



PERSONAL FINANCE

Military Families Learning Network

CFPB Research: The Greatest Hits

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U.S. DEPARTMENT
OF DEFENSE



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MILITARY FAMILIES LEARNING NETWORK

Connecting military family service providers
and Cooperative Extension professionals to research
and to each other through engaging online learning opportunities

militaryfamilies.extension.org



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Today's Presenters

Irene Skricki

- Senior Financial Education Program Analyst, Consumer Financial Protection Bureau
- In this position, which she has held since August 2011, she focuses on promoting effective practices in the financial education field.
- Previous to the CFPB, from 1996 to 2011, Irene was a Senior Associate at the Annie E. Casey Foundation, where she managed the financial stability portfolio, with a focus on innovation, consumer protection, financial access, and wealth building for low-income families.



Susan Kerbel

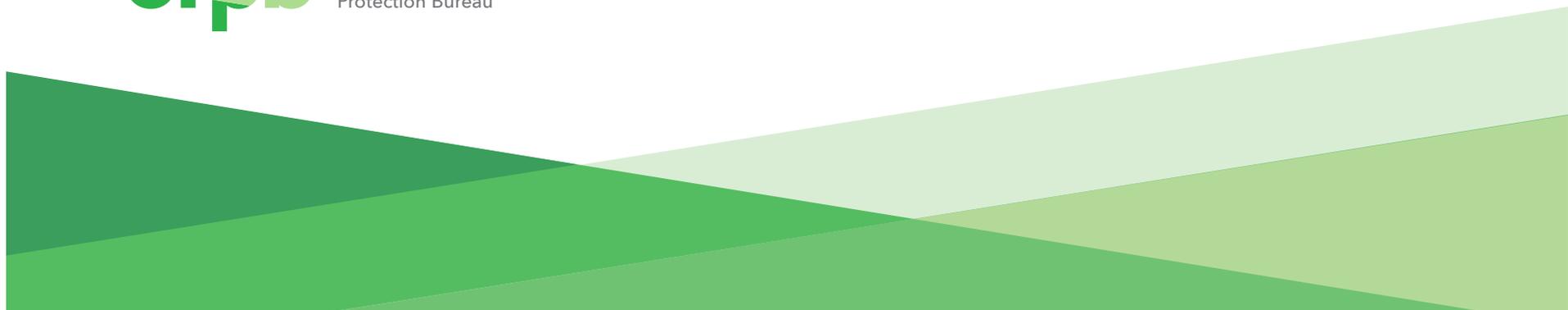
- Psychologist and Behavioral Science Analyst with the Consumer Financial Protection Bureau's Office of Financial Education.
- Her portfolio at CFPB includes financial education research and application for adults and youth, with a focus on psychosocial and behavioral aspects of program and research design.
- Prior to joining the Office of Financial Education, Sue served as an in-house consultant to projects in divisions across the CFPB, working on research and behavioral design questions.



CFPB Research and Tools for Financial Educators

Military Families Learning Network webinar
October 3, 2017 | 11:00 a.m.- 12:30 p.m.

Irene Skricki and Susan Kerbel, Office of Financial Education, CFPB



This presentation is being made by a Consumer Financial Protection Bureau representative on behalf of the Bureau. It does not constitute legal interpretation, guidance or advice of the Consumer Financial Protection Bureau. Any opinions or views stated by the presenter are the presenter's own and may not represent the Bureau's views.

Consumer Financial Protection Bureau

The CFPB helps consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives.



Empower

We create tools, answer common questions, and provide tips that help consumers navigate their financial choices and shop for the deal that works best for them.



Enforce

We take action against predatory companies and practices that violate the law and have already returned billions of dollars to harmed consumers.



Educate

We encourage financial education and capability from childhood through retirement, publish research, and educate financial companies about their responsibilities.

Office of Financial Education

Consumer Education & Engagement

Consumer Engagement

Financial Education

Financial Empowerment

Older Americans

Servicemember Affairs

Students and Young Consumers

Our mission:

Educate and empower consumers to make better informed financial decisions.

Today's topics:

- CFPB Financial Education Exchange
- CFPB tools and resources
- Financial well-being
- Principles for effective financial education
- Financial coaching
- Financial rules to live by
- Managing spending and credit
- Auto loans

CFPB Financial Education Exchange (CFPB FinEx)

CFPB FinEx: an online and in-person opportunity to access CFPB tools and resources, and connect with the CFPB and your peers engaged in financial education.

Our goal is to help you improve the financial well-being of the people you serve.

FinEx regional convenings:

- Dallas, TX
- Fort Worth, TX
- Maryland
- Neighborworks financial capability sites
- Denver, CO
- Kansas City, MO
- Atlanta, GA
- Sacramento, CA
- Madison, WI
- St. Louis, MO
- Tacoma, WA

Monthly e-newsletters

Baseline and follow-up surveys

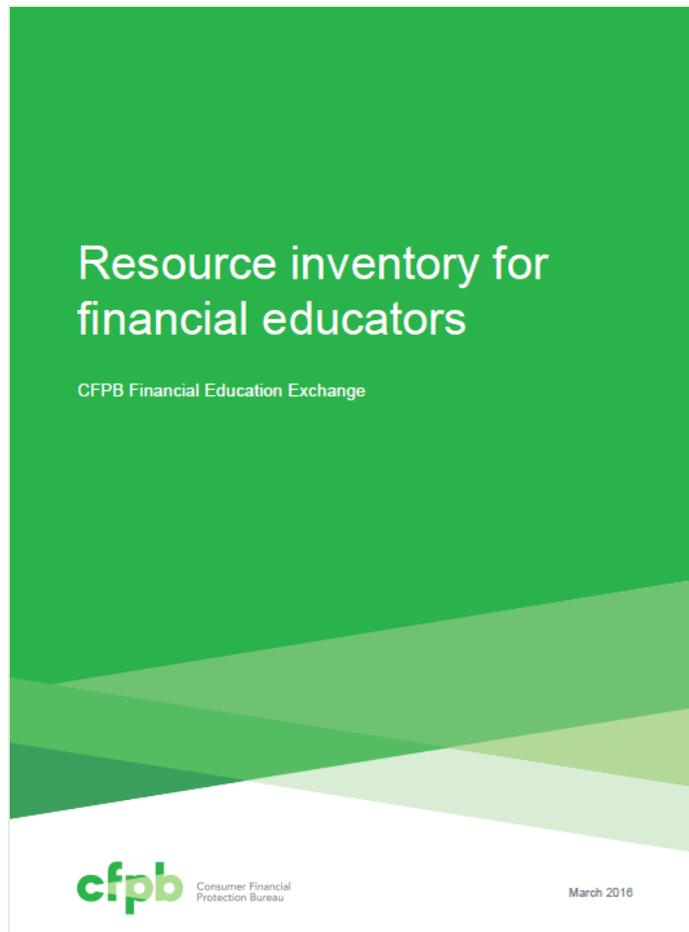


Number of financial educators signed up for CFPB FinEx: **2663**

Monthly webinars:

- Resources for servicemembers
- Accessing credit scores
- Managing spending
- Debt collection resources
- Credit card spending
- Libraries as a Financial Education Resources
- Helping Youth Develop Financial Capability
- Financial Coaching
- Financial Education Programs Serving Immigrant Populations
- Federal Financial Education Resources
- Take Control of Your Auto Loan
- Financial Rules to Live By
- Resources for Parents
- Tips for Strengthening Financial Education Curriculum
- Financial Education Resources for Parents and Caregivers
- Resources for Financial Caregivers
- Measuring Financial Well-Being
- Planning for Retirement/myRA
- Owning a Home
- Tax Time Savings
- Your Money, Your Goals Toolkit
- CFPB Consumer Complaint System

Resource inventory for financial educators



Find it at consumerfinance.gov/adult-financial-education

- **Understanding the financial education field and practices**
 - Keep up with the financial education field and with promising and effective practices
- **Understanding consumers**
 - Gain insights into consumer behaviors, motivations, perceptions, and attitudes, including challenges consumers face in the financial marketplace
- **Tools for financial educators**
 - Investigate training materials and toolkits designed to improve your effectiveness and service to clients
- **Tools for consumers**
 - Help your clients with easy-to-digest web tools and guides tailored to their needs

Resource for financial educators webpage

Financial education for adults

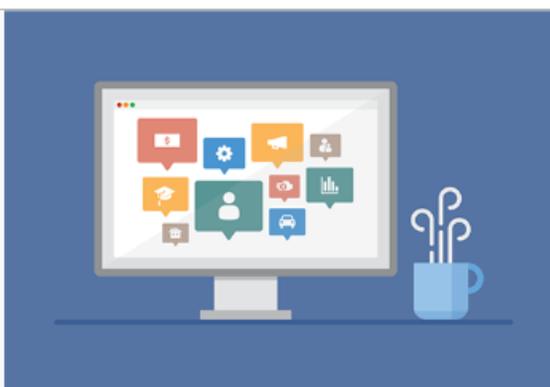
We help you help the people you serve. For adult financial educators, the tools here show our latest thinking on consumer financial behavior and effective financial education practices.

Featured event

Free webinar about disaster preparedness

Thursday, September 28, 2017, from 2-3 p.m. ET

[View details and enroll](#)



Tools and resources to use with the people you serve



We've gathered our tools, worksheets, and handouts by topic. You can use these resources with the people you serve. You can also [download the inventory](#) of

About us

The CFPB is an independent federal agency built to protect consumers. We write and enforce rules that keep banks and other financial companies operating fairly. We also educate and empower consumers, helping them make more informed choices to achieve their financial goals.

CONNECT WITH US

Join the CFPB Financial Education Exchange (CFPB FinEx) to get the latest news, invitations to webinars, and to learn from your peers.

Email address

The information you provide will permit the Consumer Financial Protection Bureau to process your request or inquiry.

[View Privacy Act statement](#)

Sign up

CONNECT WITH OTHERS

CFPB Financial Education Discussion Group on LinkedIn

Join the discussion!

FINANCIAL EDUCATION DISCUSSION GROUP ON LINKEDIN



Join us on LinkedIn

<http://www.linkedin.com/groups/CFPB-Financial-Education-Discussion-Group-5056623>

It's free!

There is no cost to join our discussion group or LinkedIn.

The Consumer Financial Protection Bureau's

Office of Financial Education is hosting a LinkedIn group to talk about financial education. It's a forum for you - the financial educators, researchers, and thought leaders of the financial education community, to learn about the work of the CFPB, share your thoughts and best practices, keep up with the latest news and research, and learn from your peers in the field.

How to Join

You must have a LinkedIn profile. Search for "CFPB Financial Education Discussion Group" in the "Groups" tab.

For more information, contact Irene Skricki in the CFPB Office of Financial Education (Irene.Skricki@cfpb.gov).



CFPB Tools and Resources

CFPB online tools on homeownership, paying for college, and planning for retirement

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Owning a Home:
Tools and resources for homebuyers

Whether you're just thinking about buying a home or about to close, we help you take control of the process.

We're on your side

Choosing the right home loan is just as important as choosing the right home. Use our tools and resources to know what to expect and what questions to ask every step of the way. Get started with our [reading](#) or explore all our tools and resources below.

