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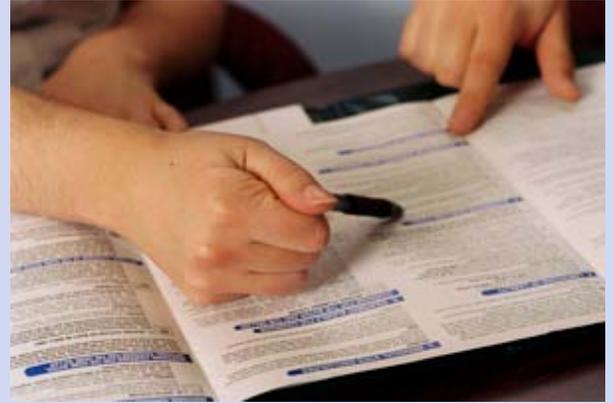
Making the Most of What You Have—Managing Your Finances

Knowing where you stand financially will also help you nurture your decision-making abilities, and help you be an effective advocate for your child as well. As an example, when you have a clear idea of what you can afford or not, and how much credit you have available, you can take advantage of introductory offers or short-term sales on higher-priced items your child may need, knowing you can pay them off in full and not incur expensive credit card fees.

So let's get started on managing your finances. Here is the basic plan we'll follow:

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[Next Section: Make a Spending Plan](#)



Finding Financial and Tax Advice

As you manage your finances, you may find areas in which you'd like to seek the advice of a financial or tax professional. Ideally you want to work with a professional knowledgeable about disability-specific financial and tax issues. Here are a few ways to go about finding a professional.

- Some Parent Centers or disability-specific organizations may know of affordable financial or tax professionals.
- Some financial and tax organizations in your area may offer professional services to people with limited resources. These organizations may also offer informative publications or workshops on disability-specific financial and tax issues. For more information, contact the following organizations to find professional financial and tax services in your area:

American Institute of CPAs—Personal Financial Planning Section: an organization for CPAs who provide estate, tax, retirement, risk management and investment planning advice to individuals.

Call 1-888-777-7077

Visit www.aicpa.org

Financial Planning Association (FPA): the largest organization of financial planners who provide financial advice to individuals and are committed to upholding the highest standards of professional competence, ethical conduct, and clear disclosure to the individuals they serve.

Call 1-800-322-4237

Visit www.fpanet.org

The National Association of Personal Financial Advisors (NAPFA): a leading organization of financial advisors who provide fee-only financial services.

Call 1-847-483-5400

Visit www.napfa.org

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Make a Spending Plan

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Make a Spending Plan

Here is where your time spent getting organized really pays off, because you'll use many of your organized documents to create a spending plan. Your spending plan, or budget, shows you exactly where your money comes from and where it goes. It is the best way to get the big picture of your finances. The big pay-off comes through the keen awareness you develop on how you spend your money and how much things cost. With that comes an additional awareness of areas to cut back on or replace with lower-cost alternatives.

You can create your spending plan in four steps:

- List your income
- List your expenses
- Compare your income and expenses
- List your resources and set priorities

"There are many programs to help meet expenses, but they are not always well-publicized. This means you have to use all the 'know-how' and 'stick-to-it-iveness' you can muster. You really have to dig to find the help your child needs!"

—Mindy Cheney, mother of Carol Ann

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Give Yourself a Raise



Did you know that the average family loses 30 cents of each dollar (or 30 percent of their money) through careless spending? For example, if you earn \$600 a week, your spending habits could be robbing you of \$180. But if you stop this loss, it's like giving yourself a 30 percent bonus or pay increase.

How to Use the Spending Plan Forms for Steps 1, 2 & 3

The spending plan forms for Steps 1, 2, and 3 have two columns:

- o Column 1: "Current Amount"
- o Column 2: "Anticipated Amount"

"Current Amount" refers to the income and expense amounts you have today. "Anticipated Amount" refers to income and expense amounts you think you might have in the near future. To get started, just fill out Column 1, "Current Amount." But you'll want to come back and fill in the "Anticipated Amount" column. Over time, your financial needs may change, health care costs will likely change as your child's needs change, or your financial situation may change significantly from a loss of income, a job, or a benefit.

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Step 1: List Your Income

Using your organized documents and the “Income” form (see links below), enter the amounts of your current monthly income in the first column. Also list all the income or funding you can reasonably expect to receive related to your child’s disability, such as government health care assistance and gifts of money from community, civic, or religious organizations.



How to Handle Reimbursements

You may receive reimbursements for some medical costs from your health care provider. Reimbursements are not a source of income, but a type of payment for medical care. Reimbursements offset actual expenses. This is why any medical reimbursement amounts and the actual expense amounts must both appear in your spending plan. Even though the reimbursements cancel out the actual expenses, including them in your spending plan will help you keep track of how you spend your money

Take note! If you include a medical reimbursement in the “Income” form and not the actual expense in the “Expense” form, you will overstate your income. Likewise, if you include a medical expense but not its reimbursement, you will overstate your expenses.

How to Handle Periodic or Temporary Income

Some investment income, such as dividends, is paid monthly. Workers compensation is temporary income. Financial assistance from friends or family may be periodic. The purpose of the spending plan is to get a picture of what is happening right now in your financial life. If you do include periodic or temporary income, take into account that your actual monthly income amount may be overstated for some months.

[List_Your_Income_pdf](#)

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| Income | Current Amount Per Month | Anticipated Amount Per Month |
|---|-----------------------------|---------------------------------|
| After-tax wages (your own) | | |
| After-tax wages (others in your household) | | |
| Bonuses/tips | | |
| Gifts | | |
| Child support | | |
| Interest on savings | | |
| Investment income (may fluctuate from month-to-month) | | |
| Unemployment compensation (temporary income) | | |
| Government health care assistance | | |
| <i>Sources of funding related to your child's disability:</i> | | |
| Health care plan reimbursements (doctors, hospital, lab, etc.; see "How to Handle Reimbursements" above) | | |
| Medicaid income | | |
| State programs | | |
| Social Security Disability Insurance (SSDI), Supplemental Security Income (SSI), or Social Security Retirement Income | | |
| Assistance from fraternal and civic organizations (may be periodic) | | |
| Assistance from family members, friends (may be periodic) | | |
| Other: | | |
| Other: | | |
| Other: | | |
| Total Income: | \$ - | \$ - |

| | | | | | | | | |
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Step 2: List Your Expenses

Using your organized documents and the "Expense" form in the link below, enter the amounts of your current monthly expenses in the first column.



- **For monthly expense amounts that vary every month**, such as utilities, use an average monthly amount.
- **For periodic expenses**, such as auto insurance premiums, spread the expense amount over the service period. For example, if your insurance premium due is \$600 every six months, divide \$600 by six months for a monthly expense of \$100.
- **For items you purchase on credit**, such as a piece of assistive technology equipment for, say, \$6,000, adjust your spending plan to reflect how much you'll spend each month to pay it off. You may have to account for interest expenses on unpaid balances.
- **For items you purchase for cash from your savings account**, such as travel or entertainment items, adjust your spending plan to reflect how much you'll save each month to build your savings back up.
- **For anticipated expenses** you might incur while caring for your child, there is no easy answer. You may have to purchase or replace assistive technology devices or pay for new services. Consult with professionals, your case worker, and other parents familiar with your child's disability to get a feel for what types of costs you might incur, their approximate amounts, and any lower-cost alternatives.

