



Bank on DC

★★★★★ *Everyone is Welcome*



Department of Insurance, Securities and Banking

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

Everyone is Welcome



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

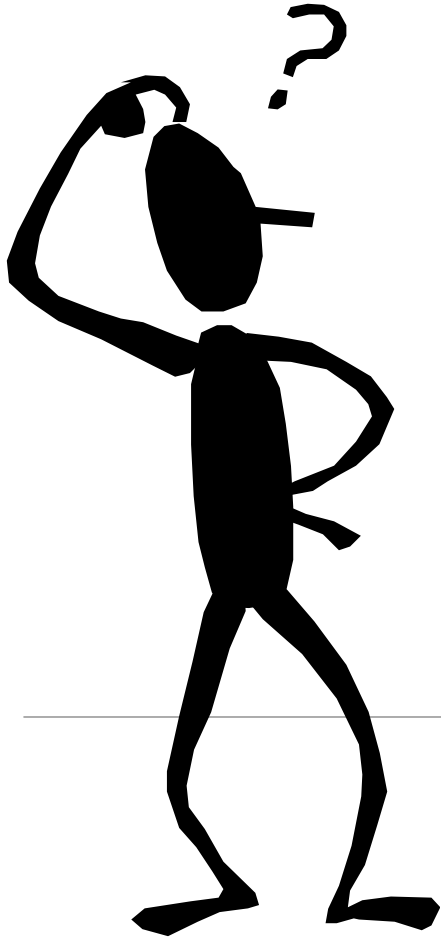
Better enable **community organizations** to deliver financial education among their target populations.

