrease spending to meet their financial goals.
- Participants will learn to look objectively at their financial situation to help reduce stress, build assets, and provide a sense of control over their money.

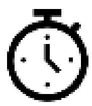
Let’s Get Started!

1. Welcome participants.

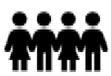
Introduce yourself and why you are excited about facilitating. Perhaps you have a connection to the country or countries your participants are from? Let the participants know why you are there and why you care about their financial journey to help them make a connection to you.

A safe welcoming activity will help you get to know the participants, and the participants to get to know each other. It can take time to get to know each other and build a supportive community. This module is the first step.

If participants already know you and each other, you may not need to spend as much time on this, though it is still important to establish a comfortable space to talk about money.



Suggested welcome activities.



a. Ask participants to write their name on a name tag or table tent. Suggest they draw a picture or decorate them as an “icebreaker”. If class is virtual and participants are able, ask them to type their name in chat and ask a simple icebreaker question.
b. If you are working with participants from different counties, ask them to share where they are from and to write the word “welcome” in their native language. If that word has already been written encourage other word choices such as “hello”, “good day”, “good evening”, etc.
c. Collect the “welcome” words and create a word cloud or take a photo to use for the remaining modules during the welcome and check-in. There are free word cloud sites such as WordArt.com or free graphic sites such as Pixabay.com.
d. You can also use a word cloud that already exists such as:

Once the welcome activity is completed, move into money conversations. Acknowledge that talking about money may be uncomfortable and a new experience for some. Share that your goal is to help create a safe, comfortable place to explore financial topics so participants can learn and gain confidence navigating the U.S. financial systems.

Share that an important part of how sessions are structured is the understanding that both the facilitators and participants have information and experiences to share and can learn from each other. Invite participants to respond to a discission prompt.

Here are some sample questions and discussion prompts to consider. These questions will also help you gauge what level of comfort and experience participants have managing their money.

- ☐ Share an experience since arriving in the United States that was confusing as it relates to money, making a purchase, or a similar situation.
- ☐ How did the financial system work in your home county?
- ☐ What is something that scares you about the U.S. financial system?
- ☐ In your home country, where did you keep your money?
- ☐ How did your employer pay you for your work?
- ☐ How did you pay for items you needed?
- ☐ Did you have any savings available for emergencies?
- ☐ Other ideas:

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2. **Provide a summary of what you are planning to cover.**

Once participants have shared their experiences, share your plan for this and any future sessions. Try to connect the questions and concerns that may have been raised by participants earlier to the modules you plan to cover:

- ☐ Module 1: Money Management
- ☐ Module 2: Banking in the United States
- ☐ Module 3: Credit

If there were concerns or questions that came up during the sharing, either connect participants to support and resources they need, or add supplemental information to future classes to address those concerns and questions.

Encourage participants to share and ask questions during your time together. Participation is important as it will not only make the sessions much more interesting and meaningful, but there is much participants can learn from each other.

Establish this early as part of the welcome and demonstrate it can be fun to work on building a strong financial foundation and make new friends. You are helping to build and/or strengthen their community connection in addition to helping participants build their confidence.

3. **Introduce the Financial Foundations workbook.**

Use your own copy of the participant workbook to reference as you go through the content. The participant workbooks have been translated into many languages and it is the most important tool we use to facilitate session.

Participants will take notes in their workbooks so they can reference them long after the session. Ideally, we are helping them create their own reference document. Financial Foundations is structured to be interactive and based on money conversations in a group or one-on-one setting, rather than a typical formal classroom environment.

If you are working with a group and choose to use PowerPoint or other visual aids, keep the content simple and use it to reinforce what is covered in the workbook.

4. **The 3 “Ps” of managing your money.**

The workbook begins with a broad overview of money management. Share that money management is the process of planning and adjusting your finances to make sure you have enough money for the things you need and want, now and in the future. It includes defining goals, tracking income and expenses, creating a budget (or spending plan[2]), and making informed decisions about how to spend, save, and share your money.

We frame the discussion about managing money and budgeting using three themes: Purpose, Plan, Power, or the 3 “Ps”.

This can be a helpful alliteration for English-speaking participants, but the alliteration is lost when translated into most other languages. Keep in mind, each workbook has been translated to capture the theme of the 3 “Ps”, though the words may not translate exactly.

- PURPOSE: Defining your goals will guide how to manage your money and make financial decisions that are best for you and your family. It gives **purpose** to creating a budget.
- PLAN: Creating your budget will give you a **plan** to track income and expenses and identify how to adjust so you have more control of your money.

[2] The word budget can have a negative connotation and some educators prefer to use the term spending plan in its place. In this guide, we use the terms interchangeably. We will also introduce using a cashflow budget.

- POWER: Increasing your awareness of your complete financial situation can help reduce stress, build wealth, and increase your **power** to make informed decisions so you can reach your financial goals.

5. Values, Priorities and Goals – PURPOSE

It is important for participants to take some time to think about their values, priorities, and goals with respect to money. This may not be something many participants have done before. It is also likely participants are eager to start learning about financial topics and they may not see the value in spending time on this when many want to get to action.

Be flexible. Acknowledge participants' enthusiasm to learn, ask for patience, and assure them this is a critical step in building a strong financial foundation.

Helpful tools: Pages 9-12 of the Consumer Financial Protection Bureau's (CFPB) Your Money, Your Goals toolkit does an excellent job of exploring values, culture, and traditions and how they influence the way we make financial decisions.[2]

Start the "purpose" conversation with a discussion prompt, for example: "*Why do you think it's important to talk about values and priorities? After all, we are here to learn about money and finances, right?"*

This is also a great time to acknowledge that every person is unique and the things that may be important to one person, may not be important to another. If you are working in a group, stress that during your time together, it is important that we are all respectful of each other and feel safe to share our thoughts and experience.

- Give an example of how you and someone you care about may have different values and therefore prioritize money decisions differently.
- Use a made-up scenario to illustrate differences in values and priorities around money decisions.

Ask participants to use their workbook to reflect on the things they value the most and why these things are important to them. This does not need to be shared, and if participants would rather do this outside of the session and/or with family that's ok. The important thing is to encourage participants to start thinking about **what influences their financial decisions**. This is helpful now and in the future. Thoughtful, informed financial decision-making is essential to long term financial stability.

Make a list of what you value the most.	Why are these important to you?
Workbook example	Workbook example

Ask if anyone would like to share, but only if they are comfortable. If you, as the facilitator, are comfortable, you can also share your values and how that shapes your priorities to use as an example. Or you can use a fictitious character and situation to share during this exercise and use them as an example throughout the other modules for consistency.

Having an example ready to share can spark more conversation as participants may feel nervous about being the first to share. It can also take away from personalizing situations. Participants may be more comfortable discussing a fictitious person's situation rather than their own or someone else present.

As you move into the conversation about setting goals, share that connecting values and priorities to goals make them more meaningful, and more likely to be successfully reached.

Emphasize what is covered in the participant workbooks:

a. When we know what is important to us, our values and why we value those things, we can identify priorities (what to work on first) and set goals that are meaningful to us.
b. Once we know where we are going (our goals), we can then identify what we know already, what we need to learn more about, and what resources we can access so we can put an actionable plan in place.

6. **Setting financial goals**

Once participants have explored their values and identified their priorities, they can now start looking ahead to goal setting with their hopes for the future in mind. Attaching goals to values and priorities make them more meaningful and helps to create a realistic plan.

Keep in mind, many participants may have lived disrupted lives for many years before arriving in the United States and may not have practiced financial planning or even thinking about future goals. They may not have had a lot of resources either and though very good at managing day-to-day, they have not had the luxury of thinking about goals beyond tomorrow or next week.

Be patience and guide gently.

Goal Activity:

Ask participants to share how they would define a goal. After participants have had a chance to share their thoughts, make the point that **a goal describes where you want to be in the future, but it does not explain how you plan on getting there.**

Ask participants to express their goals in their workbooks. They can write them, draw a picture, make a symbol, whatever is meaningful to them and fits their learning style.

Note: We have used SMART goals in this section, but you can easily substitute a different goal framework. If you prefer other goal structures and frameworks, this guide and the participant workbooks can be edited to accommodate your preference. The important point is to structure a goal to help participants plan and act.

Additionally, using an acronym such as “SMART goals” will likely not translate and may be confusing for English language learners. Adjust to the needs of the participants. Focus more on the structural elements and less on the acronym.

Introduce a simple SMART goal or similar framework to help participants structure their goals. A SMART goal is a type of goal setting framework that helps to ensure goals are Specific, Measurable, Achievable, Relevant, and Timely (Time-bound).

Specific: Your goal clearly defines what you want to achieve.
Measurable: You can track and measure progress towards your goal.
Achievable: Your goal is realistic and attainable.
Relevant: Your goal aligns with your values, interests, and long-term aspirations.
Time-bound: Your goal has a clear deadline or timeline for completion.
By using a goal framework, participants can set goals that are well-defined, actionable, and achievable, thus increasing their chance of success.

Share that many people make the mistake of setting goals that are too vague and not meaningful. For example: “I want to save money” is not an effective structure for a goal. “I want to save $2,000 over the next 6 months for a deposit on a new car so I can have reliable transportation to get to work.” is a much more effective goal structure.

The workbook uses the SMART acronym, so in this example:

- **S**pecific – I am saving for a down payment on a car.
- **M**easurable – I need $2,000.
- **A**chievable – I earn enough to set aside $333/month to save $2,000.
- **R**elevant – I identified that keeping my job and picking up extra hours is a priority.
- **T**imely – I have a target date to help me stay on track to reach my goal.