[List_Your_Expenses_pdf](#)

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| Expense | Current Amount Per Month | Anticipated Amount Per Month |
|---|--------------------------|------------------------------|
| Home mortgage (includes principle, interest, taxes, and insurance [PITI]) | | |
| Rent | | |
| Renters insurance premiums | | |
| Health insurance premiums | | |
| Life insurance premiums | | |
| Natural gas or heating fuel | | |
| Electricity | | |
| Water | | |
| Phone—Landline (include local and long distance, plus any special services) | | |
| Phone—Cell (include special services such as ring tones and texting) | | |
| Computer and Internet services | | |
| Cable TV | | |
| Groceries | | |
| Meals eaten out | | |
| Transportation (public transportation, car payments, gasoline, insurance, maintenance, repairs, etc.) | | |
| Dental bills | | |
| Pet care | | |
| Union and professional organization dues | | |
| Clothing costs | | |
| Tithing or charitable donations | | |
| Loan payment | | |
| Credit card payment | | |
| Personal (toiletries, allowances, etc.) | | |
| Entertainment | | |

| | | |
|--|------|------|
| Miscellaneous (cable TV, subscriptions, magazines, classes, etc.) | | |
| Costs specifically associated with your child's disability: | | |
| Special diet for child with a disability | | |
| Medical costs (doctor bills, hospitalization, lab work paid out of pocket) | | |
| Medical costs that will be reimbursed (be sure you enter the reimbursed amounts in your "Income" form; see | | |
| Co-payment for health care benefits other than Medicaid or Medicare | | |
| Therapy (occupational, physical, etc.) | | |
| Transportation to/from special care or hospitalization | | |
| Lodging and meals during treatment away from home | | |
| Costs for disability related adaptations for a vehicle | | |
| Other assistive technology | | |
| Disability related home renovation | | |
| Child care/nursing care | | |
| Home health care to assist in day-to-day living | | |
| Legal fees | | |
| Other: | | |
| Other: | | |
| Other: | | |
| Total Expenses: | \$ - | \$ - |

| | | | | | | | | |
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Step 3: Calculate Your Cash Flow— Compare Monthly Income and Expenses



“So many people find it offensive to either seek or accept help. But when you get right down to it, we are a single nation and community. We all pay taxes, and some of those taxes are earmarked for the most vulnerable among us—our kids. When a family has a child with a disability, costs may be way beyond the scope of one family’s ability to pay. We shouldn’t be embarrassed to do the hard work of finding and applying for the help our children need.”

—Diane Hovey, parent advocate, mother of Sonya

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| Cash Flow | Current Amount Per Month | Anticipated Amount Per Month |
|--|-------------------------------------|---|
| Write down your total monthly income from Step 1. | | |
| Write down your total monthly expenses from Step 2. | | |
| Calculate your Cash Flow: Subtract your expenses from your income and list the amount here. | \$ - | \$ - |

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Step 4: Find Resources and Make Changes—Increase Income or Reduce Expenses

Do you have money left over each month—a positive cash flow—after paying your expenses? If so, fantastic. If not, you have a negative cash flow. There are ways to fix that. The most obvious one is to reduce your expenses. You also can increase your income, or do a combination of both. Let's start with reducing your expenses. Often, that is the easier thing to do.



Strategies for Reducing Your Expenses

Expenses associated with your child's disability, such as hearing aids, are often not covered by health care plans. As your child's needs change and these associated expenses increase, you may find that you are unable to continue paying for them.

If your child receives support through a government health care assistance program, contact your case manager to find out what resources might be available to help you pay for these items. You can also:

- Contact your local Parent Center to speak with someone about possible funding sources for these associated costs.
To find a Parent Center near you:
Call 888-248-0822 (Voice) or 952-838-0190 (TTY)
Visit www.ParentCenterNetwork.org
Write
PACER Center, Inc.
8161 Normandale Blvd.
Bloomington, MN 55437
- Contact a disability-specific organization to inquire about funding sources. Examples of disability-specific organizations are Spina Bifida Association, United Cerebral Palsy, or the Autism Society. You might also want to visit www.Disability.gov. The Web site lists many disability-specific organizations, and provides many other disability-related resources.
To find a particular disability organization on www.Disability.gov, click "Community Life" and "Disability Organizations."

Even though we haven't yet begun talking about planning for your child's employment, there is a job-related resource that might point you in the right direction for funding sources. The Job Accommodation Network (JAN), a service of the Office of Disability Employment Policy and the U.S. Department of Labor, has a web page that lists possible funding sources for assistive technology and disability-associated expenses. To check out these resources, contact JAN:

Call 1-800-526-7234 (Voice) or 1-877-781-9403 (TTY)

Visit www.askjan.org

Here are some other things you can do to lower your expenses:

Network. Contact your local Parent Center to find out how to get connected to parent support groups for families of children with your child's disability. Other parents may be able to share money-saving ideas for treatments, therapies, services, and assistive technologies.

Look for Funding Sources. Some foundations, government agencies, and financial, academic, and medical institutions offer grants, low-cost loans, or other funding mechanisms for a variety of needs associated with your child's disability. Contact your disability-specific organization or your local Parent Center for tips on finding potential funding sources.

Compare Rates, Fees, and Premiums. Do a little shopping around for lower mortgage and auto loan rates, credit card rates and fees, bank fees, and auto and health insurance premiums. If you find a lower mortgage interest rate, then apply to refinance your mortgage to a lower interest rate. If you find lower bank fees, then switch banks. If you find lower auto or health insurance premiums, then switch insurance companies. Be sure to ask about any fees you might incur before taking any of these actions.

Examine Your Bills for Errors. Mistakes happen, even with automated billing systems. Sometimes they break down a bit.

Other Cost-Reduction Tips

- Make a grocery list from a preplanned menu and stick to it.
- Buy store brands, compare prices, and look for the weekly store specials.
- Clip coupons and use a store "membership" card.
- Shop the sales and stock up on items you use regularly.
- Learn new recipes that have simple, readily available ingredients.

Strategies for Increasing Your Income

Finding an option for increasing income can be very challenging for parents of children with special needs. Because of the high-level of care your child may require, likely you'll want to spend more time with your family, not less. Taking on a second job or working over-time might not be practical.

Job searches themselves can be very demanding, and not only because of a competitive job environment. Finding a job with employee health care benefits is a big consideration in any job search, along with finding an employer willing to provide you with flexibility when you need it for emergency care or time off to visit a specialist in another city.

Working with a job-search agency or employment agency may help you find the job and health care benefits you want and need.

