

40 Gardenville Parkway,
Suite 300
West Seneca, NY 14224



Phone: 716-712-2060
Fax: 716-712-2079
www.consumercreditbuffalo.org

Consumer Credit Counseling Service of Buffalo Presents:

Building a Better Future

CCCS of Buffalo contact information:

Phone: 716-712-2060 or 1-800-926-9685

Fax: 716-712-2079

www.consumercreditbuffalo.org

cccs@cccsbuffalo.org



About us	Founded in 1965, CCCS of Buffalo, Inc. provides knowledge and programs to help individuals and households in Western New York achieve financial self-sufficiency by being better able to control, organize and manage their personal finances.										
What we want you to know after leaving your appointment	<ul style="list-style-type: none"> ✓ How to put together and use a spending plan/budget ✓ Practical options for handling the debt and the benefits and drawbacks of each ✓ Resources for helping you achieve your goals 										
What people say about us	<p>“Counselor exceeded my expectations. I feel empowered to tackle my debt.”</p> <p>“Counselor was very kind and supportive. She made me feel much better about our situation. I am very glad I called!”</p> <p>“My session was informative and helpful. My counselor was easy to interact with.”</p> <p>“Thank you for fact based advice.”</p>										
What do we offer and cost	<table border="0"> <tr> <td>Financial Counseling in person/phone (\$25)</td> <td>Financial Counseling Online (Free)</td> </tr> <tr> <td>Bankruptcy Counseling (\$50 per filer)</td> <td>Financial Coaching (\$50)</td> </tr> <tr> <td>Reverse Mortgage Counseling (\$125)</td> <td>Credit Report Reviews (\$35 per person)</td> </tr> <tr> <td>Financial Education Workshops (Free)</td> <td>Small Business Coaching (\$99)</td> </tr> <tr> <td>Student Loan Counseling (\$50)</td> <td></td> </tr> </table> <p>**Services are offered without regard to ability to pay and services will not be withheld because of inability to pay. A fee waiver may be obtained in cases of specific hardship based upon income and must be verified by presentment of pay stubs and/or other proof of income.</p>	Financial Counseling in person/phone (\$25)	Financial Counseling Online (Free)	Bankruptcy Counseling (\$50 per filer)	Financial Coaching (\$50)	Reverse Mortgage Counseling (\$125)	Credit Report Reviews (\$35 per person)	Financial Education Workshops (Free)	Small Business Coaching (\$99)	Student Loan Counseling (\$50)	
Financial Counseling in person/phone (\$25)	Financial Counseling Online (Free)										
Bankruptcy Counseling (\$50 per filer)	Financial Coaching (\$50)										
Reverse Mortgage Counseling (\$125)	Credit Report Reviews (\$35 per person)										
Financial Education Workshops (Free)	Small Business Coaching (\$99)										
Student Loan Counseling (\$50)											
Creditor Repayment Plan	One of the services we provide is our <u>Creditor Repayment Plan</u> . The CRP is a payment plan that would allow you to make one monthly payment to our Agency, which would then be disbursed amongst your creditors. Once accepted on a CRP, your accounts will be closed and you may be granted lower interest rates and minimum monthly payment amounts depending on what creditors you have. This is not a loan as with debt consolidation.										
Creditor Repayment Plan Fees	CCCS is a non-profit agency. Our low fees cover operation cost and counselors are non-commission based. The fees associated with a CRP are a onetime set up fee \$30 and \$35 per month to service your account.										

Example of What A Creditor Repayment Plan could do for you:

	<u>Balance</u>	<u>Interest Rate</u>	<u>Monthly Payment</u>	<u>Length of Repayment</u>	<u>Total Amount Paid to Creditor</u>
Paying on own	\$10,000	24%	\$300	492 months (41 years)	\$35,057
Creditor Repayment Plan	\$10,000	7.4%	\$200	60 months (5 years)	\$11,966
Savings		16.6%	\$100	432 months (36 years)	\$23,091

**Estimates are based on the average creditor's policies and may vary on an individual account basis.

NOTE: All CCCS of Buffalo, Inc. locations are handicap accessible. CCCS of Buffalo, Inc. also believes in serving all customers who request assistance, regardless of their communication needs.