Specific	Measurable	Achievable	Relevant	Timely
Workbook example				

Ask participants to identify why their goals are important to them. This will help stay motivated and keep on track.

Why are these goals important to me?
Workbook example

Adjusting goals as needed

Acknowledge that sometimes unforeseen events happen, or situations change, and goals may need to be adjusted. Keeping values and priorities in mind, goals can and often are adjusted. Share that adjusting a goal as needed helps to keep them realistic and achievable.

Using the same example above, let's say I fell and broke my arm. I had to use some of my savings to pay for medical bills. When I recalculate what I can save, I cannot realistically reach the $2,000 in 6 months so now maybe I need to extend the time to 8 months. Or maybe I can pick up some additional work or shifts so I can still save the $2,000 in 6 months.

Sometimes goals may need to be adjusted. If something unexpected happens or my situation changes, what are some ways I can adjust my goals?
Workbook example

Before moving on, ask if participants have any questions or would like clarification on what has already been discussed. Ask participants to follow along in their workbooks as you summarize the key points from the earlier discussion:

- Our culture, family, ethnicity, community, religion, traditions, etc. shape our beliefs and values about money, and they are an important part of how we make financial decisions.
- What is important to us and why we value those things help us set priorities (what to work on first) and goals that are meaningful, and therefore more likely to be reached.
- Using a SMART or other similar goal frameworks helps to structure goals.
- Adjusting goals may be necessary if something unexpected happens or our situation changes.

7. **Money management and budgeting.**
Now that you have covered values, priorities and setting goals that are aligned, you can move to tracking income and spending, identifying patterns, behaviors or habits that participants may want change, and using a plan to manage money.

Ask participants to follow along with their workbooks.

Acknowledge that preparing a budget is not often considered a fun activity. As was covered earlier, there are a lot of emotions connected to money and finances, not all of them positive.

Raising awareness about how and when money comes in and out of a household is essential so participants can make informed decisions. Our goal is to provide an opportunity for participants learn about systems they can create for themselves and use to track their income and spending to help them gain confidence and reclaim the power that comes with thoughtful, objective planning.

Remind participants that setting goals is what give purpose to making a budget which can help to stay motivated and follow through on tracking income and spending.

Goals can tell us where we want to be, but they don't tell us how to get there. A budget is your plan to make sure you have enough money for the things you need and want, now and in the future, and reach your financial goals.

8. **Keeping track of income and expenses.**

Start the money management conversation by asking participants questions to understand how much experience and success they have had with managing money in the past and how confident they are managing money in the future. Below are some sample questions to get you started:

- How do you keep track your money?
- Is it different than how you kept track of money in the past?
- What systems works best for you? For example, writing in a notebook, keeping track in your head, using your phone or computer application.

Encourage participants to follow along in their workbooks.

How do you keep track of your money?
Workbook example

Income Brainstorming Activity

Ask participants to share examples of where money and resources come from. Examples might include:

- Earned Income - money you earn from a job or work
- Public benefits or resource supports that pay money
  - Housing assistance
  - Energy or utilities assistance
  - Childcare subsidies
  - Transit subsidies
  - Food banks
  - SNAP – supplemental nutrition assistance program (sometimes called food stamps)
  - TANF – Temporary Assistance for Needy Families (formerly welfare)
  - WIC – special supplemental nutrition program for Women, Infants, and Children
- Refugee cash assistance – if you are not familiar with this program, please see your State program (For Washington State: Refugee Cash Assistance | DSHS wa.gov) and

the Federal program details [The U.S. Refugee Resettlement Program – an Overview | The Administration for Children and Families (hhs.gov)]

- Gifts from family or friends
- Child support
- Alimony or spousal support

If participants are not familiar with some of these programs or resources, this is a great time to share local resources or invite a guest speaker. Be sure to inquire about translated materials and language accessibility if you are inviting guests to share information.

What other financial resources and support are available in your community?
Workbook example

Practice

Option 1

Ask participants to write down all the sources of income and support they currently receive in their workbooks or on separate handouts.

Option 2

Use a scenario created for participants to practice. Make sure the scenario is realistic and relatable for participants. (Consider including a sample scenario.)

When participants do this income tracking exercise, they may notice not all income is consistent which can make it difficult to track. Participants may need to separate and track income that is regular and ongoing, temporary (seasonal or one-time) or unpredictable.

FDIC Money Smart for Adults

It can be very helpful to provide a simple example of expected monthly income:

Job 1 (30 hour weekly, $15/hour)	$1,625*
Job 2 extra income Uber eats (unpredictable)	$ 280
SNAP food benefit (monthly benefit)	$ 350
Total	$2,255

* 30 hours x $15 = $450 gross. $450 gross - $75 (assumed taxes, deductions, etc.) = $375 net for a week. To convert this to a monthly amount, multiply $375 x 52 (weeks in a year) = $19,500, then divide $19,500 ÷ 12 (months in a year) = $1,625. We do this because there are two months in the year with 5 weeks. This gives a realistic view of what can be expected for monthly income. We will use actual weekly amounts when we create a cashflow budget. For now, we need to focus on whether there is enough monthly income to cover monthly expenses.

For income received more than one time in a month or one time over several months, use the “Calculating Monthly Amounts” chart from the FDIC Money Smart tools below to calculate the monthly amount.

Table for Calculating Monthly Amounts

Frequency: **How often you receive the income**	**Do this first** **Then enter into the Log**
Annual (once per year)	Divide by 12
Semi-annual (twice per year)	Divide by 6
Quarterly (four times per year)	Divide by 3
Monthly (once per month)	Use as-is
Bimonthly (twice per month)	Multiply by 2
Biweekly (every two weeks)	Multiply by 26 and then divide by 12
Weekly (every week)	Multiply by 52 and then divide by 12

Key points to make during this practice activity:

- Know when your income is received. Timing is very important to match income with expenses. We will introduce the concept of a cashflow budget later in the session.
- Use actual amounts received whenever possible. Encourage participants not to guess. If participants don’t know the exact amount of their income, they can write down what they think and correct the amount once confirmed.
- Don’t overestimate income, it’s better to be conservative and assume income will be lower.
- Share the difference between gross and net income.
    - Gross income = earnings before taxes and other deductions are deducted from wages.
    - Net income = earnings after taxes and other deductions are deducted from wages. This is the actual amount of money received from earned income.

- Payroll deductions.
    - It is likely you will not have time to cover all payroll deductions in detail. You may want to cover examples of <u>required</u> deductions such as:

- Federal, State, Local income taxes (Washington State does not have an income tax but they do have a new WA Working Families Tax Credit)
- Federal Insurance Contributions Act (FICA)
    - Social Security (employee pays 6.2%)
    - Medicare (employee pays 1.45%)
    - Workers' compensation
    - Federal unemployment insurance
- Washington State-specific deductions
    - Paid family and medical leave
    - Washington Cares Fund (long term disability)
    - State unemployment insurance
- Local municipalities or cities may also tax income

Examples of voluntary or elected deductions:

- Employer sponsored retirement plans
- Elected insurance coverage
- Union dues

Deeper Dive: Pay Statements.
The FDIC's *Money Smart for Adults Module 3: Your Income and Expenses* has very deep content to help participants learn more about reading their pay statement and understanding deductions. If participants have more complex questions about reading their pay statements or you would like to learn more about this topic, please go to https://www.fdic.gov/resources/consumers/money-smart/teach-money-smart/money-smart-for-adults.html.

You may want to consider a supplemental session on this topic or ask participants to look at their pay statements between sessions and bring questions to the next class.

Note: Self-employment taxes. Some participants may be self-employed such as on-demand driving, food delivery, "gig" work. In those cases, the individual will be required to withhold taxes. This can come as a surprise in the form of a large tax bill. Unless you are a certified tax professional, refrain from giving tax advice. Do point out that there are special rules for withholding taxes and let participants know they should seek help from a certified tax professional as soon as possible to avoid owing when filing taxes.

You can also invite a tax professional to the class or provide reliable, safe, non-predatory resources for participants such as local IRS Volunteer Income Tax Assistance (VITA) sites. The IRS has a "look up" tool to locate free tax help: Get Free Tax Prep Help (treasury.gov).

Spending Brainstorming Activity.

Once you have finished the income activity, ask participants to share all the expenses they can think of. Below are some examples:

- **Bank/financial services fees**
- **Debt**
    - Car payment
    - Credit card
    - Personal loan
    - Refugee travel loan
    - Student loan
- **Donations/Charity**
- **Entertainment**
    - Hobbies/Activities
    - Movies/Games
    - Books/Music
    - Subscriptions (Hulu, Amazon Prime, Spotify, etc.)
- **Family Expenses**
    - Childcare
    - Education expenses (school-related activities, tuition, books, fees)
    - Activities (sports, clubs, birthdays)
    - Remittance ($ being sent back to home county to help support friends and family)
- **Food**
    - Groceries (include food benefit)
    - Including household items
- **Health Related**
    - Health Insurance (if paying individually)
    - Out-of-pocket medical / dental / vision
    - Counseling/Mental Health Support
    - Vitamins
- **Household/Personal Care**
    - Cosmetics
    - Toiletries
    - Laundry
    - Clothing
    - Hair Care
    - Personal Services
    - Gym
- **Housing**
    - Rent/mortgage
    - HOA dues
    - Storage
    - Home repairs/maintenance
- **Insurance**
    - Auto and rent
    - Home
    - Life
- **Obligations (usually court ordered)**
    - Child Support
    - Spousal Support
    - Taxes
- **Pet expenses**
    - Food
    - Vet
    - Insurance
    - Licensing
- **Transportation**
    - Gas/Fuel
    - Bus
    - Taxi/car service
    - Auto Repairs/Maintenance/Car Wash
    - Parking/Tolls
- **Utilities**
    - Electricity
    - Gas, oil (heat)
    - Water/Garbage/Sewer
    - Cable/Internet
    - Phone (cell/home)

Where to find spending information.
There are many ways to pay for things, including cash, check, debit card, credit card, EBT/government benefits card, apps, etc. Encourage participants to use safe payment methods and simplify payment methods when possible. This will make tracking easier. In the next module, Banking, we will cover safe forms of payment.

