HAAMI Enrichment Session
Personal Finance
10.14.21

Presenter
Kiva Akoto
Operation Hope, Inc.

Sponsors
Truist Financial Corporation
UofM Campus Community Fund
Workshop topics

- Understanding Your Credit
- What makes up your Credit Score
- Know Your Rights as a Consumer
- Establish and Rebuild Your Credit Profile
- Budget Exercise
JOHN HOPE BRYANT
OPERATION HOPE
FOUNDER, CHAIRMAN, AND CEO

• Born in Compton California in South Central, LA

• An American entrepreneur and philanthropist who has built more than 40 organizations and entities including Operation Hope, the largest not-for-profit provider of financial literacy, financial inclusion, and economic empowerment tools and services in the United States for youth and adults.

• Bryant has been an advisor to the last three sitting U.S. presidents, whose work has been recognized by the last five (5) U.S. presidents.
Operation HOPE

“There is a difference between being broke and being poor. Being broke is a temporary economic condition, but being poor is a disabling frame of mind, and a depressed condition of the spirit, and we must vow never, ever, to be poor again.”

– John Hope Bryant
Why is a Financial Literacy Workshop Important?

Financial literacy is important because it equips us with a basic understanding of financial concepts so we can manage money effectively and make smarter choices. Financial planning helps to save for emergencies, helps to properly protect your income, in becoming debt free, and to truly retire financially. This is also important because NOT planning is a road map to DISASTER!!!

People don’t plan to fail; they just fail to PLAN.

Statistics:

56% of American adults have less than $10,000 saved for retirement.

7 out of 10 employees experience financial stress at work, impacting focus, performance, and relationships.

63% of middle-income Americans say they’re unable to afford a $500 car repair or a $1,000 emergency room bill.

Nearly four out of every five U.S. workers live paycheck to paycheck.

Two-Thirds of American adults can’t pass a basic financial literacy test.
KEY LIFE LESSONS ON MONEY:

• Learn About Money
• Value Money, Don’t Worship It
• Save Your Money
• Practice Minimalism
• Invest Your Money
• Love Yourself

~Connie Green-Johnson
THE SEVEN ENEMIES OF FINANCIAL SUCCESS

- Lack of discipline
- Materialism
- Debt
- Taxes
- Inflation
- Investment mistakes
- Emergencies
Your credit score can have a significant impact on YOUR LIFE.

- Buying a house
- Securing better interest rates on loans
- Securing better rates on credit cards
- Landing and keeping a job
- Renting an apartment
- Refinancing a loan
- Purchasing a car
- Setting up a utility account
- Paying for insurance
YOUR CREDIT SCORE MAKES ALL THE DIFFERENCE

• Helps lenders determine how likely you are to pay back a loan.

• Is a good calculation of your credit risk level.

• Determines the terms of your loan and how much credit is granted to you.

• Determines whether you get hired by an employer or if you are accepted to rent an apartment.
During the COVID-19 pandemic, accessing your credit is important. That’s why Equifax, Experian and TransUnion are continuing to offer free weekly credit reports.
Grow Your Credit Score!

730+ excellent credit
700-729 - good/above average credit
670-699 - good credit
585-660 - fair credit
584 or below - poor credit
What Makes Up My Credit Score?

- Payment History: 35%
- Total Debt Utilization: 30%
- Length of Credit History: 15%
- Account Diversity: 10%
- New Credit: 10%
• Identifies if you have paid past credit accounts on time
• Includes the payment history of all revolving and installment debt
• Includes public record and collection items
• Details on late or missed payments
• Calculates how many accounts show no late payments
- Revolving accounts only
- Takes into consideration the amount that you owe (balance) versus the maximum amount you can borrow (credit limit)
- Credit score is maximized by keeping revolving account balances less than 30% of the total credit limit

**Amounts owed 30%**
Length of credit history 15%

- How long your credit accounts have been opened
- The age of your oldest account
- The average age of all of your accounts
- How long specific credit accounts have been opened
- How long it has been since you used certain accounts
• How many of your accounts are new
• When was the last time you opened a new account
• How many times you have requested credit
• How long since inquiries were made by your lenders
• If after past payment problems you have had good recent payment history
Types of credit in use 10%

REVOLVING
Credit Cards
Home Equity Line of Credit
Personal Line of Credit

INSTALLMENT
Mortgage
Student Debt
Car Payment
Personal Loan
## How Long Do Negative Items Stay On My Report?