Budgeting/Spending Plan

A budget is projecting the amount of money that goes out. It allows you to control your finances and not have your finances control you.

Dispelling the misconceptions:

Misconceptions	The reality is...
Budgets are not realistic.	The key is to make your budget change with your ever-changing life. Budgets are a great tool to achieve your financial goals.
They are too much work. I do not have the time for budgeting.	Creating a budget will take initial time to set up, however once you utilize the budgeting methods that best work for you, it will become automatic and require very little time.
They mean doing without and sacrificing.	You have control over your budget, and this includes putting money towards such categories as entertainment, movies, and vacations. By adhering to the amounts set in your categories and not using credit, you will not waste money on interest.
Budgets are only for people with financial problems	Budgets are useful, no matter what your financial situation. The more you plan out your expenses, the more future personal wealth you can accumulate and enjoy.
I don't have enough money to budget	The most important time to put together a budget is when you feel you do not have enough money to make ends meet. Putting together a budget at this time allows you to formulate a game plan to improve your situation. The goal at this point is to reduce expenses and find room to save for your financial goals.

5 Steps to Budgeting:





Step 1-Design goals

It is important to establish financial goals when putting together a budget. Budgets that are not connected to your goals can be a series of meaningless numbers.

Rules for creating goals:

1- Decide what you want financially. Then break down the steps necessary to attain what you want. <ul style="list-style-type: none"> • These steps will be your financial goals. • Your goals are essentially stepping stones to the bigger picture; therefore each goal should have its unique purpose in the process of achieving what you want.
2- It is important for these goals to be realistic and attainable. You do not want to set yourself up for failure.
3- Make your goals specific and detailed with a completion date in mind.
4- Your goals should be designed to make your life better, not to keep up with friends, other family or society.

Examples by goal categories:

- **Savings:** I will have \$1,200 in my savings account one year from now.
- **Housing:** I will have \$8,000 in savings the next 5 years for a new roof.
- **Transportation:** I want to have enough money saved up to afford my car insurance bill which is due once every 6 months.
- **Vacation:** I want to save \$1,500 to take a vacation within the next 1 year and pay for everything in cash.
- **Retirement:** I want to contribute the maximum allowed to my retirement so that I can retire at age 55.

Write down your short term and long term goals

Short Term Goals (to be completed in approx. 1 yr.):	Completion Date:
1.	
2.	
3.	
4.	
5.	



Long Term Goals (to be completed in approx. 3+ yrs):	Completion Date:
1.	
2.	
3.	
4.	
5.	

How do I apply my goals to real life?

- Keep your **goals on a card**. Carry the card in your checkbook or wallet.
- Your goals will change as your life and priorities change. It is important to **review your goals regularly** and adjust your budget to accommodate new or altered goals.
- It is important to **remind yourself** of these rewards to keep yourself motivated.

Step 2- Calculate your income

Calculate your income from all sources:

- **Gross Income**- the amount of money you make before any deductions.
 - These deductions could include: federal and/or state taxes, social security (FICA), Medicare, employer's health, dental, retirement or pension plan, disability, life or supplemental insurance
 - After deductions, you can expect to take home 70% to 80% of your gross pay
- **Net Income**- the amount of money you make after deductions are taken out which is what you will have to work with to pay your expenses each month

Do not use income you cannot count on such as overtime, commissions, bonuses, etc. Use this type of income for one-time expenditures or savings.