Ask participants, “How do you know what you spend?” and “Where can you find that information?” Some participants may be doing this already and have experience to share with the rest of the groups.

Once participants have shared their thought, include some common ways to finding spending information if not already mentioned:

- Receipts (best when using cash)
- Bank statements (when using debit cards)
- Credit card statements
- EBT card tracking

Practice
<u>Option 1</u>
Ask participants to write down all the expenses they pay in their workbooks or on separate handouts.

<u>Option 2</u>
Use a scenario created for participants for practice. Make sure the scenario is realistic and relatable for participants.
Notice we are not using the terms need, want and obligation. We do this because there is a wide range in what each of us identifies as a need, want and obligation. Each participant must weigh their priorities against their values and make spending decisions that align to those values.

As facilitator, we are not judging how participants prioritize their spending. We can and should share the consequences of paying or not paying expenses, but the decision is not ours to make. It will also be important to share these expectations to the group. Remember, our culture, family, ethnicity, community, religion, traditions, etc. shape our beliefs and values about money, and they are an important part of how we make financial decisions.

We use the following descriptions:

- **Highest priority expenses:** What you must have to live, such as basic needs. The essential things that are necessary for human survival and well-being such as food, water, shelter, clothing, and medical care.
- **Flexible expenses:** They may be important, but not as important as basic needs and some obligations. These are expense that can be adjusted and are not usually a high-priority expense to meet basic needs or the consequences of not paying would be severe or cause harm.
- **Low priority expenses:** things that you would like to have but can live without. These are often flexible and have alternatives.

Refer to the workbooks and talk about prioritizing spending.
Which expenses do you pay to meet your basic needs? These are the expenses you pay first. They are your high-priority expenses and often include fixed expenses that do not change and variable expenses that can change from month-to-month. Are there important items you are saving for that should be included here?

What expenses do I pay first? What is my most important savings goal to start?
Workbook example

Look at your expenses again. Are any flexible expenses? They may be important, but not as important as your basic needs. Can you add more to your savings goals?

What are my flexible expenses? Can I add more to savings?
Workbook example

Finally, look at the expenses you can wait for or find alternatives. These are not a priority.

What are my low priority expenses?
Workbook example

The expenses discussed above are related to prioritizing what is most important to each participant. In addition to priorities, it is important to discuss the **timing** and **amount** of expenses.

- Fixed monthly expenses typically do not change in amount from month to month. These include expenses such as rent, car insurance, loan payments, etc. Share with participants that annually, some of these expenses may change, include rent increases, premiums for insurance, etc. Planning for annul increases is very important.

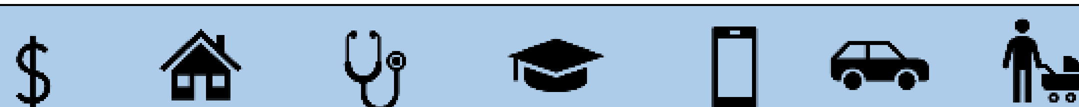
- Variable monthly expenses do change from month to month. These include expenses that are paid every month like fixed expenses, but the amount is not the same every month. Examples include food, clothing, gas for the car (petrol), some utilities, etc.
- Quarterly, annual or irregular expenses are known expenses that will need to be paid but not monthly. These expenses may include quarterly tax payments, insurance premiums, car registration, license renewals, etc. These are expense that require planning so when the payments are due, the money has already been set aside. We often recommend building a monthly amount to set aside each month in preparation for the expense. For example, if car registration is $240 annually, it is helpful to set aside $20 ($240/12) each month so that you will have the $240 when registration is due. Stress that these expenses are NOT emergencies. Emergencies are unexpected.

9. Saving - where does saving fit into the plan?

Saving is an important part of building a strong financial foundation, especially saving for emergencies or unexpected expenses. **The amount participants plan to set aside for saving needs to be included in the monthly spending plan.**

Encourage participants to use their workbooks to write a savings goal. For example, start an emergency fund, save for a car, cell phone, family expenses, medical expenses, house, etc. Provide additional savings goal worksheets. **Ask how much needs to be saved monthly to reach their goals.**

Encourage conversation about sharing savings goals to help foster connection and support.



My savings goals: What are you saving for? How much do you need and by when?

Workbook example

10. Prioritizing spending when there's not enough money to cover all expenses.

Acknowledge that our bills are our responsibility and ideally, they will be paid on-time to avoid fees, charges, or other negative consequences.

Share that even when you have done everything you can to increase income and reduce your expenses, you may still not have enough money to pay all your expenses.

If participants cannot pay fully, or will be late, encourage them to communicate with the creditors and make payments as soon as they are able. Acknowledge that we often want to address the "worst symptoms" first, for example, if debt collectors are calling and asking for payment. That is not always the best choice.

When you simply do not have enough money coming in to cover your legal obligations and living expenses, you may need to make a short-term plan to get through the month, or several months.

Share a strategy for prioritizing what to pay first when difficult choices need to be made:

1. Protect your income/job
2. Protect your shelter
3. Protect your assets
4. Pay your obligations

The chart below provides context for having this discussion.

Protect Your Income *What could prevent you from earning income?*	**Protect Your Shelter** *Will not paying jeopardizes your housing or shelter?*	**Protect Your Assets** *Will not paying impact you or your family's health or ability to live independently?*	**Pay Your Obligations** *What legal and/or financial consequences will occur if I do not pay?*
If you need a car to get to and from work or interviews, stay current on your car payment and insurance. Maintain other expenses needed to keep your job, such as tools and licenses. If you need childcare to work, keep current with payments to providers and/or find subsidies to help cover the cost.	Whether you rent or have a mortgage. Pay your taxes, condo fees, mobile home lot payments. Maintain your utilities. Difficult to live without and expensive to reconnect.	Don't let essential insurance coverage lapse, including auto, renters/home, health. Not having insurance may mean you cannot drive your car and puts your assets, including your health/your family's health, at risk.	Obligations that might need legal support such as: • child support • income taxes • student loans Other obligations such as medical debt, credit cards, other unsecured debt. These may be lower priority than court-ordered obligations.

Deeper Dive: The Consumer Financial Protection Bureau (CFPB) has a very helpful tool in the *Your Money, Your Goals* toolkit that provides more on the topic of prioritizing bills. Prioritizing bills (consumerfinance.gov).

11. Creating a system and using tools to help with tracking.

Encourage each participant to create their own system of tracking that works for them. Refer to the earlier conversation about what systems work well for them now and how they can use that to track their money. This can be writing in a notebook, using a calendar, using computer spreadsheets, apps, etc. What's most important is being consistent with tracking and reviewing income and spending.

It can be difficult to know where to start when tracking, especially expenses. Include additional tools or resources that have worked for you or that others have shared. Below is an example of daily and weekly spending diaries that may help participants with their tracking.

For each day or week, write down where and how much you spend. Include every item, no matter how large or how small. For each item, note the type of spending. Is it high priority, flexible, or low priority.

Weekly Spending Diary

Week	What did I spend my money on this week?
Week 1: ____________	
Week 2: ____________	
Week 3: ____________	
Week 4: ____________	
Week 5: ____________	

____
____
____
____
____

Daily Spending Diary

Day	What did I spend my money on today?
Sunday	
Monday	
Tuesday	
Wednesday	
Thursday	
Friday	
Saturday	

____
____
____
____
____

A calendar is another tool that participants can use to track the timing of income and expenses.

Month of: ____________________

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday

12. Cashflow budget is all about timing.

Sometimes a monthly budget looks like there is enough income to meet expenses but there are still miss payments or shortfall. Bills may go unpaid, and participants feel stress.

That is because a traditional monthly budget looks at the month in total. It is not considering the timing of when money is coming in and going out. While knowing what income and expenses each month are is essential to raise awareness, a cashflow budget is essential in planning for timing and making decisions about what to pay and when.

Share the concept of a cashflow budget: **A cash flow budget projects what money you expect to come in and how much you think you'll spend each week and when you expect the expenses to occur.**

Contrast cash flow to a regular budget by asking: "How is a cash flow budget different from a regular budget?"

After participants offer some ideas, share this definition: **A cash flow budget tracks the timing of income and spending.**

Below is a simple example that illustrates how looking at monthly budget totals versus weekly timing can give a different picture:

Budget Example | **Cashflow Example**

Month		*Week 1*	*Week 2*	*Week 3*	*Week 4*
Beginning balance:		$ 0	($125)	$ 25	$ 0
Income:	$2,500	$ 625	$ 625	$ 625	$ 625
Expenses:	$2,350	$ 750	$ 525	$ 600	$ 475
Balance	$ 150	($ 125)	($ 25)	$ 0	$ 150

In this example, the monthly budget shows this person has $150 more income than expenses.

