Helping HUD-assisted Residents Make the American Rescue Plan Work for Them

Economic Impact Payments, Resources, Scams and What it Means for HUD-assisted Families
Financial Checking & Savings Accounts for Public Housing Residents

Your Presenters:

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Your Money, Your Goals

A financial empowerment toolkit
Financial empowerment

What is financial empowerment?

How is it different from financial literacy, financial capacity, or other commonly used terms?
Financial empowerment and service providers

Access + Trust = Opportunities for providing financial empowerment
Your Money, Your Goals: Resources

- Toolkit
- Online resources
- Issue-focused booklets
  - Behind on bills? (also in Spanish)
  - Debt getting in your way?
  - Want Credit to Work for You? (also in Spanish)
  - Building your savings?
- Companion guides
  - Native Communities
  - Reentry – people with criminal records
  - People with disabilities
  - Military communities

https://www.consumerfinance.gov/your-money-your-goals/
Your Money, Your Goals
Module 8: Choosing Financial Products and Services
Tool: Comparing financial service providers

▪ Shop around when deciding on a financial service provider

▪ Ask questions about:
  □ Fees and other costs
  □ Services offered
  □ Security
  □ Convenience
  □ Access
Tool: Opening a checking or savings account

- Gather your documents
  - Picture ID
  - Second form of ID (Social Security card, birth certificate, or bill with name and address)
  - Social Security number or ITIN for interest-bearing accounts
- Bring the required amount of money to open the account
- Get all the facts
Barriers to opening an account

You may have negative information in your file if you had a checking or savings account before and you:

▪ Have an unpaid negative balance on that account, such as from an overdraft, which you have not repaid and the account was closed by the bank or credit union

▪ Were suspected of fraud related to a checking or savings account

▪ Had a joint account with someone else who had these types of problems
What is an overdraft?

- An overdraft occurs when:
  - You don’t have enough money in your account to cover a transaction
    AND
  - The bank pays for your transaction anyway

- If you overdraw your account, you have to pay back those funds.
Overdraft services

There are two types of overdraft services:

1. Overdraft protection - When you and your bank or credit union arrange for any overdrafts to be paid from money in your linked savings account.

2. Opt-in service - When a bank or credit union allows you to spend more money than you have in your checking account, but at a cost for each transaction.
   - For debit cards and ATM transactions, you have to opt in to this overdraft service.
Tool: Avoiding checking account fees

What to do:

- Identify a strategy for reducing fees that you want to try.
- Implement that strategy.
- Once you’re done with the first strategy, pick a new one until you’ve completed them all.
Building your savings?
Start with small goals
Use the saving snapshot worksheet to plan and prioritize.

Think about some things you'd like to save for.

- Debt
- Education
- Electronics
- Emergencies
- Entertainment
- Family needs
- Home expenses
- Medical expenses
- Transportation
- Travel
- Other

Prioritize what you could accomplish now and later.

- **Short-term**: List something you want to accomplish in the next few months.
- **Medium-term**: List something you want to accomplish next year.
- **Long-term**: List something you want to accomplish far in the future.
A place for savings

- Understand some options available to you to manage your money
- Evaluate each option according to your needs
- Gather information on how to get started
Find a place for savings that works for you.

**Bank account**
Using a financial institution to safeguard and grow savings:
- **Benefits:** Federally insured; safe from loss, fire, or other disaster; easy to access
- **Risks:** Fees to keep and use the account; may be difficult to open an account based on previous banking history

**Credit union account**
Using a community-affiliated financial institution to safeguard and grow savings:
- **Benefits:** Generally lower fees than banks; federally insured; can’t be lost, stolen, or destroyed in a fire or other disaster; easy to access
- **Risks:** Fewer branch locations; fewer account options; fees to keep and use the account; may not be easy to join

**Prepaid cards**
Using a card to access money loaded on it in advance:
- **Benefits:** Easy to access; convenient; secured by PIN number; no bank or credit union account needed
- **Risks:** No costs to maintain it; easy to access; convenient

**Home**
Storing your cash savings in a hidden place at home:
- **Benefits:** No costs to maintain it; easy to access; convenient
- **Risks:** Not safe from loss, fire, or other disaster; risk of theft

Questions I still have: ____________________________

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**Determine the next steps you’ll take.**

I have decided to keep my money here:

- Bank account
- Credit union
- Prepaid card
- Home

Steps I will take next:

1. ____________________________
2. ____________________________
3. ____________________________
4. ____________________________
A place for savings: A step further

Know your rights
If you are denied a savings account, here are some steps you can take:

- Request your banking history report. Learn how to request your report by visiting “Ask CFPB” at cfpb.gov/askcfpb/2035.
- Review your banking history report for any errors. If you find an error in your report, file a dispute. Learn how to dispute an error in your report by visiting “Ask CFPB” at cfpb.gov/askcfpb/2029.
- Find out whether your bank or credit union has a “second chance” or checkless checking account option. These accounts typically have different features and restrictions than a standard checking or savings account. Visit your local bank or credit union to learn more about their “second chance” or checkless checking account options.

