



HAAMI Enrichment Session

Personal Finance

10.14.21

Presenter

Kiva Akoto

Operation Hope, Inc.

Sponsors

Truist Financial Corporation

UofM Campus Community Fund



The Global Leader for Financial Dignity



Kiva Akoto-Financial Wellbeing Coach – Truist Bank, Crosstown Concourse
Credit and Money Management Program
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Workshop topics

- Understanding Your Credit
- What makes up your Credit Score
- Know Your Rights as a Consumer
- Establish and Rebuild Your Credit Profile
- Budget Exercise



JOHN HOPE BRYANT

OPERATION HOPE
FOUNDER, CHAIRMAN, AND CEO

- Born in Compton California in South Central, LA
- An American entrepreneur and philanthropist who has built more than 40 organizations and entities including Operation Hope, the largest not-for-profit provider of financial literacy, financial inclusion, and economic empowerment tools and services in the United States for youth and adults.
- Bryant has been an advisor to the last three sitting U.S. presidents, whose work has been recognized by the last five (5) U.S. presidents.

Operation HOPE

“There is a difference between being **broke** and being **poor**. Being broke is a temporary economic condition, but being poor is a disabling frame of mind, and a depressed condition of the spirit, and we must vow never, ever, to be poor again.”

– John Hope Bryant



Why is a Financial Literacy Workshop Important?

Financial literacy is important because it equips us with a basic understanding of financial concepts so we can manage money effectively and make smarter choices. Financial planning helps to save for emergencies, helps to properly protect your income, in becoming debt free, and to truly retire financially. This is also important because NOT planning is a road map to DISASTER!!!

People don't plan to fail; they just fail to PLAN.

Statistics:

56% of American adults have less than \$10,000 saved for retirement.

7 out of 10 employees experience financial stress at work, impacting focus, performance, and relationships.

63% of middle-income Americans say they're unable to afford a \$500 car repair or a \$1,000 emergency room bill.

Nearly four out of every five U.S. workers live paycheck to paycheck.

Two-Thirds of American adults can't pass a basic financial literacy test.

Noted on IACP Card



KEY LIFE LESSONS ON MONEY:

- Learn About Money
- Value Money, Don't Worship It
- Save Your Money
- Practice Minimalism
- Invest Your Money
- Love Yourself

• ~Connie Green-Johnson



THE SEVEN ENEMIES OF FINANCIAL SUCCESS

- Lack of discipline
- Materialism
- Debt
- Taxes
- Inflation
- Investment mistakes
- Emergencies

Your credit score can have a significant impact on YOUR LIFE.

- **Buying a house**
- **Securing better interest rates on loans**
- **Securing better rates on credit cards**
- **Landing and keeping a job**
- **Renting an apartment**
- **Refinancing a loan**
- **Purchasing a car**
- **Setting up a utility account**
- **Paying for insurance**

YOUR CREDIT SCORE MAKES ALL THE DIFFERENCE

- Helps lenders determine how likely you are to pay back a loan.
- Is a good calculation of your credit risk level.
- Determines the terms of your loan and how much credit is granted to you.
- Determines whether you get hired by an employer or if you are accepted to rent an apartment.

Get your credit report

During the COVID-19 pandemic, accessing your credit is important. That's why Equifax, Experian and TransUnion are continuing to offer free weekly credit reports.



Understanding Your Credit

Grow Your Credit Score!

730+ excellent credit

700-729-good/above average credit

670-699-good credit

585-660-fair credit

584 or below-poor credit



What Makes Up My Credit Score?





Payment history 35%

- Identifies if you have paid past credit accounts on time
- Includes the payment history of all revolving and installment debt
- Includes public record and collection items
Details on late or missed payments
- Calculates how many accounts show no late payments



Amounts owed 30%

- Revolving accounts only
- Takes into consideration the amount that you owe (balance) versus the maximum amount you can borrow (credit limit)
- Credit score is maximized by keeping revolving account balances less than 30% of the total credit limit



Length of credit history 15%

- How long your credit accounts have been opened
- The age of your oldest account
- The average age of all of your accounts
- How long specific credit accounts have been opened
- How long it has been since you used certain accounts

LOAN APPLICATION

New credit 10%

- How many of your accounts are new
- When was the last time you opened a new account
- How many times you have requested credit
- How long since inquiries were made by your lenders
- If after past payment problems you have had good recent payment history



Types of credit in use 10%

REVOLVING

Credit Cards

Home Equity Line of Credit

Personal Line of Credit

The type of credit accounts you have:

INSTALLMENT

Mortgage

Student Debt

Car Payment

Personal Loan

How Long Do Negative Items Stay On My Report?