Here are some ways you can increase your income:

- Ask for a raise.
- Find a higher paying job.
- Work over-time.
- Get a second or part-time job.
- Start your own business, even if you can only do it on nights and weekends. If you have a special skill, such as accounting or woodworking, sell it to people you know or ask them for referrals to potential customers.
- For help in getting your own business started, take a look at the U.S. Small Business Administration—Small Business Planner. You will find information on how to plan, start, and manage your business.
- **Visit www.sba.gov** and click "Small Business Planner"
- Provide a needed service in your community for pay. Babysitting, dog walking, snow shoveling, and tutoring are some examples.
- Participate in a research study for pay at hospital or university.
- Sell unused household items at a garage sale or through an online auction.

Beware of Job Scams

Some jobs promise to pay attractive income for simple work, like stuffing envelopes. These jobs might be scams. So might advertised jobs that require you to buy materials before "beginning" the job. For help in identifying job scams, visit the Federal Trade Commission's Web

site on job scams. Go to www.ftc.gov/jobscams.

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Track Your Spending Leaks

Spending money on small stuff—things nice to have but easy to do without—adds up over time. For example, what might you be spending on bottled water, coffee, ATM fees, and extra cell phone services? Take a closer look at where all of your money goes. For about seven days, track how you spend money on “minor” expenses and purchases that don’t seem to add up to much. Don’t worry if you occasionally skip a day. **The point is to become keenly aware of how you spend all of your money.** After this period, ask yourself what expenditures you can cut back on.

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Track Your Spending Leaks

| Name of Item | Cost of Item | What I spend on this item each: | | |
|---|---|---------------------------------|-------|------|
| | | Week | Month | Year |
| ATM Fees | | | | |
| Bottled water | | | | |
| Soft drinks | | | | |
| Coffee | | | | |
| Alcohol | | | | |
| Snacks | | | | |
| Cigarettes | | | | |
| Fast food | | | | |
| Dining out | | | | |
| Lottery tickets | | | | |
| Movie tickets | | | | |
| Extra cell phone features | | | | |
| Cable TV | | | | |
| Short-term payday loans | | | | |
| Books, CDs, DVDs | | | | |
| Subscriptions (print and online) | | | | |
| Online auction purchases | | | | |
| Recreational shopping | | | | |
| | | | | |
| Total spent each week, month, and year. |  | \$ - | \$ - | \$ - |
| Add amounts of circled items to find out how much money you can save each week, month, and year. |  | | | |

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Set S.M.A.R.T. Financial Goals

Consider the times in your life you set a financial goal, such as saving money for a down payment on a car or house. While you knew you were committing to a potentially long period of monthly payments, once you received your set of keys, you materialized a dream and met a financial goal.

Today, you face higher expenses while caring for your child with special needs. Maybe you've had to put your career on hold or take on part-time work to help finance these expenses. Even if you face a less-than-desirable cash flow, you can still set goals that help improve your financial well-being.

For example, in the sections [Make a Spending Plan](#) and [Track Your Spending Leaks](#) we listed ways you can reduce your expenses. Starting with those, let's set some S.M.A.R.T. goals.

S.M.A.R.T. goals are:

Specific: "I'll go to the coffee shop only twice each week" is more specific than "I won't go to the coffee shop as much as I used to."

Measurable: "I will call and speak to an advocate at my local Parent Center to get at least one list of organizations that might be able to help pay for assistive technology" is measurable; "I want to find out how other parents pay for assistive technology" is not.

Achievable: "I will save \$5 a week" is more achievable than "I am going to save \$50 a week" if you don't have the money.

Realistic: "I will shop around for a low-rate, low-fee credit card by the end of the month" is realistic only if you set aside the time to do actually do that.

Time bound: "I will start contacting funding sources for assistive technology by the end of next week" is a more specific time frame than "I will start looking for funding sources after the holidays."

When you first learn of your child's disability it may be difficult to think beyond your family's immediate needs. At some point, though, you'll need to think about, plan, and set goals for the future:

- Your future: estate planning and retirement.
- Your child's future: education, employment, independent living, and transportation to and from places.
- Your family's travel and entertainment.

My S.M.A.R.T Goals

Setting S.M.A.R.T. goals helps you stay focused on achieving them. Putting your goals in writing makes them seem more real. Use this form to write your goals. Read your goals out loud, and often. That will help make them seem even more real.

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Setting S.M.A.R.T. goals helps you stay focused on achieving them. Putting your goals in writing makes them seem more real. Use this form to write your goals. Read your goals out loud, and often. That will help make them seem even more real.

| Time Frame | Achievement Date | Amount Needed to Achieve Goal (if applicable) | Monthly Savings Needed to Achieve Goal (if applicable) |
|--|------------------|---|--|
| <i>Short Term (goals you want to achieve in 1 to 3 months)</i> | | | |
| <i>Medium Term (goals you want to achieve in 3 to 12 months)</i> | | | |
| <i>Long Term (goals you want to achieve in one year or more)</i> | | | |

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Credit—What You Need to Know

Credit plays an important role in our lives. Without it, life gets complicated. You might even miss money-saving opportunities. For example, few can afford to buy a home or car with cash; most take out a loan to do that. Some employers run credit checks on potential employees as a way to screen them, especially if they are handling cash or working with sensitive customer information.

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What Is Credit and Why Do I Need It?

Credit is buying today and paying later, by a specified date. Lending institutions and credit card companies will consider you credit worthy if you can demonstrate a history of routinely paying back borrowed money on the date it is due; less so, if you occasionally pay back borrowed money on the date it is due. The cost to use credit is in the form of an interest rate charged against the amount of borrowed money you owe the creditor.

How you use credit reflects how you manage your money. You will qualify for the best rates on loans and credit cards when you are considered credit worthy, or considered most likely to pay back borrowed money on time, every month. The opposite is true if you are considered less credit worthy, or less likely to pay back borrowed money on time, every month.

Why Do I Need Credit?

People usually use their good credit to:

- Buy large, expensive items, such as a car or appliance.
- Finance an education.
- Buy a house.
- Purchase items online.

Having credit is important for several other reasons. Employers, landlords, utilities, and insurance companies may want to look at your credit as well. Here is why:

Employers sometimes view job applicants' credit reports as a screening tool to:

- Confirm a person's identity.
- Determine a person's future job performance; employers may consider a person responsible with money likely to also be responsible while on the job.
- Determine if a person's debt payments would require too much take-home pay and cause financial hardship.
- Take precaution when jobs require employees to use cash or confidential information.

Landlords and utility companies need to know if you will pay your bills on time. Your credit report shows whether or not you routinely pay your bills on time.

Insurance companies may view your credit to help predict if you will file a claim. Sounds odd? Car insurance companies find that people who manage their money well

Why Having a Credit Card is Considered Having a Loan

Your credit limit is the maximum amount a credit card company will let you spend. For example, if your credit limit is \$5,000, you may not let your credit card balance exceed \$5,000 without be charged "over the limit" fees.

With revolving credit, such as the kind offered by credit card companies, every month you automatically get a "loan" for the amount of your credit limit, whether or not you need it or use it. Every time you use your credit card, you borrow money because you "buy now and pay later." In other words, when you make a purchase with your credit card, your credit card company pays for it. In essence, your credit card company loans you money for a purchase until you pay back the money you borrowed, which you do when you pay your bill.