However, the weekly cashflow budget shows in Weeks 1 and 2, this person does not have enough money to cover their expenses. It's only in Weeks 3 and 4 that they have more money than expenses.

Deeper Dive: see [Improving cash flow (consumerfinance.gov)]() for ideas to share.

Activity: Brainstorm ways to increase income and reduce expenses.

Sometimes, no matter how hard we try, there may not be enough money to pay for all our expenses or the timing of income and expenses are not matching.

Ask participants to share some ways they can increase income or reduce expenses. Let participants lead this and share their experiences.

Once they have shared their ideas, offer additional suggestions that were not mentioned.

Ideas to increase income:

- Part-time job
- Extra shifts
- Tax refund
- Leverage a hobby
- Sell items they own or can make
- Gig work
- Start a business
- Learn a new skill
- Assistance programs

Ideas to decrease expenses: Have local resources ready to share!

- Energy assistance
- Coupons
- Make a shopping list
- Food market/food banks
- Look at how you use credit cards
- Pack lunch
- Public transit
- Avoid fees
    - Review the fees charged by your bank (see the Banking module)
    - Be sure to pay your bills on time. Point out the delay if posting mail. Payments should be mailed far enough in advance for it to reach the creditor on time. Same with paying online. Not all transactions are same day. Know payment date and cut-off time for scheduling the payment.
    - Utilities: Can you unplug appliances when you're not using them? Can you set your thermostat lower during the winter and higher during the summer?

- Review your subscription and streaming services: turn off any services that you're not using, but make sure you confirm cancellation notice requirements and cancellation charges before turning off these services. Review your cell phone bill. Talk with your phone company and see if there are any special reduced rates for your phone plan.
- Cooking at home versus eating out; make enough to have leftovers.
- Pack lunch and drinks (water in a water bottle and coffee/tea in an insulated cup) for work.
- Grocery shopping: use the weekly sale flyers to plan your meals. Use coupons. Be sure the items are something you are really going to use. Don't "spend to save" - buy it if you are going to use it.
- Freeze food items to be used later.
- Make a shopping list before you go to the grocery store to reduce impulse purchases, and avoid shopping when hungry if possible.

Recap and looking ahead.

Acknowledge that we covered a lot in this session and thank participants for their engagement.

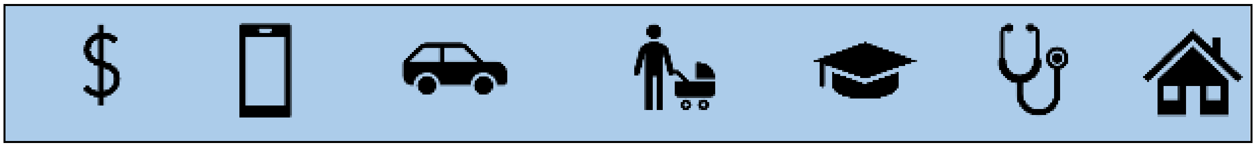
Summarize key points covered during the session and offer an opportunity for participant to ask questions and share their thoughts.

Let participants know the next two sessions will cover 1) banking and financial institutions, and 2) credit.

Think about an actionable item or something participants can observe between sessions. For example:

- Set a goal for yourself by using the SMART framework.
- Complete parts of the workbook.
- Set a savings goal.
- Review their pay statements and come to the next session with questions.
- Share one thing you observed about money between sessions.
- Ask the participants what they would like to work on between sessions.

Savings Goals Worksheet



My savings goal

Why is this goal important to me?

Specific	Measurable	Achievable	Relevant	Timely

Specific: Your goal should clearly define what you want to achieve.

- **Measurable:** You should be able to track and measure progress toward your goal.
- **Achievable:** Your goal should be realistic and possible.
- **Relevant:** Your goal should match your values and priorities.
- **Time-bound:** Your goal should have a time limit to complete.

Module 2: Banking Basics
Facilitator Guide

Overview: In this module we will cover banking in the United States. While financial institutions may not be a new concept to participants, they may not have much experience using them in their home country for a variety of reasons. One reason may be a lack of trust in the financial institutions and financial systems. It will be important to convey that financial institutions in the United States are safe versus keeping money at home or in an unsecured place.

Many banking terms will be new for participants. It will be important to make sure they have a clear understanding of the terms and how bank accounts work. Refer to the vocabulary list in the participant guide often and check in for understanding before moving on.

Learning objectives: The Financial Foundations modules are set up to provide an opportunity for participants to learn about financial topics, build skills, and gain confidence to access safe, affordable financial products and services. The learning objectives in the banking module include:

- Participants will be able to identify the benefits of using a bank or credit union and how that fits into their financial plan.
- Participants will be introduced to new vocabulary.
- Participants will feel confident using U.S. financial institutions, opening accounts, and understanding basic service offerings and costs.
- Participants will feel confident in engaging with banking staff at their financial institution.

Let’s Get Started!

1. **Welcome participants.**

   Welcome participants back and offer a simple “icebreaker” or warm up question to help them feel comfortable and reconnected to you and the group.

   Provide an opportunity for them to share what they worked on between sessions. Refer to the “actionable items” or “homework” from the previous session.

2. **Recap what was covered in the first session.**

   Ask participants to follow along in their workbooks as you summarize the previous session:

   Values, Priorities and Goal Setting

   - Our culture, family, ethnicity, community, religion, traditions, etc. shape our beliefs and values about money, and they are an important part of how we make financial decisions.
   - What is important to us and why we value those things help us set priorities (what to work on first) and goals that are meaningful, and therefore more likely to be reached.
   - Using a SMART or other similar goal frameworks helps to structure goals.
   - Adjusting goals may be necessary if something unexpected happens or our situation changes.

   Managing Your Money

   - Defining your goals will guide how to manage your money and make financial decisions that are best for you and your family. It gives **purpose** to creating a budget.
   - Creating your budget will give you a **plan** to track income and expenses and identify how to adjust so you have more control of your money.
   - Increasing your awareness of your complete financial situation can help reduce stress, build wealth, and increase your **power** to make informed decisions so you can reach your financial goals.

Before moving on, ask if participants have any questions or would like clarification on what has already been discussed.

3. **Suggested opening activities.**

Starting with an opening conversation or warm up will give you an opportunity to learn more about how familiar participants are with financial institutions and how comfortable they feel with financial products and services.

Suggested discussion prompts:

a. Ask participants to share what the financial system was like in their home country.
b. How did they keep their money safe?
c. Do they have any accounts at a bank or credit union?
d. Are there any banks or credit union near where they live or work?
e. Are there financial institutions in their local grocery store? Or are there ATM machines?
f. Do they feel comfortable banking in the United States?
g. What concerns do they have about banking in the United States?

Take note of the information participants are sharing about financial systems and money safety. Some participants may have arrived from countries that have little or no financial regulations or consumer protections. There may be distrust or lack of experience using financial institutions. Acknowledge participants' experiences and assure them that engaging with a financial institution in the United States is safe and can help them build a strong financial foundation.

4. **Banking vocabulary.**

Before starting to discuss content, acknowledge there is a lot of technical and special vocabulary used when talking about banking and money. This acknowledgement can help participants feel more comfortable asking questions and for clarification if they don't understand something or is there is a new word they have not heard before.

Remind participants their workbooks have vocabulary lists to help and space to write new vocabulary or notes. Ask everyone to turn to the vocabulary section of their workbooks to make sure all participants have the vocabulary section and know where to find it.

Share that during the session, if you use vocabulary they do not know or they do not understand a concept, to let you know right away so you can clarify AND add the word to your list of new vocabulary for future sessions.

As you work through the module, be alert to cues that someone may be confused (facial expressions, looking around, paper turning back and forth to the vocabulary list, fidgeting, etc.) Take a pause and check in with participants often.

5. **Introduce Financial Institutions: Banks and Credit Union.**

Clarify that both banks and credit unions are financial institutions. Both offer many different products and services to help safely manage money and reach financial goals. The main difference between banks and credit unions is how they are owned.

In addition to being a place where you keep your money, banks are also business. They make a profit and to pay their investors or shareholders for being the owners of the bank and deciding how the bank is run. Accountholders are "clients" or "customers".

Credit unions are considered not-for-profit organizations, meaning they don't distribute earnings to investors. Account holders are the owners of a credit union and are called "members."

Briefly, go over the difference between banks and credit unions:

Bank	**Compared**	**Credit Union**
For-profit corporation. Financial institution chartered by a state or federal government which accepts deposits and provides loans.	**Organization**	Not-for-profit organization. Member-owned financial cooperative where profits are shared among the owners.
Owned by private investors and shareholders.	**Ownership**	Owned by members.
Insured by the Federal Deposit Insurance Corporation (FDIC).	**Insured by**	Insured by the National Credit Union Administration (NCUA).
4,844	**Number in the US**	4,942

Share reasons to use a financial institution. These are also included in the workbooks.

- **Safety** - your money is safe from theft and loss, which is not the case if you keep it at home or carry it with you.
- **Security** – deposits at banks and credit unions are insured up to $250,000 per institution, per account type, POD (payable on death) accounts and similar types of accounts are per beneficiary. So, if a bank closes (very rare) and can't give its customers their money, then the FDIC or NCUA returns money to the customers.

  Learn more about how the FDIC and NCUA protect consumers and their deposits.