Type of Negative Information	Maximum Time on Credit Report
Charge-off & Collection Accounts	7 years from the date it became delinquent.
General Civil Judgments	7 years from the filing date.
City, County, State and Federal Tax Liens	7 years from the date paid (if not paid it may remain on your report indefinitely).
Chapter 7, 11, & 12	10 years from the filing date. Accounts included in bankruptcy (BK) will remain 7 years from the date they were reported as included in the BK or from original delinquency date.
Chapter 13	7 years from the filing date. Accounts included in bankruptcy will remain 7 years from the date they were reported as included in the bankruptcy or from original delinquency date.

Example Credit Report



TRANSUNION CONSUMER CREDIT REPORT

Subscriber Name: ABC DEPARTMENT STORE
Subscriber Code/Market: D248 06 CH
Results issued: 05/20/10 09:36 CT

INPUT PARAMETERS FOR SECONDARY SUBJECT

Reference ID: 1234
SSN: XXX-XX-1111
Name: duncan, elizabeth
Current Address: 9932 woodbine
chicago, il 60068

Duncan, Elizabeth

Also Known As:

Cook, Elizabeth

SSN: 111-11-1111

Date of Birth: 02/14/1954

Phone: 555-555-5555

In File Since: 4/78

Current Address:

9932 WOODBINE, #9B
CHICAGO, IL. 60068
Reported 1/05

Previous Address:

10 N. CAMINO
OAKLAND, CA. 94583
Reported 4/01

Previous Address:

8500 N. WESTERN AV.
CHICAGO, IL 60645

EMPLOYMENT

ABC HOTELS
ANYTOWN, IL.

Position: CONCIERGE

Start: 3/01
End:

In File Since: 5/07
Effective: 5/07

ACME SYSTEMS INC
OAKLAND, CA.

Position: ADMIN ASST

Start:
End:

In File Since: 3/00
Effective: 3/01

ALERTS AND SPECIAL MESSAGES

Type

Explanation

ID MISMATCH ALERT

PREVIOUS INPUT ADDRESS DOES NOT MATCH FILE ADDRESS(ES)

HIGH RISK FRAUD ALERT

INPUT SSN NOT ISSUED BY SOCIAL SECURITY ADMINISTRATION

SSN YEAR OF ISSUANCE

FILE SSN ISSUED: 1957-1960;
STATE ISSUED: IL;
EST. AGE OBTAINED: 4-8

Public Records and Collections

TRANSUNION CONSUMER CREDIT REPORT

Results Issued: 5/20/10 09:36 CT

Page: 2 of 3

PUBLIC RECORDS

DAUPHIN CP (Z 4937063) Docket # 99B38521

Type: CHAPTER 7 BANKRUPTCY

Assets: \$2,668

Filed: 10/05

Location:

Liabilities: \$14,668

Verified:

Court:

Plaintiff:

Orig Balance:

Paid:

Responsibility: C

Attorney: D. WINSLOW

Curr Balance:

KINGS BK (ZP 5027011) Docket # 98M987654

Type: PAID CIVIL JUDGMENT

Assets:

Filed: 4/05

Location:

Liabilities:

Verified:

Court:

Plaintiff: BANK A

Orig Balance: \$3,128

Paid: 6/05

Responsibility: I

Attorney: WILLIAMS

Curr Balance: \$0

COLLECTIONS

ADVANCED COL (Y 999C004) Account # 12345

Account Rating 09B

Original Creditor: ABC BANK

Remarks:

Amount Placed: \$2,500

Opened: 5/02

Account Type: AG

Balance: \$1,000

Paid:

Responsibility: I

Past Due:

Closed:

Last Payment:

Verified: 4/07 A

Tradelines/Accounts

TRADES

ABC BK (B 6781001)		Account #	9876543210	Account Rating	I05
Account Type:	AUTOMOBILE	Credit Limit:		Opened:	8/05
Responsibility:	I	High Credit:	\$16,900	Paid:	
Remarks:	ACCOUNT IN DISPUTE	Terms:	60M282	Closed:	
Late Payments (20 months)	1 1 5 30 60 90	Delinquency	Maximum: 1/07 Amount: \$1410	Payment Pattern	Months 1-12: 445543211111 Months 13-24: 11111111
ABC RETAILER (D 1234567)		Account #	1234567890	Account Rating	R01
Account Type:	CREDIT CARD	Credit Limit:	\$16,700	Opened:	12/04
Responsibility:	I	High Credit:	\$9,600	Paid:	
Remarks:		Terms:	MIN200	Closed:	
Late Payments (29 months)	1 1 0 30 60 90	Delinquency	Maximum: 2/05 Amount: \$230	Payment Pattern	Months 1-12: 111111111111 Months 13-24: 111111111111
ABC MORTGAGE (Q 1111111)		Account #	1112233333	Account Rating	M01
Account Type:		Credit Limit:		Opened:	11/01
Responsibility:	C	High Credit:	\$232,500	Paid:	
Remarks:	CONVENTIONAL MORTGAGE	Terms:	360M1470	Closed:	
Late Payments (48 months)	0 0 0 30 60 90	Delinquency	Maximum: Amount:	Payment Pattern	Months 1-12: 111111111111 Months 13-24: 111111111111
ABC DEPARTMENT (D 7654321)		Account #	123123123123	Account Rating	R01
Account Type:	CREDIT CARD	Credit Limit:	\$1,500	Opened:	12/06
Responsibility:	I	High Credit:	\$ 500	Paid:	
Remarks:		Terms:	MIN25	Closed:	
Late Payments (5 months)	0 0 0 30 60 90	Delinquency	Maximum: Amount:	Payment Pattern	Months 1-12: 11111 Months 13-24:

Inquiries

INQUIRIES

Date	Subscriber Name (Code)	Type	Amount
5/20/10	ABC DEPT STORE (DCH248)		
3/07/07	TEST BANK (BPH9999 EAS)		
2/20/07	MAIN ST AUTO (ASD1234 CAL)		
1/01/07	123 RETAILER (DNY777 EAS)		

INQUIRY ANALYSIS

Date	Subscriber Name (Code)	Identifying Info
03/07/07	TEST BANK (B 9999)	DUNCAN, ELIZABETH (773) 123-4567 9932 WOODBINE, CHICAGO, IL 60693
02/20/07	MAIN ST AUTO (A 1234)	DUNCAN, ELIZABETH (773) 555-1234 9932 WOODBINE, CHICAGO, IL 60693 10 N. CAMINO, OAKLAND, CA 94583 EMPLOYER: GRAND HOTEL

CONSUMER STATEMENT

#HK#EFCRA EXTENDED FRAUD ALERT: ACTION MAY BE REQUIRED UNDER FCRA BEFORE OPENING OR MODIFYING AN ACCOUNT.