	Monthly Income 1 Net:	Monthly Income 2 Net:	Monthly Income 3 Net:	Total Monthly Income:	
<p>Person 1:</p> <p>Step One</p>	\$ _____	+	\$ _____	+	\$ _____
		=		=	
				+	
<p>Person 2:</p> <p>Step Two</p>	\$ _____	+	\$ _____	+	Total Monthly Income:
		=		=	\$ _____
				=	
				Total Income:	\$ _____

Step 3- Develop your budget

Rules for creating a purpose focused budget:

1-Budgets should be *flexible* and change with you as your life changes

2-Budgeting is *continuous, ongoing and changing*

3-Budgeting requires *commitment* to be successful



Put your expenses into categories

1. Monthly Fixed Expenses

- Monthly expenses that do not change or may vary just slightly
 - Examples- car, rent/mortgage, etc
 - Make savings a fixed expense and pay yourself first-preferably 10% of net income
 - Even small amounts add up if you cannot start at the full 10%
 - Money needed to accomplish-goals should be a priority
 - Have a fixed amount of money automatically withdrawn into a savings account, and increase this amount as you are able to
 - Try budget-billing for utilities to make these expenses more predictable and easier to budget for

2. Monthly Variable/Flexible Expenses

- Flexible Expenses are expenses that you have total control on amounts that are spent.
 - Expenses we have the most control over, such as groceries, eating out, and entertainment
 - This category is really where the budgeting process is most important, as there is the biggest opportunity to reduce spending
 - Most important to track as the expenses are not usually the same each time

3. Monthly SAVINGS for Periodic Expenses

- Periodic Expenses are those expenses that do not occur every month,—rather intermittently throughout the year
 - Examples-home repair, auto maintenance, gifts and clothing
 - Notes: This category is mostly likely to throw your finances off if they are not saved for and included in your monthly budget. Divide the amount of money due by how many months it is due, then save this amount each month.
 - Example: If your car insurance bill is \$600 and it is due every 6 months, divide \$600 by 6 (months)=\$100 a month you will have to save monthly.

Budget Guidelines

After establishing the amounts you spend each month, review the below budget guidelines. These guidelines break down what percentage of your income should go towards various budgeting categories. If your expenses exceed this percentage, you may want to look at reducing or eliminating certain expenses.

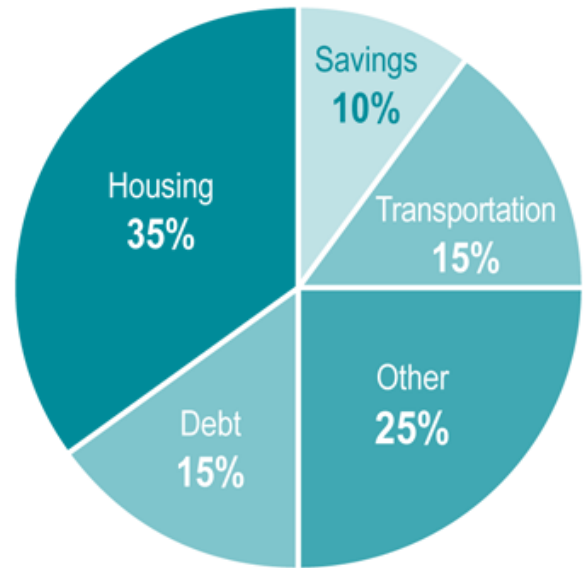
Savings – Save at least ten percent of net income. Make sure you have three to six months' income in an emergency fund before you start saving for other goals.

Housing – Spend no more than 35 percent of net income on housing. Depending on whether you rent or own, that can include mortgage/rent, utilities, insurance, taxes, and home maintenance.

Transportation – Spend no more than 15 percent of net income on transportation. That includes: car payment, auto insurance, tag or license, maintenance, gasoline, and parking.

Debt – Spend no more than 15 percent of net income on all other consumer debt: student loans, retail installment contracts, credit cards, personal loans, tax debts, and medical debts.

Other – Spend no more than 25 percent of net income on all other expenses: food, clothing, entertainment, childcare, medical expenses, tithing/charity, and vacations.