Topics

- Saving
- Credit
- Borrowing
- Investment

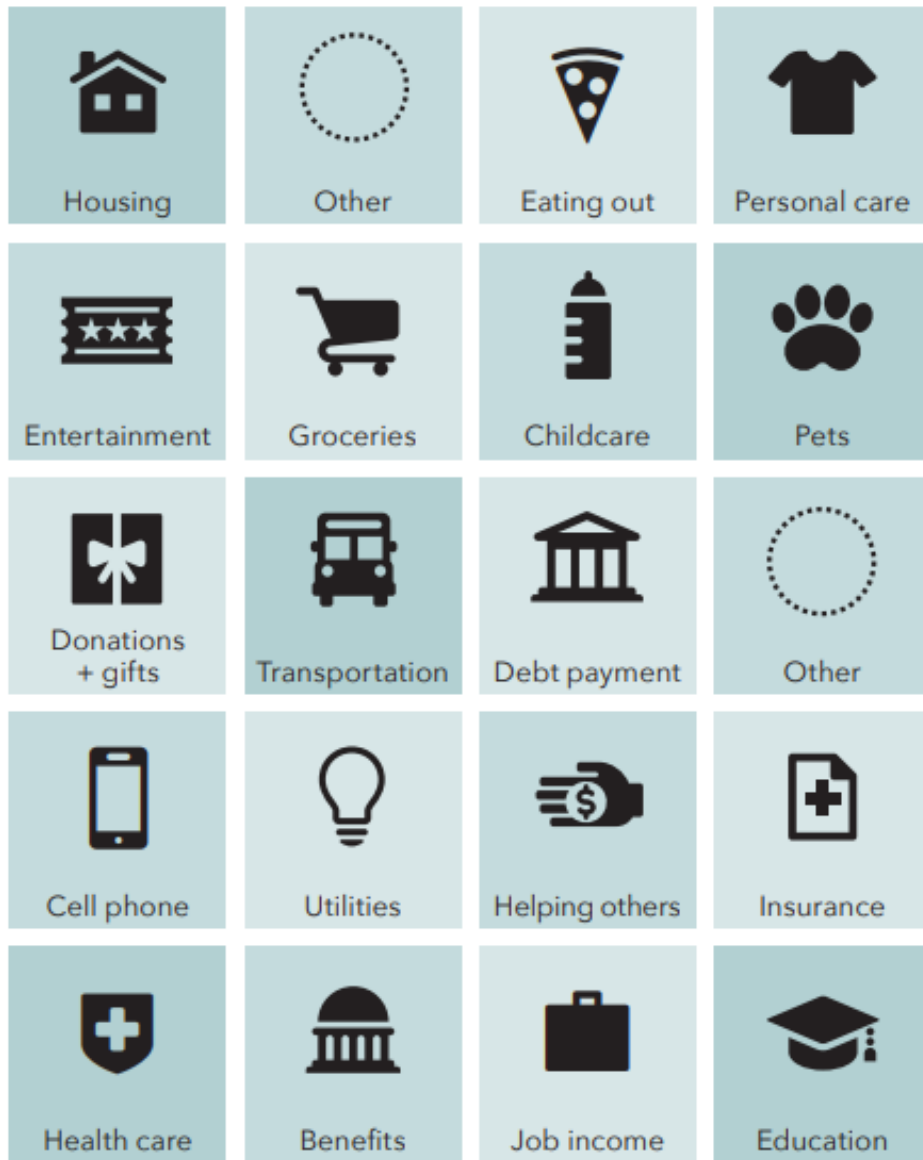
DC COMMISSION ON THE ARTS AND HUMANITIES

**the Business
of the** **Arts**
Professional Development Series



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





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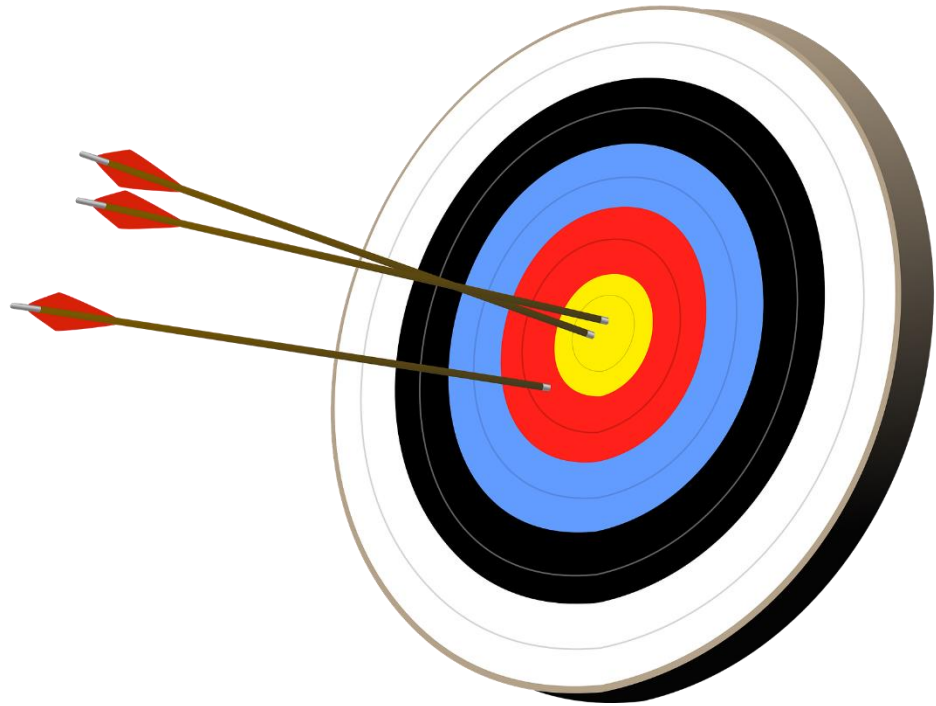
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GOALS