  Helpful tool: FDIC: Electronic Deposit Insurance Estimator (EDIE). Accounts are insured up to $250k per type of account/owner/beneficiary. Visit the calculator to see how one may have multiple accounts insured.

- **Convenience** – it's easy and fast to access to your money. You can use an ATM machine to get cash and a debit card to pay for purchases.
- **Cost** – using financial institutions is less expensive. You can deposit a check and then access those funds in your bank account rather than going to other businesses to cash your check for a fee.
- **Partner in your financial future** – get to know the employees at your financial institution. Share a little about who staffs a financial institution and how they can be helpful. Tellers/customer service representatives help with transactions, like deposits into your account or withdrawals from your account. Bankers/account specialists/loan officers help you with issues you may have with your accounts, answer your questions, and help you with applying for a loan. The people who work at the financial institutions are an important partner to build your financial future.

Financial institutions offer many accounts.
Share that financial institutions offer many different types of accounts and other financial services, such as loans to buy a car or a house or saving tools like CDs. For this module, we will focus on the two most common accounts that people start with: **savings and checking accounts**. Share that it's OK to have both a checking and a savings account and they are often used for different reasons:

- A savings account holds money that you want to keep for the future and typically pays interest.
- A checking account is used for your day-to-day spending.

If participants do not have experience keeping money in a financial institution or owning account, it may be helpful to explain how accounts are secure. Share that money is held in an account that only has your name on it, or a joint account holder if you have opened the account with someone else. No one has access to your account unless you give them permission.

All accounts will have an account number. Your account number is unique and identifies you as the owner of the account. Keep this number safe! Your information is private, and you can also set up alerts and more security for your accounts, such as 2-factor authorization.

Safety Tip: Keep your account number safe. Share that participants may need to share some account information with trusted companies such as their employer to set up direct deposit. That is safe because their employer will keep their information confidential.

Remind participants they should not share any account information with people they do not know or trust. If they think someone has their account information that should not, have them contact their financial institution immediately.

Because many transactions are digital, it will be important to share how financial institutions and accounts are identified safely. Explain that all financial institutions have a unique number called a **routing number**, which is not the same as an **account number**. A financial institution's routing number is not private. Financial institutions share their routing number publicly and often in a visible location on their website or on their app.

6. **Debit cards and checks.**
   When someone opens a checking account, they will usually receive a debit card to use to access their money and make purchases. **Though debit cards look like credit cards, they are not the same**.

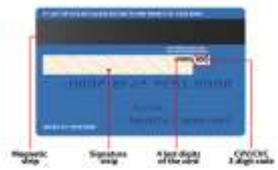
   A debit card is connected to a checking account. When a debit card is used, the financial institution uses the money in your checking account to pay for your purchase. If you do not have enough money in your checking account, this will typically overdraw the account.

   Note: some financial institutions are issuing debit cards that will not overdraw your account, such as student accounts. This is a question participants might want to add to their checklist when choosing and comparing financial institutions.

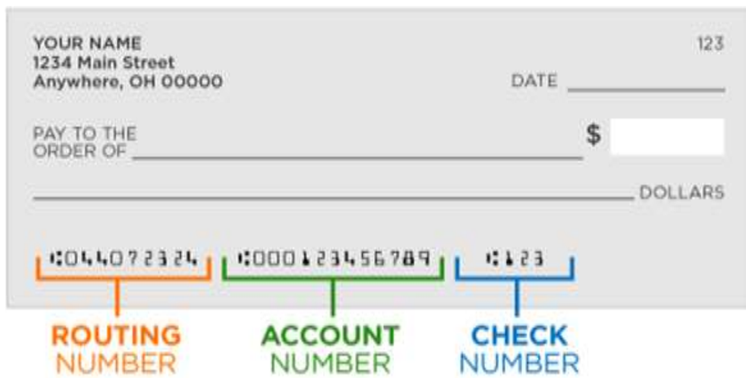
   A credit card is borrowing money from the bank with a promise to pay it back later. Credit cards create debt when they are used.

Go over the debit card example in the workbook and encourage questions about how they are used.

FRONT: 

BACK: 

If you open a checking account, your financial institution may also give you some checks that look like this:



A sample blank check is included in the workbook. Ask participants to practice filling out a check and use this exercise to discuss the flow of money in and out of accounts.

While checks are not used a lot anymore, this visual exercise provides an opportunity to talk about having enough money in an account before initiating a transaction and knowing who they are paying. It’s also helpful explaining how financial institutions know what account the money is being withdrawn from and where the money is being sent.

Caution: Talk about the difference between a blue mailbox and drop box located at some financial institutions. Also, most financial institutions will not cash checks if you do not have an account at that financial institution. Many financial institutions will require a profile which may include name, address, ID, SSN, etc. to even deposit a check or funds (cash) to someone else's account.

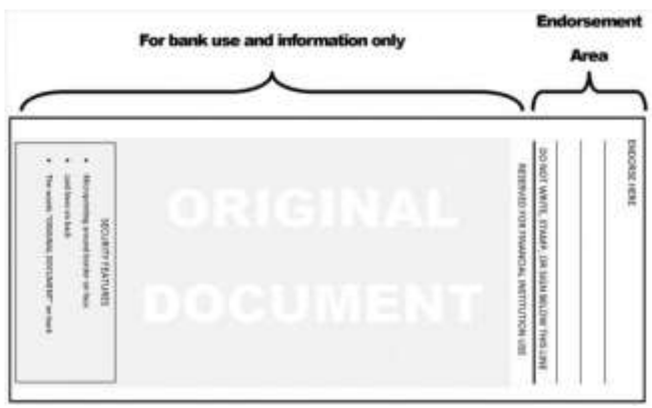
Account Transactions.

Talk about the most common transactions participants might engage in with their financial institution.

When you add money to your account it is called a deposit. Share that not all money deposited will be available immediately. It may take several days for the financial institution to process the deposit.

Some ways money can be deposited in participant accounts:

- Fill out a paper deposit slip at your financial institution.
- Use your debit card with a teller at your financial institution. `
- Use your debit card at an Automated Teller Machine (ATM).
- You may deposit cash at the branch (teller), night drop, ATM, transfer from one account to another/one institution to another, person to person (Zelle is an example).
- Give your employer permission to add your pay in your account called a direct deposit.
- Take a picture of a check front and back if you have mobile banking on your phone. Share how to endorse a check using an example of the back of a check.



When you take money out of your account it is called a withdrawal. Stress the importance of making sure there is enough money in the account to cover the withdrawal amount. If they do not have enough money in the account, then the account will be overdrawn, and overdraft fees will be charged.

Some ways you can withdraw money from accounts:

- Fill out a paper withdrawal slip at your financial institution.
- Use your debit card with a teller at your financial institution.
- Use your debit card at an ATM at a financial institution.
- Use your debit card at a store or an ATM.
- Person to Person transfer or account to account transfer.
- Write a check.
- Pay bills with online banking on a computer or on your phone with a mobile app.

A word about interest: If participants are not comfortable with interest for religious or cultural reasons, there are other accounts they can open that do not pay interest or, they can find creative ways to use that interest for a different purpose such as donate to charity.

Add resources for interest-free financial transactions in your area:

____

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7. **Fees and other charges**

Ask participants to follow along in their workbooks. Review common fees charged by financial institutions for providing services and products.

Here are some common fees and how you can avoid or reduce them:

- **Overdraft** is when you do not have enough money in your account to pay for a transaction, but your financial institution pays the transaction anyway and charges you a fee. If presented again and there are not enough funds, you could be charged the overdraft fee again. If this happens, contact the financial institution and ask them to reverse the charge.
    - Some banks/credit unions offer 'overdraft protection'. Once opened, some institutions charge to use this service and others are free.
- **Check order** is the fee your financial institution may charge when you order checks.
- **Monthly maintenance fee** is charged just to have an account at a financial institution. There are some accounts that do not charge a monthly fee or if you keep a minimum balance in the account there is no fee.
- **The minimum balance requirement** is the amount of money you must always keep in your account to avoid fees. If your account balance is below this amount, you can be charged a fee. You may be able to avoid these fees by signing up to directly deposit your paycheck or government benefits into your account or open a free or “no fee” account. Share with participants this may not be the same amount of money you need to open the account, so it’s important to understand both.
- **ATM fees** are charged when you use an ATM that is not operated by your financial institution to withdraw money or check your account balance.
- **Money orders** are a form of payment often used by people without access to a checking account. Money orders are purchased for a fee from a financial institution. Fewer financial institutions are offering this service.

- **Remittance transfer fee** is charged by a financial institution to send money across international borders. It is important to compare fees when choosing a provider because they can vary significantly.
- **Bounced check** is a check that cannot be processed because there is not enough money in the account to cover the amount written on the check.
- Access **to online banking** by viewing account balances and transactions, bill pay services, transfer money between accounts, and budgeting tools.
- **Mobile banking app** with remote deposit, viewing account balances and transactions, bill pay services, transfer funds between accounts.
- **Many other fees** may be charges, including wire, access, transfer, etc. It is important to ask about fees, many institutions post them on their website, before opening an account.

8. Choosing a financial institution that is right for you.

There are many financial institutions to choose from in the United States. Some are national banks that have branches in every state and others are locally and regionally focused.

Use this as an opportunity to explain that banks and credit unions have various locations which are called **"branches."** This term is included in the vocabulary.

