

Asset Building opportunities for consumers

Department of Housing and Urban Development

May 10, 2022



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Agenda

- Introduction to CFPB Dave Sieminski, CFPB
- About Financial Well-Being Dave Sieminski, CFPB
- Asset building basics Dave Sieminski, CFPB
- Asset building at CHA Zach Gordon, CHA
- CFPB asset building tools Dave Sieminski, CFPB
- Questions Zach and Dave

Introduction to the Consumer Financial Protection Bureau

- The Consumer Financial Protection Bureau is a 21st century agency that implements and enforces Federal consumer financial law and ensures that markets for consumer financial products are fair, transparent, and competitive.

Office of Consumer Education

- Part of the CFPB's Division of Consumer Education and External Affairs
- Serves populations who may lack full, affordable access to financial services
 - Low to moderate incomes
 - Low wealth
 - Otherwise financially underserved or vulnerable

Definition of Financial well-being

What does *financial well-being* mean to people?

	Present	Future
Security	Control over 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 financial goals



About Financial Well-being

The CFPB Financial Well-Being Scale is:

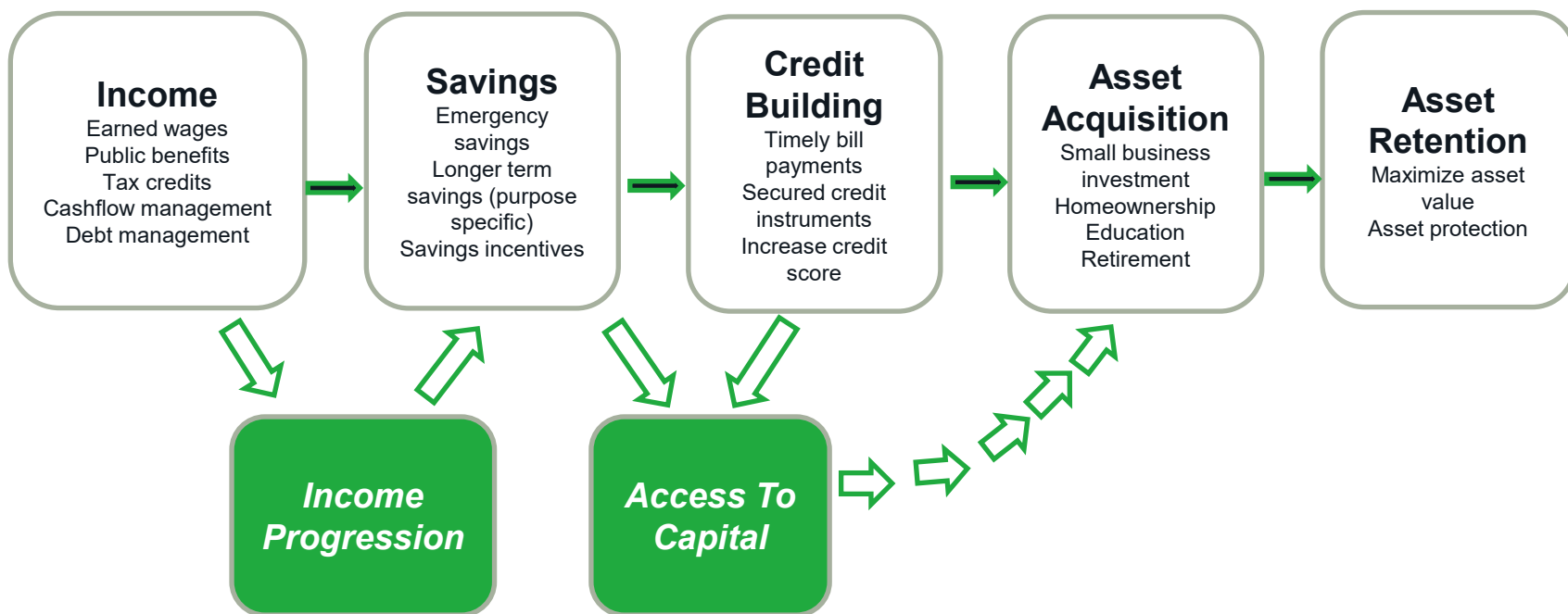
1. A consumer-driven measure based on a definition of financial well-being that draws on insights from both consumers and experts.
2. A measurement tool developed using state-of-the-art techniques
3. A common metric that allows an “apples-to-apples” comparison of scores across consumers.
4. A free and publicly available survey instrument and measurement scale.