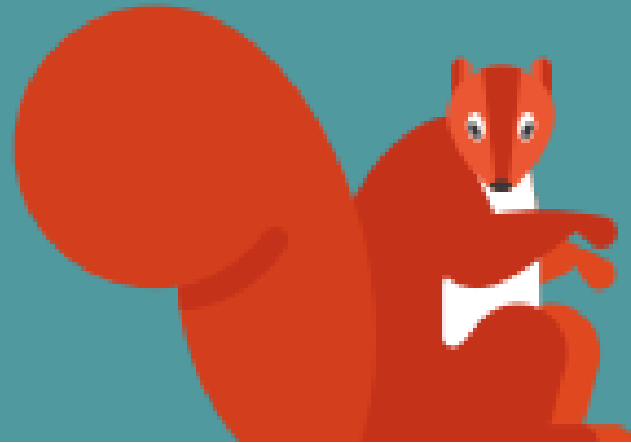
GOAL SETTING



- Specific
- Measurable
- Attainable
- Realistic
- Time-bound

INCOME TRACKER

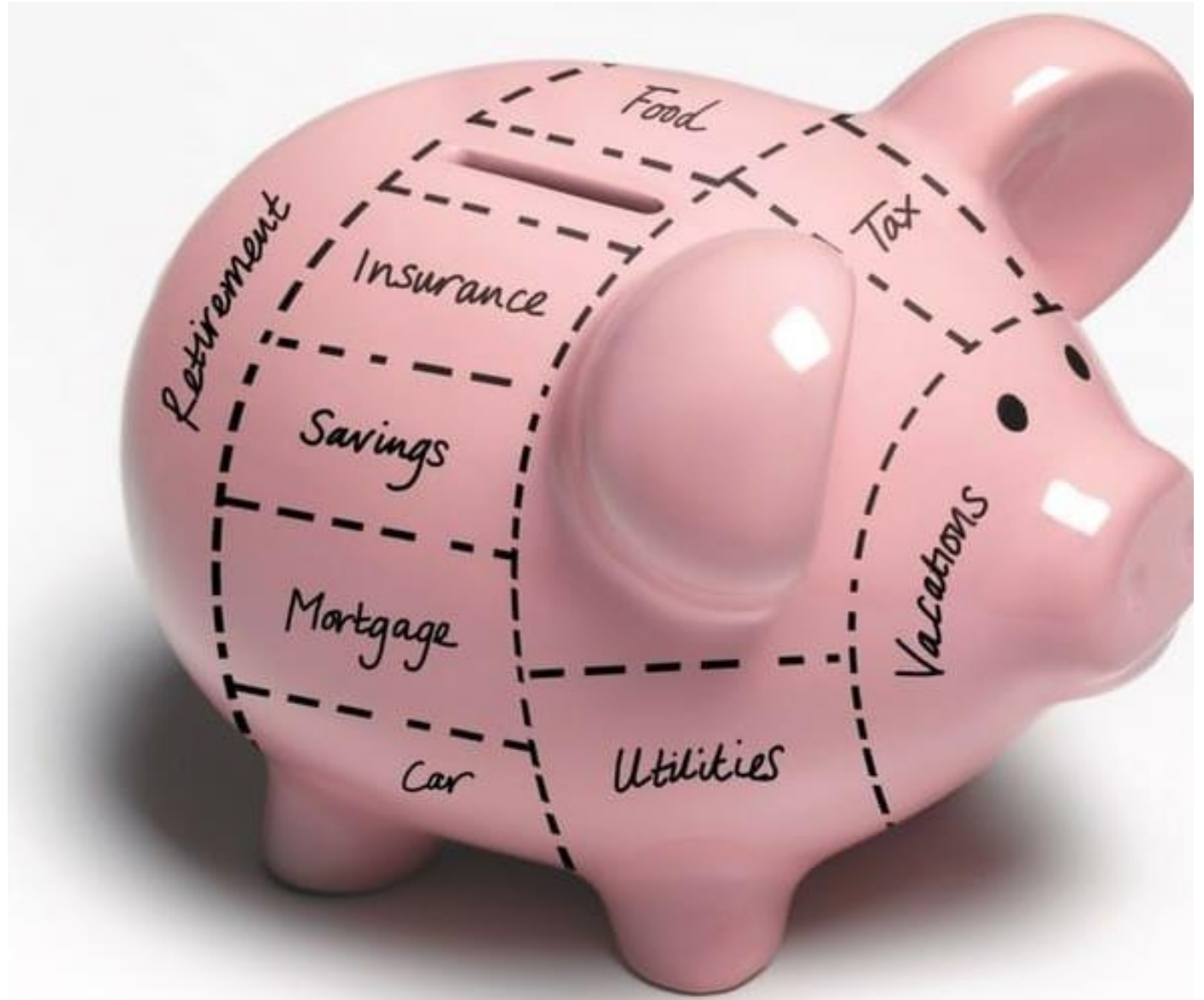
Where does all my money
come from?