A helpful visual image might be a tree and its branches. The trunk of the tree is the main base of the financial institutions' operations. They can serve customers from its main base, but that would limit the number of customers it could have and would not be convenient for people who don't live or work close to the main base.

So financial institutions open locations that are convenient for their customers in other areas. Think of the branches as those other locations - they are still attached to the base and yet allow the financial institution to spread over a larger area to serve more customers. Some branches are "full service", and some are limited.

Since most credit unions are locally or regionally focused, many participate in a "shared branching" system, which is a national network of credit unions that share facilities to give members more convenient locations to perform transactions just as if they were at their home credit union.

Encourage participants to learn more about possible limitations with locally or regionally focused branches when comparing options. They can also find out more about branch locations by contacting their financial institution. That information is provided on the back of their debt card.

Stress to participants that no matter how many branches or locations a financial institution has, it is very important to use a **financial institution that is insured.**

Ask participants how they would go about choosing a financial institution. Here are some suggestions to get started if you need some prompts:

- Ask a trusted friend or family member which financial institution they use and why.
- Visit financial institutions in your neighborhood (branches).
- Encourage discussion in the class about what is important when choosing a financial institution.

Some factors in deciding on a financial institution:

- **Convenience of branch location.** Is it close to your home or work and hours of operation? Participants may be more likely to prefer in-person options so branch location and hours may be an important consideration.
- **Staff at the location.** Are there in-person tellers and bank employees at that location that can answer questions?
- **Services offered.** What are important services to participants and their situation, and then making sure the bank/credit union offers those.
- **Fees for services offered and minimum balance requirement.** How much does the bank charge for the services you need?
- **Language accessibility.** Do they have someone that speaks the same language as the client? Many institutions have on-demand interpreting and/or keep a list of their employees and the languages they speak.

Helpful tools. A Newcomer's Guide to Managing Money from the Consumer Financial Protection Bureau contains helpful tools and links including a checklist for opening accounts and selecting financial products and services. The newcomer's guides to managing money | Consumer Financial Protection Bureau (consumerfinance.gov)

You can also share these resources with participants:

- Your local Bank On Network (Bank On Washington)
- FDIC-insured bank look up tool
- NCUA-insured credit union look up tool

9. **Visit the financial institutions you are considering.**
Visiting a financial institution can be very helpful in deciding if it is a good fit. Before going to the branch, encourage participants to check with the location to make sure there are staff available and if they need to make an appointment.

Depending on the structure of the class, you may also have “field trips” to various institutions or invite institutions to participate in the session.

Encourage participants to use their workbooks to write down what you want to say and ask when they visit a financial institution. The workbooks include some sample questions to ask:

Questions to ask when choosing a financial institution	**Answers**
Do I feel welcomed and treated with respect?	
Does the financial institution understand the needs of recent arrivals in the United States?	
Do I have the documentation needed to open an account? If not, where can I receive help obtaining the documents?	
Can I get information in my own language or in a form that is accessible to me?	
Can I access my account information how and when I need it?	
Is the financial institution insured by the FDIC (banks) or NCUA (credit unions)?	
What are the fees for the accounts I want to open?	
Are branch locations close to where I live, work, or go to school?	
Is the financial institution open at convenient times for me?	
Will I earn interest on the account? What is the interest rate?	
Does the financial institution have credit building products and provide free credit scores?	

10. Ready to open an account.

Once participants are ready to open an account, they will need to provide information so the bank or credit union can start an application. Below is an example of some information they may be asked for:

- Your name
- Date of birth
- Address (a physical address is required, even if mailing address is to a post office box)
- Contact information
- Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN)
- Personal identification documents - ask what type of identification you need to provide because not all financial institutions require the same documents. Some financial institutions may need a passport, visa, resident alien card, etc.
- Address identification - mail addressed to you at your current address or a copy of your current lease.
- Money to make your first deposit in the new account.

Caution: It is unlawful to use someone else's SSN and information.

If a participant does not have a SSN share ITIN lending and banking options available in your region. In Washington State, there are several including:

- Express Credit Union
- Seattle Credit Union
- Gesa Credit Union

Documents I need to open an account
Workbook example

Share that choosing a financial institution is not permanent. Participants can move their money at any time if they choose.

11. Cashless Transactions.

Cashless transactions do not use physical money (dollars). They are financial transactions using payment such as credit or debit cards, mobile payment apps, electronic transfers, wire transfer, and digital wallets. These transactions allow you to make payments and transfer money without cash, checks, or other physical payment.

They are made electronically using your phone or computer.

Share that cashless payments are very common in the United States. Less than 20% of transactions in the United States were cash transactions and cashless payments are expected to keep increasing. There may be a day that cash is no longer in circulation.

Many businesses are only accepting credit cards, debit cards or digital payments. Ever try to leave a parking garage with cash? Not possible in some places.

If participants are self-employed or have "gig" work, they may be asked to accept cashless payments. Not understanding how to set up these systems to pay and receive money can prevent participants from fully participating in our financial system.

Caution: Cashless systems can be extremely confusing for people coming from all-cash systems. It's very important that participants understand how to safely engage in cashless financial transactions.

1. Do not "hold" or keep money in cashless systems because the funds are not insured.

   Helpful tool: Consumer advisory: Your money is at greater risk when you hold it in a payment app, instead of moving it to an account with deposit insurance | Consumer Financial Protection Bureau (consumerfinance.gov)

2. When using cashless systems, transfers cannot be undone. To be safe, start with $1 to make sure the funds go to the correct person or business.
3.

Refer to the workbooks for examples of cashless transactions:

- **Person-to-person** (also called peer-to-peer or P2P) payments allow you to transfer funds from your bank account or credit card to another person. Before you proceed with the payment, it is essential to confirm the identity of the recipient. You can do this by verifying their phone number or email address. Only proceed with the transaction if you are confident about the recipient's identity. Popular peer-to-peer payment apps include Zelle, Venmo, CashApp, PayPal, and Google Pay.

- **Person-to-business** payments allow you to purchase goods or services from a company in a store or online. Some common ways to pay are with a credit or debit card, mobile payment apps such as Apple Pay and Google Pay.
- **Business-to-person** (also called B2P) allow payments made by a company or government agency to a person. Examples include an employer pays an employee through direct deposit, or government benefits paid through electronic benefits transfer (EBT), or Automated Clearing House (ACH) transfer of funds between financial institutions.

Recap and looking ahead.

- Summarize key points covered during the session and offer an opportunity for participants to ask questions and share their thoughts.
- Let participants know the next session will cover credit.
- Play a matching game of terms with their definition.
- Think about an actionable item or something participants can observe between sessions.
- Share one thing you observed about money between sessions.
- Ask the participants what they would like to work on between sessions.
- Other ideas?

Module 3: Understanding Credit
Facilitator Guide

Overview: Credit is a complex topic, and many consumers struggle with how to navigate the credit system. For non-U.S. born consumers, this is particularly challenging because many countries do not rely on credit and a credit scoring system like that in the United States. Even if someone had credit history in their home country, that information rarely transfers to the U.S. credit system.

Learning objectives: In this module we will cover credit basics and help participants increase knowledge and confidence managing credit. The learning objectives in this module include:

- Participants will learn the basic framework for the credit system in the United States.
- Participants will learn new and specialized credit vocabulary.
- Participants will learn how to request a copy of their credit reports safely.
- Participants will know where to find safe, nonpredatory resources and feel confident using credit.
- Participants will understand how to partner with their financial institution to access credit building products.

Facilitator preparation:

Newly arrived immigrants and refugees can struggle to access credit. There may be few options available, especially if there are barriers due to the type of identification participants have and limited employment possibilities to support a credit underwriting decision. For example, many credit cards require an applicant have a Social Security Number (SSN). If you are working with individuals who do not have an SSN, be aware they may face additional obstacles and you will need to research and provide alternative credit building options.

Participants with an Individual Taxpayer Identification Number (ITIN) can access credit, but they will need to find a financial institution that accepts ITINs for account opening. Check back to Module 2 for banking resources you have already identified. It's important to share that credit can be built using an ITIN. If participants don't have an SSN, credit bureaus are able to match other information to compile a credit history.

If you are working with participants who have neither a SSN nor ITIN, they will likely need to secure other forms of identification to access credit through a financial institution.

It will be important to get a sense of your participants' experience with credit and how credit is used in their home county, if at all. Look back at what you learned in previous sessions about the participants, their goals and values to help guide the discussion around credit.

Be patient and curious. This is a very complicated topic and can be frustrating for new arrivals.

Learn about resources in your area and be prepared to connect participants to those resources. For example, if you know of a local financial institution that works with immigrants and refugees, invite staff to join your session and talk about safe, affordable options to build credit. This is another opportunity to encourage participants to engage with safe, non-predatory resources, including financial institutions that can be a partner on their financial journey.

Deeper Dive on Credit

Learning about credit and how to navigate and evaluate the credibility of the vast amount of resources available is challenging. There are many companies competing for consumers' attention and information, claiming to provide protections and services when in fact they are at best collecting data to target advertisements and promoting financial products and services, and at worst, scammers and predatory actors.

As a facilitator, look for unbiased, educational information provided by regulatory agencies and consumer protection organizations or trusted sources that do not imbed credit offers in articles or on their websites.