Step 4- 30 day tracking

The fourth step- determine how much money you spend, and to whom you are paying that money. Tracking your expenses daily makes you more aware of what you're actually spending.

Tips for tracking expenses

- Track expenses/spending for at least one month, the longer the better.
- Utilize an Expense Tracking sheet or a small notebook that can fit in your purse or back pocket.
- Every time you make a purchase, document this expense on your tracking sheet, and to which category it belongs (groceries, eating out, or clothing). If you do not have time to write it down immediately, save all receipts and designate a time at the end of the day to track the day's purchases.
- After your tracking period has ended, total every cent spent within the 30 days.

Benefits gained by tracking

- Know what your actual expenses are compared to having a general idea.
- Learn where your budget "leaks" are, you may be spending more than you are aware in certain spending categories.
- Uncover surplus money to pay yourself with in order to achieve your financial goals.



Crunch the numbers:

Calculate what money you have left over after you cover your monthly expenses:

Total Household Income-as calculated above:		Total Monthly Expenses from 30 day tracking:		Total Income Left Over:
\$ _____	-	\$ _____	=	\$ _____

If there is a **surplus** (positive number):

- Put surplus towards savings and your goals
- If you do not have enough leftover funds for savings/goals, go through your budget and reduce spending.

If there is a **deficit** (negative number):

- Barebones (basic) budget-go through your 30 day tracking and see where you can reduce your expenses to create a surplus for your goals and emergency savings.

Adjust Your Plan

If the amounts you are now saving falls short of the amount you need to save to reach your goals, here are some questions to ask yourself:

- Are you **“Paying Yourself First”** by putting away at least ten percent of your after-tax income? Arrange for this to be automatic by setting up deductions from your checking account in to a savings account every pay period.
- Could you increase the amount you’re saving by earning more or spending less?
- Could you delay the target date of any of your goals?
- You should reevaluate your spending and savings plan annually, or when there is a big change in your life. Remember that a budget is simply a priority list—by following it you are ensuring that your money is used to acquire the things, or reach the goals, that are most important to you.

Step 5- Find the right budgeting methods

Once you’ve allocated funds where you want them to go on paper, the next step is putting your paper budget into action. There are many different methods available for following a budget. You may need to try several before you discover what works best for you.



First things first: You need to **plan the budget based upon your pay periods**. Say that you get paid twice a month. If you can write down which bills you plan on paying from each paycheck, you will not be left with a surprise bill. Spend each month's income and each individual paycheck on paper *before* it comes in.

Use one or all of the following methods:

Envelope Method:

Envelope method –per **pay periods** (i.e. biweekly, monthly, etc.)-a certain amount of money is set aside for a specific purpose, or category, in an envelope marked for that purpose.

- **Fill 'er Up-** After you've categorized your cash expenses, fill each envelope with the money allotted for it in your budget.
 - For example, if you allow \$100 for gas a month and if you get paid every two weeks (bi-weekly), you will need to put \$50 in your gas envelope each pay period.
 - Category examples include gas, food, entertainment, grooming, etc.
- **Envelope for all?** There will be budget items that you cannot include in your envelope system, like bills paid by check or automatic withdrawal such as your mortgage and car loan, insurance, and utilities.

Calendar Method:

Use your budget to mark the due dates next to the expenses (mostly your fixed expenses). Next, split your bills into the four weeks of the month or twice a month, using your pay periods as a guide. If a bill is to be paid by regular postal mail, consider the date it should be mailed when designating a date in your calendar to pay this bill.

Next, transfer your expenses to your calendar. Most people like to use the day after payday as the designated bill-paying day each week. Input your bills to their nearest payday before their actual due date.

Advanced Calendar Method:

Monthly fixed expenses- Take your monthly total and divide that number out by the number of paychecks you normally receive every month. So for someone that gets paid weekly, divide your monthly total by 4 and for some one that gets paid bi-weekly divide your monthly total by 2. This tells you how much out of each paycheck you will need to set aside to cover your monthly fixed expense. By using this approach it will allow you to set the money aside until it is needed to pay your bills.