Before you make an offer on a home

- 1. Prepare to shop**
Not sure how to get started, how much you can afford, or what to expect when buying and financing a home? Get yourself up for success with a little bit of preparation.
[Get started](#)
- 2. Explore loan choices**
Once you have a pretty good idea of your priorities and budget, you're ready to start home shopping in earnest. Now is also the time to start exploring loan choices and meeting with lenders.
[Get started](#)

KEY TOOLS

- [Credit report checklist](#)
- [Spending tracker](#)
- [Understand loan options](#)
- [Explore interest rates](#)

**consumerfinance.gov/
owning-a-home**

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Paying for College

Get help to make informed financial decisions about how to pay for college. Start by [comparing financial aid offers](#) or [understanding student loan repayment options](#).

[Get started](#) | [Student financial guides](#) | [Compare financial aid offers](#) | [Repay student debt](#)

Welcome!

It's more important than ever for students and former students to make smart decisions about financing their college education. Whether you're attending college soon, are a current student, or already have student loans, we've put together some tools and resources to help you make the best decisions for you.

STUDENT FINANCIAL GUIDES

For many people, how to pay for a college education is one of the first major financial decisions they'll make. These guides cover some of the big decisions you'll face and will help you understand your options for financing your college education.

Student loans
If you're considering student loans to help you pay for school, you're not alone - many students need loans to cover their full cost of attendance. If you have to take out student loans, comparing your options can help you find the student loan best suited for your needs. [More about student loans.](#)

Student banking
Unlike that first job, which could last long after you graduate, managing your money in college can be a challenge. [More about student banking.](#)

COMPARE FINANCIAL AID OFFERS

As part of our Know Before You Owe project, we worked with the Department of Education to create a Financial Aid Shopping Sheet™. Now that thousands of colleges are adopting the clear and comparable form, we've built a tool that complements the

**consumerfinance.gov/
paying-for-college**

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Planning for Retirement:
Before you claim

The age you claim Social Security affects your lifetime income. We'll help you think through this decision.

Step 1: Explore how your claiming age affects your Social Security retirement benefits

Enter your information below to see your estimated benefits.

Date of birth: MM DD YYYY | Highest annual work income: \$ | [Get your estimates](#)

We base your benefit estimate on current formulas from the Social Security Administration. Your answers are anonymous. Because we do not access or use your Social Security earnings record, these are rough estimates.

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**consumerfinance.gov/
retirement**



Submit a Complaint and Ask CFPB

The screenshot shows the top navigation bar with the CFPB logo, search bar, and 'Submit a Complaint' button. Below the navigation, there are links for Consumer Tools, Educational Resources, Data & Research, Policy & Compliance, and About Us. The main content area features a green header with the text 'Having a problem with a financial product or service?' and 'Tell us about your issue—we'll forward it to the company and work to get you a response, generally within 15 days.' To the right of this text are three speech bubble icons. Below the header, there is a 'Submit a complaint' section with a 'Start a new complaint' button. To the right of this section is an 'About us' section with the text 'The CFPB is an independent federal agency built to protect consumers...' and a 'HAVE A QUESTION' section with the phone number '(855) 411-2372'.

**consumerfinance.gov/
complaint**

The screenshot shows the top navigation bar with the CFPB logo, search bar, and 'Submit a Complaint' button. Below the navigation, there are links for Consumer Tools, Educational Resources, Data & Research, Policy & Compliance, and About Us. The main content area features a white header with the text 'Ask CFPB' and 'We offer clear, impartial answers to hundreds of financial questions. Find the information you need to make more informed choices about your money.' To the right of this text is an image of a hand holding a yellow sticky note with the text 'What is my credit score?' and other sticky notes with questions like 'How does foreclosure work?' and 'What is an overdraft?'. Below the header, there are three columns of content: 'Auto loans', 'Bank accounts and services', and 'Credit cards'. Each column contains a list of questions and links to 'Read answer'.

**consumerfinance.gov/
askcfpb**



Money Topic Resource Portal – Debt Collection

Our new portal helps people find information and learn about debt collection while providing links to additional resources.

Information is broken down by key sections:

- **Get started**
- **Understand your situation**
- **Take action**



With a link to more debt collection questions and answers in **Ask CFPB**



[consumerfinance.gov/
consumer-tools/debt-collection/](https://consumerfinance.gov/consumer-tools/debt-collection/)



[Consumer Tools](#) [Educational Resources](#) [Data & Research](#) [Policy & Compliance](#)

Debt collection

Addressing debt collection issues can be challenging. You do not have to face them alone. Our resources can help you better understand how debt collection works and what your rights are when dealing with debt collectors.

Get started

The basics of debt collection

[Why a debt collector is contacting you](#)

A debt collector may be trying to contact you because a creditor believes you are past due on the payments you owe on a debt. [Read more](#)

[Learn what could happen if you avoid a debt collector](#)

Ignoring or avoiding a debt collector is unlikely to make the debt collector stop contacting you. If you believe you do not owe the debt, you should tell the debt collector. [Read more](#)

[Learn about some examples of "unfair" practices by a debt collector](#)

Key terms

[Credit counselor](#)

[Debt collector](#)

[Fair Debt Collection Practices Act \(FDCPA\)](#)

[Garnishment](#)

[Harassment by a debt collector](#)

[Judgment](#)

[Original creditor](#)

[Statute of limitations](#)

[See all key terms](#)

HOW THE CFPB IS PROTECTING YOU

[CFPB and New York Attorney General File Lawsuit Against Illegal Nationwide Debt Collection Scheme](#)

[CFPB Orders Navy Federal Credit Union to Pay \\$28.5 Million for Improper Debt Collection Actions](#)

PRINT RESOURCES

[Servicemembers: Know your rights when a debt collector calls](#)

[Act fast if you can't pay your credit cards](#)

Money Topic Resource Portal – Credit Reports and Scores

Launched March 2017

Primary goals

- Provide consumers with foundation of knowledge
- Help consumers fix urgent issues
- Direct consumers to the most relevant information for their personal financial situation

consumerfinance.gov/consumer-tools/credit-reports-and-scores/



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Search Submit a Complaint

Consumer Tools Educational Resources Data & Research Policy & Compliance About Us

Credit reports and scores

Your credit reports and scores have a major impact on your financial opportunities. Our resources can help you better understand your credit reports and scores, learn how to correct inaccuracies, and improve your credit record over time.

★ Featured

Does your credit card come with a free credit score?

Lenders use credit scores to make decisions like whether to approve a mortgage at a certain rate or issue you a credit card. Some companies offer free credit scores to customers. [Learn more](#)

Get started

The basics of credit reports and scores

Learn how to **get your credit reports**

You should check your credit reports at least once a year to make sure there are no errors that could keep you from getting credit or the best available terms on a loan. [Read more](#)

What to look for in your credit reports

Once you request your credit reports, it's important to know what kind of information you should be on the lookout for as you review them. [Read more](#)

Learn about the difference between credit scores and credit reports

Your credit reports and credit scores are both critical to your financial health, but they play very different roles. [Read more](#)

Key terms

- [Credit invisible](#)
- [Credit reporting company](#)
- [Credit report](#)
- [Credit score](#)
- [Fair Credit Reporting Act](#)
- [Fraud alert](#)
- [Identity theft](#)
- [Military active duty alert](#)
- [Security freeze](#)
- [Specialty consumer reporting company](#)
- [Thin credit file / No credit file](#)
- [See all key terms](#)

About the CFPB

The CFPB is an independent federal agency built to protect consumers. We write and enforce rules that keep banks and other financial companies operating fairly. We also educate and empower consumers, helping people make more informed choices to achieve their financial goals.

STILL HAVE A QUESTION?

Call us if you still can't find what you're looking for. You can also submit a complaint about an issue with credit reporting or scores over the phone.

(855) 411-2372
TTY/TDD: (855) 729-2372

HOW THE CFPB IS PROTECTING YOU

[CFPB Orders TransUnion and Equifax to Pay for Deceiving Consumers in Marketing Credit Scores and Credit Products](#)

PRINT RESOURCES

[A summary of your rights under the Fair Credit Reporting Act](#)

[Download sample dispute letters](#)

[Guide: Rebuild your credit](#)

[Guide: Understand your credit score](#)

REAL STORIES ABOUT CREDIT REPORTS AND SCORES

Everyone has a story. Meet Jorge

Order Free Publications

pueblo.gpo.gov/CFPBLibs/CFPBLibsPubs.php

- Up to 1,000 free copies of each publication
- English and Spanish publications
- 3-4 weeks for delivery
- Easy to order
- High quality printing

How to avoid foreclosure

The most important thing you can do when you're having trouble

pay anyone to help you help you need is available our servicer, or through a counseling agency.

an application to your enough, your mortgage he options you have to makes more sense, to

is a lot of experience avoiding foreclosure. the complicated steps to s and apply for help.

can't make a first notice or if you are more than 120 yments. In addition, when

finance.gov. 1 of 2

How to fix mistakes in your credit card bill

Mistakes happen. When they do, knowing how to fix them can save you money and time. Follow these five steps to dispute incorrect charges or fees.

1. Review your credit card statement closely every month.

The only way to find mistakes is to review your charges and fees carefully. Compare your starting balance with the previous month's bill. Also look for anything unfamiliar, including "add-on," or optional, fee-based products.

2. Call the customer service number

This phone number will be on your monthly bill or on the back of your card. Explain what is wrong in your bill. The credit card company should listen to what you say and look into the problem.

3. Follow up with a letter

Also send a written notice to the credit card company as soon as possible to protect your legal rights. Your bill contains instructions on how and where to send this notice.

The address for billing disputes may be different than the address where you send your payments. Be sure to include:

- Your name
- Address
- Account number
- A clear explanation of what you think is wrong and why

Submit your written notice no later than 60 days after the creditor sent the statement where the error first appeared. Keep a copy of your letter as proof that you wrote to the credit card company.

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Learn more at consumerfinance.gov. 1 of 2

Print resources on credit scores and reports

CHECK YOUR CREDIT REPORT AT LEAST ONCE A YEAR

The Consumer Financial Protection Bureau advises consumers to check their credit reports at least once a year.

Consumers can receive free copies of their credit reports every 12 months from AnnualCreditReport.com. This is the only authorized source under federal law that provides free credit reports from the three major national credit reporting companies - Equifax, Experian and TransUnion. Other websites that promise free credit reports may require you to sign up for "free trials" that eventually charge you or purchase other products or services you may not need.

Check your credit report to:

- Look for and fix mistakes that could hurt your ability to get credit.
- Be sure your information is correct and up-to-date.
- Guard against identity theft.

Mistakes in your credit reports, or fraud caused by identity theft, can make borrowing more expensive or prevent you from getting credit.

Common mistakes in credit reports include:

- Loans and credit accounts you've never opened.
- Misspelled name, wrong Social Security number, wrong address, or phone number.
- Accounts wrongly listed as late, incorrect balances, incorrect credit limits, closed accounts listed as open, incorrect delinquency dates, or accounts listed more than once.



Dispute mistakes you find

Your credit report will include information about how to dispute a mistake. If your dispute is about a credit account, you should send a dispute letter to both the credit reporting company and creditor that was the source of the information.

Your dispute should clearly explain what you think is wrong and why. State the facts, explain why you are disputing the information, and request that it be corrected.

Understand your credit score

Banks, credit card companies and other businesses use credit scores to estimate how likely you are to pay back money you borrow.