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

Track

- Keep track of your daily spending

Determine

- Determine your monthly income and expenses

Decrease

- Find ways to decrease spending

Increase

- Find ways to increase income

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



Month/Year: Jan 2015

EXPECTED: 4,200

Category	Expected	Actual	Variance
INCOME			
Income Source:	3,000		
Income Source:	1,200		
HOUSING			
Mortgage / Rent	1,400		
Electric + Gas Utilities	250		
Internet + Cable	75		
Water, Trash, Sewer	75		
MONTHLY LIVING EXPENSES			
Groceries + Dining Out	400		
Gas	100		
Cell / Home phone	120		
Clothing, Beauty, Household	100		
Entertainment	50		
Childcare	40		
Transportation	50		
SAVINGS + INVEST			
	85		
	600		
	35		

A blue pen is visible at the bottom right of the spreadsheet.

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



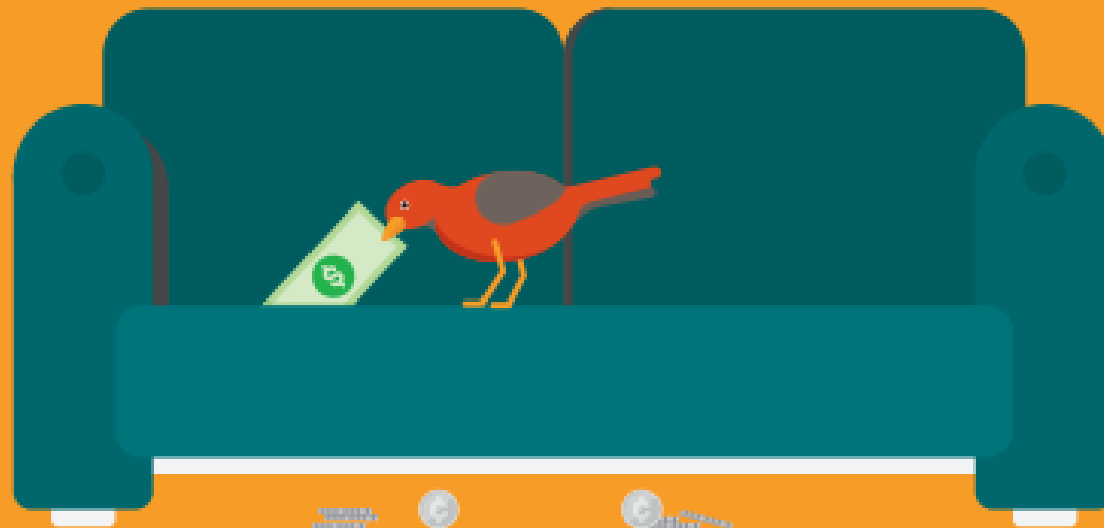
Expenses

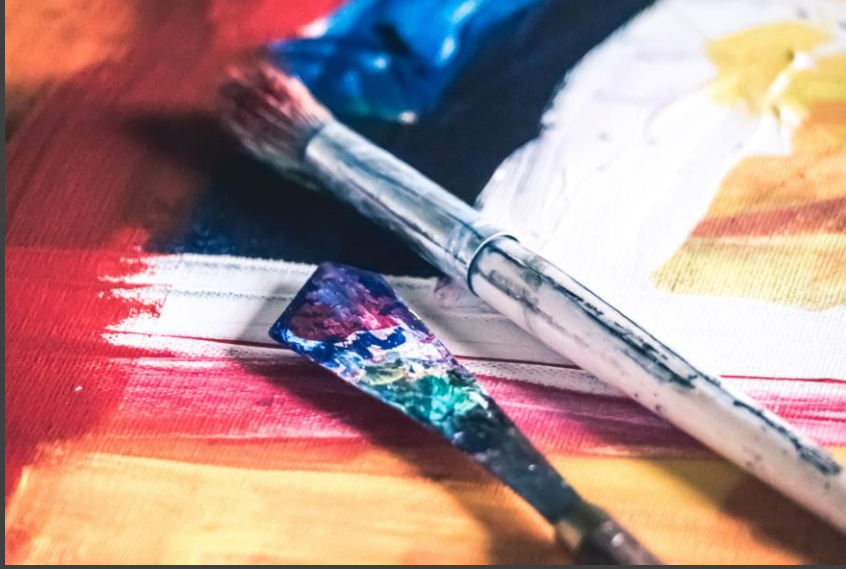
- Fixed expenses do not change from month to month.
- Flexible expenses often change from month to month.
 - You may have some control over how much you pay.
 - Shop for the best value before committing to any payments.



SHORT-TERM STRATEGIES