Monthly savings for periodic expenses- You already know what you should be setting aside per month for your periodic expenses. Take that monthly figure and divide it the number of paychecks you receive each month. Please consider having a separate savings account for this category so the money does not get used for your other expenses. Now you have money for your periodic expenses as they arrive.



Monthly variable expenses- These expenses have a tendency to fluctuate every month. Sometimes you have control over the fluctuation (eating out and entertainment) and sometimes you do not (GAS). The money that you have left over (after fixed and periodic) from your paycheck will be used to cover these expenses. If you are having a hard time making the money last until next paycheck consider using the envelope method.

Income/expenses	Monthly	Bi-Weekly paychecks	Weekly paychecks
Take Home Income (Net)	\$2000	\$1000	\$500
Emergency savings	\$200	\$100	\$50
Retirement	\$200	\$100	\$50
Fixed Expenses	\$900	\$450	\$225
Periodic Expenses	\$100	\$50	\$25
Variable expenses	\$600	\$300	\$150

If you want to take your budget to the next step pay your loans every 4 weeks. For example pay your mortgage payment and auto loan payment every four weeks rather than when it is due and you will be one month ahead in a year. Once a loan is paid off consider paying yourself that money every month since you already know you can live without the money.

The 60% Solution:

The 60% Solution is a spending 60% of a household's net income **on** all household expenses. Household expenses would be fixed and variable expenses. Examples would be rent, car payment, utilities, groceries and so on.

The other 40% breaks down as follows, with 10% allocated to each category:

- **Retirement:** Money set aside into an IRA or 401(k).
- **Long-term savings:** Money set aside for car purchases, major home repairs, or goals.
- **Periodic expenses:** Vacations, major repair bills, new appliances, etc.
- **Fun money:** Money set aside for entertainment purposes.



Budgeting Tools:

Several tools are helpful for constructing a personal budget. Regardless of the tool used, a budget's accuracy is only as good as the accuracy of the updated budget data; old financial information that does not reflect actual income or expenses is of little use to a current budget.

- Pencil and paper
- Spreadsheet software
- Money-management software

Tricks for Developing Good Habits

- Bank your raise
 - If you receive an increase in pay, set that amount aside into a savings account.
- Balance your checking account monthly
- The little things add up!
 - Whether it's grabbing a coffee in the morning on the way to work, ordering out lunch, vending machines, lottery tickets, or spending more at the dollar store than you intended, small expenses add up to big monthly totals without careful tracking.
 - Example: A \$2 cup of coffee 5 days a week adds up to \$40 monthly on coffee!
- Clothing
 - Shop seasonally and shop sales
 - Take an inventory of your clothing before going shopping to avoid buying duplicates or things you don't need
 - Make a list of items needed (i.e. 2 pairs of jeans, 3 button down shirts, socks, etc.) This way you are buying only what you need and not what you don't.
- Food
 - Try to plan in advance; make a list and stick to it!
 - Consider store brands or generics.
 - When it is on sale, stock up.
 - Shop at the store that is the cheapest overall.
- Be wary of sales
 - Purchasing an item that is marked down is not saving you money if you wouldn't have ordinarily purchased it in the first place.

Resources:

www.bankrate.com

Excellent Reading Material we would recommend:

The Automatic Millionaire and Smart Couples Finish Rich by David Bach

Generation Debt by Carmen Wong Urlich

All Your Worth: The Ultimate Lifetime Money Plan by Elizabeth Warr & Warren Tyagi

Checkout your local library for these and many others



Understanding Credit

A **Credit Report** is a file maintained by consumer reporting agencies (credit bureaus) containing history of borrowing and repaying credit.

A **Credit Score** is a numerical score (also known as a FICO score) based on the credit report, ranging from 300 to 850, that estimates credit risk. A credit score gives the lender an idea of how likely a borrower may be able to repay money that is borrowed. The lower the score is, the higher the risk to the lender.

