


Lessons for Life
Financial Literacy

Credit Counseling – A Guide by the NFCC

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 President & CEO, National Foundation for Credit Counseling




NATIONAL FOUNDATION FOR CREDIT COUNSELING
Knowing the difference can make all the difference.

Credit Counseling – A Guide by the NFCC

February 2, 2010

Today's Agenda

Knowing the difference can make all the difference.

- **Susan C. Keating, President & CEO, National Foundation for Credit Counseling**
 1. About the NFCC
 2. What is Credit Counseling?
 3. Member Agency Services
 4. Annual Financial Literacy Survey Results
 5. Tips for College Students
 6. How to pick a Credit Counselor

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About the NFCC

Knowing the difference can make all the difference.

Vision

To create a national culture of financial responsibility

Mission

To promote a national agenda for financially responsible behavior and build a capacity for our members to deliver the highest quality financial education and counseling services

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About the NFCC

Knowing the difference can make all the difference.

- Founded in 1951; the largest and longest-serving credit counseling network in the US
- 102 Independent Community-based, 501(c)(3) nonprofit agencies
- 846 offices in all 50 states, Washington, DC and Puerto Rico
- NFCC Member Agencies delivered services to nearly 4 million consumers in 2009

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About the NFCC

Knowing the difference can make all the difference.

Network Experience and Knowledge

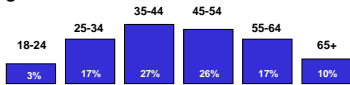
- More than 3,000 NFCC certified credit counselors, with more than 2,000 certified in Housing Counseling
- Largest national provider of housing-related services
- Predominant provider of bankruptcy counseling services
- 37,000 group education sessions delivered per quarter

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Client Demographic Data

Knowing the difference can make all the difference.

- Average annual income of - **\$43,721**
- Average debt of - **\$26,735**
- Average number of credit cards – **6.9**
- Unemployment – **20.45%** (national avg. 10.85%)
- Age



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What is Credit Counseling?

Knowing the difference can make all the difference.

- Individual budget and financial review sessions offering:
 - Tools and resources
 - Education
 - Ways to manage debt
 - Review of financial options
 - Re-payment programs (DMPs)

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Other Alternatives

Knowing the difference can make all the difference.

- Debt Consolidation (primarily through banks)
 - Creating one new loan that incorporates all debts and consists of one payment
- Debt Settlement (DSA's -primarily through for-profit companies)
 - Hiring a company to negotiate with creditors on your behalf. The company attempts to settle your debt at an amount less than the full balance

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NFCC Member Agency Services

Knowing the difference can make all the difference.

- Budget and Credit Counseling
- Housing Counseling (pre-purchase, foreclosure prevention and reverse mortgage)
- Bankruptcy Counseling and education
- Financial education
- Debt Management Plans (DMPs)
- Additional Family Services

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Audience Questions

Knowing the difference can make all the difference.

Opportunity for Audience Members to ask questions

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Audience Quiz

Knowing the difference can make all the difference.

True or False?

According to a Sallie Mae, the average college senior has \$2,000 in credit card debt

FALSE

Most college students pay off credit card debt within one year after graduation

FALSE

Your credit history is only applicable when applying for credit or a loan

FALSE

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2009 Financial Literacy Survey

Knowing the difference can make all the difference.

- The NFCC's Financial Literacy Survey
 - 41% of US adults graded themselves a C, D, or F regarding their knowledge of personal finance
 - 80% of all adults agree they would benefit from advice on everyday financial questions
 - 32% of adults or 72 million people have no savings
 - In spite of being free, 64% or 144 million people have not ordered a copy of their credit report

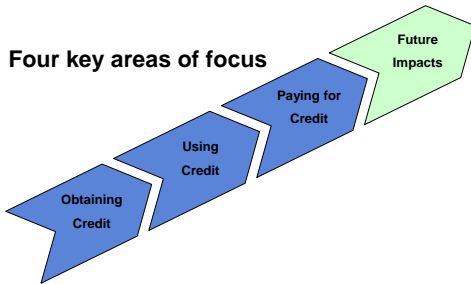
*Data from NFCC's Annual Financial Literacy Survey, conducted by Harris Interactive

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Tips for College Students

Knowing the difference can make all the difference.

