Welcome!

Golden and Financially Empowered

Financial Lessons for Seniors

Debt Reduction Services Inc provides financial education for clients and our communities, facilitating 400-500 classes on personal finance EACH year. This includes schools, colleges, businesses, nonprofit agencies, government programs, churches, and more.
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Theory of Change

Once an individual, on their own through guidance from the facilitator, can recognize the gap between where he or she wants to be and where he or she currently is, that individual will be more likely to become motivated to change and start moving toward established goal.

For Seniors, their envisioned future might include:

- Being mortgage free
- Traveling to visit family and friends
- Great friends
- Close Family
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Helping seniors to see where they are in relation to where they want to be might include questions like those that follow:

- Affordable hobby – Have you developed a hobby or skill that you can afford to sustain?
- Comfortable living – Are you living BELOW your means? At EVERY income, it’s the ONLY way. Making more money usually just means spending more money (since 60% of American households live paycheck-to-paycheck at just about every income level). Learn to be comfortable at ANY income level.
- No debt, and especially no mortgage or vehicle debt: Are they making at least the minimum monthly payment on their debt(s), including credit cards, or preferably more than the minimum due? Do they pay off their credit card bill EVERY month IN FULL? Do they have a car or truck loan or do they save up to pay for their next “new-to-them” car/truck in cash?
- Great friends: Having great friends means being a great friend. This does not mean you have to visit foreign countries together, eat out for regularly, give expensive gifts to each other on birthdays, or otherwise spend money on each other. Keys to being a good friend haven’t changed much since we were in elementary school: spend time together, share and listen to each other’s challenges and successes, play, learn together, help each other, watch out for each other.
- Close Family: Tolstoy wrote in the 1873 opening of his novel, Anna Karenina, “All happy families are alike; each unhappy family is unhappy in its own way.” Psychologists and family counselors may disagree with this, but there are several commonalities in close families:
  - Acceptance, understanding, protection and respect (www.psychologytoday.com/blog/the-creativity-cure/201410/happy-families-are-not-all-alike)
  - World Travel: Many seniors enjoy world travel. I say, “Bon voyage!” But be careful not to sacrifice your future comforts and peace of mind by spending your financial stability, since you may not have the energy or time to make up income to pay for incurred debts. If you don’t have a substantial rainy day fund, you’re not ready for world travel (or domestic travel for that matter). Too many people return from such a wonderful excursion to encounter the reality of credit card debt, financial stress, and even strains on relationships.
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How do you feel about where you are now, where you’re headed and where you want to be?
  • This comparison is generally where the internal motivation comes from to make a change.
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Think of 3 things you will HAVE to do in order to reach your goals?
1. There can be generic, long-term steps or specific, short-term steps.
2. In order to get from here to there, what will you have to do? What are the obstacles you’ll have to get around or conquer?
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Commit to doing these three things.
• Say it out loud.
• Repeat it.
• Repeat daily.
• Share your commitment with a trusted friend or mentor and ask them to follow up with you weekly, monthly or quarterly.
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Chose one step and do it TODAY!

- Write it down now.
- Set a reminder in your phone or on your calendar.
- If you don’t do it today, you will likely never do it.
You’ll need to note this in order to get credit for taking the quiz.
• Banking: You do not regularly balance your account statements.
• Banking: You have no checking account at a bank or credit union.
• Banking: Your debit cards purchases are regularly declined.
• Debt: You are carrying a balance on your credit card(s) or you have gone over your credit card credit limit.
• Debt: You borrow from your children for living expenses, such as rent.
• Debt: You have a mortgage or home equity loan/line of credit that may not be paid off till you are in your 80s or 90s.
• Debt: You have cosigned a loan for a child, grandchild or other family member.
• Debt: You make only the minimum payments on your debts.
• Debt: You’d like a “Reverse Mortgage” but do not understand how it works.
• Debt: You’re on fixed income but 15%+ of it goes toward transportation.
• Debt: You’ve taken out or are considering taking out a payday loan.
• General: Someone else is managing your accounts and bills.
• General: You frequently miss paying an obligation (bills, utilities, etc…).
• General: You have delayed doctor visits for financial reasons.
• General: You have pawned or are considering pawning possessions.
• General: You have to work to cover car payment and/or a mortgage.
• General: You lose sleep due to financial worries.
• Saving: You have no savings or very little savings.
• Scam: You are pressured by strangers or family members to make an investment you do not understand.
Most common reason for filing among seniors: Job loss/Income reduction (34%), Overuse of Credit cards (25%), Medical expenses (18%), Overspending (8%), Divorce (3%), Widowed (3%)

- 59% had a mortgage
- 64% had $20k or more in non-mortgage debt
- Most common debts: Credit card (86%), Mortgage (41%), Medical (38%), Vehicle (37%), Home Equity (13%), Payday loans (5%), Student Loan (4%)
- How much savings did they have in their accounts before heading to bankruptcy? $0 (54%), Less than $1k (30%), $1,000-$2,500 (6%), $2,500-$5,000 (3%), $5k-$10k (3%), $10k+ (4%)

Conclusions: Too much credit card and mortgage debt with no back up savings to minimize medical and other emergency issues.