A higher score makes it easier to qualify for a loan or lower interest rates. Many scores range from 300-850, but different companies use different ranges.



You have many credit scores

You can have more than one score, because:

- Lenders use different scores for different products.
- There are many different credit scoring formulas.
- Information can come from different credit reporting sources.

For example, your credit card score could be different from your home loan score, and the scores you purchase online could be different from both of those.

For some people, these differences aren't that big. But because lenders use different scores, you might qualify for lower rates with one lender and not another. It can pay to shop around.

Several variables affect your credit score:

- How many credit accounts you have
- How long you've had those accounts
- How close you are to your credit limit
- How much credit you have left
- How often your payments have been late
- Other factors

How to raise your score

- Pay your bills on time, every time. Make sure your payments are set up automatic payments, or set reminders. If you have missed a current and stay current.
- Don't get close to your credit limit. Scoring models look at how close you are to being "maxed out," so try to keep your balances low.

Where credit scores come from?

Credit scores are generally based on information in your credit reports. This information is provided by your creditors to credit reporting companies. The three biggest are Equifax, Experian and TransUnion.



Learn more at consumerfinance.gov

How to rebuild your credit

When you experience a financial challenge, your credit record could suffer. Rebuilding it takes time. There are no shortcuts or secrets.



The steps below can help

1. Pay your bills on time, every time

"On time" means the payment got to the company by the day the bill is due. Mail your bills a few days before they're due.

Automatic payments from your bank can be a good way to make sure your bills get paid on time. Keep track of automatic payments so you know you have enough money in your account to cover them.

2. Don't get too close to your credit limit

Credit scores consider how close you are to being "maxed out" on credit cards. If you use too much of your total credit lines, you can hurt your credit score. Experts advise using no more than 30 percent of your total credit limit - some even say you should use less than 10 percent.

3. Don't apply for too much credit in a short time

Your credit score may go down if you apply for or open a lot of new accounts in a short time. This includes getting a new card so you can transfer balances, or opening a new store card account so you can get a discount.

4. If you can't qualify for a regular credit card, try a secured card

Many banks and credit unions offer secured credit cards. With most of these cards, your credit line starts out small. You put an amount equal to your credit limit in an account as a deposit.

As you show you can pay on time, your credit limit may grow and you may have your deposit refunded. Fees and interest rates can be high for secured cards, but using one can help you to establish a credit record.

5. If you pay with a credit card, pay your balance off every month

You'll build credit by using your credit card and paying on time, every time. Pay off your balances in full each month to avoid paying finance charges. Paying off your balance each month can also build better credit than carrying a balance. Think about signing up for text alerts and automatic payments to make sure you don't pay late or miss a payment.



Learn more at consumerfinance.gov

1 of 2

Building credit from scratch

Starting out in the financial world can be confusing. And building good credit takes time. Below are some types of helpful products, as well as actions you can take to help reach your financial goals.



Finding the right products

Secured credit cards

Apply for this card as you would a traditional credit card. Once approved you deposit an amount of money - which can range from \$50 to \$300 - into a separate account. The bank holds onto this deposit and extends a credit line matching the deposit amount. Generally, you can build credit with a secured card, but be sure to ask your card issuer about reporting to the credit reporting companies. Many of these cards include a "graduation" component, so you are able to move from a secured card to a traditional credit card seamlessly after establishing a pattern of consistent payments.

Credit builder loans

Financial institutions, typically credit unions, deposit a small "loan" (often \$300-\$1000) into a locked savings account and then you pay the institution back with small-dollar payments over 6 to 24 months. These payments are reported to the credit reporting companies. Once you come to the end of the loan term, you receive the accumulated money back in total.

Retail store cards

Many gas stations, department stores or retail chains offer credit cards. These cards tend to be easier to obtain and typically offer lower credit lines. This combination makes them an option when you are looking to build up a thin or nonexistent credit record.

Actions you can take & things to know about your credit report and score

Get and read your credit report

The first and most important step in building and maintaining good credit is to know and understand what is in your credit report. You are entitled to and can request your credit report from each of the three nationwide credit reporting companies once every 12 months free of charge at annualcreditreport.com.



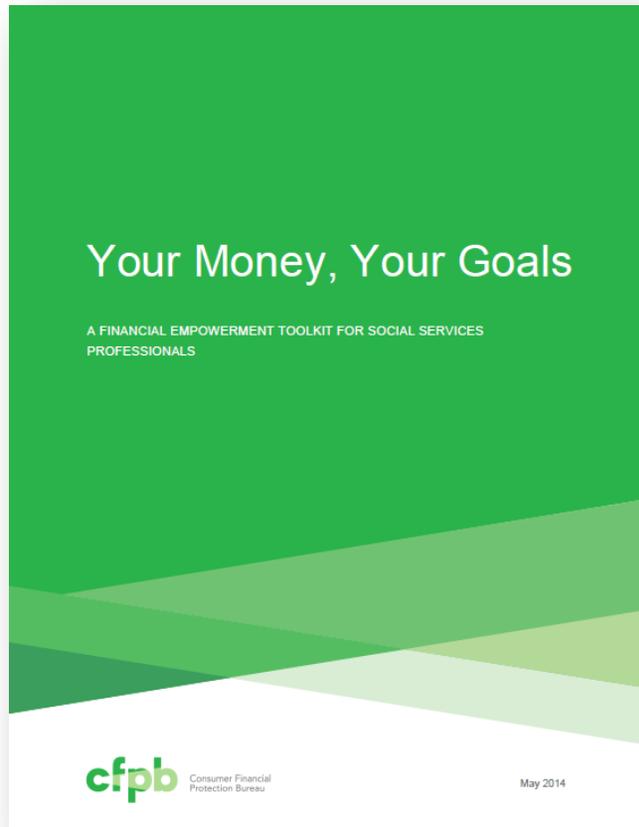
Learn more at consumerfinance.gov

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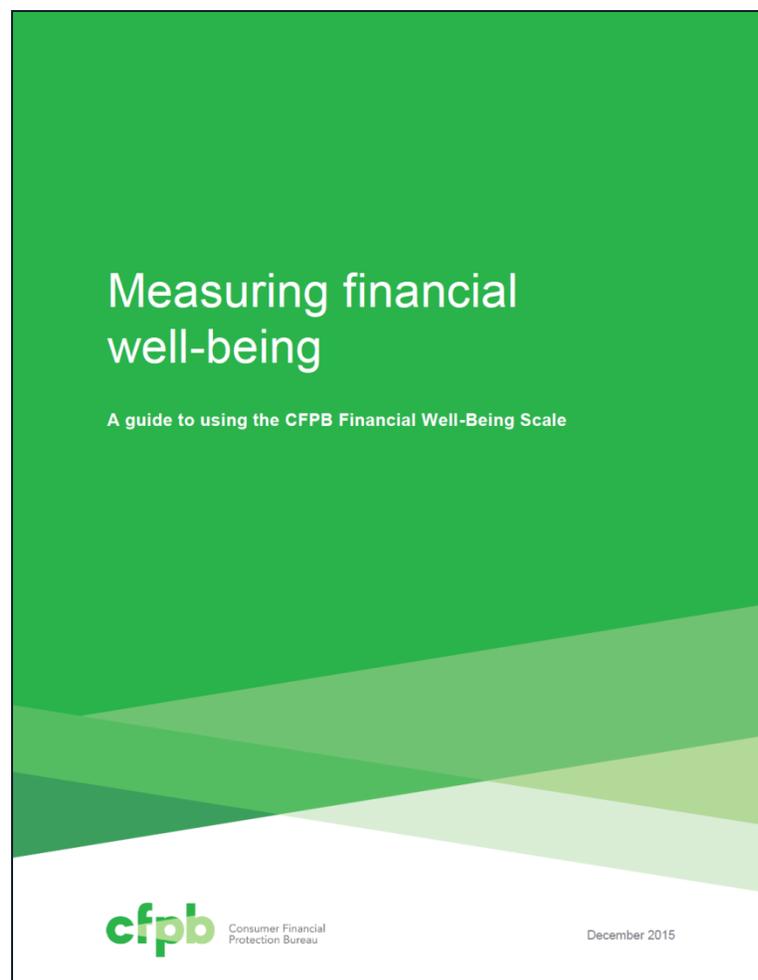
Your Money, Your Goals



- Training enhances confidence about discussing finances with clients
- Training provides clear examples of effective communication techniques
- Modular toolkit is user-friendly with plain language text
- Available for download in English and Spanish
- Customized versions for social service providers, legal aid organizations, community volunteers, and worker organizations

CFPB Financial Well-Being Scale

Measuring Financial Well-Being



Growing consensus that financial well-being is the ultimate goal of financial literacy/capability

- “Financial capability empowers individuals to ... improve their present and long-term **financial well-being.**”
 - Executive Order, President’s Advisory Council on Financial Capability (2010)
- “Vision: Sustained **financial well-being** for all individuals and families in the United States.”
 - U.S. National Strategy for Financial Literacy (2011)
- “Financial literacy is a combination of awareness, knowledge, skill, attitude and behaviour necessary to make sound financial decisions and ultimately achieve individual **financial well-being.**”
 - OECD International Network for Financial Education (2012)

Understanding Financial Well-Being

Project Contribution

- A way to quantify the ultimate and common goal of financial education strategies
- Builds on growing consensus that improved financial well-being is the ultimate goal of financial literacy / capability

Project Goals

- Phase 1:
 - Define financial well-being from the consumer perspective
 - Research the key knowledge, skills, attitudes and behaviors that contribute to individual financial well-being
- Phase 2: Develop a way to directly measure financial well-being
- Phase 3: National survey on financial well-being of U.S. adults

What is financial well-being?

A state of being wherein a person can fully meet current and ongoing financial obligations, can feel secure in their financial future, and is able to make choices that allow enjoyment of life.

Elements of financial well-being:

- ✓ Having control over day-to-day, month-to-month finances
- ✓ Having the capacity to absorb a financial shock
- ✓ Being on track to meet financial goals, and
- ✓ Having the financial freedom to make choices that allow one to enjoy life

The four elements of financial well-being

	Present	Future
Security	Control over your day-to-day, month-to-month finances	Capacity to absorb a financial shock
Freedom of choice	Financial freedom to make choices to enjoy life	On track to meet your financial goals

Methodology

- Worked with a **team of subject matter and scale development experts** to develop the scale questions and scoring method.
- The questions were selected through a state-of-the-art process that involved:
 - Development of an **initial pool** of potential questions.
 - A series of **cognitive interviews** to ensure that people understand the questions and what they are designed to ask.
 - **Factor analysis** to select the questions that best measured the underlying concept of interest.
 - Three rounds of **psychometric testing** with over fifteen thousand respondents in order to select the questions that provided the greatest reliability across adults.

