CFPB Resources and Tools

Sarah Bainton Kahn, Office of Financial Empowerment

Consumer Education and Engagement | June 2015
CFPB’s Statutory Objectives

- To ensure that consumers have timely and understandable information to make responsible decisions about financial transactions;
- To protect consumers from unfair, deceptive, or abusive acts or practices, and from discrimination;
- To reduce outdated, unnecessary, or unduly burdensome regulations;
- To promote fair competition by enforcing the Federal consumer financial laws consistently; and
- To advance markets for consumer financial products and services that operate transparently and efficiently to facilitate access and innovation.
CFPB’s Mission

The mission of the Consumer Financial Protection Bureau is to make markets for consumer financial products and services work for consumers by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives.
Our vision

A consumer finance marketplace...

- where customers can see prices and risks up front and where they can easily make product comparisons;
- in which no one can build a business model around unfair, deceptive, or abusive practices;
- that works for American consumers, responsible providers and the economy as a whole.
Real results for real people

Regulation

- Issued: New mortgage rules
- Coming soon: Prepaid card regulations
- First stage: Debt collection notice of proposed rulemaking

Supervision

- Implemented: First federal nonbank supervision program
- Moving toward: A culture of compliance in financial institutions
Real results for real people

Enforcement

$5.3 BILLION

IN RELIEF AND REFUNDS FOR CONSUMERS HARMED BY ILLEGAL PRACTICES

More than 15 million consumers to receive relief as a result of our work.
How to file a complaint

**Online:** consumerfinance.gov/complaint

**Phone:** (855) 411-2372 or TTY/TDD (855) 729-2372

Monday-Friday, 8am – 8pm ET | 180+ languages
How to find answers to common questions

consumerfinance.gov/askcfpb
Spanish-language online resources

consumerfinance.gov/es
Consumer Education and Engagement

**Financial Education**
- Provide targeted educational content
- Identify and promote effective financial practices

**Consumer Engagement**
- Create interactive, informative relationship with consumers

**Servicemembers**
- Improve financial protection
- Monitor complaints
- Coordinate w/ DoD, etc.
- 2.2 million military personnel
- 22.6 million veterans

**Older Americans**
- Protect against financial abuse
- Improve financial literacy
- Planning for life events
- 50 million aged 62+

**Students**
- Increase awareness of debt in college choice
- Monitor complaints
- Build campus awareness
- 22-28 million (age 16-26)

**Financial Empowerment**
- Improve financial stability for low-income & other economically vulnerable consumers
- 68 million unbanked or underbanked
- 33% of Americans earn less than twice the poverty line
- Approximately 50 million have thin or no credit files
CFPB Fin Ex and Community Education Projects

**Goal:** Making libraries the go-to resource for financial education in every community
Over 1900 library branches nationwide are involved to date

**CFPB Fin Ex:**
Help your children grow their money skills

Kids learn important money lessons from watching you earn, spend, save, and borrow. The CFPB and the FDIC are working together to help better prepare America’s young people to make financial decisions to achieve their own goals, throughout the stages of their lives. Start with the links below to explore age-appropriate information and activities for your kids.

Pre-kindergarten through grade 2
Children can learn about planning ahead, waiting for things they want, and finishing what they start.

Grade 3 through middle school
Young people can learn about the financial world and pick up good habits around planning, saving, and spending.

High school and young adulthood
Teens and young adults start to make money decisions on their own, and learn how to find and apply useful information.
Financial empowerment

What is financial empowerment?

How is it different than financial education, financial literacy, financial capacity, or other commonly used terms?
Financial Coaching Initiative

- What is financial coaching?
- Launched May 20, 2015
- Provides financial coaching services to two targeted populations – transitioning veterans and economically vulnerable consumers – to help them proactively take control of their finances at crucial moments in their lives.
- 60 host sites selected from across the country:
  - 35 Department of Labor American Job Centers (AJCs) and 5 non-profits that will serve veterans, and
  - A diverse group of 20 non-profit organizations that will serve economically vulnerable consumers.
Financial Coaching Host Site Locations

For the full list of sites, visit:
Your Money, Your Goals

- Training enhances confidence about discussing finances
- Training provides clear examples of effective communication techniques
- Modular toolkit is user-friendly with plain language text
- Available for download in English and Spanish
Your Money, Your Goals at consumerfinance.gov

- http://www.consumerfinance.gov/your-money-your-goals

Your Money, Your Goals

ARE YOU HAVING THE MONEY CONVERSATION?