How can I get extra money out of my situation?

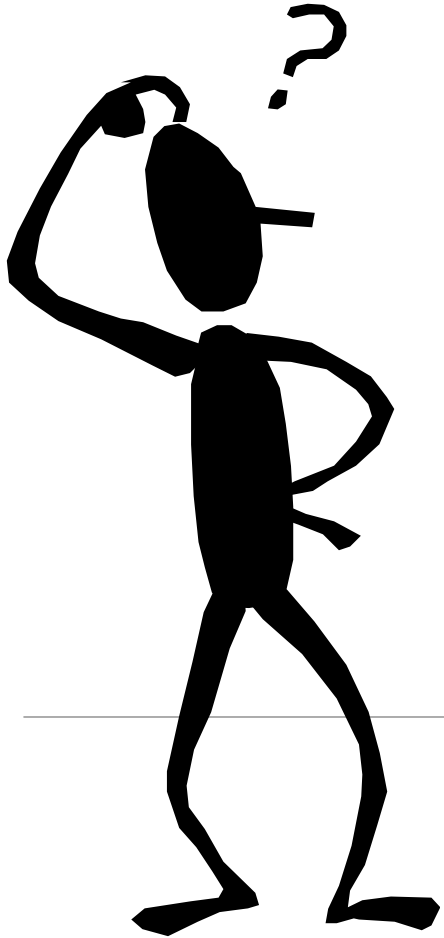




A glass jar filled with coins is on the left. To its right are three stacks of coins of increasing height, each with a small green plant growing from the top. The background is a soft-focus green. The text is overlaid in the center.

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

← → ↻ <https://www.annualcreditreport.com/index.action> ☆

AnnualCreditReport.com

The only source for your free credit reports. Authorized by Federal law.

[Home](#) [All about credit reports](#) [Request yours now!](#) [What to look for](#) [Protect your identity](#) [Frequently asked questions](#) [Contact us](#)

Spot identity theft early. Review your credit reports.

Suspicious activity or accounts you don't recognize can be signs of identity theft. Review your credit reports to catch problems early.

[Learn more about Identity Theft](#)



PLAY ▶ SPOT IDENTITY THEFT GOOD CREDIT DON'T BE FOOLED MORE THAN A SCORE NOT LIKE THE OTHERS

Your credit reports matter.

- Credit reports may affect your mortgage rates, credit card approvals, apartment requests, or even your job application.
- Reviewing credit reports helps you catch signs of identity theft early.