*Based upon our bankruptcy survey of 735 filers aged 60-91 (2007-2014)
Provide the numbers (statistics) and their sources

- 85% - the percentage of seniors who had more than $1,000 in savings when the event occurred that lead to bankruptcy
- 84% - the percentage of seniors who had credit card debt (averaging)
How can Seniors increase their income?

Unless prohibited physically, emotionally, or mentally…

Use the handout to identify priorities and limitations with regard to income. First, complete the topic table to determine if the limitations are external (imposed by others) or internal (physical, emotional, mental or just not a priority).

Next, complete the Prioritizing activity on the bottom of page 3. If additional income is not a priority or not an income, the bottom table on the handout will have a lot of small dots on it. If additional income is a priority, there will be at least one large circle, if not several, on the spectrum.
Debt repayment options are found spelled out in the sidebar on page 3 of the handout.

**Debt Repayment Options**

1. **Consolidation Loan**
   You take out a new, single loan to pay off other loans. Typically the interest rates and/or length of loan will be significantly higher, meaning you’ll pay more interest over time.

2. **Credit Counseling**
   Third-party attempts to negotiate better interest rates, stops late and over-limit fees, and lower monthly payments. Typically takes 3-5 years. It is not a factor in the FICO credit rating model.

3. **Debt Settlement**
   Third-party attempts to negotiate a lower principle balance after collecting fees and payments for 1-4 years. Rarely successful. Always hurts credit rating. Can lead to judgments and wage garnishments.

4. **File Bankruptcy**
   Legal proceeding in federal court asking the government to protect your assets, possibly avoid foreclosure and protect your wages from garnishments.

5. **Ignore**
   Ignoring bills, collection calls, and other correspondence from creditors typically leads to additional fees, increased credit rating damage, and higher anxiety.

6. **Pay Off as Agreed**
   Making at least your minimum payments (in full is best) on time and according to your loan/credit agreement is the best thing you can do to build your credit rating and avoid the pain of penalty fees and collections.
You’ll need to note this in order to get credit for taking the quiz.
Review the list of scams (not exhaustive) that target seniors. Then have the participants complete pages 4-5 in the workbook, matching the name of the scam to the description. Answers (also found on handout): 1-G, 2-F, 3-E, 4-J, 5-A, 6-H, 7-C, 8-B, 9-L, 10-D, 11-I, 12-K

1. Counterfeit Prescription Drugs: Internet purchases of unverifiable Rx’s
2. Fraudulent Anti-aging Products: Bogus supplements, equipment or treatments
3. Funeral & Cemetery Scams: Fraudsters at funeral present bogus claims of outstanding debt to the widow(er), or funeral homes charge unreasonable or unnecessary fees
4. Homeowner/Reverse Mortgage Scams: Scammers promise to get you monthly payments from your home’s equity for the rest of your life, but they often ask you to sign the deed over to them, after which they can sell it to whomever they like.
5. Investment Schemes: Pyramid schemes, the “Nigerian prince” scams and fraudulent or overly complex investment products.
6. Medicare/Health Insurance Scams: Scammers bill your insurance or Medicare for bogus services, including at mobile clinics.
7. Obituary Scams: The scammer approaches the surviving spouse regarding a debt owed by the deceased regarding personal or business loans.
8. Phishing Scams: Any email promising thousands of dollars (or more) for a seemingly simple service or assistance. Sometimes known as the Nigerian Prince scam.
9. Repair Fraud: Vehicle repair shops take advantage of seniors by scaring them into services and products they do not need. Additionally, fraudsters go door to door explaining that they have extra cement or other material from a job down the street and are willing to provide driveway or sidewalk repair at a significant discount (cash prepaid, of course) then never return.
10. Sweepstakes & Lottery Scams: If it sounds too good to be true, it’s probably a scam
11. Telemarketing/Phone Scams: Seniors are more likely to make phone purchases, but it can include fake charitable solicitations, fake family accidents or “special deals” promising wealth
12. The “Grandparent” Scam: Scammers pose as a grandchild asking for financial help out of a legal or immigration problem.
On page 6 in the handout, circle the suspicious language, formatting, etc. that might indicate that the email is a phishing scam trying to get you to provide sensitive identifying information.

Compare your answers to the key on page 7 of the handout.
If a participant or a participant’s senior relative has been a victim of senior fraud or financial abuse (or if they suspect it), look for resources at

1. www.ElderCare.gov
2. www.napsa-now.org (National Adult Protective Services Association)
3. www.ncea.aoa.gov (the National Center on Elder Abuse)

For paying down debts, contact Debt Reduction Services Inc or another member of the Financial Counseling Association of American (FCAA.org)

If Bankruptcy is the choice, you will still need to meet with a credit counseling agency like Debt Reduction Services Inc before filing in order to obtain the required counseling certificate.
What is the ONE step the students can take today that will get them closer to their own financial goals? Allow them to come up with their own answers.
You’ll need to note this in order to get credit for taking the quiz.
NEXT LEG OF THE JOURNEY

- Complete additional workshops or webinars?
- Open a new account?
- Save $1
- Other?
Thank You!

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Everyday Savings will Save Your Financial Future

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