Who Can View My Credit Report Without My Permission?

Any company to which you've applied for credit has the right to review your credit without your permission. For example, if you've applied for credit at a credit card company, bank, or credit union, they can legally look at your credit to determine whether you are credit worthy before granting you credit. Also, anyone, except employers, with a legitimate business need—a need based ethical business practices and not a scam—can look at your credit report without your permission. Both current and potential employers need your written permission before they can look at your credit report. Other entities that may look at your credit report without your permission:

- Landlords.

tend to get in fewer accidents and take better care of their health and home. Insurance companies view your credit information to decide if they will insure you and if you will be able to pay your monthly premium.

- Insurance companies.
- Credit card companies with which you have an existing account.
- Government agencies.
- Agencies considering an application for a government license.
- Child support enforcement agencies. See Privacy Rights Clearinghouse. "Fact Sheet 6: How Private Is My Credit Report?" September, 2010. Retrieved from <http://www.privacyrights.org/fs/fs6-crdt.htm> on November 10, 2010.

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Get and Read Your Credit Report Every Year

Your credit report is a snapshot on how you manage your money—how timely you pay your bills and the amount of your debt, if any.

What Kind of Information Is on my Credit Report?

Three national credit-reporting agencies collect your financial information from financial institutions and utility companies to create your credit report. It contains four types of information:

- **Identifying Information:** your name, address, date of birth, and social security number.
- **Credit Information:** all the financial institutions that have approved you for credit, and for how much; and whether you have paid back borrowed money on time, every month.
- **Public Record Information:** charge-offs, foreclosures, and bankruptcies.
- **Inquiries:** a list of financial institutions that have requested your credit report to determine whether or not to approve you for credit.

Like regularly checking the oil in your car as part of maintaining it, you need to regularly check your credit as a way to maintain it. Reading your credit report should become an annual “to-do.” Here are three good reasons to do that:

- Look for errors, such as late payments or a collection notice, that could negatively affect your credit.
- Look for credit activity you didn’t authorize, which could be a sign of **identity theft**.
- Stay informed on the type of information that creditors can view about you.

How to Correct Credit Report Errors

If errors appear on your credit report, you have the right to have them corrected at no charge to you. The credit report itself will provide information on how to correct errors. Instructions on how to do that may be listed under “How to file a dispute” located at the end of your credit report. You will have to provide evidence, such as a copy of a canceled check as proof of payment, that supports your request to fix an error.

If a credit-reporting agency refuses to correct information you believe is in error, initiate another “dispute.” If the credit card company still does not correct the error, you have the right to

How to Order Your Credit Report

Untrustworthy individuals would love to get a hold of your personal information. To avoid the risk of fraud committed against you, do not order your credit report from any sources other than the ones listed below.

The three credit reporting agencies:

Equifax
1-800-685-1111
www.equifax.com

Experian
1-888-397-3742
www.experian.com

Trans Union Corporation
1-800-916-8800
www.transunion.com

AnnualCreditReport.com

This is the official site that collectively represents the three credit reporting agencies listed above. You are entitled to a free credit report once every 12 months. Order your free report from AnnualCreditReport.com.

Call 1-877-322-8228

Visit:

www.AnnualCreditReport.com

Write: Annual Credit Report Request Service
P.O. Box 105281
Atlanta, GA 30348-5281

Information to have ready when you order your credit report:

- Social Security number.
- Date of birth.
- Current and previous addresses for the past three years.
- Maiden name, if applicable.

insert a written explanation of the error into your credit report. You may want to contact your state's attorney general's office or the [National Foundation for Credit Counseling \(NFCC\)](#) for assistance. If you believe your identity has been compromised, in that you notice credit activity on your credit report that you know you didn't authorize, see [the section on reporting identity theft](#).

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What Does My Credit Score Mean?

Your credit score is a three-digit number that sums up all the information on your credit report into one tidy number. It follows you around for your entire life, its value moving up and down depending on what's happening in your financial life.

This three-digit score goes by two different names, FICO or VantageScore. The FICO score is named after the company who invented this three-digit scoring system in the mid-1980s, Fair Isaac, Inc. Many lenders use the FICO scoring system.

More recently, the three major credit reporting agencies created their own scoring system, called the VantageScore, designed to produce a more consistent score across all three credit reporting agencies. (Each credit reporting agency collects different financial information on you, and therefore, reports a different credit score.)

So what does a score mean? What's a good credit score? Or a bad one?

VantageScore

With a **VantageScore**, you can determine what kind of rate and terms you'd qualify for. The VantageScore range is 501–990, along with an assigned letter grade.

- A: 901–990 (Super Prime; lenders offer their *best* rates and terms)
- B: 801–900 (Prime Plus; lenders offer *good* rates and terms)
- C: 701–800 (Prime; lenders offer *reasonable* rates and terms)
- D: 601–700 (Non-Prime; lenders offer *less favorable* rates and terms)
- F: 501–600 (High Risk; lenders usually *do not* offer credit)

FICO Score

With a **FICO Score**, what kind of rates and terms you'd qualify for is not really defined. The FICO score range is 300–850. While there is no clear indication of what a good or bad score is, you can generally consider a score of 640–680 the dividing point between good and bad scores—the point at which above you'd get better rates and terms; the point at which below you'd get worse rates and terms.

The VantageScore Compared to the FICO Score

So what are the similarities and differences between the two scores? Because the VantageScore and FICO Score use different scoring systems, a VantageScore of say, 650 (considered “non-prime”) does not equal a FICO Score of 650 (where some lenders might consider that a “prime” score).

If you want to assess whether or not you'd qualify for a loan before you actually apply for it, you'll want to assess your credit by the same credit score your lender will use. Just ask your lender if it uses VantageScore or FICO.

Similarities

Both VantageScore and FICO appear to place high importance on:

- *Payment history*: whether or not bills are paid on time.
- *New credit inquiries*: how often you request new credit for, say, a credit card, a mortgage loan, or an auto loan.

Differences

Vantage Score appears to emphasize:

- *Credit utilization*: how much of your available credit you use.

FICO appears to emphasize:

- *Length of credit history*: the number of years you've been using credit.
- *Types of credit you use*: credit card, mortgage loan, auto loan, for example.

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How Do I Improve My Credit Score?

The single most important thing you can do to improve your score is pay your bills on time, every month. Getting and keeping your paperwork organized can help you improve your credit score. By keeping your monthly bills in a “To Pay” folder with due dates highlighted and marked on your calendar, you become less likely to miss a payment, or even lose track of a bill because it’s hiding in a stack of unorganized papers.

Here is how FICO and VantageScore view your financial behavior and assign percentages to each behavior to determine your credit score. The higher the percentage, the more important that behavior becomes in determining your credit score.