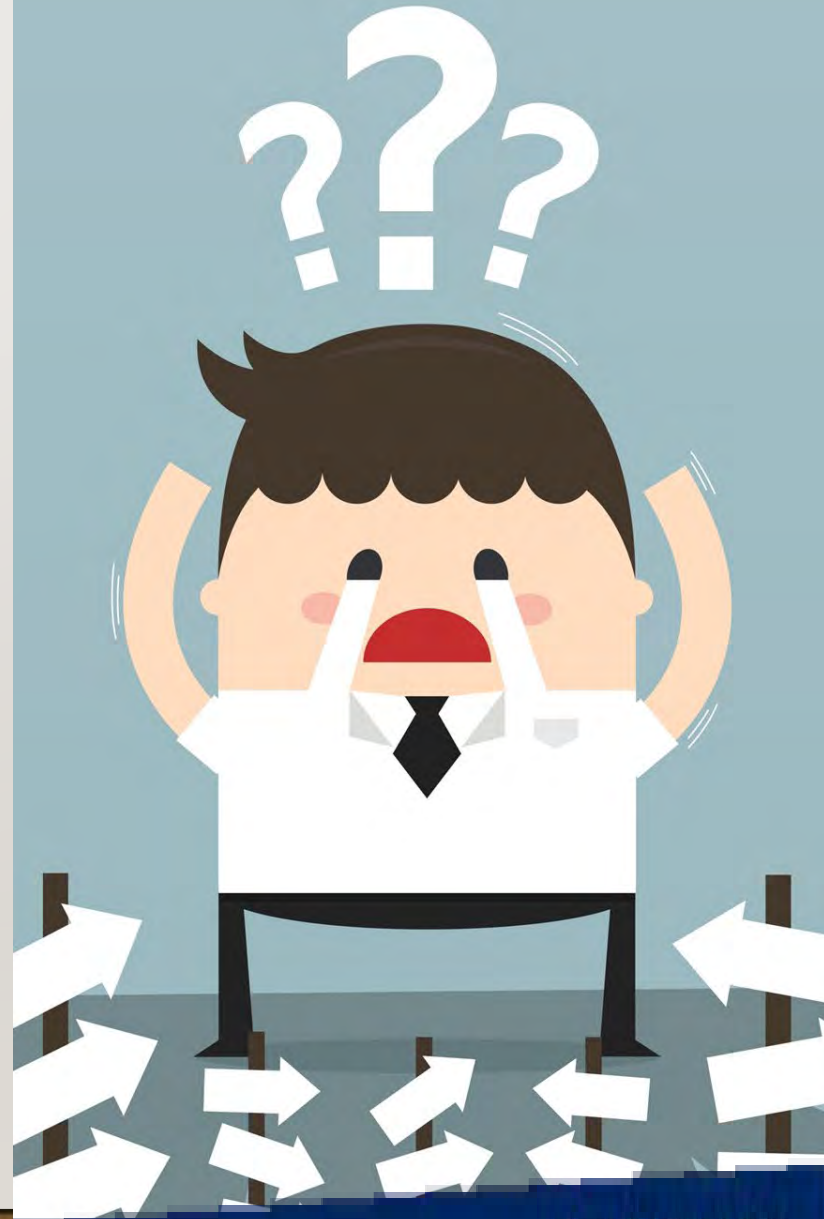
REPORT SERVICED BY

TRANSUNION
(800) 888-4213
P.O. BOX 1000, CHESTER, PA 19022
CONSUMER DISCLOSURES CAN BE OBTAINED ONLINE THROUGH TRANSUNION AT:
[HTTP://WWW.TRANSUNION.COM/DIRECT](http://www.transunion.com/direct)

There are 2 types of inquiries: Hard and Soft. Inquiries stay on your credit report for 2 years.
They stop affecting your score after 1 year.

Identity Theft

- **CONTACT** your creditors OR banks
- Place a **FRAUD ALERT** on your credit reports
- Carefully **REVIEW** your credit reports from all three bureaus
- **REMOVE** fraudulent info
- **REPORT** the Identity Theft to the FTC
- **--OPTOUTPRESCREEN.COM--**



step ONE

Select the type of loan

30-Year Fixed

step TWO

Select the state you live in

Georgia

A 30-year loan in which the interest rate does not change during the entire term of the loan.

REAL LIFE MORTGAGE LOAN EXAMPLE

step THREE

Enter the loan principal amount

\$ 299300

FICO Score	APR	Monthly Payment	Total Interest Paid
760-850	2.527 %	\$1,187	\$127,949
700-759	2.748 %	\$1,222	\$140,458
680-699	2.925 %	\$1,250	\$150,623
660-679	3.138 %	\$1,284	\$163,028
640-659	3.565 %	\$1,355	\$188,455
620-639	4.109 %	\$1,448	\$221,899

step FOUR

Select your current FICO Score range

640-659

calculate

If your score changes to 760-850, you could save an extra \$60,506

If your score changes to 700-759, you could save an extra \$47,997

If your score changes to 680-699, you could save an extra \$37,831

If your score changes to 660-679, you could save an extra \$25,426

If your score changes to 620-639, you could pay an extra \$33,445



Know your rights

- The Equal Credit Opportunity Act (**ECOA**)
- Credit Card Accountability Responsibility, and Disclosure Act (**CARD Act**)
- The Fair Credit Reporting Act (**FCRA**)
- Fair Debt Collection Practices Act (**FDCPA**)



Establishing & rebuilding credit

- Protect against Identity Theft
- Dispute inaccurate information
- Settle accounts
- Prioritize which debt to pay off first
- Establish credit with a secured card
- Clear up any Public Record
- Don't close accounts
- Pay off closed accounts with balances

Start with a budget

What is a Budget?

A budget is an important tool to help you understand how and where you spend your money and a guideline to help you spend your money on the things that are most important to you.

“Where is my money actually going?”



Paying Off Debt and Saving Money

A budget will help you
FIND money to begin
paying off debt and saving
money for the things that
matter most to you.



Savings is NOT Optional!

Having savings makes the difference between a **crisis** or an **inconvenience**.

If you dip into your savings for an emergency, consider it a loan and set up a repayment schedule.