The CFPB Financial Well-Being Scale

Questions	Response Options
<p>How well does this statement describe you or your situation?</p> <ol style="list-style-type: none"> 1. I could handle a major unexpected expense 2. I am securing my financial future 3. Because of my money situation, I feel like I will never have the things I want in life* 4. I can enjoy life because of the way I'm managing my money 5. I am just getting by financially* 6. I am concerned that the money I have or will save won't last* 	<ul style="list-style-type: none"> • Completely • Very well • Somewhat • Very little • Not at all
<p>How often does this statement apply to you?</p> <ol style="list-style-type: none"> 1. Giving a gift for a wedding, birthday or other occasion would put a strain on my finances for the month* 2. I have money left over at the end of the month 3. I am behind with my finances* 4. My finances control my life* 	<ul style="list-style-type: none"> • Always • Often • Sometimes • Rarely • Never
<p>* Denotes questions for which the response options are "reverse coded"</p>	

Interpreting the score

- A CFPB Financial Well-Being Scale score is a standardized number between 0 and 100 that represents the respondent's underlying level of financial well-being.
- The number does not have meaning on its own, and most people's scores will fall somewhere in the middle—extremely low or extremely high scores will be uncommon.
- A higher score indicates a higher level of measured financial well-being, but there is not a specific cut-off for a “good” or “bad” financial well-being score.
 - The CFPB Financial Well-Being Scale scores have not been around long enough for research to have established meaningful ranges for different “levels” of scores.
 - Professionals may be able establish benchmarks as they use the scale with their clients and analyze the scores in relation to other data they may have on their client's financial situation.

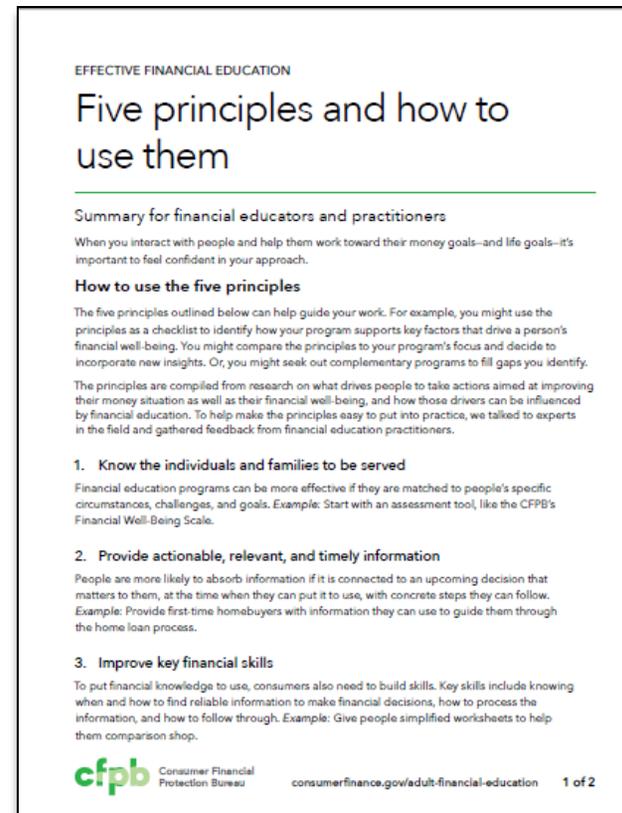
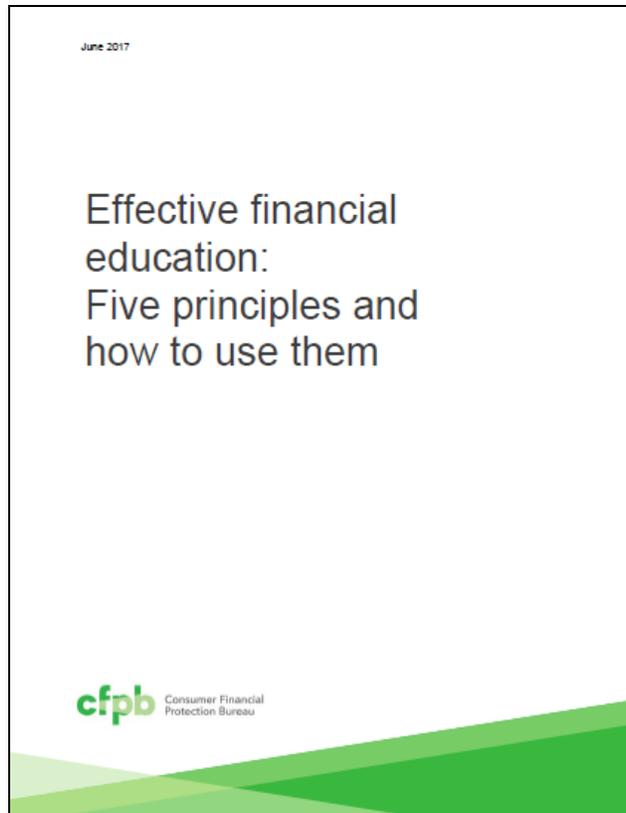
Using the scale

The CFPB Financial Well-Being Scale can be used in a variety of ways, including:

- Initial assessment
- Tracking individual progress
- Assessing program outcomes
- Survey research

Principles for Effective Financial Education

Principles report and summary



Find them at

consumerfinance.gov/data-research/research-reports/effective-financial-education-five-principles-and-how-use-them/

Goals of the Principles

- Provide tools to help implement the key insights gathered through CFPB's financial well-being research and other best practices.
- Promote effective financial education by proposing the key knowledge, skills, and personal attitudes that help one take action to achieve greater financial well-being.
- Highlight strategies that help adult consumers build financial capability and make progress on their financial goals.

Principles for effective financial education



1. Know the individuals and families to be served

- Start with learning their challenges, goals, and situation and tailor support accordingly



2. Provide actionable, relevant and timely information

3. Improve key financial skills



- By supporting individuals in learning the “how to” of effective personal financial management applied to their own situation



4. Build on motivation

- Help people clarify motivations and connect action steps to desired outcomes
- Support development of financial self-efficacy

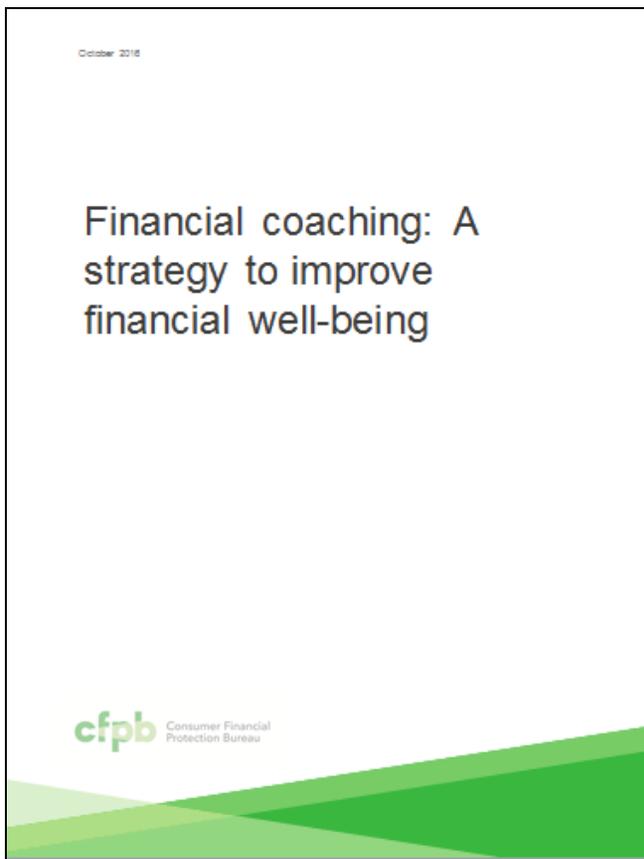


5. Make it easy to make good decisions and follow through

- Help create a context that makes it easier for people to achieve their goals.

Financial coaching

Financial coaching



Urban Institute* randomized control trial of two financial coaching programs:

- Branches, a faith-based social services organization in Miami
- The Financial Clinic, a New York-based nonprofit helping build the financial security of working-poor Americans

The study:

- Total of 945 clients participated
 - 479 in treatment group
 - 466 in control group

Research findings

On average, people who were offered access to financial coaching experienced improvements in their financial lives relative to those not offered access to financial coaching.:

Financial behavior

- Were more likely to pay bills on time
- Increased frequency of savings deposits

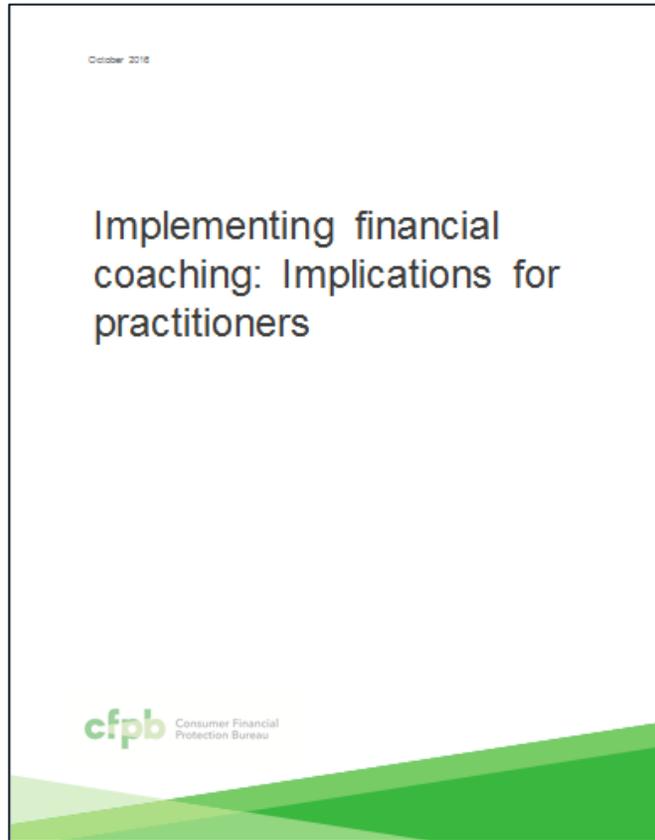
Objective financial outcomes

- Increased savings by almost \$1,200 in New York City
- Reduced debt by over \$10,000 in Miami
- Increased credit scores by 21 points in New York City

Subjective financial well-being

- Reported an increased sense of confidence in their finances and reduced feelings of financial stress

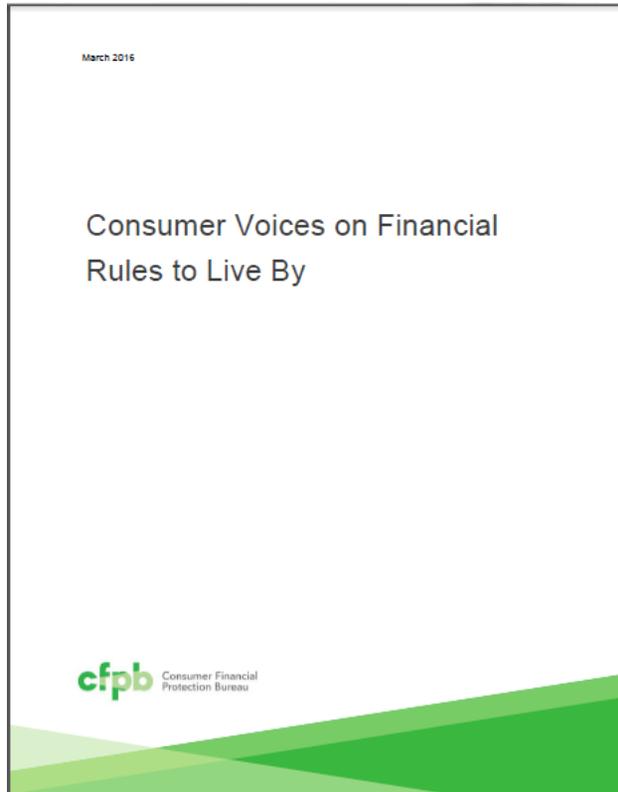
Key takeaways for practitioners



- Coaching is a flexible approach that can work for many types of clients.
- Steps should be taken to make it easy and convenient to participate.
- Coaching clients have varying levels of engagement in coaching services.
- Issues with credit and debt are often the key interest and motivation of coaching clients seeking services.
- Coaches need to take time to understand the motivations and challenges of their clients.
- Multiple approaches to training and staffing of financial coaching programs can be successful.