As you can see, both FICO and VantageScore place a high importance on your payment history—whether or not you pay your bills on time, every month.

| Credit Behavior | | VantageScore | FICO Score |
|---|--|----------------|----------------|
| Payment History: How pay your bills | On time: improves your score Late: damages your score | 32% | 32% |
| Available Credit: How much credit you are approved for | The more available credit you have, the better (but the more you use, not so). | 7% | not applicable |
| Credit Utilization: How much of your approved credit you use | Do you use all of the credit you’re approved for (your available credit)? Even if you pay off your credit cards each month, try not to use more than 30% of the total amount of credit you’re approved for. If you must carry a balance, limit it to that 30% of total approved credit. | 23% | not applicable |
| Credit Balances: How much money you owe (your debt) | How much money you owe (your debt) Low or zero credit card and loan balances: improves your score High balances: damages your score | 15% | 30% |
| Depth of Credit: How long you’ve been using credit | While the number of years you need to have used credit before they help improve your score rather than damage it is undefined, the longer you’ve used credit, the better. | 13% | 15% |
| Inquires: How often you request credit | None to once a year: improves your score Many times a year: damages your score Exceptions: requesting credit for insurance or mortgage or auto loans—lenders know you shop around for these types of products | 10% | 10% |
| Credit Type: What kind of credit you have— mortgage, auto, revolving (credit card), personal | A combination of loan types: helps your score (having only one type of credit, such as credit cards, doesn’t hurt your score, but having a variety of types helps your score). | not applicable | 10 % |

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I Want to Shop Around for a Credit Card. Where Do I Begin?

Your local banks and credit unions are a good place to begin shopping for a credit card. Using the form in *Fees Associated with Credit Cards*, you can begin comparing which card might be best for you. If you have a computer, your credit card shopping options increase. At www.BankRate.com, you can shop for a variety of credit cards. For example, you can shop for a card that features:

- Low-interest rates for credit card balances.
- No annual fee to use the card.
- Low fees for transferring credit balances from a high-rate card to a low-rate card.

Beware of “Teaser Rates”

There are many credit card companies out there and they all want your business. Offering an introductory or “teaser rate” for charges on unpaid balances is one way credit card companies try to attract your business.

While teaser rates might appear very attractive and well below rates other credit cards offer, teaser rates are good only for a certain period of time, such as six or nine months. After the introductory period ends, you will be charged the credit card company’s normal rate on unpaid balances.

In some cases that normal rate may be in line with what other companies charge. In other cases, it will be a lot higher. If you are interested in a credit card offering a teaser rate, be sure you know what rate you will be charged on unpaid balances after the introductory period ends.

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Some Words of Caution about Shopping for a Credit Card Online

1. Before you apply for a credit card online, make sure you are dealing with a legitimate company. The best way to do this is to shop at Web sites recommended by reputable organizations. For example, the Consumer Action Handbook, published by the U.S. General Services Administration, suggests shopping for a credit card at www.BankRate.com.
2. Practice safe computing, especially when you are sending personal information, such as your social security and bank account numbers, over the Internet. To get the basics on safe computing, visit:
 - www.OnGuardOnline.gov
 - www.Consumer-Action.org

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Transferring Credit Card Balances— What You Need to Know

If you want to transfer credit card balances to a lower-rate or lower-cost card, make sure you know:

- The fees charged to transfer the funds—usually three to four percent of the balance. That amount will be added to your existing balance.
- The transfer rules—when does the advertised rate, or “teaser rate,” end? What could trigger the teaser rate to end earlier than advertised, such as a late payment?
- Usually the teaser rate applies only to transfer balances, not on existing balances, or balances for new purchases. What rate will be charged for new purchases? Often the rate for new purchases is higher than the teaser rate.

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Fees Associated with Credit Cards

Using credit comes with a price, and in different forms. It literally pays to know what to look for when shopping around for a credit card. Here is a list of fees you need to know about so you can knowledgably assess which card is right for you.

If you are unable to determine exactly what type of fee might be charged from the credit card company's brochure or web site, call the credit card company and speak with a representative.

[Typical_Fees_Charged_by_Credit_Cards_pdf](#)

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Typical Fees Charged by Most Credit Card Companies

| | | <i>Compare Credit Cards</i> | | |
|--|--|-----------------------------|---------------|---------------|
| | | Credit Card 1 | Credit Card 2 | Credit Card 3 |
| Annual Fee | The amount you pay each year to use the credit card. | | | |
| Annual Percentage Rate (APR) | The interest rate you pay on unpaid balances. | | | |
| Balance Transfer APR | The interest rate you pay on balances transferred to your card. | | | |
| Balance Transfer Fee | The fee you pay to transfer a balance to your card. | | | |
| Cash Advance APR | The interest rate you pay on cash advances. | | | |
| Cash Advance Fee | The fee you pay at the time you get the cash advance. | | | |
| Credit Limit | This is not a fee or a charge, but the maximum amount of purchases you can charge to a card. | | | |
| Grace Period | The length of time from the date of purchase to the date you start accumulating interest. | | | |
| Late Fee | The fee you pay if you don't pay your bill by the due date. | | | |
| Over-The-Limit Fee | The fee you pay for purchase amounts that exceed your credit limit. | | | |
| Additional Fees that May be Charged for Cards Issued to High-Risk Users | | | | |
| Account Set-up Fee | | | | |
| Activation Fee | | | | |
| Additional Card Fee | | | | |
| Application Fee | | | | |
| Inactivity Fee | | | | |

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Provisions of the Credit CARD Act of 2009

The goal of this legislation that became fully in effect February 22, 2010, is for consumers to easily determine what fees lenders charge, when, and for what amount. Here is a summary of new restrictions imposed on credit card companies.

Interest Rates Companies cannot raise interest rates on existing balances for the first 12 months after you open an account unless:

- Your card is tied to a rate index, which moves up and down over the course of time.
- The period for an introductory (“teaser”) rate ends (see [Beware of Teaser Rates](#)).
- The account is at least 60 days overdue.

However, credit card companies can increase interest rates for new charges, but only after the first 12 months of opening your account

Fees

- *Over-the-Credit-Limit Fees.* Consumers must agree in advance (opt-in) to pay for purchases that exceed their credit limits. If that advance agreement is not made, credit card companies will deny purchases that exceed credit limits.
- *Caps on High-Fee Cards.* Some credit card companies charge an application fee, or annual fee to use the card. These fees cannot exceed 25 percent of your credit limit. For example, if a card has a \$500 credit limit, application or annual fees charged for the first year can’t exceed \$125. This provision does not apply to penalty fees, such as a late payment fee.

Payments

- Companies may not charge consumers a fee to pay by phone, electronic funds transfer, or mail unless the consumer requests to expedite the payment.
- For balances charged one APR for purchases and another APR for cash advances (usually a much higher APR), the portion of a credit card payment that exceeds the minimum balance must be applied to the balance with the higher APR.
- Consumers must receive statements at least 21 days before the grace period ends—the period where purchases are not subject to interest charges.

Due Dates Due dates must be the same every month.

Student Cards Consumers under the age of 21 are eligible for a credit card only if they can demonstrate independent sources of income or if a parent, guardian, or spouse co-signs the credit card contract.