What is an asset?

An asset is a resource with economic value that an individual or family owns or controls with the expectation that it appreciates in value over time and will provide a future benefit

The path to building assets

Asset building to increase financial well-being



Step 1: Emergency savings

1. Liquid (fully accessible) savings allows a consumer to respond quickly to unexpected expenses
2. Reduces the use of other high-cost alternative products such as payday loans
3. Building emergency savings is a Cycle of Accumulation, Use, and Rebuilding
4. Increases the capacity and confidence of people to save for longer term goals
5. Increases financial well-being

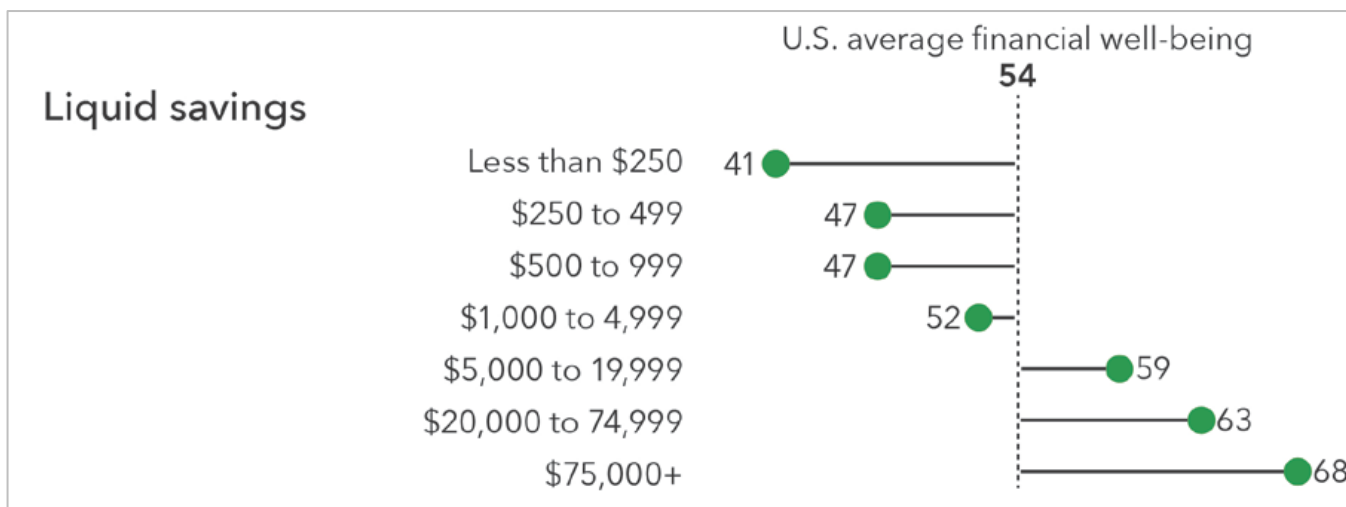
How to build and use emergency savings

1. Have a fully accessible account at a bank or credit union
2. Save regularly if possible / even small amounts are helpful
or
3. Save when you have excess funds
4. Automate the savings process if possible / set it and forget it
5. Use emergency savings for unexpected expenses
6. Rebuild emergency savings so that you have a cushion for the next unexpected expense

National financial well-being survey results

Liquid savings correlates strongly with financial well-being

Financial well-being score by liquid savings amount



Step 2: Building credit

Having good credit can:

1. Affect where you live
2. Affect what job you can get
3. Affect your ability to purchase durable essentials such as transportation
4. Affect your ability to invest in longer-term assets such as homes and businesses