Financial Rules to Live By

Financial Rules to Live By



- Many consumers know about common financial rules of thumb.
- Many are frustrated by what they see as unrealistic goals stated in common rules, as they struggle with competing priorities across their financial lives.
- There is a sense that financial rules cannot be applied equally to all people in all circumstances.
- Many commonly held rules are too broad or ill-defined to offer clear guidance to everyone.
- A promising strategy is to help consumers develop their own financial rules of thumb customized to their personal situation -- “**financial rules to live by.**”

Why are financial rules hard to stick to?

Consumers described facing challenges due to:

- Situational financial hardship
- Being pulled off track by others
- Fear of missing out

How can you help?

Financial rules to live by: Ideas for financial educators

Consumers can simplify financial choices by using shortcuts or “rules of thumb.” These are guidelines a person can use to make complicated day-to-day financial decisions easier.

Examples of common rules of thumb include “save ten percent of your income” and “pay down the loan with the highest interest rate first.”

In our research, we found that many consumers know about common financial rules of thumb, but few act on those rules. There is a gap between the rules of thumb and actual behavior, suggesting the popular rules of thumb may function more as aspirations than guidelines for action. Finances are complicated and individualized, and the “right”

decision can vary by person and circumstance, making one-size-fits-all rules difficult to identify.

To help consumers find financial rules that they can live by, we explore some of the barriers to using common rules of thumb, and suggest ways that financial educators can help consumers create their own financial rules to live by.

Challenges to applying financial rules of thumb

To gain insight into why it may be difficult for consumers to apply common rules of thumb, we listened to consumers talk about their perceptions about financial rules of thumb. Here’s what we heard:

- Many consumers know about common financial rules of thumb.

ABOUT THESE IDEAS

The Consumer Financial Protection Bureau worked with a contractor to conduct focus groups with consumers to understand the common opinions, beliefs, and values that they hold. In summer 2014, we held 32 focus groups with 308 consumers in four cities—Boston, St. Louis, Atlanta, and Seattle. Focus groups are not intended to give us statistically significant data that can be generalized to all consumers. However, they can give us valuable qualitative information about what consumers think and feel in general. The information we have

gathered through these focus groups is intended to inform the work of the CFPB and of others in the financial education field.

To read more about the focus group findings, go to [Consumer Voices on Financial Rules to Live By](#). To see [consumer worksheets on financial rules to live by](#), go to [My savings rules to live by](#), [My credit rule to live by](#), and [My spending rule to live by](#). These and all of CFPB’s tools and resources can be found on the [Resources for Financial Educators](#) webpage at www.consumerfinance.gov/adult-financial-education.

How can you help?

- Review what rules of thumb consumers know and how they're using them.
- Reassure consumers that these common rules of thumb are just starting points.
- Explain that it's more important to establish realistic goals of their own.
- Help consumers create **financial rules to live by** based on their financial goals and situation.
- Brainstorm with consumers about how to make their personal financial rules concrete, visible, and handy.
- Focusing on future-oriented goals (like retirement or education), or using life events, may be good starting points to adopt new financial rules to live by.

Rules to Live By Consumer Worksheets

My credit spending rule to live by

Money tips you might hear "Use cash when it's..."

Sometimes it's hard to apply advice from friends and family—to your own situation. Small changes to the more control of your credit card.

Instructions: Use this worksheet to help you meet your goals for credit. Breaking your goals into small actionable steps may help you reach your goal more quickly.

My spending rule to live by

A common rule of thumb "Use the 50/20/30 rule to manage spending: 50 percent of your take-home pay to need, 20 percent to savings and debt payments, more than 30 percent to your wants."

Consumers have told us that they sometimes find common financial rules like "spend no more than 30% of your take-home pay on wants"—hard to apply to their own circumstances. Don't feel like you can't decide on your own personal rule to live by that works for your situation. Give yourself simple guidelines for managing your money today's wants.

Instructions: Use this worksheet to create your own personal rule to help you meet your savings goals. Breaking your goals into small steps will keep you from feeling overwhelmed. Writing down your goal will keep you more likely to stick to it.

[Continue to the next page](#)

My savings rule to live by

A common rule of thumb "Save 10 percent of your income."

Consumers have told us that they sometimes find common financial rules like "save 10% of your income"—hard to apply to their own circumstances. Don't feel discouraged, you can decide on your own personal rule to live by that works for your financial situation. Putting money on a regular basis—even if it's a small amount—can help you reach your savings goals and reach your financial goals on an unexpected expenses and emergencies and reach your financial goals.

Instructions: Use this worksheet to create your own personal rule to help you meet your savings goals. Breaking your goals into small steps will keep you from feeling overwhelmed. Writing down your goal will keep you more likely to stick to it.

[Continue to the next page](#)

My credit rule to live by

A common rule of thumb "Check your credit report once a year."

Consumers have told us that they sometimes find common financial rules like "check your credit report once a year"—hard to apply to their own circumstances. Don't feel discouraged, you can decide on your own personal rule to live by that works for your financial situation. You may know that you can get a free credit report from each of the three nationwide credit reporting companies once every 12 months—but did you know that you can request the reports at different times to monitor your credit files throughout the year?

Instructions: Use this worksheet to create your own personal rule to live by that will help you meet your savings goals. Breaking your goals into small actionable steps will keep you from feeling overwhelmed. Writing down your goal will keep you more likely to stick to it.

[Continue to the next page to get started](#)

About money rules to live by

Just like lane markers on a highway, your money rules to live by are guidelines that keep you moving in the right direction. You might have to speed some things up, slow down others, or change lanes from time to time, but your money rules can help you reach your financial destination.

This worksheet is part of a series that focuses on common rules to live by that may help you make good financial decisions in your life. To read the research that helped inform this worksheet, and find out how other consumers think and feel about common advice they hear, visit consumerfinance.gov/adult-financial-education.

cfpb Consumer Financial Protection Bureau

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About the CFPB

The Consumer Financial Protection Bureau (CFPB) is a 21st century agency that helps consumer finance markets work by making rules more effective, by consistently enforcing those rules, and by empowering consumers to take more control over their economic lives.

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Managing Spending and Credit

Study #1: Financial guidelines study

Financial Guidelines Study

- Can simple messages change financial behavior?
- Randomized controlled trial design
- Project conducted by:
 - Urban Institute
 - Doorways to Dreams Fund
 - Arizona Federal Credit Union

The study was conducted by The Urban Institute, and their subcontractor the Doorways to Dreams Fund (also known as Commonwealth), under contract with the CFPB, after selection through a competitive solicitation (contract number CFP-12-Z-00006, Task Order 0002).

The Financial Guidelines We Tested

DON'T SWIPE the SMALL STUFF.

Arizona Federal

DON'T SWIPE
the SMALL STUFF.

Use cash when it's **UNDER \$20.**

[Find out why >](#)

Arizona Federal

DON'T SWIPE the SMALL STUFF

Use cash when it's **UNDER \$20**

2015		
JANUARY	FEBRUARY	MARCH
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CREDIT keeps **CHARGING.**

Arizona Federal

CREDIT
keeps
CHARGING.

It adds about **20%**
to the TOTAL.

[Find out why >](#)

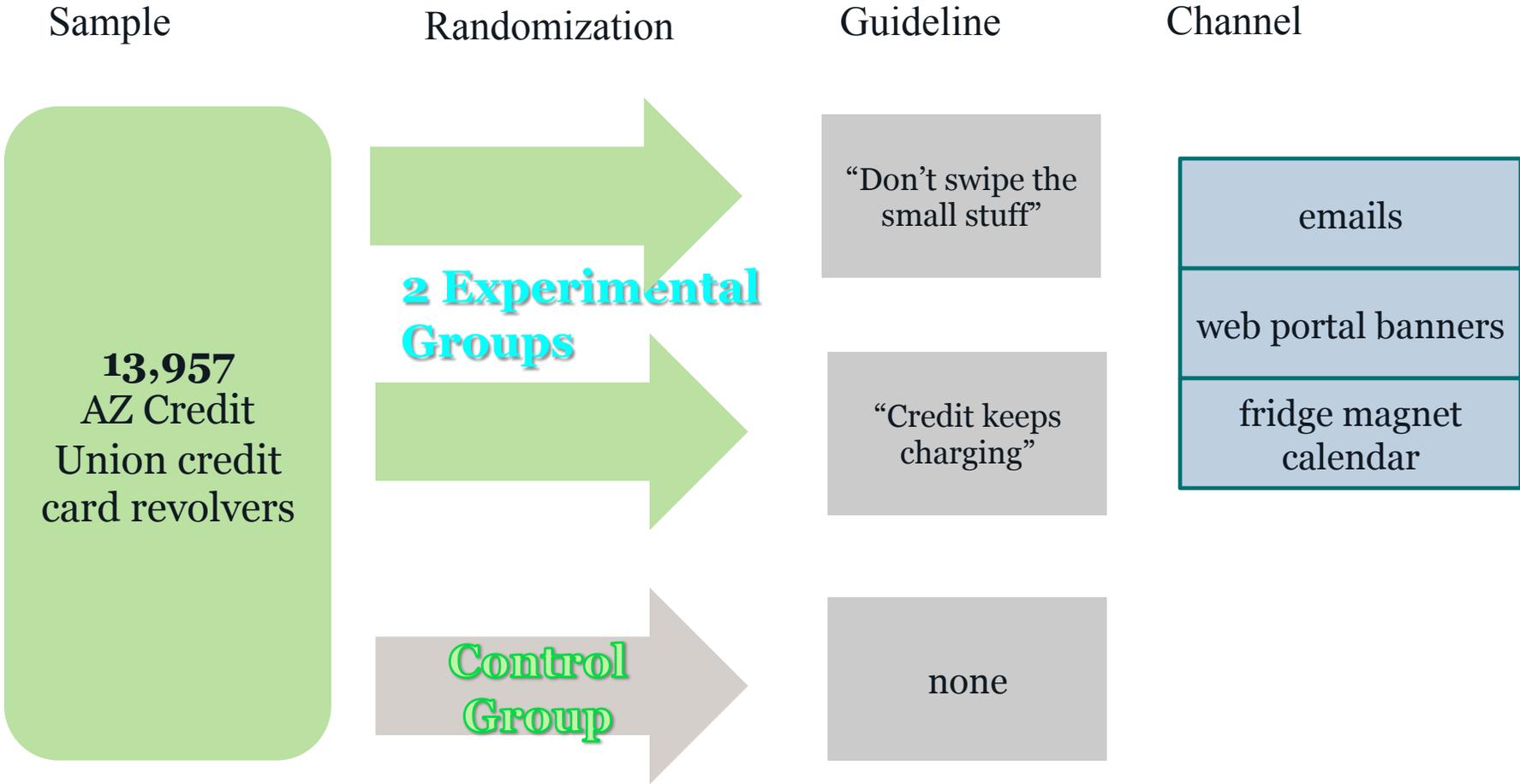
Arizona Federal

CREDIT KEEPS CHARGING.