<table>
<thead>
<tr>
<th>Type of Negative Information</th>
<th>Maximum Time on Credit Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charge-off &amp; Collection Accounts</td>
<td>7 years from the date it became delinquent.</td>
</tr>
<tr>
<td>General Civil Judgments</td>
<td>7 years from the filing date.</td>
</tr>
<tr>
<td>City, County, State and Federal Tax Liens</td>
<td>7 years from the date paid (if not paid it may remain on your report indefinitely).</td>
</tr>
<tr>
<td>Chapter 7, 11, &amp; 12</td>
<td>10 years from the filing date. Accounts included in bankruptcy (BK) will remain 7 years from the date they were reported as included in the BK or from original delinquency date.</td>
</tr>
<tr>
<td>Chapter 13</td>
<td>7 years from the filing date. Accounts included in bankruptcy will remain 7 years from the date they were reported as included in the bankruptcy or from original delinquency date.</td>
</tr>
<tr>
<td>Name</td>
<td>Date of Birth</td>
</tr>
<tr>
<td>---------------------</td>
<td>---------------</td>
</tr>
<tr>
<td>Duncan, Elizabeth</td>
<td>02/14/1954</td>
</tr>
<tr>
<td>Also Known As:</td>
<td></td>
</tr>
<tr>
<td>Cook, Elizabeth</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Current Address</th>
<th>Previous Address</th>
<th>Previous Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>9932 WOODBINE, #9B</td>
<td>10 N. CAMINO</td>
<td>8500 N. WESTERN AV.</td>
</tr>
<tr>
<td>CHICAGO, IL, 60068</td>
<td>OAKLAND, CA. 94583</td>
<td>CHICAGO, IL 60645</td>
</tr>
</tbody>
</table>

**EMPLOYMENT**

<table>
<thead>
<tr>
<th>Company</th>
<th>Position</th>
<th>Start</th>
<th>End</th>
<th>In File Since</th>
<th>Effective</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABC HOTELS</td>
<td>CONCIERGE</td>
<td>3/01</td>
<td></td>
<td>5/07</td>
<td>5/07</td>
</tr>
<tr>
<td>ANYTOWN, IL.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ACME SYSTEMS INC</td>
<td>ADMIN ASST</td>
<td></td>
<td></td>
<td>3/00</td>
<td>3/01</td>
</tr>
<tr>
<td>OAKLAND, CA.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**ALERTS AND SPECIAL MESSAGES**

<table>
<thead>
<tr>
<th>Type</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>ID MISMATCH ALERT</td>
<td>PREVIOUS INPUT ADDRESS DOES NOT MATCH FILE ADDRESS(ES)</td>
</tr>
<tr>
<td>HIGH RISK FRAUD ALERT</td>
<td>INPUT SSN NOT IssUED BY SOCIAL SECURITY ADMINISTRATION</td>
</tr>
<tr>
<td>SSN YEAR OF ISSUANCE</td>
<td>FILE SSN ISSUED: 1957-1960; STATE ISSUED: IL; EST. AGE OBTAINED: 4-8</td>
</tr>
</tbody>
</table>
## Public Records and Collections

### Transunion Consumer Credit Report

**PUBLIC RECORDS**

<table>
<thead>
<tr>
<th>Type</th>
<th>Court</th>
<th>Responsibility</th>
<th>Location</th>
<th>Plaintiff</th>
<th>Attorney</th>
<th>Assets</th>
<th>Liabilities</th>
<th>Filed</th>
<th>Verified</th>
<th>Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHAPTER 7 BANKRUPTCY</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$2,668</td>
<td>$14,668</td>
<td>10/05</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Court</th>
<th>Responsibility</th>
<th>Location</th>
<th>Plaintiff</th>
<th>Attorney</th>
<th>Assets</th>
<th>Liabilities</th>
<th>Filed</th>
<th>Verified</th>
<th>Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4/05</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**COLLECTIONS**