How to build credit

Strategies for credit building

- a. Timely payment of bills
- b. Rent reporting
- c. Credit builder loans
- d. Secured credit cards

Strategies for credit protection

- a. Check credit reports
- b. Dispute errors

Step 3: Longer-term savings lead to building assets

1. Allows people to plan for their future and to build wealth
 - a. Post-secondary education for the saver or for their children to increase earning potential
 - b. Retirement: tax-advantaged accounts like 401(k)s typically gain in value over time and provide security in later years of life
 - c. Homeownership: the most commonly held appreciable asset by Americans
 - d. Business investment allows people to pursue independent enterprise

Zachary Gordon, Cambridge Housing Authority

CHA'S FSS+ (FINANCIAL STABILITY AND SAVINGS PROGRAM)

Program Design:


- Needed MTW Authority to streamline the program (calculation methodology, funding for program)
- Focus of program is on credit and asset building outcomes
- Partnership with Compass Working Capital has been critical to success
- CHA and Compass also ran a 3-year pilot program to test automated savings with public housing residents
- Switched to a bands-based escrow model in 2021 to incentivize participants at all income levels

PROGRAM OUTCOMES

- 181 graduates
- 68% of participants increased income with an average earned income increase of ~\$10,000
- 72% of participants saw an improvement in credit score
- Average FICO score improved by nearly 40 points (636 – 676)
- Percentage of clients with debt in collection reduced from 53% to 28%
- Average escrow amount \$6,990
- Outcomes vary but not focused on just exiting subsidy but other positive self-sufficiency metrics

Helping HUD assisted residents build assets

Assist them in finding a financial institution to open separate savings accounts for emergency savings using this tool

 **What to ask when Comparing financial service providers**

1. Decide which two companies you'd like to compare, and write their names at the top of the first table.
2. Write down the answers for each company—you may need to talk with someone there or do some research online for some of the questions. Ask only the questions that apply to the product you're considering.
3. Compare the answers to help you decide which company best meets your needs.
4. Make copies if you want to compare more than two companies at once.


Company 1: _____ Company 2: _____

For bank accounts with debit cards

	QUESTIONS TO ASK	COMPANY 1	COMPANY 2
Fees and other costs	Are there monthly fees for the account? How much? Can they be waived?		
	Is there a fee for going below a minimum balance in the account?		
	Is there a fee for using checks? How much?		
	Is there a fee for making a deposit? How much?		
	Is there a fee for inactivity on the account? How much?		
	Will I earn interest on the account? What is the interest rate?		

2

Provide practical tools such as this cash flow budget to help them track income, expenses, inflows and outflows

 **Consider expense and income timing by Creating a cash flow budget**

1. Enter your starting balance for the month under Week 1. This is the total amount of money available to you from cash on-hand, prepaid cards, and checking and saving accounts.
2. Write down the amounts you receive during Week 1 from the categories listed. If you have income from other categories, add them together and write them under "Other."
3. Add up all your income for Week 1 and enter under "Total income."
4. Write down the amounts you spend during Week 1. If you have expenses from other categories, add them together and write them under "Other."
5. Subtract all the expenses for Week 1 from the "Total income" for Week 1. Write this amount in "Ending weekly balance."
6. Copy the amount from "Ending weekly balance" from Week 1 into the "Starting balance" for Week 2. Repeat steps 2 through 5 for the remaining weeks in the month.