Your Money, Your Goals is a toolkit to help front line staff and volunteers as they work with consumers to:

- Make spending decisions that can help them reach their goals
- Order and fix credit reports
- Avoid tricks and traps as they choose financial products
- Make decisions about repaying debts and taking on new debt
- Keep track of their income and bills
- Decide if they need a checking account and understand what they need to open one

Community Volunteers

THE TOOLKIT

Create a stronger foundation by helping your community members strengthen financial skills.

English | Spanish coming soon.

THE TRAINING

Use these to train your volunteers:

Implementation guide
Training in English (PPT | PDF)
Creating a referral guide

FOLLOW-UP RESOURCES

Sample surveys trainers can use:

- Pre-training
- Post-training
- Follow-up

CFPB Consumer Financial Protection Bureau
Organization of *Your Money, Your Goals*

- **Introductory modules**
  - Module 1: Introduction to the toolkit
  - Module 2: Assessing the situation
  - Module 3: Starting the conversation
  - Module 4: Emotional & cultural influences on financial decisions
  - Module 5: Using the toolkit
Organization of *Your Money, Your Goals*

**Content modules**

- Module 6: Setting goals
- Module 7: Saving for the unexpected, emergencies, & goals
- Module 8: Managing income & benefits
- Module 9: Paying bills & other expenses
- Module 10: Managing cash flow
- Module 11: Dealing with debt
- Module 12: Improving credit reports & scores
- Module 13 Evaluating financial service providers, products, & services
- Module 14: Protecting consumers rights
MODULE 10: 
Managing cash flow

What is a cash flow budget?

When it comes to money, timing matters. People often find themselves flush with cash one week—and pay several bills at once or splurge on something fun—but come up short the next week for a necessity.

That’s why monthly budgets sometimes don’t work. If the timing of your income doesn’t match the timing of your expenses and you haven’t planned for it, you’ll come up short.

A cash flow budget is a projection of how you will get and use your cash and other financial resources. A cash flow budget is different from a regular budget, because it includes not only the amount for each budget item, but the timing of your income and expenses. It breaks your monthly budget down week by week, accounting for when money is expected (income) and when it must be spent on needs, obligations, and wants.

Cash flow and financial services

Some banks and credit unions provide online financial management tools including income and spending tracking budget, and cash flow tools. If you have an account at a bank or credit union, check to see if these tools may be available for you.

You may also want to explore the use of online financial management tools. Ensure the website is secure when entering personal or banking information.
Module 10: Cash flow budget scenario overview

- Rafael is a single parent with two children.
- He is often late with his rent and other bills, because he does not have the money when he needs it.
- After tracking his spending, he developed a cash flow budget with an educator at a parenting class he takes through Cooperative Extension in his community.
- Using the cash flow, make some recommendations to Rafael so he can make ends meet.
# Tool: Managing Cash Flow Scenario