<table>
<thead>
<tr>
<th>Original Creditor</th>
<th>Account Type</th>
<th>Account #</th>
<th>Remarks</th>
<th>Amount Placed</th>
<th>Balance</th>
<th>Past Due</th>
<th>Last Payment</th>
<th>Opened</th>
<th>Paid</th>
<th>Closed</th>
<th>Verified</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABC BANK</td>
<td>AG</td>
<td>12345</td>
<td></td>
<td>$2,500</td>
<td>$1,000</td>
<td></td>
<td></td>
<td>5/02</td>
<td></td>
<td></td>
<td>4/07 A</td>
</tr>
</tbody>
</table>
### Tradelines/Accounts

<table>
<thead>
<tr>
<th>Account</th>
<th>Balance</th>
<th>Account Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABC BK (B 6781001)</td>
<td>$12,900</td>
<td>105</td>
</tr>
<tr>
<td>ABC RETAILER (D 1234567)</td>
<td>$5,200</td>
<td>R01</td>
</tr>
<tr>
<td>ABC MORTGAGE (Q 1111111)</td>
<td>$173,200</td>
<td>M01</td>
</tr>
<tr>
<td>ABC DEPARTMENT (D 7654321)</td>
<td>$150</td>
<td>R01</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Account</th>
<th>Past Due</th>
<th>Terms</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABC BK (B 6781001)</td>
<td>$1,128</td>
<td>60M282</td>
</tr>
<tr>
<td>ABC RETAILER (D 1234567)</td>
<td>$0</td>
<td>MIN200</td>
</tr>
<tr>
<td>ABC MORTGAGE (Q 1111111)</td>
<td></td>
<td>360M1470</td>
</tr>
<tr>
<td>ABC DEPARTMENT (D 7654321)</td>
<td>$150</td>
<td>MIN25</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Late Payments</th>
<th>Delinquency</th>
<th>Maximum</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>(20 months)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(29 months)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(48 months)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(5 months)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Payment Pattern**

- Months 1 - 12: 4455432111111
- Months 13 - 24: 1111111111111
There are 2 types of inquiries: Hard and Soft. Inquiries stay on your credit report for 2 years. They stop affecting your score after 1 year.
Identity Theft

- CONTACT your creditors OR banks
- Place a FRAUD ALERT on your credit reports
- Carefully REVIEW your credit reports from all three bureaus
- REMOVE fraudulent info
- REPORT the Identity Theft to the FTC
- --OPTOUTPRESCREEN.COM--
REAL LIFE MORTGAGE LOAN EXAMPLE

Loan Savings Calculator

step ONE
Select the type of loan
30-Year Fixed

step TWO
Select the state you live in
Georgia

step THREE
Enter the loan principal amount
$299300

step FOUR
Select your current FICO Score range
640-659

If your score changes to 760-850, you could save an extra $60,506
If your score changes to 700-759, you could save an extra $47,997
If your score changes to 680-699, you could save an extra $37,831
If your score changes to 660-679, you could save an extra $25,426
If your score changes to 620-639, you could pay an extra $33,445

<table>
<thead>
<tr>
<th>FICO Score</th>
<th>APR</th>
<th>Monthly Payment</th>
<th>Total Interest Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>760-850</td>
<td>2.527%</td>
<td>$1,187</td>
<td>$127,949</td>
</tr>
<tr>
<td>700-759</td>
<td>2.748%</td>
<td>$1,222</td>
<td>$140,458</td>
</tr>
<tr>
<td>680-699</td>
<td>2.925%</td>
<td>$1,250</td>
<td>$150,623</td>
</tr>
<tr>
<td>660-679</td>
<td>3.138%</td>
<td>$1,284</td>
<td>$163,028</td>
</tr>
<tr>
<td>640-659</td>
<td>3.565%</td>
<td>$1,355</td>
<td>$188,455</td>
</tr>
<tr>
<td>620-639</td>
<td>4.109%</td>
<td>$1,448</td>
<td>$221,899</td>
</tr>
</tbody>
</table>
Know your rights

• The Equal Credit Opportunity Act (ECOA)
• Credit Card Accountability Responsibility, and Disclosure Act (CARD Act)
• The Fair Credit Reporting Act (FCRA)
• Fair Debt Collection Practices Act (FDCPA)
Establishing & rebuilding credit

- Protect against Identity Theft
- Dispute inaccurate information
- Settle accounts
- Prioritize which debt to pay off first
- Establish credit with a secured card
- Clear up any Public Record
- Don’t close accounts
- Pay off closed accounts with balances

OperationHOPE.org
Start with a budget

What is a Budget?