Four key areas of focus



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Tips for Students - Obtaining Credit

Knowing the difference can make all the difference.

1. Obtaining Credit

- ✓ Shop for a credit card, compare costs and features – read the fine print!
- ✓ Determine the best use of a credit card as a personal money management tool
- ✓ Start your credit history – build up a solid record as a dependable borrower who pays on time - ALWAYS

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Tips for Students – Using Credit

Knowing the difference can make all the difference.

2. Using Credit

- ✓ Pay credit card in full each month to avoid finance charges
- ✓ Pay at least the minimum amount required by the due date to avoid a late fee
- ✓ Stay under your credit limit to avoid over-limit fees
- ✓ Review credit report annually – www.annualcreditreport.com
- ✓ Pre-paid cards help you from spending money you don't have

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Tips for Students – Paying for Credit

Knowing the difference can make all the difference.

3. Paying for Credit

- ✓ Understand the financial cost/impact of credit card interest and fees
- ✓ Know the penalties for missed payments
- ✓ Don't be misled into thinking small payments will be easy to handle

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Tips for Students – Impact (Consequences) of Credit

Knowing the difference can make all the difference.

4. Future Impacts of Credit

- Employment
- Security Clearances
- Renting an apartment
- Buying a car
- Purchasing a home

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How to pick a Credit Counselor

Knowing the difference can make all the difference.

Six questions to ask of a credit counseling agency:

1. 501(c)(3) non-profit community organization?
2. National affiliations?
3. 3rd Party accreditation?
4. Services offered?
5. Education offered?
6. Fees?

Research Tip:

Utilize the Better Business Bureau and your State's Attorney General

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How to pick a Counseling Agency

Knowing the difference can make all the difference.

- **Is the agency a 501(c)(3) nonprofit community organization?** A nonprofit agency is an advocate for clients. Don't stop your research here, keep learning about the agency.

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How to pick a Credit Counselor

Knowing the difference can make all the difference.

- **Is the agency affiliated with a national organization?** Organizations such as the National Foundation for Credit Counseling (NFCC) require members adhere to strict quality, financial and ethical standards for membership. Examples of such requirements are annual agency audits by an independent CPA, written action plans provided to each client, and clients provided with statements at least quarterly.

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How to pick a Credit Counselor

Knowing the difference can make all the difference.

- **Is the agency accredited by an independent third party?** Self-accreditation is not the answer you want. An example of a reputable third party accreditation body is the Council on Accreditation (COA). Such accreditation signifies that appropriate checks and balances are in place to protect you, the consumer.

Are the agencies counselors are certified?

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How to pick a Credit Counselor

Knowing the difference can make all the difference.

- **What services does the agency offer?** A broad range of services are important. These could include: budget counseling and education whether or not the client is "in-debt"; debt counseling for those who may need professional assistance to manage down debt; housing counseling for pre-rental, pre-purchase, first-time homebuyer, reverse mortgage, and foreclosure prevention; and the bankruptcy pre-filing counseling and pre-discharge education.

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How to pick a Credit Counselor

Knowing the difference can make all the difference.

- **Does the agency provide educational classes or workshops?** Are any of these tools offered online? Is there a fee to attend? The absence of general education offered to the public is a red flag

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How to pick a Credit Counselor

Knowing the difference can make all the difference.

- **What are the fees associated with the services provided?** The agency should be forthcoming about fees, and no fee should be assessed prior to services being provided. Be wary if the agency says their fees are voluntary. Any set-up fee or monthly fee should be reasonable, usually defined as \$50 or less, with monthly fees in the \$25 range. The agency should be willing to waive all fees in cases of true financial hardship.

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Finding an NFCC Certified Credit Counselor

Knowing the difference can make all the difference.

Call:
1-800-388-2227

Online:
www.debtadvice.org



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Audience Questions

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Opportunity for Audience Members to ask questions

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AFCPE – Certification That Matters in the New Credit Environment
Presented by: Gordon Genovese
Wednesday, March 2, 2010
1 pm Central/2 pm Eastern

Register in the "Workshops & Webcasts" section at www.nslp.org



For more information

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