<table>
<thead>
<tr>
<th></th>
<th>Week 1</th>
<th>Week 2</th>
<th>Week 3</th>
<th>Week 4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning Balance for the Week</strong></td>
<td>$257.00</td>
<td>-$411.00</td>
<td>-$127.48</td>
<td>-$621.22</td>
</tr>
<tr>
<td><strong>Sources of Cash &amp; Other Financial Resources</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from Job</td>
<td>$932.00</td>
<td>$932.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from Part-Time Job</td>
<td>$60.00</td>
<td>$60.00</td>
<td>$60.00</td>
<td>$60.00</td>
</tr>
<tr>
<td>SNAP</td>
<td></td>
<td></td>
<td></td>
<td>$412.00</td>
</tr>
<tr>
<td><strong>Total Sources of Cash &amp; Other Financial Resources</strong></td>
<td>$729.00</td>
<td>$581.00</td>
<td>-$67.48</td>
<td>$370.78</td>
</tr>
<tr>
<td><strong>Uses of Cash &amp; Other Financial Resources</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt Payments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit Card Payments</td>
<td></td>
<td></td>
<td></td>
<td>$45.00</td>
</tr>
<tr>
<td>Personal Loans</td>
<td></td>
<td></td>
<td></td>
<td>$100.00</td>
</tr>
<tr>
<td>Student Loan</td>
<td></td>
<td></td>
<td></td>
<td>$235.00</td>
</tr>
<tr>
<td>Savings</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Housing (Rent including utilities)</td>
<td>$785.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Television</td>
<td></td>
<td></td>
<td>$63.48</td>
<td></td>
</tr>
<tr>
<td>Internet Service</td>
<td></td>
<td></td>
<td>$22.74</td>
<td></td>
</tr>
<tr>
<td>Phone and Cell Phone Service</td>
<td></td>
<td></td>
<td>$66.00</td>
<td></td>
</tr>
<tr>
<td>Household Supplies &amp; Expenses</td>
<td></td>
<td></td>
<td>$25.00</td>
<td></td>
</tr>
<tr>
<td>Groceries</td>
<td>$200.00</td>
<td>$80.00</td>
<td>$80.00</td>
<td>$80.00</td>
</tr>
<tr>
<td>Eating Out (Meals and Beverage)</td>
<td>$25.00</td>
<td>$25.00</td>
<td>$25.00</td>
<td>$25.00</td>
</tr>
<tr>
<td>Transportation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Car Payment</td>
<td></td>
<td></td>
<td>$185.00</td>
<td></td>
</tr>
<tr>
<td>Fuel</td>
<td>$60.00</td>
<td>$60.00</td>
<td>$60.00</td>
<td>$60.00</td>
</tr>
<tr>
<td>Auto Insurance</td>
<td></td>
<td></td>
<td></td>
<td>$150.00</td>
</tr>
<tr>
<td>Childcare</td>
<td>$50.00</td>
<td>$50.00</td>
<td>$50.00</td>
<td>$50.00</td>
</tr>
<tr>
<td>Misc.</td>
<td>$20.00</td>
<td>$20.00</td>
<td>$20.00</td>
<td>$20.00</td>
</tr>
<tr>
<td><strong>Total Uses of Cash &amp; Other Financial Resources</strong></td>
<td>$1,140.00</td>
<td>$708.48</td>
<td>$553.74</td>
<td>$335.00</td>
</tr>
<tr>
<td><strong>Ending Balance for the Week (Sources - Uses)</strong></td>
<td>-$411.00</td>
<td>-$127.48</td>
<td>-$621.22</td>
<td>$35.78</td>
</tr>
</tbody>
</table>
## Tool: Prioritizing bills

<table>
<thead>
<tr>
<th>Protect your income</th>
<th>Protect your shelter</th>
<th>Protect your assets</th>
<th>Pay your obligations</th>
</tr>
</thead>
</table>
| If you need a car to get to and from work, stay current on your car payment and insurance. *Maintain other expenses to keep your job.* | Whether you rent or have a mortgage, the costs of losing your home are big. *Be sure to pay taxes, condo fees, mobile home lot payments, too.* If possible, maintain your utilities. They are difficult to live without, and reconnection is expensive. | Do not let essential insurance coverage lapse; this includes auto, renter’s / homeowner’s, health. *Not having insurance puts your assets, including your health/your family’s health, at risk.* | Example include:  
  - Child support  
  - Income taxes  
  - Student loans |

### Your expenses:

| Your expenses: | Your expenses: | Your expenses: | Your expenses: |
Credit Invisibles Data Point

Looks at the number and characteristics of consumers who:

- Have no credit record ("credit invisibles")
- Have a credit record that cannot be scored
  - Insufficient-unscored
  - Stale-unscored
Credit Invisibles: Key Findings

- In 2010, 26 million US consumers (11% of adults) were credit invisible.

- Additional 19 million consumers (8.3% of adults) had “unscorable” credit records. Of these:
  - 9.9 million: insufficient credit history
  - 9.6 million: lack of recent history

- Consumers that have low-incomes, are Black or Hispanic are more likely to be credit invisible or unscorable:
  - Consumers in low-income neighborhoods: 30% credit invisible; 15% unscorable
  - Black and Hispanic consumers: 15% credit invisible; 13% of Blacks and 12% of Hispanics have unscored records
Consumers by Income Level

(A) Number of Consumers

(B) Share of Consumers

- Insufficient Unscored
- Stale Unscored
- Credit Invisible

Income Category

Number (millions)

Percent of Income Category

Low | Moderate | Middle | Upper
Consumers by Race or Ethnicity

(A) Number of Consumers

(B) Share of Consumers
Contact the Office of Financial Empowerment at

empowerment@cfpb.gov
consumerfinance.gov/empowerment
Thank you!

Sarah Bainton Kahn
Office of Financial Empowerment
202-435-7030
Sarah.bainton@cfpb.gov

Sign up to receive regular updates from the Office of Financial Empowerment and learn more about our work at consumerfinance.gov/empowerment

Email us: Empowerment@CFPB.gov

Publications: http://promotions.usa.gov/cfpbpubs.html