How does your Credit Score affect you?

- Cost of credit (interest rates)
- Amount paid for insurances
- Employment
- Ability to rent or obtain loans

What information is on your credit report?

Identification

- Name
- Social Security Number
- Date of Birth
- Employer and employment history
- Estimated Income
- Current and previous addresses

Account Information (Reported by lender periodically)

- Type of account (bankcard, auto loan, mortgage, etc)
 - Date account was opened
 - Credit limit or loan amount
 - Account balance
 - Payment history
 - Cosigner/authorized user information
-

Inquiries

- Hard inquiries- Borrower filled out an application requesting report be reviewed
 - Only affect score for two years
- Soft inquiries - Pre-approved offers for credit and insurances and viewing your own credit report
 - Do not affect score

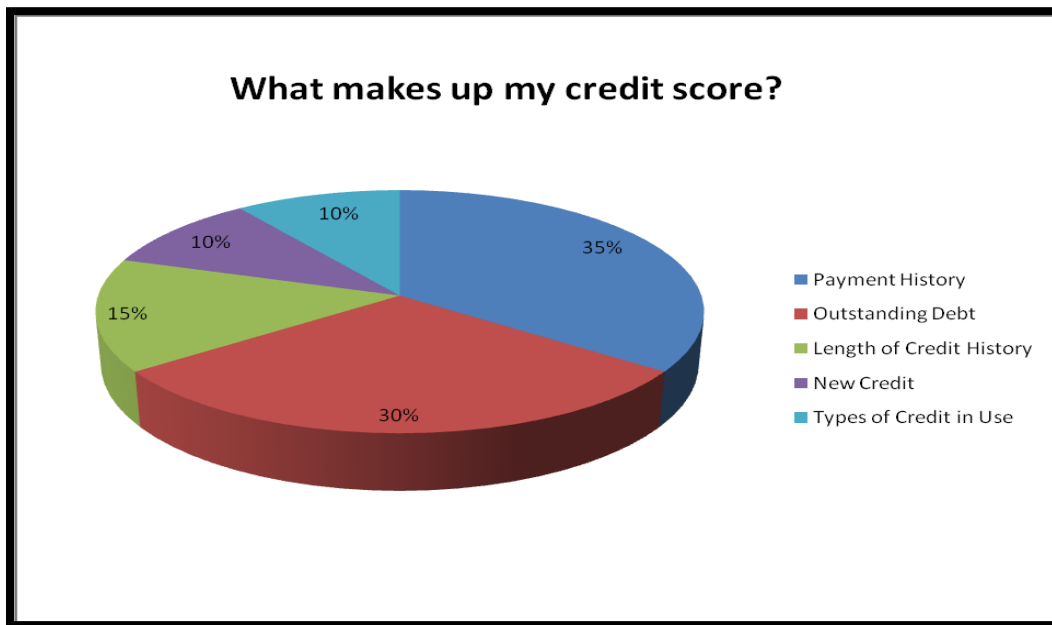
Public Record Information

- Tax liens, bankruptcy, judgments, and past due child support (show up for 7 to 10 years)

Personal Statement

- An optional statement that can be added by the individual explaining any extenuating circumstances that a lender might consider when reviewing the report

How is a credit score calculated?



Payment History-35%

<p>Lower scores are caused by:</p>	<ul style="list-style-type: none"> • Late payments, judgments, bankruptcy etc. <ul style="list-style-type: none"> • One late payment can lower score significantly • Usually cannot be reported until at least 30 days past due • If more than 90 days late, can effect score for years • Delinquent accounts-any account which is 30 days or more past due
<p>Improve scores by:</p>	<ul style="list-style-type: none"> • Pay bills on time • Stay current/become current on all credit accounts <ul style="list-style-type: none"> • If late only once and in good standing with lender, consider asking lender to make a one-time adjustment to your report • If you are having difficulty paying your bills, contact your creditors or a reputable credit counseling agency, such as CCCS of Buffalo • Time – the longer it has been since delinquency, the better the score • Debt can only be reported to credit bureaus for 7 years after the account was first reported delinquent. If debt older than 7 years appears on report, have it removed through the dispute process