	WEEK 1	WEEK 2	WEEK 3	WEEK 4	WEEK 5
BEGINNING WEEKLY BALANCE	Starting balance \$250				
+	+ 300				
ADD MONEY YOU RECEIVE EACH WEEK	+ 100				
+					
Total income	= 650				
-	- 200				
SUBTRACT YOUR WEEKLY EXPENSES	- 35				
	- 15				
ENDING WEEKLY BALANCE	= 400				

2

Provide information on [free tax return filing options](#) so that they can access tax credits for which they are eligible (not just during tax season)

Helping HUD assisted residents build assets

1. CFPB resources on building and maintaining credit
 - a. Requesting a free credit report
 - b. Understanding your credit score
 - c. Building credit from scratch
 - d. Rebuilding your credit



Pick a strategy for **Requesting your free credit reports**

1. Pick when you'll request your credit reports using the strategy that works best for you.
2. Write down when you'll request them from each company, Experian, Equifax, and TransUnion. You can get a free report from each company once every 12 months.
3. Create a reminder on your calendar or phone to help you follow through.

Strategies for requesting your credit reports

REQUEST ON THREE SEPARATE DATES	REQUEST ON A SINGLE DATE												
Check your reports on three different dates throughout the year. Staggering them can help you see if anything is changing throughout the year or if any fraud has occurred.	Choose a single date that's easy to remember, like a birthday or holiday, to request all three of your reports at once. This is good if you're buying something big soon, that requires new credit, so you can correct errors right away.												
<input type="checkbox"/> I will request my reports on these three separate dates:	<input type="checkbox"/> I will request a report from all three companies on this day:												
<table border="1"><thead><tr><th>DATE</th><th>COMPANY</th></tr></thead><tbody><tr><td></td><td>Equifax</td></tr><tr><td></td><td>Experian</td></tr><tr><td></td><td>TransUnion</td></tr></tbody></table>	DATE	COMPANY		Equifax		Experian		TransUnion	<table border="1"><thead><tr><th>DATE</th><th>COMPANY</th></tr></thead><tbody><tr><td></td><td>Equifax, Experian, TransUnion</td></tr></tbody></table>	DATE	COMPANY		Equifax, Experian, TransUnion
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	TransUnion												
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How to request your free reports

The federal government authorizes only one source for your free credit reports. You can make a request online, by phone, or by mail.

Visit [AnnualCreditReport.com](https://annualcreditreport.com)

Call (877) 322-8228

Request by mail. Download and complete the form at annualcreditreport.com/manualRequestForm.action.

Mail the completed form to:
Annual Credit Report Request Service
P.O. Box 105281
Atlanta, GA 30348-5281


2





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Helping HUD assisted residents build assets

If the resident has debts help them develop an action plan for paying down the debt with [this tool](#).


 **Start reducing your debt by making a Debt action plan**

- Review the pros and cons of each strategy for paying down debt.
- List your top three debts, sorted based on the strategy you chose—either by smallest total dollar amount or highest interest rate.




	PAY SMALLEST DEBT FIRST	PAY HIGHEST INTEREST RATE FIRST																
																		
Description	After you've made all your minimum payments, increase your payment on the smallest debt. After it's paid off, add that extra amount to your minimum payment on the next smallest debt.	After you've made all your minimum payments, increase your payment on the debt that has the highest interest rate. After it's paid off, add that extra amount to your minimum payment on the next highest-rate debt.																
Pro	If you have many small debts, you might see progress quickly by reducing the number of debts you owe.	By paying off the debts that charge you the highest interest and fees first, you save money overall.																
Con	If the interest rate and fees are high on your larger debts and you pay the smaller ones first, you might pay more in total over the length of the debt.	You might not feel like you're making progress very quickly, especially if the first debt is large.																
	<input type="checkbox"/> I'll pay down the smallest debt first, in this order:	<input type="checkbox"/> I'll pay down the debt with the highest interest rate first, in this order:																
	<table><thead><tr><th>DEBT</th><th>AMOUNT</th></tr></thead><tbody><tr><td>1.</td><td>\$</td></tr><tr><td>2.</td><td>\$</td></tr><tr><td>3.</td><td>\$</td></tr></tbody></table>	DEBT	AMOUNT	1.	\$	2.	\$	3.	\$	<table><thead><tr><th>DEBT</th><th>INTEREST RATE</th></tr></thead><tbody><tr><td>1.</td><td>%</td></tr><tr><td>2.</td><td>%</td></tr><tr><td>3.</td><td>%</td></tr></tbody></table>	DEBT	INTEREST RATE	1.	%	2.	%	3.	%
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2

Provide information with [this tool](#) on how savings could be affected by public benefits asset limits.