BUDGET EXERCISE

Salary: \$50,000

(\$ 4,166.67/mo.)

(\$ 24.04/hr.)

BUDGET EXERCISE

Annual Salary: \$50,000
(\$24.04/hr.)

Less: \$ 14,500 (Taxes)

\$ 35,500

\$ 2,958.33/mo.

BUDGET EXERCISE

Housing (\$1000.00)

Food (\$500.00)

Credit Cards (\$100.00)

Car Note (\$500.00)

Car Insurance (\$75.00)

Student Loans (\$100.00)

Cell Phone (\$75.00)

**Only
\$2,958.33
left to
spend per
month:**

Gas (\$100.00)

Health Insurance (\$200.00)

Utilities (\$200.00)

Cable/Internet (\$250.00)

Vacations (\$125.00)

Shopping (\$200.00)

Total indicated expenses: \$3,425.00 which results in a - \$466.67.

Is there anything we can cut back on/reduce to lower our monthly expenses?

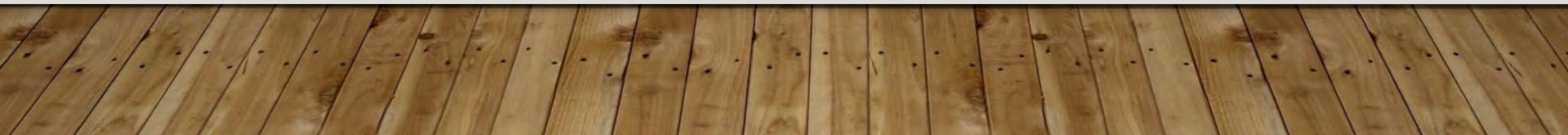
Possibly, in shopping, becoming more efficient with our utilities to lower costs and maybe negotiating better plans with insurance and cell phones.

Budget Exercise

Adjustment Results:

	<u>Was</u>	<u>Change</u>	<u>Saving</u>
Health Insurance	\$200.00	\$120.00	\$ 80.00
Cell Phone	\$ 75.00	\$ 55.00	\$ 20.00
Utilities	\$200.00	\$175.00	\$ 25.00
Shopping	\$200.00	\$150.00	\$ 50.00
Vacations	\$125.00	\$100.00	\$ 25.00
Food	\$500.00	\$400.00	\$100.00
Cable/Internet	\$250.00	\$ 50.00	\$200.00

These few changes have added **\$500.00/mo (\$6,000/yr)** to your bottom line. This puts you back in alignment with your budget and alleviates the negative impact on your finances.



Make an Action Plan

- Set short term and long term goals
- Include the dollar amount and timeframe
- Choose a percentage of your income
- Set up a separate savings account
- Pay off your debt and use that money to start saving
- Stick to it



1. HAVE A BUDGET
 2. AUTOMATE YOUR SAVINGS & EF
 3. PAY OFF YOUR DEBT
 4. HIGH CREDIT SCORE
 5. MULTIPLE STREAMS OF INCOME
 6. LIFE INSURANCE
 7. FINANCIAL TEAM
 8. INVEST IN...REAL ESTATE, STOCK, ETC.
 9. POSITIVE NET WORTH
 10. LEAVE A LEGACY
- FAMILY WEALTH PORTFOLIO

TEN STEPS TO FINANCIAL WHOLENESS

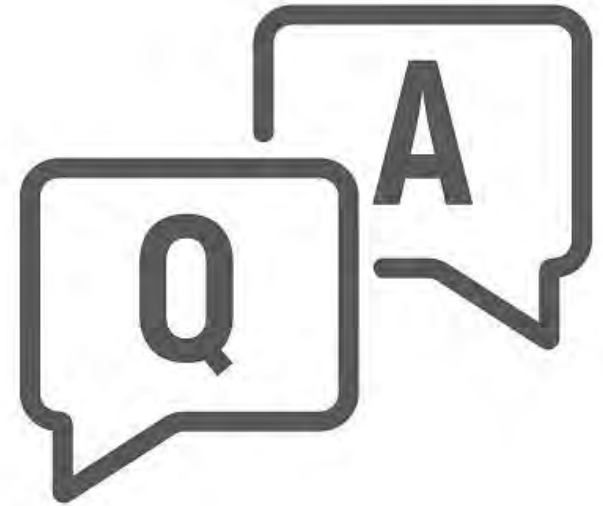




Next steps

As part of this program, you receive individual coaching sessions on credit and money management at no cost.

Schedule an appointment today!



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