Outstanding Debt– 30%

Ratio of how much credit is available to how much is used

<p>Lower scores are caused by:</p>	<ul style="list-style-type: none"> • Maxing out or using most of your available credit • Closing accounts • Lenders lowering credit limit
<p>Improve scores by:</p>	<ul style="list-style-type: none"> • Leaving at least 70% of available credit unused, 80% is better, even if paying off balances in full each month • Leaving unused accounts open • The credit card companies can report your account balance at any time during the month. This means even if you pay your balances in full each month, the amount of your balance mid month can be reported

Length of Credit History – 15%

Calculated by considering age of oldest account, age of newest account and an average age of all accounts

<p>Lower scores caused by:</p>	<ul style="list-style-type: none"> • Opening too many new accounts at once • Closing accounts that have been open for more than 10 years
<p>Raise score by:</p>	<ul style="list-style-type: none"> • Keeping any long standing accounts open, even with a zero balance • If you don't use an account with a zero balance, it is better to let lender close it for inactivity • Keep long standing accounts open • If closing an account, close a recently opened account instead of an older account



New Credit – 10%

Lower scores caused by:	<ul style="list-style-type: none"> • Many inquiries/applications for revolving credit in a short period of time
Raise score by:	<ul style="list-style-type: none"> • Less than 5 inquiries a year
Other facts	<ul style="list-style-type: none"> • Mortgage or auto rate shopping done within a 14-45 day period are will only count as one inquiry (amount of time is based on the credit scoring model) • Opening several credit accounts in a short period of time does represent greater risk

Types of Credit – 10%

Lower scores caused by:	<ul style="list-style-type: none"> • Too many open accounts with a balance • Using only one type of credit such as only revolving credit <ul style="list-style-type: none"> • Loans from finance companies, especially if no other types of loans are reported
Raise score by:	<ul style="list-style-type: none"> • Strive for a “mix” of credit – installment loans (mortgages, auto and personal loans) <u>and</u> revolving credit (credit cards) • No more than 3 credit cards total (including store cards)

How can a copy of free credit report be obtained?

The Fair Credit Reporting Act requires each credit bureau, Equifax, Experian, and Trans Union, provide each consumer with a free copy of their personal credit report every 12 months upon request.

To order your Free Credit Report and Get your credit score for under \$10:

Website	Mail	Telephone:
www.annualcreditreport.com	Annual Credit Report P O Box 105283 Atlanta, GA 30348	(877) 322-8228

For more information, see “Your Access to Free Credit Reports” at ftc.gov/credit

- Look at your credit report from each credit bureau once a year
- Consider checking one of the three every four months
- Helps early detection of identity theft
- Correcting errors can raise your credit score



Discover an inaccuracy?

Consumers have the right to dispute an item on their credit report. Inform the credit bureau online or in writing.

Provide detailed information about each item that is being disputed.



Include copies (NOT originals) of supporting documents.



State the facts and explain why the information is inaccurate, and request that the information be deleted or corrected.



Enclose a copy of your report with the items in question circled.



Send your letter by certified mail, return receipt requested.



Keep copies of your dispute letter and enclosures.

The credit bureau will investigate— usually within 90 days. When complete, the credit bureau will give you the results and a free copy of your report (does not count as your annual free report).

- If the information is updated by the credit bureau, they must notify all the credit bureaus to update your credit report.
- If an investigation doesn't resolve your dispute, you can ask that a statement of the dispute be included in your file. Expect to pay a fee for this service.

How can I rebuild my credit score?