Gift Cards Issuers of prepaid cards, gift cards, and gift certificates cannot charge service or inactivity fees unless 12 months have passed. Cards cannot expire within five years of the card’s activation date.

Source: Board of Governors of the Federal Reserve System. “What You Need to Know: New Credit Card Rules Effective Feb. 22.” www.FederalReserve.gov

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Manage Your Debt

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Doctor visits, home modifications, medications, therapies—the costs of them add up and stress your finances. In addition, you may have less money if one parent had to cut back on hours or give up a job to care for your child. Perhaps your good credit is keeping you going while you figure out how to manage all of your expenses.

At times it might seem that the only thing you can do is delay paying bills. Don't. Pay *something*. If you are having trouble paying your bills, pick up the phone and call the company or person to whom you owe money—the credit card company, the utility company, the doctor's office, your landlord—and propose a realistic payment plan. Then keep your promise. If at any time you fear that you can't, call your creditor immediately and be prepared to offer a solution (see below).

Once you've made a payment, call the lender to make sure your payment was received and credited to your account. If it hasn't, wait a couple of days and call again. If you think your check got lost in the mail, you will have to call your bank to stop payment on it and send your lender a new check. Most banks charge a "stop payment" fee.

If you made your payment online, you'll get immediate confirmation of your payment. Make a note of the confirmation number in case you need to reference it.

What Do I Do if I Miss—or Am About to Miss—A Payment?

If you've missed a payment or are coming close to missing one, contact your creditor and work out a payment plan. Doing so can help avoid collection calls and minimize damage to your credit score that could result from paying late (or not at all).

Before you make your call, decide what you will propose—how much you can pay and by what date. Be realistic about exactly what you are able to do.

- Can you pay the amount in full, but after the due date?
- Can you pay a reduced amount? By when?
- Can you pay nothing for the foreseeable future?

Questions to Ask Your Creditor if You've Missed Your Payment

Before you make your call try to determine if:

- You've been charged a late fee
- Your interest rate got higher
- Your payment terms (fees, due date) have changed.

If You Miss a Payment for a Medicaid Waiver Service

Because these services are managed locally, every Medicaid location will handle late Medicaid waiver payments differently. Call your local Medicaid office to find out how it handles late payments and to work out a payment arrangement.

As an example, if you continue to miss payments, a Medicaid office may disenroll your child from the program.

Again, call your local Medicaid office to find out how it handles late waiver payments.

Begin your phone conversation acknowledging that you missed a payment, then propose your payment plan. Be sure to ask these questions before you end the conversation:

- Can you waive the late fee?
- Can you make one payment that will cover two months—the month you are late on and the current month?
- Can you restore the interest rate to the previous level (if it has gone up)?
- What else will I be charged for on account of the late payment? Can you remove the charge?

Your creditor's willingness to accommodate your requests will be greater if you have a history of routinely paying your bills on time, every month. However, even if you've made late payments or have missed payments, it still is worth trying to negotiate different terms (interest rates, amount due, due date, fees).

Get New Terms from Your Creditor in Writing

If the lender agrees to new terms, request the changes in writing. You'll want to check your next statement to make sure your lender has honored the new agreement.

Avoid these common mistakes that can delay your payment:

- Mail the payment to the wrong address.
- Make an online payment to the wrong account.
- Write the wrong account number on your check.
- Write a check that is returned (bounced) because there's not enough money in your checking account to cover it.

To rebuild your payment history with each creditor you contact, honor each renegotiated term (due date, payment amount) and make future payments on time.

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I'm Completely Overwhelmed with Debt. I Need Help.

If you feel completely over your head with bills you cannot possibly pay, call the National Foundation for Credit Counseling (NFCC) to get help. NFCC is a national non-profit whose mission is to instill positive financial behavior in consumers and help them get their debt under control.

Making money off of your difficult situation is not on NFCC's agenda, as it is with many other so-called credit-repair and debt-relief businesses making attractive promises to relieve you of your debt. NFCC helps you protect your credit and guides you toward debt solutions that improve your credit. Credit-repair and debt-relief companies don't.

Be careful who you work with. Many shady businesses promising to relieve you of your debt operate under the guise of a non-profit. Be assured they have found a way to legally make a profit off of your difficult situation.

Contact the National Foundation for Credit Counseling (NFCC)

NFCC has many offices around the country staffed with credit counselors prepared to help you manage your debt.

National Foundation for Credit Counseling (NFCC)

Call 1-800-388-2227

Visit www.nfcc.org

Write

National Foundation for Credit Counseling
801 Roeder Road, Suite 900
Silver Spring, MD 20910

If you fear you cannot pay all of your bills and you don't know which to pay first, the NFCC can also help you determine that.

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What Are Some Things I Can Do On My Own to Reduce Debt?

Getting the big picture of how much you owe, and to whom, will help you gain a sense of order and focus on what you need to do to reduce your debt. In addition to paying your bills on time every month, and, if necessary, negotiating new terms with your creditors, there are several other things you can do. Get started by creating a debt reduction plan.

Create a Debt Reduction Plan

What you want to try to do is accomplish little victories as you work to reduce your debt. You can do this two ways:

- Pay off the debt with the highest balance(s) first.
- Pay off the debt with the highest APR(s) first.

To help you make that decision, let's first get the big picture of your debt. List all of your debt on the Debt Reduction Plan form that you can download below. Make note of low balance amounts, or balances with high APRs. Decide which balance makes the most sense to pay off first. Then, begin paying as much as you can to pay off that balance. Again, look for victories. Select a debt you think you can pay off in a short amount of time, then move on to pay off another one.

[Debt_Reduction_Plan_pdf](#)

[Debt_Reduction_Plan_Excel File](#)

Tips for Making the Most of Your Debt Reduction Plan

- Have you tracked your spending for seven days? What items can you do without? Small expenses add up over time. Refer to [Track Your Spending Leaks](#) for more guidance.
- Review the [list of expenses on your spending plan](#). Which ones can you do without? What lower-cost alternatives might be available?
- Using your credit card is a quick fix when cash is tight, but it is an expensive one. Try to avoid using your credit card except for emergencies—events that affects life's basic needs. For example, a basic need is reliable income so you can provide for your family. Let's say your car breaks down, and it is the only way you can get to work—you'd risk losing your job without your car. This car break down is considered an emergency, and would justify the use of your credit card to get it fixed as soon as possible.
- Work out realistic payment plans with the companies or persons to whom you owe money (hospitals, doctor's office, the landlord, etc.).
- Consider applying for and using a low-rate, low-cost credit card.
- Stay on top of due dates for all of your bills and any collection notices. Pay something on each bill. Again, stay in touch with your creditors and try to work out a realistic payment plan instead of skipping a payment.

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About Bankruptcy, Foreclosure, and Repossession

If you are suffering a severe financial set-back, you may feel compelled to take drastic measures as a way to relieve yourself of mounting financial stress. Each measure discussed in this section—bankruptcy, foreclosure, and repossession—might be avoided if you reach out for some help and make a plan. In some cases, especially in a poor economy, they can't be avoided.