Here's a list of some free, unbiased, non-predatory resources you can look to for a deeper dive into credit so you can feel confident facilitating this credit module:

- Consumer Financial Protection Bureau (CFPB) https://www.consumerfinance.gov/consumer-tools/credit-reports-and-scores/
- Washington State Treasurer's Office Credit Scores & Reports (Achieve) (everfi-next.net)
- Washington Department of Financial Institutions https://dfi.wa.gov/financial-education

- [Credit Issues | USAGov]
- [The Best Ways for Immigrants to Build Credit for 2020 | Reviews by Wirecutter (nytimes.com)]

Note about Refugee Travel Loans: Refugees arrive in the U.S. with debt. Their airfare to America is paid via a travel loan, financed through a revolving fund managed by the International Organization of Migration (IOM). Refugees must sign a promissory note prior to departing for resettlement and payments on this loan begin six months after arrival. The loan amounts vary according to the number of people traveling, and where they're traveling from. Missed payments on the travel loan are reported to credit bureaus and can tarnish a refugee's credit within the very first year post-resettlement. The combination of no credit score, plus debt upon arrival, means that refugees face the high risk of early defaults and being targeted by providers of expensive, high-interest financial products designed for individuals with poor credit.

Let's Get Started!

12. Welcome participants.

Welcome participants back and offer a simple "icebreaker" or warm up question to help them feel comfortable and reconnected to you and the group.

Provide an opportunity for them to share what they worked on between sessions. Refer to the "actionable items" or "homework" from the previous session.

13. Recap what was covered in the previous session on banking.

Ask participants to follow along in their workbooks as you summarize the previous session on banking in the United States:

- Banks and credit unions are financial institutions. Both offer many different products and services to help safely manage money and reach financial goals.
- There are many reasons to use a financial institution, including:
  - Safety
  - Security
  - Convenience
  - Cost
  - Partner in your financial future

- Financial institutions offer many different accounts, but the two main types of accounts are checking and savings.
- Financial institutions charge fees for some products and services.
- You can choose a financial institution that is right for you, and you can change anytime you want.
- Financial institutions require certain documentation to open an account.
- Cashless transactions do not involve physical money and are very common in the United States.

Before moving on, ask if participants have any questions or would like clarification on what has already been discussed.

14. Suggested opening activities.

Starting with an opening conversation or warm up will give you an opportunity to learn more about how familiar participants are with financial institutions and how comfortable they feel with financial products and services.

Warm-up suggestions to get participants talking and comfortable. Choose what you think will work well with your participants and your comfort level. Suggested discussion prompts:

a. Ask participants how credit is used in their home country.
b. Share a personal story related to how you learned about credit.
c. Images are powerful and great conversation starters. Show an image of credit cards, or credit score meter and ask participants to share their thoughts. Do participants have a positive or negative association with these images?

Write the information participants share on whiteboard/big sticky notes/your notebook, etc. Save these for reference as you continue talking about credit. It is very helpful and engaging if you can come back to something brought up during the warmup.

4. Understanding credit

a. Acknowledge credit is a complicated topic. Many people who are born and have lived in the U.S. for a long time don't fully understand credit and how credit works.
b. Share the definition of credit and why it is not the same as debt.
    i. **Credit** is the ability to make a purchase or borrow money with the promise to pay it back in the future. Credit is NOT the same as debt. The two terms, credit and debt are often used interchangeably but they are

different. One way to illustrate this is by using the example of a credit card. When someone is approved for a credit card, they are given a credit limit and the ability to borrow up to that limit. No debt has been created until the credit card holder uses the credit card to make a purchase. Once used, a debt has been created that will be paid back in the future.

ii. **Debt** is an obligation, a contractual agreement to pay back money you borrow or pay for goods and/or services that you received but haven't paid for yet.

iii. **Good credit has value**. Having good credit may mean lower interest rates when you borrow money, not needing to put extra money down for a deposit, and access to affordable financial products and services rather than more expensive alternatives.

c. Expand on the term "creditworthy".

i. The ability to receive something before you pay for it is based on trust that payment will be made in the future. It also involves risk for the person or company providing that good/service/money. Being **creditworthy** is when you have a good financial reputation and are considered reliable and trustworthy.

ii. Ask participants how a company or person would know if someone was creditworthy?

iii. Give participants time to brainstorm some ideas and offer answers.

iv. Illustrate the concept of being creditworthy using the **"I know you; I don't know you" exercise:**

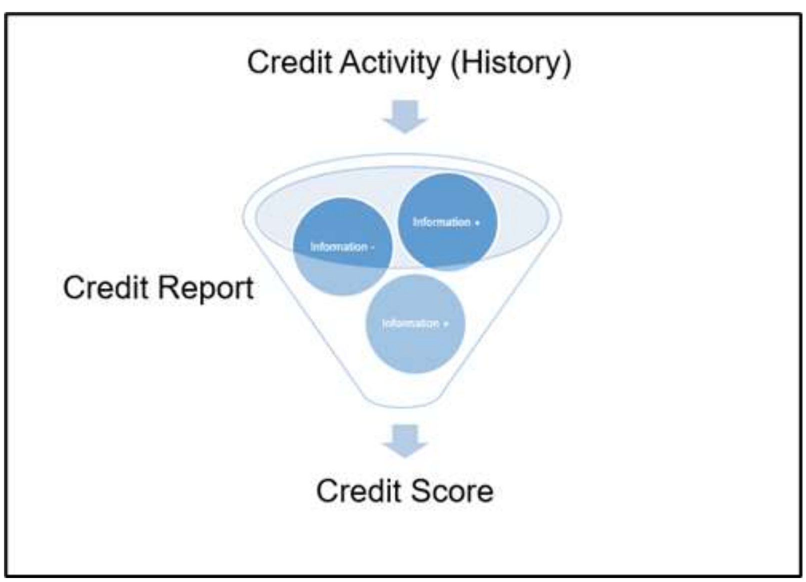
- Give an example of two people: *"Marie and Aditi. Let's say Marie asks to borrow money from me. In this example, let's also say Marie has borrowed money from me in the past and she always paid me back on time. Or maybe I know Marie borrowed money from someone else and she repaid the full amount to them on time. Now, let's say I don't know Aditi and she asks to borrow money from me, or maybe I know Aditi has borrowed money in the past from a friend and never paid it back. Who do you suppose I would be more comfortable lending money to, Marie or Aditi? Why?"*

v. Share that another way to know if someone is likely to pay back what they owe is to read a credit report and obtain a credit score.

5. Credit System Framework

a. Refer participants to their workbooks and review the credit framework summary and visual how the credit system works.

b. Offer this framework as a helpful way to demonstrate how the flow of credit activity (history), credit reports, and credit scores can help participants make decisions to build and keep a positive credit record. Another helpful visual is a funnel:



c. Let participants know you will be talking about examples of **credit activity,** what is on a **credit report** and how a **credit score** is calculated later in the session. For now, just give an overview of the framework and refer to the workbook as you go through the framework.

   i. **Credit Activity** is collected by many organizations but the three main credit reporting companies in the US, also called credit bureaus, are Equifax (www.equifax.com), Experian (www.experian.com), and TransUnion (www.transunion.com). Logos are included in the participant workbooks, so they are recognizable.

   ii. **Credit Report** summarizes the credit activity that is reported and collected by the three credit bureaus. The report is broken down into sections, so it is easier to read. Share that later in the session, you will be reviewing a credit report together.

   iii. **Credit Score** is an algorithm, or a mathematical formula, that each of the three credit bureaus creates. The information on the credit reports is weighted and evaluated based on the algorithm and the result is a 3-digit number typically ranging between 300-850. There are some exceptions to this numerical range, mostly when it comes to specialty credit scores that are requested by financial institutions.

6. Who can request a credit report and view information?

a. Not everyone can see your credit report. Only businesses with a special, lawful purpose can request your credit report and they usually need your permission. This is called "permissible purpose".

b. Here are some examples of who can ask for your credit report:

   i. Lenders, banks/credit unions (financial institutions) when applying for loans or lines of credit.

   ii. Landlords and rental screening companies if renting an apartment.

   iii. Services such as utilities, cell phone accounts, and communication service providers will look at your credit history when opening a new account.

   iv. Employers, but it must be related to your job. Here are some **Helpful tools** to learn more about employer background checks:

      1. Can Prospective Employers Check Your Credit Report? | Nolo
      2. Employer Background Checks and Your Rights | Consumer Advice (ftc.gov)

3. [Background Checks: What Job Applicants and Employees Should Know | U.S. Equal Employment Opportunity Commission (eeoc.gov)]

v. Marketing and other companies pre-screening for credit and insurance offers.

Point out the "Opt-out" information in the participant workbook. Consumers have the right to request their name and address be removed from unwanted prescreened offer lists for credit and insurance by calling 888-567-8688 or online at www.optoutprescreen.com.

vi. **YOU!** Stress this with the participants. "You are the most important person to see your credit report because no one else is reviewing it to make sure it is accurate." Mistakes on a credit report can be corrected.

7. Request a copy of your credit report.

Requesting a credit report can be an in-session activity if time allows and you have access to a computer with secure internet access and a printer.

a. The Fair Credit Reporting Act (FCRA) requires each of the three nationwide consumer credit reporting companies (Equifax, Experian and TransUnion) to provide a free credit report. All consumers can request a copy of their free credit report from AnnualCreditReport.com with weekly access. Prior to the pandemic, consumers could request their credit reports annually. In October 2023, weekly access to credit reports became permanent.
b. Share the website www.AnnualCreditReport.com and explain this is the site to use for obtaining a free weekly credit report from each of the three main credit bureaus. An image of AnnualCreditReport.com's home page is included in the workbook.

i. As a facilitator, if you have not requested a copy of your own credit report from AnnualCreditReport.com, now is the perfect time to do that. It's a great way to familiarize yourself with AnnualCreditReport.com and review your own credit report for accuracy. **Please don't share your credit report with the participants.** We have included a sample credit report for you to use as an example.

c. Let participants know that there are many other websites sites that pose as AnnualCreditReport.com or try to confuse consumers thinking they are safely accessing their credit report.

