The Government of the District of Columbia Department of Insurance, Securities and Banking (DISB) regulates financial-service businesses in the District by administering DC’s insurance, securities and banking laws, rules and regulations.

1. Protect consumers by providing equitable, thorough, efficient, and prompt regulatory supervision of the financial services companies, firms, and individuals operating in the District of Columbia

2. Develop and improve market conditions to attract and retain financial services firms to the District of Columbia.
Bank on DC Mission

01
Provide thousands of DC area residents access to products and services that allow them to maximize opportunities to build assets and improve their financial stability.

02
Assist financial institutions in reaching unbanked and underbanked households within the District.

03
Better enable community organizations to deliver financial education among their target populations.
Topics

- Saving
- Credit
- Borrowing
- Investment
What Do You Know?

WHAT DO YOU KNOW OR WANT TO LEARN ABOUT MANAGING YOUR MONEY?
My Money Picture

1. Grab a pen or highlighter.

2. Look at the board and mark a **check** on any area of life you feel good about.

3. **Circle** any area of life you feel concerned about.
Setting Financial Goals

Make them specific to what you want within a certain time period

1. Identify and write down your financial goals
2. Organize your financial goals
3. Educate yourself
4. Evaluate your progress
SMART GOALS
Goal Setting

- Specific
- Measurable
- Attainable
- Realistic
- Time-bound
INCOME TRACKER

Where does all my money come from?
Why Create a Spending Plan?

A spending plan:

- Is a step-by-step plan for meeting expenses in a given period of time
- Helps you reduce anxiety
- Gives you a sense of control over your money
- Helps you build assets
SPENDING TRACKER

Where does my money go?
# Spending Plan Steps

<table>
<thead>
<tr>
<th>Track</th>
<th>Determine your monthly income and expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decrease</td>
<td>Find ways to decrease spending</td>
</tr>
<tr>
<td>Increase</td>
<td>Find ways to increase income</td>
</tr>
</tbody>
</table>
We challenge you...

• For 1 week, track your all your expenditures
  • On paper or in a spreadsheet
  • On your phone

• At the end of the week, take stock to see where you are spending money.

• Ask your self these questions:
  • Was this item a need or a want?
  • How did I feel when I made this choice?
Other Spending Plan Tools

- Expense Envelope System
- Budget Box System
- Computer Spreadsheet System
Determine Income and Expenses

*Income* is money that comes from:

- Wages
- Self-employment income
- Public assistance
- Child support or alimony
- Interest and dividends
- Social Security
- Other sources (e.g., tips)
Income

- **Gross income** = total income
- **Net income** = total income - deductions
- **Social Security income** includes:
  - Retirement benefits
  - Disability benefits
  - Family benefits
  - Survivor benefits
  - Medicare benefits
Expenses

- Fixed expenses do not change from month to month.
- Flexible expenses often change from month to month.
  - You may have some control over how much you pay.
  - Shop for the best value before committing to any payments.
SHORT-TERM STRATEGIES

How can I get extra money out of my situation?
Finding More Money
SPEND LESS OR MAKE MORE
What Do You Know?

WHAT DO YOU KNOW OR WANT TO LEARN ABOUT CREDIT?
Credit

If you ask a financial professional what credit is, which of these would he or she say?

- Money given to you that you do not have to pay back
- Money you borrow to pay for things but must also pay back
- Recognition for a job well-done
- Scrolling text at the end of a movie
Credit Defined

Credit is:
- The ability to borrow money
- Sometimes called a loan
- A promise you make to pay back money you borrowed with interest.

Having good credit makes it easier to borrow money in the future.
Why is Credit Important?

- Is convenient when you do not have cash
- Is useful in times of emergencies
- Allows you to pay for purchases over time
- Can affect your ability to obtain employment, housing, and insurance, depending on how you manage it
Who makes credit reports?

The largest nationwide agencies include:

• Equifax
• Experian
• TransUnion
Getting free, annual credit reports

- **Online:** Get a free copy of your credit report at [AnnualCreditReport.com](https://www.annualcreditreport.com/index.action)
- **By mail:** Download and complete the [Annual Credit Report Request Form](#) and mail it to:
  Annual Credit Report Request Service
  P.O. Box 105281
  Atlanta, GA 30348-5281
What is a Credit Report?