It adds approximately **20% to the total.**

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Methodology



Results: Credit Card Balances

- **Rule statement exposure reduced credit card balance**
 - Average 2% lower card balance on AZFCU credit card for revolvers who saw “cash under \$20” rule, vs. controls
 - Average \$104 lower card balance
- Mechanism unclear
 - Did not detect decrease in credit card purchases
 - Did not detect increase in card payments
 - Unlikely substituted cash or debit for credit card purchases
 - Unlikely substituted one credit card for another

How can you help?

Helpful shortcuts for credit card use: Ideas for financial educators

Consumers can simplify financial choices by using shortcuts or “rules of thumb.” These are guidelines a person can use to make complicated day-to-day financial decisions easier. Rules of thumb are a promising strategy that financial educators can use to help consumers make financial decisions.

To test out the impact of rules of thumb in helping consumers decrease their credit card debt, we commissioned a rigorous study of two financial rules of thumb on consumers with revolving credit card debt. We created two new guidelines aimed at aiding consumers to decrease their revolving credit card debt:

- Don't swipe the small stuff: Use cash when it's under \$20
- Credit keeps charging: It adds approximately 20% to the total

We found that, on average, consumers who were exposed to one of the financial guidelines showed lower credit card balances. Consumers who received the “under \$20” guideline (through emails, web banners, and physical objects such as refrigerator magnets) showed, on average, a lower balance than those who did not receive the guideline.

Though the average reduction in credit card balances resulting from exposure to the rule(s) was

modest, the findings suggest that rules of thumb are quite promising as a low-cost, scalable method of financial education. These low-touch messages were provided for relatively little cost—well under \$1 per recipient.

Such a rule may work by calling attention to one's credit card usage generally. While consumers did not actually reduce their use of credit cards for purchases under \$20, for example, the regular communication may have served as a reminder about the cost of credit. This may have encouraged consumers to take actions related to reducing credit card use and revolving balances.

Specific rules of thumb, or other ways to remind consumers about important financial topics, could be promising strategies to help consumers manage their credit card use.

Inspired to help?

The findings from the study suggest some implications for financial educators and others working with consumers on financial decisions. These ideas can be combined with your other financial education offerings to help the learnings stick and lead to lasting change.

Using the two credit card rules of thumb

Reducing credit card debt can be an important part of a consumer's goal to achieve financial well-being. Rules of thumb can be one approach to helping

How can you help?

- Share our **credit card rules to live by** with consumers
 - Don't swipe the small stuff: Use cash when it's under \$20
 - Credit keeps charging: It adds approximately 20% to the total
- Clarify that these rules are just starting points for their personal rule
- Help consumers customize these rules of thumb to fit their personal circumstances, resources, and goals
- Explore ways to help consumers keep their attention focused on their rule
 - Reminders: calendars, apps, notes, alerts
 - Make it visible and convenient
- Think about ways to focus consumer attention on the cost of credit cards
 - Small purchases add up
 - Cost of carrying a balance

My Credit Spending Rule to Live By Worksheet

My credit spending rule to live by

Money tips you might hear

"Use cash when it's under \$20."

Sometimes it's hard to apply advice you hear in articles or books—or even from friends and family—to your own circumstances. Don't feel discouraged. You can decide on your own personal rule to live by that works for your financial situation. Small changes to the way you use your credit card could help you take more control of your credit card debt.

Instructions: Use this worksheet to create your own personal rule to live by that will help you meet your goals for controlling credit card spending. Breaking your goals into small actionable steps may keep you from feeling overwhelmed. Writing down your goal can make you much more likely to stick to it.

[Continue to the next page to get started >](#)

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My credit spending rule to live by

Step 1: Look at last month's credit card bill

Circle on your bill all the times you swiped your credit card for less than \$20. Small costs can add up over time, so consider paying cash instead. And, unless you pay your full balance off every month, interest and fees can add about 20% more to the cost of an item for average credit card customers.

- Count up the number of times you used your credit card for a purchase under \$20:

_____ times

- Add up the total you spent on these small purchases:

\$ _____

- List the times and places you used your credit card for small purchases:

- On the list above, circle the times when you could have paid cash instead.

Step 2: Create a rule to live by to help you control your credit card debt

- Decide when and where to pay cash more often.

Examples: "I will pay cash for morning coffee" or "I will pay cash once a month for taxis, transit, parking, or gas" or "I will pay cash after 8 p.m. on weekends."

- Write down your rule below, sign this worksheet, and keep it where you can see it.

I will pay cash instead of swiping my credit card: _____

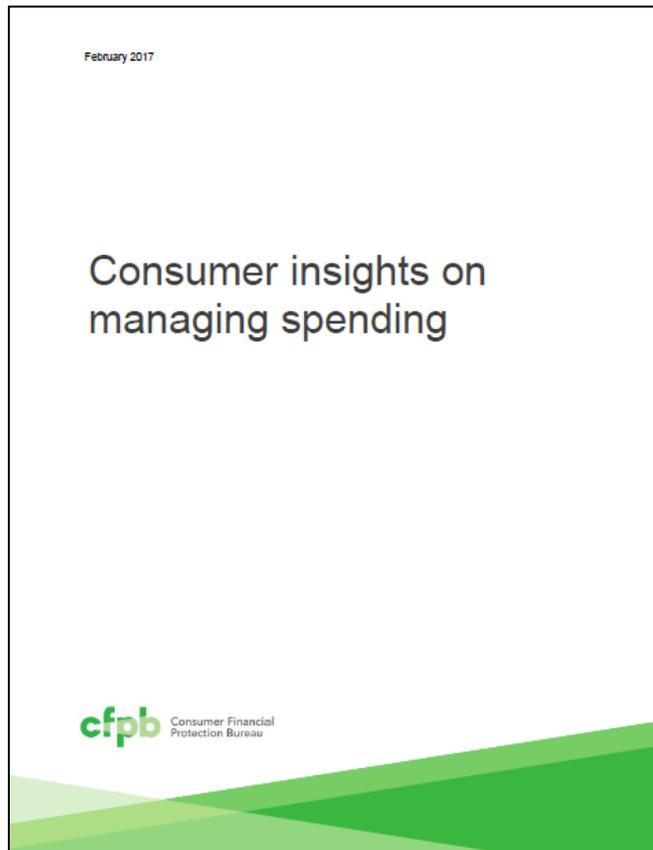
Step 3: Make a promise to yourself—and take action on your rule

I will use my unique rule to live by to help me take control of my credit card debt.

(sign here)

Study #2: Consumer insights on managing spending

About the study



- **Goal:** identify financial decision-making challenges faced by consumers, and design and test strategies to help people address those challenges.
- A contractor* and private-sector firm** worked with the CFPB to develop and test prototypes on managing spending

*The study was conducted by Behavioral Labs, Inc. (also known as ideas42) under contract with the CFPB after selection through a competitive solicitation (contract number TPD-CFP-12-C-0020).

**NID Security is a hardware company that manufactures display cards. NID Security had a Memorandum of Understanding (MOU) with the contractor to share their findings from the prototype research. Working with this company does not constitute an endorsement of this company or its products on the part of the CFPB.

Consumer challenges in managing spending

- **Organizing finances can be complex and intimidating**
 - Involves paperwork, math, trade-offs, and constraints
 - It's a hassle!

- **Circumstances affect consumers' spending habits**
 - Small frequent purchases
 - Uncommon purchases
 - Special occasions
 - Sales and discounts

Consumer challenges in managing spending (cont.)

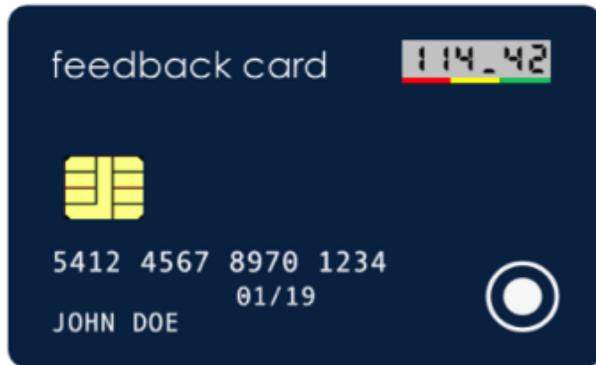
- **Consumers find it hard to know how much money is left**
 - Many consumers spend more with a credit card than they would with cash
 - Consumers usually don't see the results of a card purchase until the end of the month
- **Consumers don't always implement their financial intentions**
- **"Traps of scarcity" cause consumers to struggle even more**
 - Consumers with limited financial reserves may primarily focus on their immediate spending decisions and challenges

Potential solution tested in the study

One potential solution:

- Give consumers information about how much they have “left to spend” in their budget, so that they can make more informed choices about potential purchases

Prototypes tested in the study

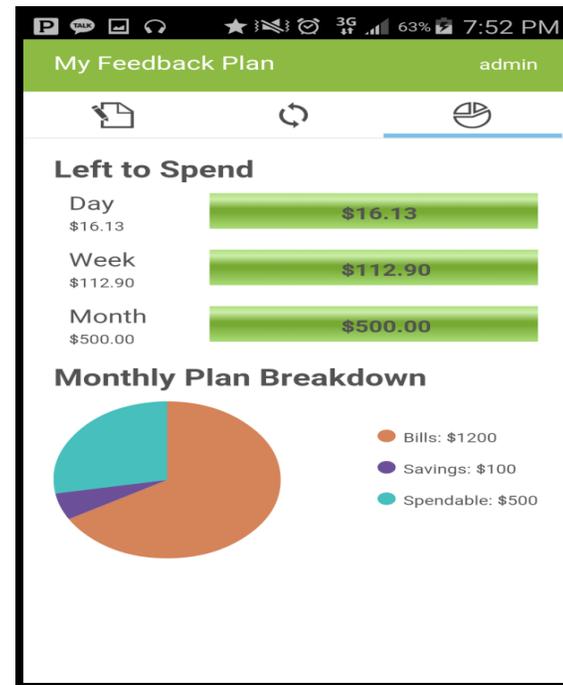


A payment card with built-in feedback

A card that shows how much is “left to spend” in a given time period, based on budget set by the consumer.

A flexible budgeting app

A phone/computer app that allows consumers to create a budget and keep track of how much they have left to spend, drawing on data from their accounts.



Findings: Insights on consumer behavior

- **Budgeting can be overwhelming or too much of a hassle**
 - 40% said that the primary reason they did not have budgets was due to the uncertainty of their income or expenses.
 - 23% of respondents never got around to making a budget despite the intention to do so.
- **Lack of meaningful, timely feedback is a challenge to managing finances**
 - Only about 2% said they had a tool that could instantly communicate how much money they had left to use based on actual transactions.
- **People generally do not benchmark their spending to their budget regularly**

Findings: Insights on the prototypes

- **The card/app provided meaningful feedback**

“The monthly figure lets you know how carefully you need to limit your spending for the month so you don't go over your limit before the end of the month.”