[Request your free credit reports](#)

FREE Credit Reports. Federal law allows you to:

- Get a free copy of your credit report every 12 months from each credit reporting company.
- Ensure that the information on all of your credit reports is correct and up to date.

BROUGHT TO YOU BY


TransUnion.

EQUIFAX

 Experian

Getting free, annual credit reports

- **Online:** Get a free copy of your credit report at [AnnualCreditReport.com](https://www.annualcreditreport.com)
- **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 Report

Your Credit Score is:

765

Credit Rating: EXCELLENT

Excellent:	700 - 800
Good:	501 - 700
Fair:	351 - 500
Uncertain:	301 - 350
Poor:	250 - 300

Report Summary

Trade Line Overview

Total	37
Current:	32
Untrade:	0
Current Neg:	0

Account Status

Current Past Due:	\$0
Accts Paid:	1
Account Balance:	\$ 193,450
Monthly Payment:	\$1,842

Credit Score

A number that helps lenders determine your credit risk

Two types:

1. The Fair Isaac Corporation (FICO) Score
2. VantageScore

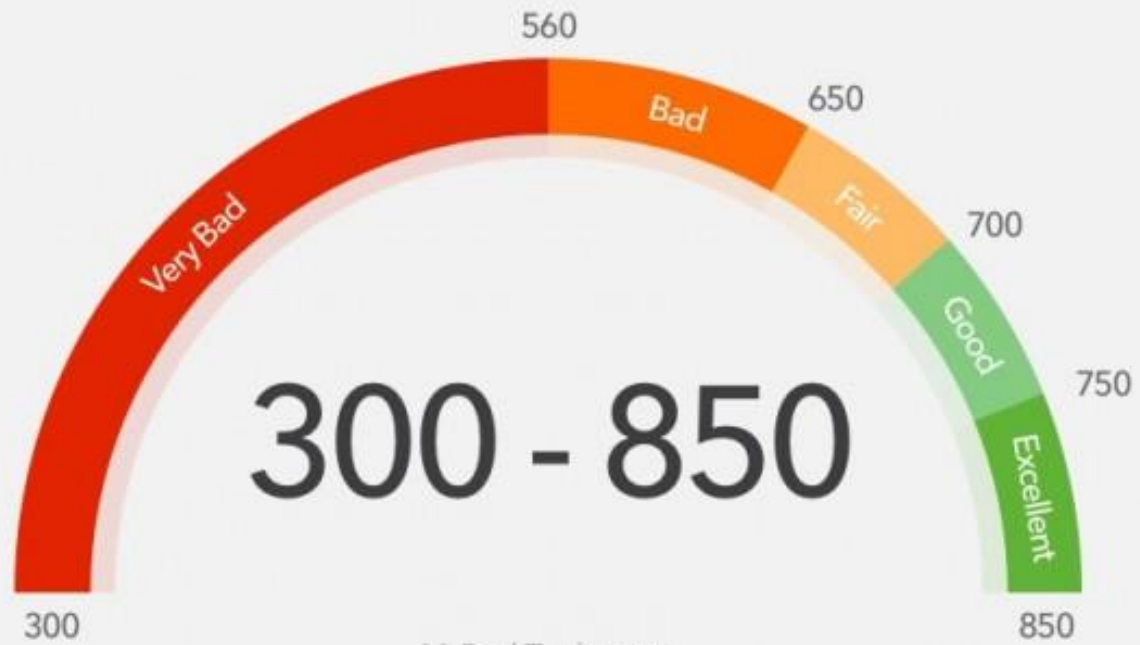




Credit Scores: Based on FICO Score

THESE PERCENTAGES REFLECT
HOW MUCH EACH
CATEGORY DETERMINES A
TYPICAL FICO SCORE

FICO® Credit Scores Factors



MyBankTracker.com

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

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

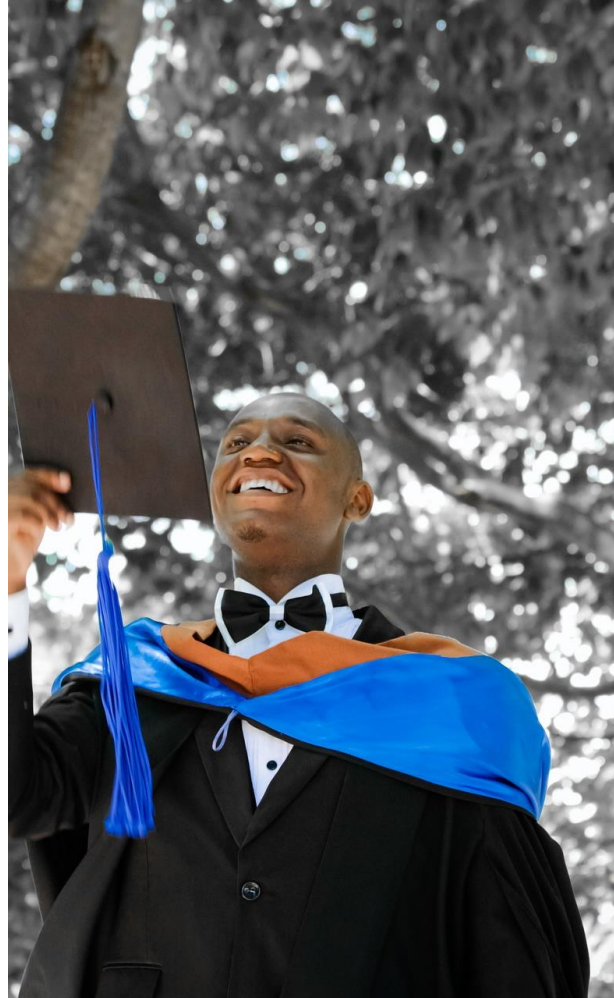
Asset: something valuable that you own



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**

1

Dollar amount the loan will cost, including: interest, service charges, and loan fees

2