- Who you are
- How much debt you have
- Whether you have made payments on time
- Whether there is negative information about you in public records
Credit Report Information

- Identifying information
- Credit history
- Inquiries
- Public record information
Credit Score

A number that helps lenders determine your credit risk

Two types:
1. The Fair Isaac Corporation (FICO) Score
2. VantageScore
Credit Scores: Based on FICO Score

These percentages reflect how much each category determines a typical FICO score.
FICO® Credit Scores Factors

- Payment history: 35%
- Amounts owed: 30%
- Lengths of credit history: 15%
- New credit: 10%
- Types of credit used: 10%

300 - 850
Good and Bad Credit Scores

The higher your credit score, the more likely you are to:

- Get a better interest rate
- Pay less for borrowing money

Review your credit report regularly to ensure accuracy of your information.
5 C’s of Credit

- Capacity
- Capital
- Character
- Collateral
- Conditions
**Credit Terms**

**Guarantee:** a form of collateral

**Secured loan:** a loan in which the borrower offers collateral for the borrowed money

**Unsecured loan:** a loan that is not secured by collateral

**Asset:** something valuable that you own
What is Collateral?

Security, or an asset (or assets), you pledge to the lender

If you do not repay the loan, the lender is entitled to take or keep the collateral.
Why do people get loans?
Types of Loans

- **Unsecured**
  - Credit Card
  - Line of Credit
  - Student Loan

- **Secured**
  - Car Loan
  - Home Loan/Mortgage
What Is a Credit Card?

Credit cards are a revolving line of credit with:
- Pre-approved dollar limit
- Minimum monthly payment
  - e.g., $15 for a $600 balance

Charge cards require you to pay the entire balance every month

Debit cards are tied to a checking account
Other Cards

- Stored value cards
- Secured and unsecured credit cards
- Gold and platinum cards
- Reward cards
- Pre-approved cards

Tips:
- Read disclosures before you apply
  - Look at fees/penalties
  - Understand your consumer protections
- Take precautions to protect yourself from fraud or theft
<table>
<thead>
<tr>
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<th>Description</th>
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<tr>
<td>1</td>
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<td>2</td>
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<td>Cost of borrowing money on a yearly basis</td>
</tr>
<tr>
<td>4</td>
<td>Loan with interest rate that stays the same throughout the term of the loan</td>
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**Cost of Installment Loans**

**Word Bank**
- APR
- Fixed-rate loan
- Finance Charges
- Variable-rate loan
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Why Do Borrowers Prefer Installment Loans?

- Clear monthly payment amount and repayment period
- Lower rates than credit cards
- Lower loan balances during loan term because payment includes principal
Predatory Lending Practices

- Certain marketing tactics, collection practices, and loan terms that deceive and exploit borrowers

Predatory loans:
- Are usually more expensive than other loans
- Have repayment terms many consumers cannot meet
Guard Against Predatory Lending Practices

1. Deal with reputable loan providers
2. Shop around
3. Read and understand all terms and conditions
4. Ensure you can afford and make payments according to the loan terms
GOAL SETTING

What is one thing I want to change?
3 Ways to Build Wealth

• Start or own a business
• Own real estate
• Invest in the stock market
Definition

• Investing is the act of committing money or capital to an endeavor with the expectation of obtaining an additional income or profit.

• Making money off the money you already have!
Stocks

• A portion of an ownership in a corporation
• If you own stock, you own a share in the company
• Buy and sell through a broker who trades on the Stock Exchange
**Bonds**

- Issued by some large entity—a bank, the government, or a company
- Pay out a specific amount at a specified time
- Pays out less prior to that specified date
Mutual Funds

- Operated by an investment company
- Takes money from investors and buys a number of stocks, bonds, etc.
- Have a portfolio of accounts containing different types of investments
Risk

- The chance that the value of an investment will decrease.

Return

- The profit or yield from an investment.

Liquidity

- The ability of an investment to be converted into cash quickly without loss of value.
Savings vs. Investments

Savings
- Low risk
- Low return
- High liquidity

Investments
- High risk
- High return
- Low liquidity
<table>
<thead>
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<tr>
<td>What’s my financial objective?</td>
</tr>
<tr>
<td>What’s my risk tolerance?</td>
</tr>
<tr>
<td>Am I ready to hold the investment for a while?</td>
</tr>
<tr>
<td>Do I understand what I am buying?</td>
</tr>
<tr>
<td>What’s the outlook?</td>
</tr>
<tr>
<td>Is this a good (or too good) price?</td>
</tr>
<tr>
<td>What are the costs?</td>
</tr>
<tr>
<td>Why am I buying it?</td>
</tr>
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QUESTIONS
Online Resources
Connect with Us

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Visit: www.disb.dc.gov

Call: (202)727-8000

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welcome.financiallyfitdc.com