“The [the card and app] made me aware of it actually being MONEY that I'm spending, where a regular card sometimes feels like it is free”

- **The card/app could help curb impulse spending**

“I think [the card and app] would be most useful to control impulse purchases, stuff that you might buy day to day, like coffee or things at the drugstore or whatever that you don't account for in a budget or don't realize how fast they add up.”

Findings: Insights on the prototype (cont.)

Consumers said the card/app would help them:

- **Stay within budget**
 - Consumers who tested the prototype made significantly different choices in the testing situation than those who did not use the prototype.
- **Reduce uncertainties**
 - 74% who tested the prototype agreed/strongly agreed that the “safe to spend” figure gave them peace of mind.
- **Increase frequency of budget tracking**
 - 50% said they would use the card and app at least daily to keep up to date on their spending status.
- **Make routine updates and benchmarking easier**
 - Consumers said the card and app would be particularly useful for people who wouldn't OR don't have the time to track their expenses.

Findings: Insights on the prototype (cont.)

The card/app could be helpful to younger and older consumers.

- A mother of five thought the card/app would be useful to give her children their allowance and then allow her to monitor their expenditures.
- Others said this could be a valuable tool for older consumers who may face difficulties in accessing their accounts through other means.

Overall, consumer interest was very high

- Almost 90% said were interested in using spending feedback tools.

“Most people need to learn how to spend money wisely. [The card and app] could help the younger people learn to budget.”

Implications

- **Consumers:**

- can find ways to get information on their spending and account balances in as close to real time as possible
 - balance-alert text-messaging services, calling their bank, visiting an ATM, viewing their accounts online, or using apps

- **Financial education professionals:**

- can help consumers create budgets, manage bills, and find ways to get regular feedback on spending, by encouraging consumers to access account balance information before spending

- **Financial services providers:**

- can adopt these approaches in their products and services

How can you help?

Managing spending: Ideas for financial educators

The challenge of managing spending

Having control over day-to-day, month-to-month finances is one of the four elements of financial well-being. Many financial education programs teach consumers to create and follow budgets, and getting spending under control can be the first step on a path to accomplishing longer-term financial goals.

However, as financial educators know, making day-to-day decisions on spending money is one of the biggest challenges consumers face in keeping their financial lives in order. Many people find it difficult to manage their household finances on a daily basis, let alone over the long term.

Nine out of ten shoppers report that they buy items not on their shopping lists. People consistently underestimate the amount they spend on unbudgeted items. Thus, consumers may find themselves spending more than intended. Adding to this challenge is the fact that about one-third of all consumers live paycheck-to-paycheck. In some cases, they may find themselves short on cash and resort to dipping into savings; taking short-term, high-interest loans; or using credit cards.

Exploring the causes

Research shows that there are many reasons why some consumers struggle to manage their spending. To gain insight into why it's so hard for consumers to do this, consider these issues:

1. The hassle of organizing finances

Making and adhering to a budget involves paperwork, math, trade-offs, and understanding constraints. In short, it is a hassle. Avoiding the pain of budgeting can lead to inaction or less optimal choices in the absence of meaningful, timely feedback.

2. Difficulty keeping track of spending

With little to no meaningful, current, and easily accessible information about their cash balances when making small discretionary purchases, consumers may lose track of how much they have spent over time. This may lead to unintended spending.

3. Exceptions and special occasions

Consumers may see a special occasion or having achieved some milestone or goal as a reason to spend "off-budget." Without a good understanding of where they stand financially, consumers may find that such discretionary spending can negate efforts to stay within a budget.

4. Putting out fires

Scarcity of money can lead to financial decisions that don't help consumers reach their own financial goals. This is especially true with consumers in financial distress, who may focus on solving immediate financial challenges while not recognizing the impact on their long-term goals and aspirations.



Learn more at consumerfinance.gov

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Inspired to help?

Think about ways you can make it easier for consumers to carry out their best intentions around spending—or make it harder to slip up. The ideas below can help guide your work with consumers.

Make budgeting easier

- Consumers may have difficulty organizing and managing their finances, including developing and using a budget. Helping people break large budgeting tasks into smaller ones can make it easier for them to control their financial lives.

Get feedback on spending

- People spend in different ways at different times. This is one reason why many financial management tools begin with tracking consumption. In order to increase awareness of spending, encourage people to track spending over the course of a month, or other period of time.
- Once consumers understand how much discretionary funds they have available, you can brainstorm ways of developing financial goals, creating a budget, and tracking progress against the budget.
- Encourage consumers to check account balances periodically by doing things such as calling their bank, visiting an ATM, signing up for text alerts, viewing accounts online, or using mobile applications before making discretionary purchases. (Note that some of these services may incur fees).

Plan for special occasions

- Help consumers budget for special occasions. Suggest that consumers pick an amount to spend for special occasions every month and write it on an envelope. Encourage them to place all their special occasion receipts in the envelope and, at the end of the month, total up how much has been spent. If they are over budget, encourage them to deduct the difference from their next month's special occasion budget.

Prevent fires

- Consumers under financial strain may struggle to pay their bills in a way that avoids snowballing into larger future consequences (e.g. taking out an expensive loan). Educate consumers on alternative ways to tackle paying bills or build an emergency fund to avoid larger economic consequences later.
- Help consumers see how small, daily decisions can help in achieving larger financial goals.

The CFPB has developed resources to help financial educators and consumers with issues of managing spending. See, for example, the Consumer Tips on Managing Spending (files.consumerfinance.gov/documents/201702_cfpb_Consumer-Tips-on-Managing-Spending.pdf) worksheet. My New Money Goal budgeting worksheet (pueblo.gpo.gov/CFBPubs/CFBPubs.php?PubID=130571) My Money Rules to Live By worksheets on savings, spending, use of credit cards, and checking credit reports (consumerfinance.gov/data-research/research-reports/consumer-voices-financial-rules-live/), and the Behind on Bills? Start with one step toolkit (pueblo.gpo.gov/CFBPubs/CFBPubs.php?PubID=13263). To read more about the research findings about managing spending, go to Consumer Insights on Managing Spending (files.consumerfinance.gov/documents/201702_cfpb_Consumer-Insights-on-Managing-Spending.pdf). To see all of the CFPB's resources for consumers and financial educators, go to consumerfinance.gov.

About these ideas

The Consumer Financial Protection Bureau worked with a contractor to conduct research on consumer decision-making challenges and potential solutions to those challenges. The information we have gathered through this research is intended to inform the work of the CFPB and others in the financial education field.



Learn more at consumerfinance.gov

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Find it at consumerfinance.gov/adult-financial-education

How can you help?

- **Make budgeting easier**

- Help people break large budgeting tasks into smaller ones.
- Help consumers see how small, daily decisions can help in achieving larger financial goals.

- **Plan for special occasions**

- Help consumers budget for special occasions.
- One idea: the monthly “envelope method” for special occasions

- **Plan for emergencies**

- Educate consumers on alternative ways to tackle paying bills or build an emergency fund

How can you help? (cont.)

- **Help people get feedback on spending**
 - Encourage people to track spending over the course of a month, or other period of time.
 - Brainstorm ways of developing financial goals, creating a budget, and tracking progress against the budget.
 - Encourage consumers to check account balances periodically by:
 - calling their bank, visiting an ATM, signing up for text alerts, viewing accounts online, or using mobile applications before making purchases.

Consumer worksheet on managing spending

Consumer tips for managing spending

Managing spending and keeping up with your budget can be difficult tasks, but there are ways to make it easier to manage your spending and reach your financial goals—and improve your financial well-being.

This worksheet helps you recognize common spending challenges and come up with ways you can take action to manage your spending.

Improving your financial well-being means you:

- Have more control over day-to-day, month-to-month finances
- Have a greater cushion to absorb a financial shock
- Are getting on track to meet your financial goals
- Have more financial freedom to make the choices that allow you to enjoy life

Step 1: Identify spending challenges

Which of these common spending challenges apply to you?

Check those that apply to you.

- I don't track or budget my income and spending because it's a hassle.
- I have tried to use a budget, but tracking my income and spending is too complicated and/or takes too much time.
- I struggle to pay my bills and expenses because I have inadequate or irregular income.
- When I overspend I often think I can spend less later to make up for it, but I find it's hard to do.
- I don't think about the money I spend when using my debit or credit card to make purchases.
- I like to treat myself and others occasionally even if I can't afford it.
- My financial situation is discouraging, so I avoid thinking about it.

If you've checked one or more of these boxes, try out some of the tips on the next page to better manage your spending.

Step 2: Address spending challenges

1. Start by getting a handle on where all your money goes

- Track your spending for a week or a month to see how much you're spending in different categories.

2. Create a budget

- Create a household budget. (For an easy-to-use budget worksheet, go to My New Money Goal at consumerfinance.gov/MyNewMoneyGoal.)
- Decide how much money you can set aside or save for special occasions so that you can enjoy life without overspending.

3. Decide how much to spend

- Set a weekly spending limit based on your budget for small purchases that can add up and keep you from achieving your aspirations. Consider setting aside cash for these purchases at the beginning of the week and not spending more than you set aside.
- Check your balances before going shopping, and set a spending limit based on your budget.

4. Keep track of where you are

- Compare your actual spending to your budget, monthly or more frequently. Make adjustments to your budget if it is regularly out of line.
- Check your balances regularly on accounts, credit cards, and prepaid cards. You can check your balances online, at an ATM, on your smartphone, or by calling your bank or credit union. Be aware that these services may incur fees—check with your financial service provider.
- Sign up for balance alert text message services from your financial institution.

Step 3: Create a personal plan for managing spending

Steps I will take to manage my spending:

Pick one or more of the solutions above or come up with your own ideas

1. _____
2. _____
3. _____
4. _____

My New Money Goal worksheet

FINANCIAL PLANNING WORKSHEET

MY NEW MONEY GOAL 

Sometimes we set new goals, have changes in income, or switch priorities in our lives. Making a plan is the easiest way to navigate these changes.

You wouldn't start a road trip without mapping it out first, and the same is true with your finances. This guide will help you gain a clear view of where your money goes now so you can more easily decide where you want it to go in the future.

These are 's goals as of / /
YOUR NAME MM / DD / YYYY

1 What is my new money goal?

I want \$ by / / *Keep this in a visible place, like on your refrigerator or near your desk to remind you of your new money goal!*
GOAL AMOUNT MM / DD / YYYY

because I want to save for
WHAT ARE YOU SAVING FOR?

2 What am I saving now?

List your savings goals in the spaces below. Include some money for retirement and rainy days. Try to give each goal a dollar amount and set a target for when you'd like to reach each goal. Then write down the monthly amount you'll need to reach your goals. After completing the income, savings, and expenses sections on the pages that follow, write down how much you plan to commit this month.

Priority	Goal	Total needed	Months to goal	Monthly amount	This month's commitment
	Emergency savings				
	Retirement				
	My new goal				
	Other:				
	Other:				
	Other:				

Automobile loans

Why does auto finance matter to consumers?

- Third-largest category of household debt, with 100 millions loans outstanding
- About 90% of households own vehicles, and about two-thirds of vehicle purchases are financed
- Consumers typically buy and finance vehicles multiple times over a lifetime

Why is auto finance complicated for consumers?