 **Learn how **Saving and asset limits** can affect your benefits**


- Select the programs that you're enrolled in or plan to apply for in the future.
- Review the asset limit listed and learn more about each program's asset limit rules by visiting their website.

PROGRAM TYPE	PROGRAM	YOUR STATE'S ASSET LIMIT
 Disability	<input type="checkbox"/> Social Security Disability Insurance (SSDI) ssa.gov/agency/contact	No limit
	<input type="checkbox"/> Supplemental Security Income (SSI) ssa.gov/agency/contact	\$
 Groceries and household expenses	<input type="checkbox"/> Supplemental Nutrition Assistance Program (SNAP) fns.usda.gov/snap/state-information/hotline-numbers	\$
	<input type="checkbox"/> Temporary Assistance for Needy Families (TANF) act.hhs.gov/programs/ofta/help	\$
 Housing and home energy	<input type="checkbox"/> Low Income Home Energy Assistance Program (LIHEAP) liheapch.act.hhs.gov	\$
	<input type="checkbox"/> Public housing portal.hud.gov/hudportal/HUD?src=/states	\$

2

Helping HUD assisted residents build assets

Help residents build a savings plan including setting goals and developing strategies to save with [this tool](#).

 Creating a **Savings plan** can make it easier to save

1. Write down the goal you're saving toward.
2. Figure out the total amount you need to save to reach that goal.
3. Decide how many weeks you have to save.
4. Divide the total amount by the number of weeks. That is your savings target.
5. Think about ways you can cut expenses to match the total amount you need to save per week.

Create a savings target.


	EXAMPLE	YOUR INFORMATION	
Savings goal	Save \$1,000 for an emergency fund within 10 months (about 40 weeks)		
Total amount needed	\$1,000		
Weeks to reach goal	+	40	+
Weekly amount to save	=	\$25	=

Brainstorm strategies for saving.

	EXAMPLE	YOUR INFORMATION	
Strategies for saving and amount saved per week	Switch from premium cable to basic (\$40/month = \$10/week) +	\$10	
	Cut down on eating out +	\$15	
Total projected savings per week	=	\$25	=

2

Before tax season offer [this worksheet](#) to make a plan to how to make the most of their tax refund

 TAX TIME WORKSHEET
Make the most of your tax refund

Your tax refund can help you pay for things you need right now. It can also help you save for things you want down the road.

1

What is important to you?
Putting even a part of your tax return into savings will help you get ahead and accomplish what's important to you.

I would like to save for:

☐ **Sudden expenses:** Car repairs or medical bills
☐ **Big financial moves:** Education, retirement, or a down payment on a house
☐ **Future purchases:** New furniture or a vacation
☐ Other _____

2

What percentage of your tax refund would you like to save?

☐ 10%☐ 25%☐ 50%☐ Other _____

3

How to manage your refund money
Taking care of your tax refund money can mean keeping it safe for spending, today and in the future. You've got great choices, and your tax preparer can help.

☐ I would like to directly deposit my refund into my checking account, savings account, prepaid card, or other account.
☐ I'm interested in buying a savings bond.
☐ I know I want to save part of my refund, but I want to talk through my options first.

Not sure? Ask your tax preparer about your saving options.

Your total savings

Your tax preparer will help you calculate this section.