A budget is an important tool to help you understand how and where you spend your money and a guideline to help you spend your money on the things that are most important to you.

“Where is my money actually going?”
Paying Off Debt and Saving Money

A budget will help you FIND money to begin paying off debt and saving money for the things that matter most to you.
Savings is NOT Optional!

Having savings makes the difference between a **crisis** or an **inconvenience**.

If you dip into your savings for an emergency, consider it a loan and set up a repayment schedule.
Salary: $50,000
($ 4,166.67/mo.)
($ 24.04/hr.)
Annual Salary: $50,000 ($24.04/hr.)
Less: $14,500 (Taxes)
$35,500
$2,958.33/mo.
BUDGET EXERCISE

Housing ($1000.00)
Food ($500.00)
Credit Cards ($100.00)
Car Note ($500.00)
Car Insurance ($75.00)
Student Loans ($100.00)
Cell Phone ($75.00)

Gas ($100.00)
Health Insurance ($200.00)
Utilities ($200.00)
Cable/Internet ($250.00)
Vacations ($125.00)
Shopping ($200.00)

Only $2,958.33 left to spend per month:

Total indicated expenses: $3,425.00 which results in a - $466.67.

Is there anything we can cut back on/reduce to lower our monthly expenses?
Possibly, in shopping, becoming more efficient with our utilities to lower costs and maybe negotiating better plans with insurance and cell phones.
## Budget Exercise

### Adjustment Results:

<table>
<thead>
<tr>
<th>Item</th>
<th>Was</th>
<th>Change</th>
<th>Saving</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Insurance</td>
<td>$200.00</td>
<td>$120.00</td>
<td>$80.00</td>
</tr>
<tr>
<td>Cell Phone</td>
<td>$ 75.00</td>
<td>$ 55.00</td>
<td>$ 20.00</td>
</tr>
<tr>
<td>Utilities</td>
<td>$200.00</td>
<td>$175.00</td>
<td>$ 25.00</td>
</tr>
<tr>
<td>Shopping</td>
<td>$200.00</td>
<td>$150.00</td>
<td>$ 50.00</td>
</tr>
<tr>
<td>Vacations</td>
<td>$125.00</td>
<td>$100.00</td>
<td>$ 25.00</td>
</tr>
<tr>
<td>Food</td>
<td>$500.00</td>
<td>$400.00</td>
<td>$100.00</td>
</tr>
<tr>
<td>Cable/Internet</td>
<td>$250.00</td>
<td>$ 50.00</td>
<td>$200.00</td>
</tr>
</tbody>
</table>

These few changes have added **$500.00/mo ($6,000/yr)** to your bottom line. This puts you back in alignment with your budget and alleviates the negative impact on your finances.
Make an Action Plan

- Set short term and long term goals
- Include the dollar amount and timeframe
- Choose a percentage of your income
- Set up a separate savings account
- Pay off your debt and use that money to start saving
- Stick to it
1. HAVE A BUDGET
2. AUTOMATE YOUR SAVINGS & EF
3. PAY OFF YOUR DEBT
4. HIGH CREDIT SCORE
5. MULTIPLE STREAMS OF INCOME
6. LIFE INSURANCE
7. FINANCIAL TEAM
8. INVEST IN...REAL ESTATE, STOCK, ETC.
9. POSITIVE NET WORTH
10. LEAVE A LEGACY
    FAMILY WEALTH PORTFOLIO

TEN STEPS TO FINANCIAL WHOLENESS
As part of this program, you receive individual coaching sessions on credit and money management at no cost.

Schedule an appointment today!

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Memphis, TN 38104
Phone: 901.870.7900
Email: kiva.akoto@OperationHOPE.org