Loan with interest rate that might change during any period of the loan

3

Cost of borrowing money on a yearly basis

4

Loan with interest rate that stays the same throughout the term of the loan

Cost of Installment Loans

Word Bank

- APR
- Fixed-rate loan
- Finance Charges
- Variable-rate loan

Answer: Finance Charges

Dollar amount the loan will cost, including: interest, service charges, and loan fees

Answer: Variable-Rate Loan

Loan with interest rate that might change during any period of the loan

Answer: APR

Cost of borrowing money on a yearly basis

Answer: Fixed-Rate Loan

Loan with interest rate that stays the same throughout the term of the loan

1

Stephanie took out a car loan with a 10% interest rate and paid \$100 in loan application fees. What lending term reflects the interest plus the application fee?

2

Michael took out a loan to buy a computer. He must make 24 equal payments over 2 years at 10% interest. Which lending term best describes this type of loan?

3

Kevin took out a loan for a car. He must pay \$3,000 in interest, service charges, and loan fees. What lending term(s) best describe(s) these costs?

Identify the terms

Word Bank

- APR
- Fixed-rate loan
- Finance Charges
- Variable-rate loan

Answer: APR

Stephanie took out a car loan with a 10% interest rate and paid \$100 in loan application fees. What lending term reflects the interest plus the application fee?

Answer: Fixed-rate loan

Michael took out a loan to buy a computer. He must make 24 equal payments over 2 years at 10% interest. Which lending term best describes this type of loan?