\$ _____

x

YOUR PERCENT SAVED _____


=

\$ _____

YOUR TOTAL TAX REFUND

YOUR PERCENT SAVED

YOU SAVED

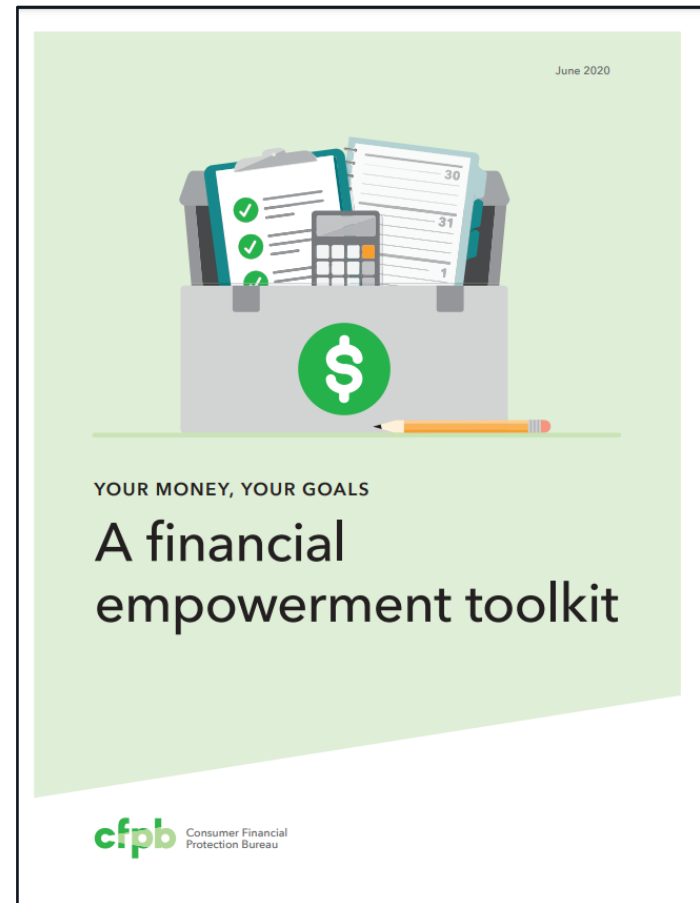
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Talk to your tax preparer about all the ways you can save today.

Resources to build financial capability and support asset building goals

Your Money Your Goals tools and booklets

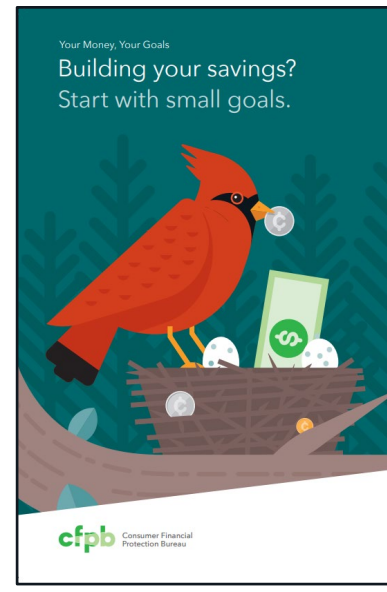
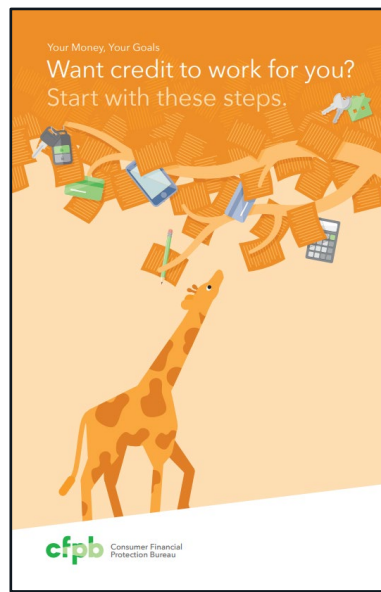
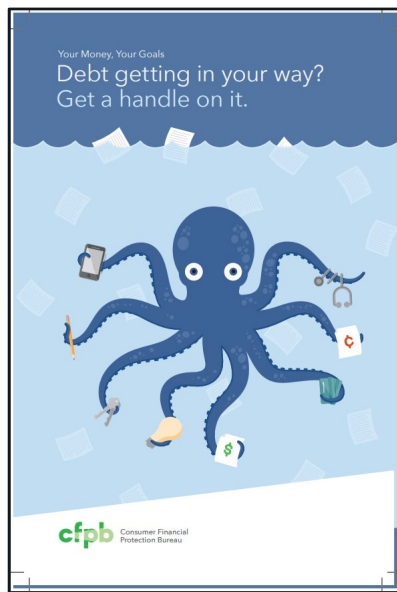
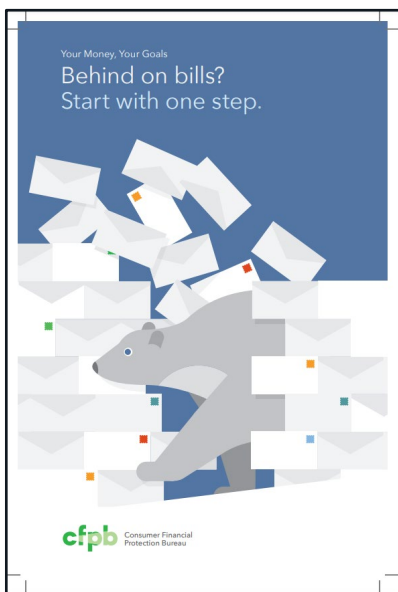
- a. [Financial empowerment toolkit](#)
- b. Companion guides for
 - [military communities](#),
 - [native communities](#),
 - [people with disabilities](#) and
 - [justice involved individuals](#)



