

Budgeting and Debt Prioritization: Safety and Self-determination for Survivors

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How does it feel to make financial plans?

- ▶ Stressful
- ▶ Worried
- ▶ Accomplished
- ▶ Uncertain
- ▶ Frustrated

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Additional challenges for survivors

- ▶ Fear of physical, psychological, economic abuse
 - ▶ Examples
- ▶ Many survivors who seek services experiencing other forms of oppression which can be, but is not always, connected to IPV:
 - ▶ Sexism, homophobia
 - ▶ Poverty
 - ▶ Little formal education
 - ▶ Racism
 - ▶ Poor employment history
 - ▶ Health issues
 - ▶ Religious Intolerance

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Survivors show amazing resourcefulness

- ▶ Ability to survive violence
- ▶ Ability to provide for themselves and their children
- ▶ Resiliency
- ▶ Keeping employment
- ▶ Other examples

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How do we effectively provide economic assistance?

- ▶ Believe that economic advocacy is our “responsibility” as lawyers and non-lawyer advocates
- ▶ Work with survivors without judgment and provide a supportive space
- ▶ Recognize and acknowledge power differences b/w survivor and advocate
- ▶ Be aware of our own economic fears, “hot buttons”, and values

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Quality Economic Work with Survivors is Survivor-Defined, Survivor-Directed, and Safety Centered



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Budgeting: What do we call it?

- ▶ How much money does it take you to live?
- ▶ Cost of living?
- ▶ Financial or economic plan?
- ▶ Budget?
- ▶ What are your dreams for the future?

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Budgeting with survivors: Safety issues

- ▶ Abusive partners often track survivors' financial dealings through the internet, formal, or informal networks.
- ▶ Ask the survivor, "how do you think your partner will react if...(economic scenario)? What are some strategies to reduce your risks?"
- ▶ Abusive partners may react negatively if a survivor is gaining economic independence.
- ▶ Immediate needs and safety considerations (such as spending money on a hotel or plane ticket to get away from the abusive situation) may interfere with long-term goals and budgeting.

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Budgeting: Getting started

- ▶ Talk about it!
- ▶ Most important piece of budgeting: asking open-ended questions about money and LISTENING to the answers
- ▶ Understanding client's values
- ▶ Key questions from CSAJ/NCLC screening tool

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Components of Budgeting

- ▶ What does it *really* cost you to live?
- ▶ What is going out?
- ▶ What is coming in?
- ▶ Creating the plan
- ▶ Revising the plan

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Budgeting: What does it *really* cost you to live?

- ▶ **How do you know: observing expenses**
 - ▶ Keeping track of what is going out and when
 - ▶ Minimum of one month, if not possible, at least one week
- ▶ **How does this feel to survivors?**
 - ▶ Fear of partner finding tracking
 - ▶ Safety planning with money tracking
 - ▶ Feelings connected to tracking money and being stalked by partner

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Budgeting: What is going out?

- ▶ **Types of expenses**
 - ▶ Fixed monthly/fixed occasional
 - ▶ Examples
 - ▶ Changing monthly/changing occasional
 - ▶ Examples
 - ▶ Emergency or unplanned expenses
 - ▶ Examples
 - ▶ Paying off debt-more later!
 - ▶ Spending leaks

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Budgeting: What's coming in?

- ▶ How do you know?
- ▶ Remember to include:
 - ▶ Formal employment income
 - ▶ Benefits
 - ▶ Child support
 - ▶ Informal income

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Budgeting: Making finances balance

- ▶ 2 choices:
 - ▶ Reduce expenses
 - ▶ Increase income

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Reducing expenses

- ▶ **Making different financial choices**
 - ▶ Most survivors are experts at making smart and savvy economic choices

- ▶ **Brainstorm ideas to decrease expenses**
 - ▶ Coupons, resale, checking price per ounce, planning meals, taking lunch, asking for help with school costs, etc. apply for government benefits, become aware of spending leaks, create a plan for their money, pay off revolving debt and minimizing the use of credit cards, etc.
 - ▶ Barter for goods and services
 - ▶ Build on what has worked already and strategize new ways

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Reducing expenses: Bartering

- ▶ **Brainstorm ways to barter informally**
 - ▶ Trade with neighbors, friends, mechanics, babysitters, landlords, etc.
 - ▶ Personal relationships are key
 - ▶ Rent for cleaning units/rehabbing the rental building
 - ▶ Babysitting for assisting older neighbor with housing/cleaning tasks
 - ▶ Transportation to and from work for ironing/hemming and laundry
 - ▶ Photography/artwork for car repairs

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Reducing Expenses: Spending Leaks

WHERE DID THAT \$5.00 GO?

Spending leaks are expenses that aren't planned in our budget but somehow the money slips away

Examples from our own lives...?

