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
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

Survivors show amazing resourcefulness

- Ability to survive violence
- Ability to provide for themselves and their children
- Resiliency
- Keeping employment
- Other examples
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 between survivor and advocate
- Be aware of our own economic fears, “hot buttons”, and values

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

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.
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

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
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
Budgeting: What’s coming in?

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

Budgeting: Making finances balance

- 2 choices:
  - Reduce expenses
  - Increase income
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

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
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

<table>
<thead>
<tr>
<th>Spending Leak</th>
<th>Cost/ time</th>
<th>Weekly cost</th>
<th>Monthly cost</th>
<th>Planned expense</th>
<th>Monthly Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Latte</td>
<td>$3.50</td>
<td>$14.00</td>
<td>$60.66 ($727.92)</td>
<td>$25.56</td>
<td>$35.10 $421.20/year</td>
</tr>
<tr>
<td>Alternative Drink coffee at home-latte</td>
<td>$3.50 (latte)</td>
<td>$3.50</td>
<td>$3.50 $40 x 6 = $240 Total: $5.90</td>
<td>$25.56</td>
<td>$35.10 $421.20/year</td>
</tr>
</tbody>
</table>
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

Increasing income: Benefits

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

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
Prioritizing Debt: Knowing what you owe

- Make a list of debts known to the survivor, minimum balance, and interest rate.
- Contact [www.annualcreditreport.com](http://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.

Prioritizing Debt: Where to begin?

- Reference: [Consumer Rights For DV Survivors](http://www.consumer-credit.com)
- 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
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

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)
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

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 x .30=$540.00
   $1800 + $540=$2340

Step 4: Determine annual income. Multiply monthly income by 12.
   Example: $2340 x 12=$28,080
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.

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.)
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)

Thank you!

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