Bankruptcy

Health-related bankruptcy is on the rise for all Americans and more so for families of children with special needs. Not only do the bills stack up, but the time it takes to tend to them easily slips away while caring for your child. When you do finally open the mail and add things up, you might find you're in financial trouble.

What Should I Do if I Think I Am In Serious Financial Trouble?

First, you might find some relief through the 2010 Health Care Reform (Patient Protection and Affordable Care Act). Details of the Act are discussed in more detail [here](#), but you might find three of its provisions helpful in this situation:

- Health care benefit providers are prohibited from excluding coverage to children based on pre-existing conditions.
- A standardized annual out-of-pocket spending limit will be established so no family would face bankruptcy due to medical expenses.
- Annual and lifetime caps (a maximum amount paid on claims) cannot be enforced by private health insurance companies.

Second, avoid turning medical debt into credit card debt, which is one of the most expensive debts of all (high interest, recurring fees on unpaid balances). As a rule of thumb, do not use your credit cards to pay your medical bills.

Third, review the section "[Create a Debt Reduction Plan.](#)" You might get ideas on how to improve your finances.

Fourth, contact the National Foundation for Credit Counseling and explain your situation. Someone may be able to offer a debt solution that works for you.

National Foundation for Credit Counseling (NFCC)

Call 1-800-388-2227

Visit www.nfcc.org

Write

National Foundation for Credit Counseling
801 Roeder Road, Suite 900

Where to Look for a Bankruptcy Lawyer

The American Bar Association (ABA) is a national organization of professional lawyers who specialize in many areas of the law, including bankruptcy. The ABA's Web site provides many resources to the general public about a variety of legal topics, and a way to search for a lawyer in your area.

To contact the ABA:

Call 1-800-285-2221

Visit www.abanet.org; to search for a lawyer in your area, click "Public Resources" then "Find Legal Help"

Write

American Bar Association
321 North Clark Street
Chicago, IL 60654-7598

You can also look for a bankruptcy lawyer at the National Association of Consumer Bankruptcy Attorneys (NACBA), the only national organization of professional bankruptcy lawyers. Contact the NACBA to find a bankruptcy lawyer in your area:

Visit www.nacba.org; you can search for a lawyer in your area on the site's home page.

Call 202-332-8005

Write National Association of Consumer Bankruptcy Attorneys

2300 M Street, Suite 800
Washington, DC 20037

Note! Be sure to ask if you can speak with a bankruptcy lawyer also knowledgeable in disability-related issues. While that knowledge is not necessary for a lawyer to give you legitimate

Silver Spring, MD 20910

If none of those provide a workable solution, contact a bankruptcy lawyer for additional advice.

Filing for Bankruptcy

Filing for bankruptcy should always be an absolute last resort—it is a very serious credit decision. Bankruptcy is the most damaging thing you can do to your credit. It can stay on your credit report for seven to 10 years. During that time, you might be able to get a loan or credit card, but you will pay high rates of interest and high fees.

There are two types of bankruptcy. For each one, you must pay a fee to file for bankruptcy and any fees charged by your lawyer. Before considering whether or not to file, ask yourself the question, “What do I need to do differently so I don’t get in the same financial trouble again?”

Chapter 13

This type of bankruptcy is generally a debt repayment plan that you negotiate with your creditors. You may be able to negotiate to have some of your debt reduced. The payment plan stays in effect over a period of three to five years. Chapter 13 bankruptcy stays on your credit report for seven years from the date you make your final payment of the negotiated plan.

When to Consider Filing Chapter 13 Bankruptcy. When you think you can pay off your debt—possibly at a reduced amount—in three to five years.

Chapter 7

All of your debts will be erased, and you start your credit life over. This type of bankruptcy stays on your credit report for 10 years from the date of filing.

When to Consider Filing Chapter 7 Bankruptcy. When you think you *can’t pay off* your debt in three to five years, even if the amount of your debt could be reduced.

bankruptcy advice and service, a lawyer experienced with disability-related matters might be able to serve you better.

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Foreclosure

A *mortgage default or delinquency* occurs when a mortgage payment is 30 days past due. While each lender handles this situation differently, a *foreclosure* can occur when a mortgage payment is approximately 90 days past due. At that time, the bank that approved the mortgage loan can issue a Notice of Sale. This means your lender can legally sell your home through a public auction. On the date of the auction, you will be required to move out of your home.

Information related to a foreclosure can stay on your credit report for seven years.

What Should I Do if I Can't Pay My Mortgage?

If you are in financial distress and think you might be unable to pay your mortgage, or have missed mortgage payments, take action immediately. As tempting as it might be, **Do Not Wait**. The four most important things to do are:

- 1. Call your lender immediately** and explain your situation. Because foreclosures are expensive for banks, they may be inclined to look for alternatives to foreclosure. Be prepared to propose a payment plan. Ultimately, you'll want to work one out that is acceptable to both you and your lender. Here, too, ask what fees or charges might be waived.
- 2. Find a HUD-approved housing counselor** in your area for support and recommendations on how to keep your house. Housing and Urban Development (HUD) **Call 800-569-4287** to find a HUD-approved housing counselor near you.
3. Ask your HUD-approved housing counselor about the [Home Affordable Modification Program](#), which is part of the 2009 Financial Stability Plan. The program provides eligible home owners opportunities to modify their mortgages to make them more affordable. For more information about this program, visit www.MakingHomeAffordable.gov.
- 4. Stay in touch with your lender** as you implement your payment plan and get back on track with your finances.
- 5. Avoid foreclosure prevention companies.** Like credit-repair and debt-relief companies, their aim is to profit off of your difficult situation, not help you keep your home and protect your credit.

Repossession

If you miss payments on your car loan, your lender can legally

A "Hardship Withdrawal" from Your Employer Retirement Plan May Help You Avoid Foreclosure

Some employers allow employees to make early withdrawals from their retirement plans to make payments on their primary residence (not a rental or investment property) as a way to prevent a foreclosure. This is called a hardship withdrawal.

[Learn more about hardship withdrawals.](#)



take the car from you, or “repossess” it, for the lender really owns (possesses) your car until you pay off the loan in full. If you’ve missed a car loan payment, or think you are about to miss one, take the same type of actions described for missing credit card or mortgage payments: call your lender immediately, explain your situation, propose a payment plan, and ask what fees or charges might be waived.

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Protect Your Identity

Identity theft occurs when someone uses your name, Social Security number, credit card number, or other personal information without your permission. It is a crime and creates financial chaos in people's lives. People whose identities have been stolen can spend months or years and a lot of money cleaning up the mess thieves leave behind.

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What Do Identity Thieves Do?

Stealing your personal information is every identity thief's objective, and for the goal of financial gain at your loss. Thieves steal personal information from wallets, purses, and computers, or through the Internet in a variety of ways (but ways that can be stopped with safe computing).