Resources to build financial capability and support asset building goals

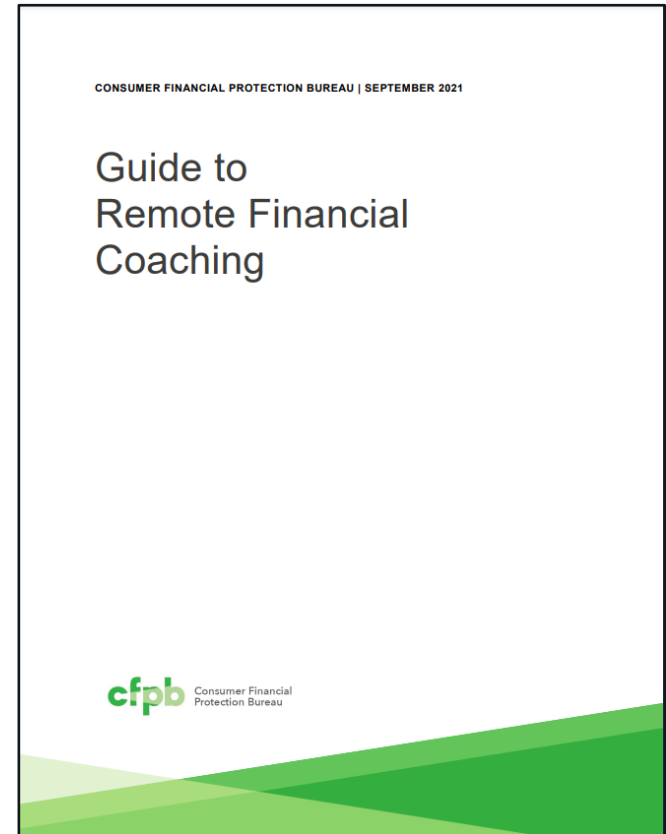
Custom booklets including

- [Behind on Bills? Start with one step.](#) Also available in [Spanish](#).
- [Debt getting in your way? Get a handle on it.](#)
- [Want credit to work for you? Start with these steps.](#) Also available in [Spanish](#).
- [Building your savings? Start with small goals.](#)



Strategies to build financial capability and support asset building goals

1. Financial coaching
 - a. CFPB Randomized Control Trial on financial coaching
 - b. CFPB Financial Coaching Initiative results
 - c. CFPB resources for coaches
 - d. Remote coaching guide



Resources for credit building

1. Urban Institute/FinRegLab [report on rent and utility reporting](#)
2. Credit Builders Alliance [rent reporting technical assistance center](#)
3. CFPB research [reports on credit invisibility](#)
4. CFPB [credit builder loan research report](#)