Answer: Variable-rate loan, Finance charges

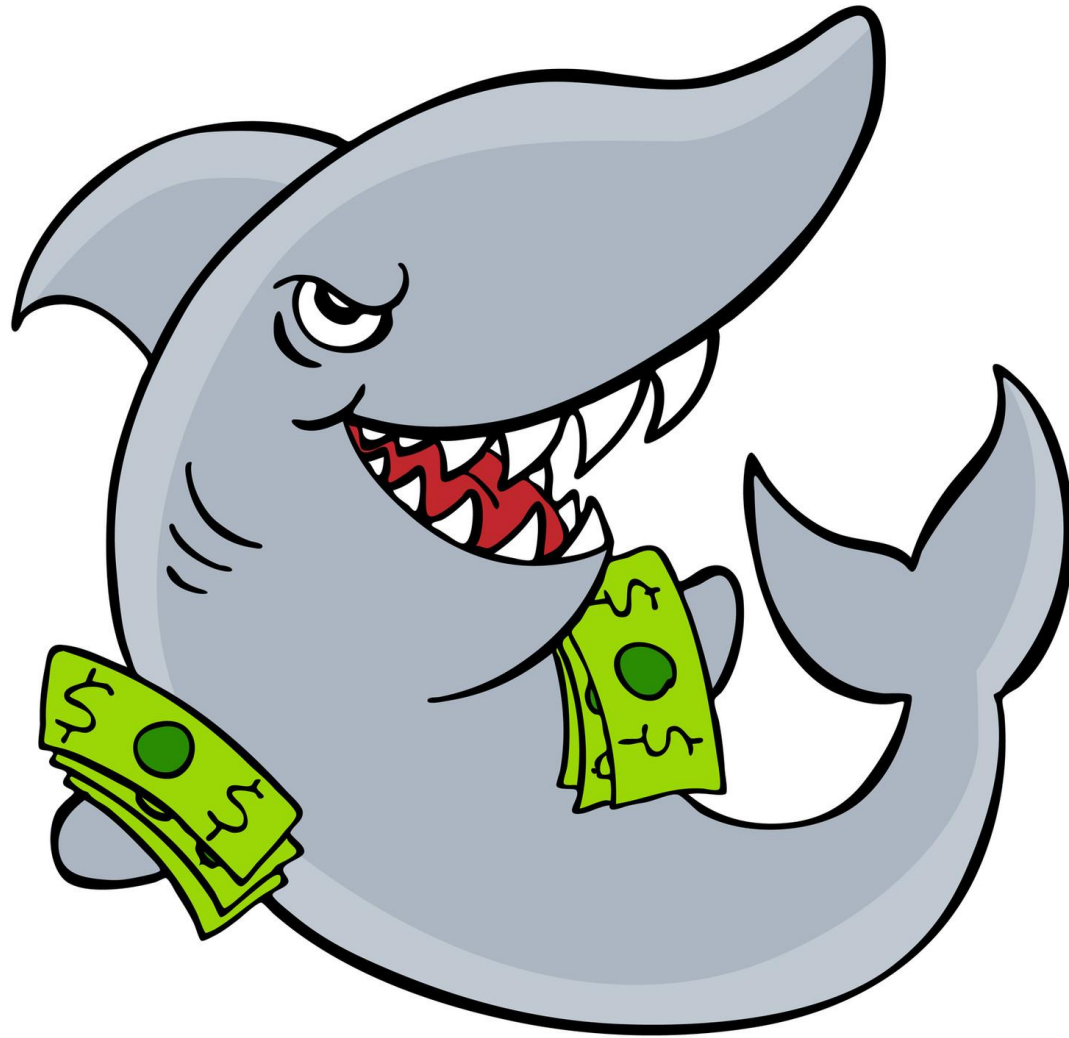
Kevin took out a loan for a car. He must pay \$3,000 in interest, service charges, and loan fees. What lending term(s) best describe(s) these costs?

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

- **Low risk**
- **Low return**
- **High liquidity**

Investments

- **High risk**
- **High return**
- **Low liquidity**

Savings vs. Investments



What's my financial objective?

What's my risk tolerance?

Am I ready to hold the investment for a while?

Do I understand what I am buying?

What's the outlook?

Is this a good(or too good) price?

What are the costs?

Why am I buying it ?

1

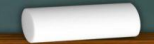
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QUESTIONS

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Online Resources





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Call: (202)727-8000

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Sign Up TODAY!

welcome.financiallyfitdc.com