- Consumers face many choices
- Multiple factors are negotiable
- These factors influence what consumers will borrow and the total cost of the loan
- Consumers can find it hard to keep track of changing factors

What we did: Methodology

- In May and June 2014, we conducted a series of focus groups with a total of 308 consumers
 - In 4 regions: Atlanta, Boston, Saint Louis, Seattle
- We heard about consumer attitudes, perceptions, and actions around obtaining auto financing
- We examined over 2400 narratives in public CFPB complaint database related to auto financing
- While focus groups and consumer complaints gave us qualitative insights into a broad range of consumer thinking, this was not a representative sample of all consumers

What We Heard

Focus group findings

- Consumers shop for the vehicle, not financing
- Consumers focus on monthly payment
- Consumers frequently did not negotiate financing terms

Consumer complaint findings

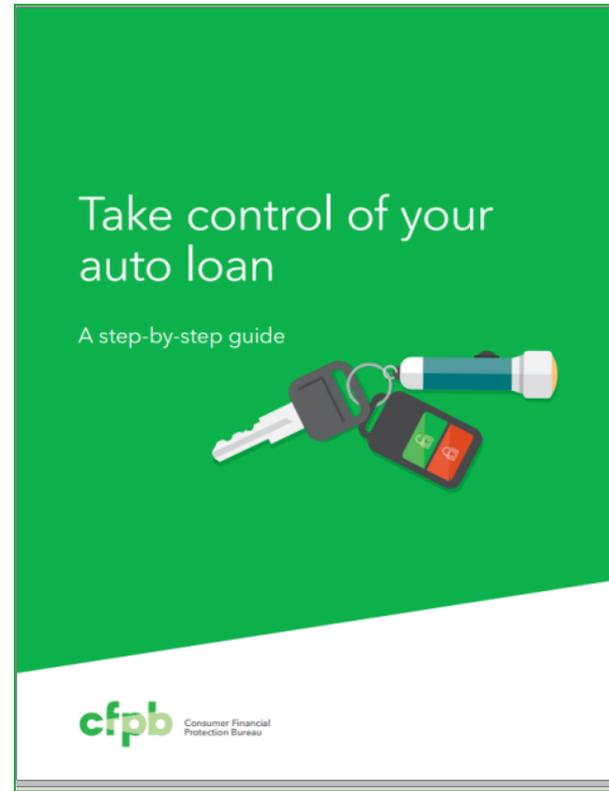
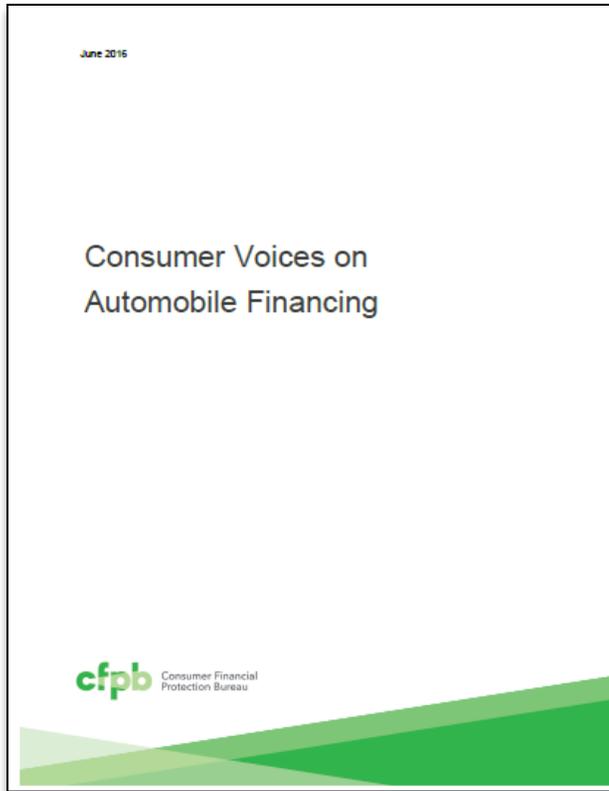
- Lack of comparison shopping
- Challenges in understanding and negotiating vehicle loan terms
- Unmet promises of refinancing
- Loans that last beyond the life of the vehicle
- Problems with the purchase and use of add-ons
- Unauthorized loan applications and credit inquiries

Auto loan consumer education goals

Encourage consumers to:

- Shop for an auto loan with as much care as you shop for the vehicle
- Look beyond the monthly payment and use total cost to compare and negotiate for financing
- “Know before you owe” by spotting situations and financing features that could lead to costly surprises later

Auto loan education print materials



Auto loan education web materials

The screenshot shows the CFPB website's auto loan education page. At the top, there is a navigation bar with the CFPB logo, the text "Consumer Financial Protection Bureau", and a search bar. Below the navigation bar, there are several menu items: "Consumer Tools", "Educational Resources", "Data & Research", "Policy & Compliance", and "About Us". The main content area features a large heading "Take control of your auto loan" with a sub-heading "Whether you're a first time borrower or a pro, getting an auto loan can be complicated. Learn how to prepare so you can save money, reduce stress, and get the auto loan that's right for you." To the right of this text is an image of a car keychain with a green and black keychain and a red and black car key. Below this, there is a section titled "Know Before You Owe: Auto Loans" with a sub-heading "Our resources will help you avoid common pitfalls and understand the total cost of an auto loan." To the right of this section is a "SHARE THIS" button with social media icons for Facebook, Twitter, LinkedIn, and Email. Below this, there is an "About us" section with the text "The CFPB is an independent federal agency built to protect consumers. We write and enforce rules that keep banks and other financial companies operating fairly. We also educate and empower consumers, helping them make more informed choices to achieve their financial goals." To the left of this section is a "Featured tool" section titled "Auto loan worksheet" with the text "Experts know to focus on total cost, not just the monthly payment. Our shopping sheet helps you compare offers, see the total cost, and negotiate the best deal." To the right of this section is an image of a car loan worksheet and a calculator. At the bottom of the page, there is an "ADDITIONAL RESOURCES" section.

consumerfinance.gov/auto-loans

The infographic consists of five circular icons, each representing a step in the auto loan process. 1. "Plan to shop for your auto loan" with an icon of a shopping cart. 2. "Learn to explore loan choices" with an icon of a compass. 3. "Know what is negotiable" with an icon of a hand holding a plus sign. 4. "Understand how to close the deal" with an icon of a car's speedometer. 5. "Know what is negotiable" with an icon of a hand holding a plus sign. Each step includes a brief description and a link to read more.

- Plan to shop for your auto loan**
Before you head out shopping, you may want to make a budget, gather the information you'll need, and get pre-approved for a loan. Preparing ahead of time will get you ready to negotiate and make the process less stressful.
[Read more about planning for your auto loan](#)
- Learn to explore loan choices**
Banks, credit unions, dealerships, and other lenders are all common places to finance an auto loan. Finding and comparing loan choices will help you get a better deal, potentially saving you hundreds or thousands of dollars.
[Read more about loan choices](#)
- Know what is negotiable**
While you may know that you can negotiate over the price of the vehicle and the interest rate, it's also important to know everything else you can negotiate that may impact the amount you borrow and the cost of your auto loan. Small differences in the choices you make can add up to a significant portion of your loan's total cost. Understanding what you can negotiate will help you save money when getting an auto loan.
[Read more about negotiable loan basics](#)
- Understand how to close the deal**
By now you've negotiated and chosen a loan and lender. But the process isn't over yet. You need to make sure the paperwork matches the deal you think you are getting and that everyone has signed all the documents before you drive away. We're here to help it all make sense.
[Read more about closing the deal](#)

Auto loan worksheet

CFPB AUTO LOAN SHOPPING SHEET
 **Comparing auto loans**

Directions: Bring this sheet with you to show you are serious about getting the best loan. The factors you can negotiate are indicated with an icon .

Determine your upfront costs

	Example	Choice 1	Choice 2
A. Price of the vehicle 	\$20,000		
B. Additional features, services or add-ons  These are optional and will increase the total cost of the loan.	+ \$300	+	+
C. Taxes, title and non-negotiable fees State and local taxes, and title fees.	+ \$1,400	+	+
D. Negotiable fees  You can negotiate fees such as delivery charges, origination fees, document fees, and preparation fees.	+ \$100	+	+
E. Cost of the vehicle before interest (add rows A, B, C & D)	= \$21,800	=	=

Calculate how much you will need to borrow

F. Down payment  A larger down payment will lower the total cost of your loan.	= \$3,000	=	=
G. Trade-in value  (if you already have a vehicle) A higher trade-in value will lower the total cost of your loan.	= \$3,000	=	=
H. Total amount to finance (subtract rows F & G from row E)	= \$15,800	=	=

 Consumer Financial Protection Bureau

Finish finding the total cost on page 2 

COMPARING AUTO LOANS (CONTINUED)

Know how much money you'll pay over the life of the loan
 Before deciding on loan length and payment options, calculate the total cost to see which choices work best for you. This will help you see how much you will pay in total for your auto loan.

I. Interest rate  Negotiating a lower interest rate will lower your total cost.	3.5%	%	%	%	%
J. Length of loan in months  A longer loan term will increase the total cost.	48 months (4 years)	___ months (___ years)	___ months (___ years)	___ months (___ years)	___ months (___ years)
K. Monthly payment Use a loan calculator or ask your lender or dealer.	x \$353.22	x	x	x	x
L. Total of payments over life of the loan (multiply rows J x K)	= \$16,955	=	=	=	=

Find the total cost of your purchase
 Choose your two best offers from row L, then compare your total cost.

M. Add in down payment and trade-in (add rows F + G)	+ \$6,000	+	+
N. Total cost of your purchase (add rows L + M) This is how much you will pay to buy your vehicle, including all of the interest, over the life of the loan.	= \$22,955	=	=
O. Cost of vehicle before interest (row E from page 1)	= \$21,800	=	=
P. Total interest paid over life of the loan (subtract row O from N)	= \$1,155	=	=

Learn more at cfpb.gov/auto-loan

page 2 of 2

Resources

CFPB's Resources for Financial Educators webpage:
www.consumerfinance.gov/adult-financial-education

To sign up for the CFPB Financial Education Exchange, email:
CFPB_FinEx@cfpb.gov

To sign up for the CFPB Financial Education Discussion Group:
www.linkedin.com/groups/CFPB-Financial-Education-Discussion-Group-5056623



PERSONAL FINANCE

Military Families Learning Network

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MILITARY FAMILIES LEARNING NETWORK

*We invite MFLN Service Provider Partners
to our private LinkedIn Group!*

**DoD
Branch Services
Reserve
Guard
Cooperative Extension**



<https://www.linkedin.com/groups/8409844>

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MFLN Personal Finance is offering 1.5 credit hours for today's webinar.

Please complete the evaluation and post-test at :
vte.co1.qualtrics.com/jfe/form/SV_dgKVUO49urPSvJj

Must pass post-test with an 80% or higher to receive certificate.

Personal Finance Upcoming Event

Financial Planning for Different Generations: Touchstones, Tasks & Teaching Strategies

- Date: Tuesday, Oct. 31, 2017
- Time: 11 a.m. ET
- Location: learn.extension.org/events/3108

For more information on MFLN Personal Finance go to: militaryfamilies.extension.org/personal-finance



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