Additional resources
- Achieving a Better Life Experience (ABLE) account, for people with disabilities. For more information on ABLE accounts, visit ablenrc.org.
- 529 savings plan, an account designed to save for future educational costs. For more information on using 529 plans, visit collegesavings.org.
- Retirement accounts, designed to save for your retirement. For more information on retirement accounts, visit “Ask CFPB” at cfpb.gov/consumer-tools/retirement.
Rainy day fund

- Think of unexpected expenses you have faced in the past
- Get prepared to face future unexpected expenses
- Understand how much money you may need for an emergency
Prepare for future unexpected expenses.

1. Circle the unexpected expenses you had last year:
   - Change in income
   - Emergency child care
   - Family loss
   - Fines and fees
   - Household repairs
   - Medical expenses
   - Pet care
   - Transportation
   - Other:

2. Record the expenses you would like to prepare for in the future. Then, estimate their costs and the total amount you’ll need to save.

<table>
<thead>
<tr>
<th>List of expenses</th>
<th>Estimated cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>$</td>
</tr>
<tr>
<td>2.</td>
<td>$</td>
</tr>
<tr>
<td>3.</td>
<td>$</td>
</tr>
<tr>
<td>4.</td>
<td>$</td>
</tr>
</tbody>
</table>

Total amount I will save: $
Ask CFPB

https://www.consumerfinance.gov/ask-cfpb/
Ordering materials

- Visit the Your Money, Your Goals home page and look for the “Order free copies” links: consumerfinance.gov/your-money-your-goals.
  - The numbers in the dropdown fields represent numbers of toolkits (not boxes of toolkits).
  - Provide a street address, rather than a PO Box for your order.
  - Plan for shipping time of 4-6 weeks. **Order now** so that they arrive in time.

- If you need materials faster, email YourMoneyYourGoals@cfpb.gov. Use “YMYG Materials Order” as your subject line to ensure that your email receives prompt attention.

- Most Your Money, Your Goals materials will come shrink-wrapped, hole-punched, but not bound. Supply your own large-size binder clips or 1.5 inch binders for the toolkits.
  - Booklets are the exception. They arrive spiral bound.
HUD Financial Capabilities Webinar
At Inclusiv, we believe that true financial inclusion and empowerment is a fundamental right. We dedicate ourselves to closing the gaps and removing barriers to financial opportunities for people living in distressed and underserved communities.

Inclusiv is a certified CDFI intermediary that transforms local progress into lasting national change. We provide capital, make connections, build capacity, develop innovative products and services and advocate for our member community development credit unions (CDCUs).

Inclusiv members serve residents of low-income urban, rural and reservation-based communities across the US. Founded in 1974, Inclusiv is headquartered in New York, NY, with offices in Madison, WI and Atlanta, GA.

Our network provides access to affordable, responsible and sustainable financial services to 14 million predominantly low and moderate-income consumers. Community Development Credit Unions are a lifeline for their communities, providing financing for affordable housing; micro and small businesses; etc.

*Inclusiv’s mission is to help low- and moderate-income people and communities achieve financial independence through credit unions.*
Mission Driven Credit Unions / Inclusiv Network
Over 5,000 institutions serving more than 120 million consumers and near $2 trillion in assets

How are credit unions different from banks?
  • Not for profit
  • Organized by and for communities they serve
  • Cooperative ownership: each depositor is a shareholder
  • Democratically governed: 1 member = 1 vote
  • Philosophy: “Not for profit... Not for Charity ... But for Service” “People helping People
  • Regulated depository institutions: deposits are insured by federal government up to $250,000
• 2,650 are Low-Income Designated (LID) Credit Unions
  • Designation given by NCUA if more than 50% of a CU members are defined as low income
  • $800 Billion in assets and 60 million members

• 542 are Minority Depository Institutions (MDI)
  • Designation provided by NCUA if more than 50% of field of membership is minority: Latino, African American, Asian and Native Americans
  • $50 billion in assets and 4 million members

• 356 are Community Development Financial Institute (CDFI) Certified
  • Certification provided by the US Treasury Department’s CDFI Fund if more than 60% of lending activities directed to eligible target market (s): IA, LITP; OTP
  • $170 billion in assets and 13 million members

• 112 Juntos Avanzamos Designated credit unions
  • Designation provided by Inclusiv to credit unions serving predominantly Latino communities
  • 108 billion in assets and 8 million members.
Credit Union 101