WORKSHEET

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Reducing Expenses: Spending leaks

Spending Leak Latte	Cost/time \$3.50	Weekly cost $\$3.50 \times 4 =$ \$14.00	Monthly cost $\$14.00 \times 52/12 =$ \$60.66 (\$727.92)		
Alternative Drink coffee at home-latte 1x/week	Cost/time \$3.50 (latte) \$.40 (coffee)	Weekly Cost $\$3.50 \times 1 =$ \$3.50 $\$.40 \times 6 =$ \$2.40 Total: \$5.90	Monthly cost $\$5.90 \times 52/12 =$ \$25.56	Planned expense \$25.56	Monthly Savings \$35.10 \$421.20 /year

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Increasing Income: Formal Employment

- ▶ Ask for a raise, work more hours, get a second job, change jobs
- ▶ Take advanced classes, certification, go back to school
- ▶ Apply for EITC, take less deductions so survivor has more to live on each month

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Increasing income: Benefits

- ▶ Make sure that the survivor is getting the benefits she deserves
 - ▶ Unemployment
 - ▶ TANF
 - ▶ Disability
 - ▶ Food stamps

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Increasing income: Informal income

- ▶ Build on skill set and something the woman enjoys
 - ▶ What are her skills, knowledge, expertise? What does she enjoy doing that people might pay her for?
- ▶ Patch current income with side jobs
 - ▶ Cash job with tips, baby sitting, shoveling driveways, cutting/ braiding hair, organizing, planning, cleaning, tutoring, cooking, gardening, doing laundry, day sitter, putting together albums/ scrapbooks, and selling homemade cookies, baskets and dog walking, personal assistant.

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Prioritizing Debt: What is debt?

- ▶ Debts or liabilities include *any* money that you owe. Examples range from mortgage payments to unpaid taxes.
- ▶ Debts are defined by the survivor. If she owes her brother \$50.00 for groceries and she wants to pay him back, this is a debt.
- ▶ Some debts show up on credit reports, others do not.
 - ▶ Examples

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Prioritizing Debt: Knowing what you owe

- ▶ Make a list of debts known to the survivor, minimum balance, and interest rate.
- ▶ Contact www.annualcreditreport.com to order a credit report. Discuss potential safety issues of ordering credit report.
- ▶ If survivor needs past records, contact the company. Discuss safety concerns.
- ▶ Whenever survivor speaks to a customer representative, ask her to document the person's name and/or badge/ID number.
- ▶ Keep financial information, even if you cannot pay your debts now.

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Prioritizing Debt: Where to begin?

- ▶ Reference: Consumer Rights For DV Survivors
- ▶ What does she need to live safely NOW?
 - ▶ Rent/mortgage
 - ▶ Utilities
- ▶ Secured debt vs. unsecured debt
 - ▶ The loudest creditor does NOT need to be paid first
- ▶ Examine interest due
 - ▶ Important to remember and ASK about title loans, pay day loans
- ▶ Credit card statements required to include information on interest

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Prioritizing Debt: Debt Planners

- ▶ Find out how long it will take to become debt free and how much you'll pay in interest by making the minimum monthly payments.
 - ▶ Minimum Payment: When will I be debt free and how much will I ultimately pay?
- ▶ Determine how long it will take using any fixed payment of your choice.
 - ▶ Fixed Payment: When will I be debt free if I pay _____ monthly?
- ▶ Type in a date when you would like the debt all paid off. The debt planner will give you the amounts to pay in order to reach that goal.
 - ▶ I want to pay off my credit cards in _____ years and months

<http://cgi.money.cnn.com/tools/debtplanner/debtplanner.jsp>

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Prioritizing Debt: Other issues

- ▶ Divorce issues: who's debt is it? Divorce decree vs. Financial Contracts
- ▶ Bankruptcy issues
- ▶ Student loan debt: impact on getting new loans (increasing income)

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Putting it all together: Reverse Budgeting

- ▶ A: Track Expenses/Estimate Expenses
- ▶ B: Determine Monthly Expenses
- ▶ C: Current Income or Income Needed
- ▶ D: Increasing Income/Decreasing expenses
 - Employment (formal, informal), benefits
 - Bartering
- ▶ E: Make Plan
- ▶ F: Review and Adjust

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Reverse Budgeting 1

Step 1: Determine monthly expenses

Example: \$2000.00

Step 2: Subtract any additional consistent income

Example: \$200.00 in child support $\$2000 - \$200 = \$1800$

Step 3: Multiply by 30% to estimate taxes

*Example: $\$1800 \times .30 = \540.00
 $\$1800 + \$540 = \$2340$*

Step 4: Determine annual income. Multiply monthly income by 12.

Example: $\$2340 \times 12 = \$28,080$

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Reverse Budgeting 2

Step 5: Determine weekly income.

Example: $\$28,080/12=\540.00

Step 6: Determine how many hours she can/would like to work

Example: 40 hours

Step 7: Determine hourly wage needed

Example: $\$540/40=\13.50

Step 8: Look at current and anticipated income. Try to balance gaps.

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When budgeting isn't enough

- ▶ Negotiate prior to breaking lease
- ▶ Counsel to avoid predatory lending on refinance, home purchase, credit cards, and car loans
- ▶ Refer to Consumer Credit Counseling or bankruptcy attorney if appropriate
- ▶ Assist her in finding good solutions to match her needs (i.e. car repairs, cell phones, rental contracts, changing locks, furniture, apartments, medical bills, etc.)

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When budgeting isn't enough

- ▶ Find partners in the community that address financial concerns you are unable to meet and if possible have them come to your agency
- ▶ Recruit board members with key connections
- ▶ Help with the difficult financial cases in which women can't get started or complete on their own (you will learn a lot)
- ▶ Make a phone call, draft a letter, use your connections to open doors
- ▶ Support survivors regardless of whether or not she does what you think is best financially (i.e. getting a predatory loan, co-signing, not opening bills)

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Thank you!

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