Caution. There are many websites that try to lure consumers to obtain a credit report and score. Some claim to be free, but they are really trying to get your personal information, and others try to get you to pay for these services. For example, when you search "annual credit report," several Ads are listed first that may seem like the right website, but they are not. Often consumer credit companies who provide "free" credit score, monitoring, repair, etc. require consumers provide personal information that is used for marketing and promotional purposes and are not acting in the consumers' best interest.

d. Three ways to request a credit report:
   i. **Online** request using www.AnnualCreditReport.com. This is only available for Social Security Number holders. If a participant does not have an SSN, and they only have an ITIN, they can submit a request in writing to each of the three credit bureaus to obtain a free credit report.
   ii. **Phone** (877) 322-8228
   iii. **Mail** using the form that can be downloaded from AnnualCreditReport.com. We have included this form in the participant workbooks and in this facilitator guide.

Requesting Your Credit Report with an ITIN. Send a request asking for a copy of your credit report, and include the following information:

- ☐ First, middle and last name (including Jr., Sr., III)
- ☐ Current address

- ☐ Previous addresses in the past two (2) years (if applicable)
- ☐ ITIN, let them know you do not have a Social Security Number
- ☐ Date of birth
- ☐ Current employer
- ☐ Phone number
- ☐ Signature
- ☐ A copy of a government-issued identification card, such as a driver's license, which has your current address on it.
- ☐ A copy of a current statement from your bank or utility provider.

Send to each of the three credit reporting companies:

TransUnion LLC	**Experian**	**Equifax**
Consumer Disclosure Center	P.O. Box 9701	P.O. Box 740256
P.O. Box 1000	Allen, TX 75013	Atlanta, GA 30348
Chester, PA 19016	888-397-3742	800-864-2978
800-888-4213		

8. Reading your credit report

a. Share an example credit report. This sample will also be in the participant workbook.

b. If class is in person, refer to the workbook and share the report on a projected screen if possible. If class is virtual, screen share this tool.

c. Review what is on a credit report.

   i. Personal Information:

      1. Name. There may be several ways a name is listed or if you have changed your legal name, both may be on the report. If your name is misspelled or a different name is listed, you can request that the error be removed.
      2. Address. Past and present addresses will be listed.
      3. Phone number. Past and present phone numbers will be listed. If you do not recognize a listed phone number, request to have the number removed.
      4. Social Security Number. Check for accuracy. If the SSN is incorrect, contact the credit bureau.
      5. Date of birth. Check for accuracy.
      6. Employer. Some employment history may be included, but not always. It is not a concern if some employers are not listed. If an employer is listed that is not familiar, it is a good idea to follow up with the employer and make sure someone is not using your social security number or other information illegally.

   ii. Accounts

      1. Adverse – negative information on your credit report. This would include accounts reported as 30+ days late, collection accounts, loan defaults, etc.
      2. Satisfactory – positive information on your credit report. This would include on-time payment for loans or credit cards.

   iii. Bankruptcy - legal action when a person or business cannot repay debts.

iv. <u>Inquiries</u> (“pulls”)
    1. <u>Soft inquiry</u> – when a credit report is requested by you, a company you have a relationship with reviews your account, an employer when you apply for a job, or a company screening for marketing offers. It **will not** impact on your credit score.
    2. <u>Hard inquiry</u> – when a credit report is requested as part of a credit application. It **will** impact your credit score. If you do not recognize the inquiry, contact the company that checked your credit using the information in your credit report.

9. What is NOT on your credit report?

a. Personal information about your age, race, gender, immigration, or marital status.
b. Bank account information (checking & savings). Bank account information is tracked in a different system called ChexSystem.
    i. Chex Systems, Inc. (ChexSystems) is a nationwide specialty consumer reporting agency under the Fair Credit Reporting Act (FCRA). Information is regularly reported on closed checking and savings accounts. ChexSystems provides services to financial institutions and other types of companies that have a permissible purpose under the FCRA. ChexSystems' services primarily assist clients in assessing the risk of opening new accounts.
c. Income is not included on a credit report, though income is considered by financial institutions in their underwriting decisions.
d. Positive information that one might think is in a credit report such as rent*, utilities, phone, cable, etc. These only appear on your credit report if they have been reported to the credit bureaus as late. * Note some landlords may report on-time rent payment to help consumers build credit.
e. Paid medical debt – unpaid medical debt will not be reported for 12 months.
f. Unpaid medical debt less than $500. Note: even though this may not be reported, the consumer is still responsible for the debt.

10. Understanding Credit Scores

a. Refer to the image used earlier in the class that describes the credit system framework. Remind participants that a credit score is a mathematical formula that is used to determine how “creditworthy” someone is; how likely will the creditor be paid back what they are owed.
b. Key points to share about credit scores:
    i. There is more than 1 score, each person could have over 100 different scores.
    ii. Remember back to the conversation earlier in the class. There are three main credit bureaus (Equifax, Experian, and TransUnion). Each of those companies calculates many different scores. The two most popular credit scores are:

            1. FICO® score (Fair Isaac Corporation). Each have multiple versions of that score.
            2. Vantage is a collaboration between all three credit bureaus, and they too have multiple versions of the Vantage® Score.
            3. Learn more about credit scores here:
                a. www.myfico.com
                b. www.scoreinfo.org
                c. www.vantagescore.com

c. Acknowledge again the topic of credit scores is very complicated and confusing. Encourage participants to focus on the common credit score influences whether looking at a FICO or Vantage score:
    i. **On-time payments.**
    ii. **Amount of credit used.** Keeping balances under 30% of credit limit.
    iii. **Mix of credit or "installment" vs. "revolving".** Having a mix of credit types over time can be helpful and add more positive information to consumers with thin credit files. **Caution:** we don't want to encourage participants to take on installment debt just to increase their credit score. You can still build good credit even if you don't have installment loans. There are also credit building products that many financial institutions and reputable organizations offer that are reported as installment payments.
    iv. **Age credit history.**
    v. **New accounts opened**. Open only credit accounts you need and keep older accounts in good standing open. **Note:** If the credit card charges an annual fee and you do not use it, it may be better to close the account even though you may experience a small decline in your credit score in the short term. If it is your only card, you may want to open another credit card first, use for 6 months with on-time payments, before closing the card with a fee.

11. Building credit

a. Share some specific credit building products and services.
    i. Before class, check with local financial institutions and financial capability programs that serve recent arrivals to the United States.
    ii. What documentation will be needed to open accounts and credit lines?

b. Common credit building strategies include:
    i. Credit card, secured credit card if you don't have credit
    ii. Open a joint account or become an authorized user
    iii. Credit builder loan or secured line of credit
    iv. Auto & student loans, mortgage, etc.

c. Reemphasize that all the credit score influencers talked about earlier are exactly the things participants can do to build credit:
    i. On-time Payments Loans, utility bills, medical, etc.
    ii. Credit Limit/Utilization Keep it low, under 30% is a good target
    iii. Apply for what you need
    iv. Check for accuracy and be diligent
d. Reassure participants that they can take steps now to build credit:
    i. It takes time to build credit, no "quick fix." It can take up to 6 months to build credit.
    ii. Make a plan that works for you – tools we will go over
    iii. Keep checking in and build a habit.

Additional Resources and Topics Related to Credit

Credit and minors (under the age of 18)

As a facilitator, you may be working with parents or caregivers who ask about helping their children build credit. The information provided here can help you prepare for these questions and learn more about this topic.

Unless an adult has taken action to help minor children create a credit history, the minor child under the age of 18 will likely not have a credit file unless they are:

- an authorized user on a credit card account
- an emancipated minor with credit activity (individuals between 14 and 17 who are living independently and have completed the legal process of being freed from adult guardianship)
- a Federal student loan borrower
- a victim of fraud

It's a good idea to check a minor's credit report if you suspect fraud or as they get closer to turning 18 to make sure there are no errors or fraudulent activity on their credit report. Here's how you can check to see if a minor has a credit report:

- ✓ If the minor is 13 years or older, a trusted adult can check directly though www.AnnualCreditReport.com
- ✓ If the minor is under 13, each of the three credit bureaus, Equifax, TransUnion and Experian will need to be contacted directly. You cannot use the online system for minors under 13.

Tips for parents and trusted adults to help their children build credit:

- Talk with your teen about money and model good credit behavior
- Explain that using a credit card is borrowing

- Teach them the importance of saving
- Involve them in age-appropriate financial decision-making
- Encourage them to work in partnership with their financial institution on their financial journey.
- Show your teen how to access their credit report through AnnualCreditReport.com.
- If you feel they are mature enough, you can add them as an authorized user on your credit card. Remember, an authorized user has access to the line of credit, but not the legal responsibility for repayment.

Below are some helpful educational resources. Please check with your state agencies such as Commerce, Financial Institutions/Regulations, Revenue/Treasurer, etc. for more free, unbiased resources.

- Money As You Grow resources from the CFPB
- CFPB Podcast series for students and young adults
- Financial Education Information and Resources | WA Dept. Financial Institutions