- LID: Low Income Designated (*)
- MDI: Minority Depository Institution
- CDFI certified: Community Development Financial Institution

(*) A handful of CDFI CUs are not LIDs
Why Financial Inclusion?
Why Financial Inclusion Matters

Cost to consumers:
- 30.4% of Black; 28.9% of Latino; 17.5% Asian and 14.1% White are either unbanked or underbanked
- Over 15 million consumers are unbanked
- Over 50 million consumers are underbanked
- Over 100 million consumers are subject to income volatility
- Over 120 million consumers are credit challenged

Cost to communities
- Mainstream financial institutions have retreated from rural and minority communities
- Growing “banking deserts”
- A 2018 study by the University of Kansas shows that minority communities have limited or no access to the financial mainstream
- Proliferation of predatory alternate financial services providers that extract wealth from minority and low-income communities
- Limited access to asset building tools. Less opportunities for the financing of affordable housing (first time borrowers); micro/small businesses; innovation; etc.
Avoiding bank gives more privacy: particularly important for people collecting government benefits

- Lack of familiarity
- Documentation
- Negative experiences

Source: https://fdic.gov/householdsurvey/
Correlation between race/ethnicity and lack of economic mobility = poverty

Expensive to be poor! So much so that people can’t afford it

An unbanked person with average income of $20k or less will spend:
  • $1,200 a year on check cashing and money orders
  • Over $40,000 in unnecessary fees in their lifetime

Consumers with low or no credit scores may pay $200,000 more over a lifetime for financial products and services than those with good scores
Pandemic is exacerbating these trends
Connecting Public Housing Residents to Credit Unions
Finding credit unions in your area

- NCUA: [https://www.mycreditunion.gov/about-credit-unions/credit-union-locator](https://www.mycreditunion.gov/about-credit-unions/credit-union-locator)
- Inclusiv: [https://juntosavanzamos.org/?lang=en](https://juntosavanzamos.org/?lang=en)
- Google
- Resources: [https://www.nerdwallet.com/article/banking/what-is-a-credit-union](https://www.nerdwallet.com/article/banking/what-is-a-credit-union)
- Look for those that are
  - CDFI certified
  - Juntos Avanzamos designated
  - MDI designated
  - Low Income designated
Digital CU platforms

- Supported by US Alliance CU but available nationwide
- BankOn certified
- Easy onboarding
- Access to 30,000 No Fee Co-op ATMs
- No minimum balance requirement
- No maintenance fees
- Bill payment capabilities
- Mobile check deposit
- Completely paperless
- End-to-end bilingual experience

// inclusiv //
A Virtual Workshop hosted by:
US Department of Housing and Urban Development

Tuesday, April 6, 2021

HELPING CONSUMERS “GET BANKED” DURING FINANCIAL CAPABILITY MONTH
Federal Deposit Insurance Corporation

Mia Sowell
Senior Community Affairs Specialist
Depositor and Consumer Protection (DCP)
Federal Deposit Insurance Corporation
Washington Office
TODAY’S OBJECTIVES

To provide practitioners with useful information and resources that guide low- and moderate-income consumers to successfully open a bank account.

Specifically, the following information will be shared:

• FDIC resources for consumers regarding the importance and benefits of having a bank account;

• Intermediary resources available to help consumers open a bank account online during tax season;

• Other useful resources related to Economic Impact Payments and other COVID-19 related payments
FDIC’s Commitment to Expanding Economic Inclusion

• Economic Inclusion (EI) is integral to the FDIC’s mission of maintaining stability and public confidence in the nation’s financial system.

• Vision: All Americans have access to secure and affordable banking products and services; every bank offers affordable accounts.

• A banking relationship is fundamental.

• Dedicated webpage for consumers interested in opening a bank account.

#GetBanked
WWW.FDIC.GOV/GETBANKED
#GetBanked Webpage

Link to #GetBanked Page in Spanish

FDIC Chairman’s quote

Link to Handout "Top Ten Reasons to Open a Bank Account"

Link to Handout "Checklist" to help a consumer a bank account
1. Your money is **safe**.
2. Your money is **protected against error and fraud**.
3. You get your money faster with **no check-cashing fees**.
4. You can make **online purchases** with ease and peace of mind.
5. You have **access to other products** from the bank.
6. You can **transfer money** to family and friends with ease.
7. You have **proof of payment**.
8. You can keep an eye on **how much money you have**.
9. You can set useful **alerts**.
10. You can **pay your bills** from wherever you are.
## Snapshot of the 10-Question Checklist for Choosing an Account

### How to Pick a Bank Account

For people new to the banking system, finding the right bank account can be a challenge. Banks offer accounts with different features, costs, and requirements. This checklist can help you make the best decision:

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Is the account insured by the FDIC?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Money in FDIC-insured accounts is guaranteed by the U.S. government up to $250,000. Plus, all accounts are required to have safeguards to protect against loss from fraud and unauthorized transactions.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Does the account have a monthly fee?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>If yes, how much? $_________</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Is there a way to avoid or reduce the monthly fee, such as by keeping a specific amount of money in the account each month?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Many banks offer accounts that have low or no monthly fees, if you meet certain requirements. For example, you can avoid or reduce the monthly fee if you maintain a specified amount of money in the account each month, make a certain number of transactions, or have your pay deposited directly into your account on a regular basis.
#GetBanked Webpage (cont’d)

FINANCIAL CHECKING AND SAVINGS ACCOUNTS FOR HUD-ASSISTED RESIDENTS

About

#GetBanked

Learn How to Open an Account at an FDIC-Insured Bank

Yea esta página en español

Finding a Bank and Opening an Account Online

The FDIC’s BankFind tool can help you locate an FDIC-insured bank in your area. In addition, the following organizations have compiled lists of banks that offer accounts that can be opened online:

- BankOn
- American Bankers Association
- Independent Community Bankers of America

Video – It’s Time to #GetBanked!

PLEASE ENSURE YOUR CAMERA IS OFF AND MIC IS MUTED

Link to BankFind
Link to BankOn
Link to ABA
Link to ICBA
#GetBanked Webpage (cont’d)

**FINANCIAL CHECKING AND SAVINGS ACCOUNTS FOR HUD-ASSISTED RESIDENTS**

- Link to Covid/EIP FAQs
- Link to Money Smart
- Link to FDIC Consumer News
- Link to FDIC Consumer Resource Center

**Additional Resources**

Specific information regarding the unique features of your new bank account are available through your FDIC-insured bank. Below are some additional tools and resources to help you use your account:

- For bank customers impacted by COVID-19, see [Frequently Asked Questions for Economic Impact Payments](#).
- Use the FDIC’s [Money Smart financial education tools](#) to enhance your financial knowledge and skills.
- Check out these strategies for managing your checking account.
- Learn more about [FDIC deposit insurance](#).
- Subscribe to our newsletter, [FDIC Consumer News](#).
- Visit our [Consumer Resource Center](#).
- To help keep yourself and your accounts safe online, read our [cyber tips to better protect yourself from identity theft](#).
- FDIC Consumer News: [Tax Season and Your Refund Options](#).
- Watch the video: [How to Open a Bank Account](#).
Considerations for Partnering with Banks

- **Contact banks early** in your local area
- **Inquire** about banks’ ability to offer virtual/remote bank account openings.
- **Remind** banks of the following opportunities to serve LMI communities:
  - Promote economic inclusion
  - Expand their customer base
- **Advise** banks of your stakeholders’ needs
- **Update local PHA websites** to include:
  - Direct link to [www.fdic.gov/GetBanked](http://www.fdic.gov/GetBanked)
  - Announcement regarding PHA partnerships with banks offering virtual/remote account offerings.
  - Direct link to banks’ websites for opening a virtual/remote bank account
Other Federal Resources

FDIC:

- Money Smart - A Financial Education Program
- Youth Banking Resource Center
- Affordable Mortgage Lending Center
- Foreclosure Prevention Tool Kit

COVID-19 Payments, EIP, and Tax Refund Questions:

- https://www.irs.gov/refunds

Federal Fraud/Scam Resources:

- https://www.justice.gov/coronavirus/combattingfraud
Connecting with the FDIC

communityaffairs@fdic.gov
1-877-ASK-FDIC (1-877-275-3342)
TTY Toll Free number 1-800-877-8339

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• Prosperity and becoming prepared
• Importance of Credit and Banking
• Basics of Budgeting
• Understanding Interest Rates
• Prioritizing Saving
• Predatory Lending
• Savings and Checking Accounts
We are happy to report that one of the attendees has reestablished banking and opened a checking and savings account. The client was tasked to pay off all of her debts after receiving her stimulus check, income check, and tax return. We are happy to say that she has settled the debt!
Mr. James Hinton and Ms. Mabel Perez has been very supportive with working with our Resident Services Department. Since the beginning of the New Year Dollar Bank has been instrumental in helping the residents of Portsmouth Redevelopment and Housing Authority with facilitating our Financial Literacy Workshops. The residents were able to utilize the Chex Systems to verify debts owed to banking institutions. We were also able to discuss realistic views in actual dollars, so that they were able to make sense of their spending. Their money can now be deposited into a savings account and this is possible because of our continued partnership with Dollar Bank.
For More Information Contact our Presenters

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THANK YOU!