Here are some of the things thieves do:

- Steal your personal information from your mail box or purse or wallet, or while you're working on the internet.
- Change your billing address. They can do this two ways: using a "change of address" form obtained from the post office or enclosed in your credit card bill (that they stole from your mailbox). Then, they charge items to your account. Even though you stop receiving your credit card bill, it might take you a while to notice that. By the time you do, your account could be maxed out.
- Open new credit card accounts in your name using your Social Security number. The accounts rack up charges you don't know about, go unpaid, and show up as late payments on your credit report.
- Open a bank account in your name and bounce checks.
- Forge your signature on blank checks or authorize ATM transfers in your name, draining your bank account.
- File for bankruptcy under your name to avoid paying debts they incurred under your name.
- Buy a car by taking out an auto loan in your name.
- Get identification, such as a driver's license, issued in your name but with their picture.
- Give your name to the police during an arrest. When you don't show up for the court date, an arrest warrant is issued in your name.

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Fighting Back Against Identity Theft

The U.S. Federal Trade Commission (FTC) has a Web page devoted to many identity theft topics, such as:

- How to detect it.
- What to do if your ATM, debit card, or credit card is stolen.
- What to do if your identity is stolen.

For more information, on FTC resources for identity theft:

Call 1-877-438-4338 (Voice) or 1-866-653-4261 (TTY)

Visit www.ftc.gov and click "Consumer Protection," then "Consumer Information"

Write Federal Trade Commission
600 Pennsylvania Avenue, NW
Washington, DC 20580

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Types of Personal Information Identity Thieves Steal

You have many types of personal information that thieves use to steal your identity. What are they? Take a look through your wallet or mailbox, for starters. Or, if you use a computer, consider the type of information you use while shopping online.

Each family member should understand why it is important to protect this information. If you think your child with special needs will be unable or find it difficult to understand that, you'll need to protect this information for him or her as well.

Your Personal Information

- Full name
- Address
- Social Security number
- Date of birth
- Mother's maiden name
- Personal Identification Numbers (PINs) used for ATM, debit, and credit cards
- Passwords or pass-phrases that access online accounts
- Bank and credit card account numbers
- Your Personal Items
- Social Security Number card
- Checkbook
- ATM Card
- Birth certificate
- Passport
- Credit report
- Financial statements: bank, credit card, investment, life insurance, loan
- Information about your child's benefits: Medicaid, SSI
- Estate planning documents: will, special needs trust, powers of attorney, letter of intent

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How Thieves Steal Personal Information

Your purse, wallet, mailbox, briefcase, and home are places thieves can steal your personal information. Your computer is also a big target. Not only is the computer itself valuable, but the personal information you've saved on it is valuable as well. The Internet is another place thieves go to steal personal information. It's called hacking—accessing personal information transferred over the internet that is not secured by software and firewalls.

For more information on how to practice safe computing, visit www.OnGuardOnline.gov.

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How Do I Avoid Identity Theft?

Don't ever give out your personal information unless you call a company or person you trust and need to provide it. For example, you might call a lender or your insurance agent to get some information about your account. In that situation you would need to provide some personal information so the representative you're speaking with can access your account.

Reduce credit card offers by calling the [three major credit reporting agencies toll-free numbers](#) and requesting to opt-out of pre-approved credit offers. Ever wonder how you get on those lists? The credit reporting agencies share your contact information with insurance and credit card companies. You can also call:

OPT OUT

1 888-567-8688 (1-888-5OPTOUT); request to be removed from mailing lists for credit card and insurance offers.

Stop telemarketers from calling you by adding your phone number to the federal government's Do Not Call Registry. You can do that by phone or online. Your phone number stays in the registry for five years. After that time, you can renew your registration. Once you add your phone number to the registry, telemarketers cannot call you (unless you have done business with them in the past).

Do Not Call Registry

Call 1-888-382-1222

Visit www.DoNotCall.gov

If after you register your phone number, telemarketers continue to call you, you can file a complaint by calling the toll-free number listed above.

Reduce junk mail by contacting the Direct Marketing Association. Request to be removed from telemarketing and mailing lists.

Direct Marketing Association (DMA)

Call 1-202-955-5030

Visit www.the-dma.org

Write

Consumer Affairs
1111 19th St., NW, Ste. 1100
Washington, DC 20036
consumer@the-dma.org

Practice safe computing. Install firewalls, anti-spyware, and anti-virus software on your computer. If you purchase items over the internet, be sure you know whether you are on a "secure" site. To find out how to go about all this, visit www.onguardonline.gov.

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What Should I Do if I Think My Identity Has Been Stolen?

If you become a victim of identity theft, or even suspect that you might be a victim, take immediate action.

1. Contact one of the credit reporting agencies' fraud alert departments and place a fraud alert on your credit report. This prevents identity thieves from opening accounts in your name. Many credit card companies offer no-cost fraud protection where you would not be held financially responsible for charges made to your account by thieves who steal your personal information. In order to receive the most protection possible, though, it is important you call one of the credit reporting agencies as soon as you possibly can, even if you aren't 100 percent sure your identity has been stolen, but may only think it has.

Tell the agency you think your identity has been stolen. The agency will ask you to verify your identity with your Social Security number, name, address, and possibly other personal information.

One call does it all. The credit reporting agency you contacted must contact the other two. Each agency will place a fraud alert on their version of your credit report. For the next 90 days, your creditors and other businesses that want to offer you credits will see the alert on your credit report. If anyone asks for credit in your name, the appropriate lender will contact you to verify your identity and find out if you asked for credit.

Equifax Fraud Department

Call 1-800-525-6285

Visit www.equifax.com

Experian Fraud Department

Call 1-888-397-3742

Visit www.experian.com

TransUnion Fraud Department

Call 1-800-680-7289

Visit <http://www.transunion.com>

2. Contact your lenders, banks, and insurance companies and let them know the situation. Ask to close accounts. Open new ones with new personal identification numbers (PINs) and passwords.

3. Victims of identity theft are entitled to a free credit report. Wait about a month before you request it. Some activity may take a while to show up on your report. When you get it look for:

- Personal information that has changed: your name, date of birth, Social Security number, address, and employer
- Inquiries from companies you didn't contact

Learn More About
Identity Theft through
the Federal Trade
Commission (FTC)

Call 1-877-382-4357 (877-FTC-HELP)

Visit www.consumer.gov/idtheft

- Accounts you didn't open
- Debts on your accounts you can't explain

4. **File a police report—it is proof of the crime.** If the credit reporting agencies need to investigate fraudulent activity on your report, they will need this police report.

5. **Periodically check your credit reports** over the next year to make sure no new fraudulent activity has occurred.

6. **Work with the credit reporting agencies** to remove fraudulent activities from your credit report.

7. **Work with your credit card companies** to reverse fraudulent charges to your credit card.

Next Chapter: Preparing Your Income Tax

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Possibilities: A Financial Resource Guide for Parents of Children with Disabilities

This publication is intended to provide general financial information; it is not intended to substitute for, or supersede, professional or legal advice. The specific needs of every disability or life circumstance have not been covered in this publication. The best course of action must be based on individual circumstances. Note: The content areas in this material are believed to be current as of this publication's writing, but, over time, legislative and regulatory changes, as well as new developments, may date this material.

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