Resources for savings

1. [CFPB guide](#) to building an emergency savings fund
2. Aspen Financial Security Program [report on automating emergency savings](#)
3. Commonwealth / SaverLife [report on accounting for emergencies](#)
4. Pew Research Center [report on income volatility and financial security](#)
5. Federal Reserve Bank of St. Louis [series on the Real State of Family Wealth](#)

Submitting a complaint to the Bureau

Submit a complaint

Each week we send more than 10,000 complaints about financial products and services to companies for response. If another agency would be better able to assist, we'll send it to them and let you know.

Most companies respond within 15 days.

See how the complaint process works

Watch this short video to find out what to include in your complaint and what will happen after you submit.



Find answers before you start a complaint

Which products and services can I complain about?

[Show +](#)

What can I do before submitting a complaint?

[Show +](#)

What's most important for me to include in a complaint?

[Show +](#)

How does the CFPB share my complaint data?

[Show +](#)

Ready to begin?

Submitting online usually takes less than 10 minutes. Include everything you need to because you generally can't submit a second complaint about the same problem.

HAVE A QUESTION? ¿PREGUNTAS?

If you can't submit online (7-10 minutes), you can submit over the phone (25-30 minutes). More than 180 languages are available.

Call: [\(855\) 411-2372](tel:(855)411-2372)

TTY/TTD: [\(855\) 729-2372](tel:(855)729-2372)

8 a.m. to 8 p.m. ET, Monday through Friday
([except federal holidays](#)). [🗣](#)

HOW WE SHARE COMPLAINTS

Consistent with applicable law, we securely share complaints with other state and federal agencies to, among other things, facilitate:

- supervision activities,
- enforcement activities, and
- monitor the market for consumer financial products and services.

We also publish complaint data (without information that directly identifies you) in our Consumer Complaint Database.

[Learn more about how we share your complaint data](#)



Consumer Financial
Protection Bureau

Submitting a complaint to the Bureau

HOW TO SUBMIT A COMPLAINT

Online

[Consumerfinance.gov/complaint](https://consumerfinance.gov/complaint)

By phone (180+ languages)

M-F 8 a.m. – 8 p.m. ET

(855) 411-2372

(855) 729-2372 TTY/TDD

By mail

Bureau of Consumer Financial Protection

P.O. Box 27170

Washington D.C. 20038



Consumer Financial
Protection Bureau

Submitting a complaint to the Bureau

Submit a complaint

What is this complaint about?

Choose the product or service that best matches your complaint.

☐ Debt collection

☐ Vehicle loan or lease

☐ Credit reporting, credit repair services,
or other personal consumer reports

☐ Student loan

☐ Mortgage

☐ Payday loan, title loan, or personal loan
(installment loan or personal line of credit)

☐ Credit card or prepaid card

☐ Money transfer, virtual currency, or
money service
(check cashing service, currency exchange,
cashier's/traveler's check)

☐ Checking or savings account

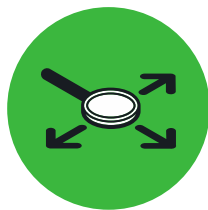


Consumer Financial
Protection Bureau

Complaint process



Complaint
submitted



Review
and route



Company
response



Complaint
published



Consumer
review

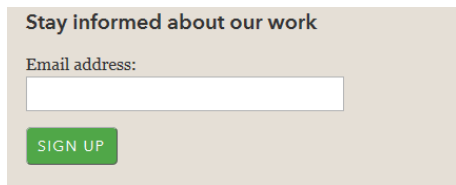
Questions?



Consumer Financial
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Stay in touch!

- Visit our webpage: consumerfinance.gov/empowerment
 - Sign up to get news and resources related to tax time savings and other topics:



Stay informed about our work

Email address:

SIGN UP

- Find resources related to tax time savings:
consumerfinance.gov/tax-preparer-resources/
- Find COVID resources: <https://www.consumerfinance.gov/coronavirus/>