- **Review reasons for wanting a credit card.**
 - Do not use a credit card to supplement your income. Rather use it as a tool to increase your credit score.
 - Charge a few items on it monthly, and pay off the balance in full. This way you are helping your credit score without paying any interest to the credit card companies.
- **Shop around for a credit card at www.bankrate.com or www.creditcards.com.**
 - Apply for credit sparingly, as applying for and opening numerous credit cards in a short period of time can decrease your score.
- **If you have been denied an application for a standard credit card, consider a Secured Credit Card at a bank or credit union.**
 - This card requires you to place funds in a bank account first and then lets you borrow against that deposit. This is usually reported on your credit report, but check to make sure they report to all three credit bureaus.
- **Pay Bills on Time**
 - Contact your creditors immediately if you're having trouble making ends meet. Tell them why it's difficult for you, and try to work out a modified payment plan that reduces your payments to a more manageable level.
- **Do not charge more than 20% or 30% of your credit limit(s). This applies even if you pay off your balances in full each month.**

How long does it take for my credit score to change?

- Generally credit scores are slow to improve and fast to decrease
- Your score can change whenever your credit report changes, however, your score probably won't change a lot from one month to the next
- Late payments or bankruptcy can lower your score quickly

Bank Accounts

- Bank accounts are a privilege; not a right. Banks can charge large fees for overdrawing your account and if you are unable to repay within the specified amount of time you can be reported to ChexSystems.
 - ChexSystems is similar to a credit reporting agency for deposit accounts. If you are reported you may not be able to open a deposit account (checking, savings, CDs) for up to five years.
 - If you need to review your report go to www.chexhelp.com or call 1-800-428-9623. You are entitled to one free report per year at your request.
- Overdraft protection can be expensive-there can be fees and interest charged to you similar to a credit card.
 - Overdrafts are considered a line of credit, and will show up on your credit report, so it is important to pay on these accounts just as you would your credit card.



What if I'm turned down for credit?

The Equal Credit Opportunity Act (ECOA) gives you the right to obtain the reasons why within 30 days along with a free copy of your credit report (does not count as one of your free annual reports).

- Ask the creditor to be specific. Indefinite and vague reasons for denial are illegal.
- The credit report may not reflect all of your credit accounts
 - Some local retailers, credit unions, entertainment, and gasoline card companies are among those that aren't included on a credit report
- Ask the creditor to add this information to future reports
 - They are not required to do so however many creditors will add verifiable accounts for a fee

How can I protect myself from Predatory Lenders?

Predatory Lenders prey on people with a low credit score. They have a hidden agenda: They want you to default so that they can garnish your wages/seize funds in your bank account.

Want to stop receiving pre-approved offers?

- Call 1-888-5-OPT OUT (1-888-567-8688) or www.optoutprescreen.com

Credit Repair Companies- No one can remove accurate negative information from your credit report. So after you pay them hundreds or thousands of dollars in fees, you're left with the same credit report and someone else has your money.

Resources:

www.ftc.gov/credit

www.bankrate.com

www.myfico.com/CreditEducation/

Identity Theft

Ways to prevent identity theft:

- Guard your mail-know when your bills usually arrive and follow up if the bill isn't received
- Do not give out your personal information over the phone, through mail, or over the internet unless you initiate the contact or know who you are dealing with
- Never carry your social security card
- Order your credit report at least once a year
- Do not give out personal information until you know how it will be used and if it will be shared

How thieves get your info:

- Obtaining records from businesses and other institutions
- Stealing your credit cards/debit cards, wallets or purses
- Trash- personal or business

What to do if your identity has been stolen:

- Place a fraud alert on your credit report
 - You only need to contact one of the three companies to place an alert-they will be required to contact the other two.
- Close the account you think has been tampered or opened fraudulently
- File a report with your local police or the police in the community where the theft took place
 - If the Police are unwilling to make a report, check with your state's Attorney General Office
- File a complaint with the Federal Trade Commission at www.ftc.gov/idtheft or 1-877-382-4357

Resources:

www.consumercreditbuffalo.org/bankruptcy/index.php

www.ftc.gov/idtheft