



Pre-Bankruptcy Counseling: Just One of Several Services Offered by FFEF

Family Financial Education Foundation

Mission Statement

The mission of Family Financial Education Foundation (FFE) is to strengthen and support individuals, families, and communities by teaching them how to apply sound money management skills by providing free customized financial education, counseling, debt management programs and other related services.

We hope you might agree that FFEF's mission is quite commendable, and we wanted to share with you just how we accomplish our mission. As you know, each consumer has a background and financial philosophy that is unique only to him and his family and though circumstances may be

similar, they are never identical. For this reason, FFEF offers several services that can be customized to meet your particular situation. These services are listed in order of the gravity of the client's financial situation.

1) Financial Education

FFE provides many resources for consumers who want to learn to manage their finances. In 2010, approximately 420,000 4-page newsletters containing timely financial information were sent at no charge to consumers and we expect this number to grow to 480,000 in 2011. These monthly newsletters are also placed on the accesseducation.org website as well as the ffe.org website. We have also written 13 books that will be placed on the web sites this year and have made many other financial articles available to the reader as well. You will

learn how to create and implement your budget, cut expenses, plan for retirement and unexpected emergencies, and teach your children about money. You can also learn about the steps to take before making a major purchase, your consumer rights, how to recognize scams and identity theft, keep financial records and be personally prepared. In addition to these financial materials, one-on-one education, coaching, and counseling services are provided by our certified credit counselors on staff.

2) Pay Accel Services

Imagine becoming debt free on your present income without increasing your debt payments. You can even pay off your mortgage in 1/3 of the time and build up a sizeable nest egg for your family's future. This program is designed for clients with a credit score of 675 and above and who are financially able to meet all of their monthly obligations and can include unsecured and secured debt. FFEF makes monthly payments to the client's creditors by printing checks from the client's own bank account. Accounts remain open during this program. Call FFEF to inquire about this service.

3) Debt Management Program

If you have difficulty sticking to a budget, have been unable to work out a satisfactory payment plan with your creditors, find that your bills are increasing instead of decreasing, and you're worried about losing your home or your car, Family Financial Education Foundation (FFE)

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Things You Should Know about Bankruptcy

If you have already established your debt management program and are making monthly payments according to the schedule you established with your FFEF debt management counselor, give yourself a pat on the back. You are on the road to recovery. Your choice to make the sacrifice necessary to repay your debts is a much better choice than a bankruptcy alternative.

If you are struggling to make that monthly payment, keep up the fight. Your FFEF counselor understands how difficult it can be and is there to offer encouragement and help every step of the way. There are three things you should be sure you do every month:

1. Make your full scheduled payment and make it on time.
2. Check your monthly statements from your creditors to make sure they are showing your payment was received.
3. Contact your FFEF counselor right away if you are unable to make your scheduled payment.

FFEF Certified by Department of Justice across the Country

Implementation of the most recent Bankruptcy Abuse Prevention and Consumer Protection Act (2005) requires nonprofit budget and credit counseling organizations to receive certification through the U.S. Trustee Program under the U.S. Department of Justice before providing bankruptcy counseling. Also, consumers now cannot qualify for bankruptcy unless, within 180 days of filing, they receive credit counseling from a certified, nonprofit credit counseling agency.

If the going gets too tough and you feel tempted to consider bankruptcy, you need to be aware of some changes made to the bankruptcy laws. The Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 took effect on October 17, 2005. It is one of the most comprehensive overhauls of the Bankruptcy Code in more than 25 years, particularly as it applies to consumer bankruptcy.

Individuals can file for bankruptcy in a federal court under two forms of bankruptcy. These two forms are called Chapter 7 bankruptcy and Chapter 13 bankruptcy.

Chapter 7 Bankruptcy

Chapter 7 is a "liquidation" of an individual's assets. Other terms referred to in this type of bankruptcy include "written off" and "discharged." This form of bankruptcy is sometimes referred to as "straight bankruptcy." Some debts, however (such as real estate mortgages), are not written off or discharged and must be repaid. Individuals are allowed to keep certain assets and the guidelines for this vary

from state-to-state. Cars are often allowed to be kept, usually because they are critical to a person's ability to continue to work, but if a loan exists on the car, it must be repaid. Other assets are sold (liquidated) to repay debts. Many types of unsecured debt, such as credit card debt, are legally discharged by the bankruptcy process, which means they do not

“The people coming out of bankruptcy need an opportunity to get back on their feet. If you take away the opportunity to get credit, it’s like taking away the want ads from a job seeker.”

— Laura Fisher

have to be repaid. There are, however, certain types of debt that are not discharged in a Chapter 7. These commonly include child support, taxes, student loans, and fines imposed by a court for any crimes

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What do the words “broken bench” and bankruptcy have in common? Actually, the word bankruptcy is taken from the Latin word “bancus” meaning a tradesman’s bench and “ruptus” meaning broken. Back in the days of ancient Rome, if a tradesman couldn’t pay his debt, his bench or counter where he worked would be destroyed thus putting him out of business.

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committed by the debtor. Debts that are not discharged must be repaid.

Chapter 13 Bankruptcy

In Chapter 13 bankruptcy, an individual proposes a plan to repay his or her debts over a three-to-five year period. During this time, the creditors cannot attempt to collect on the individual's previously incurred debt. In general, the individual gets to keep his or her property, and the creditors end up with less money than they are owed.

While an individual is under a Chapter 13 bankruptcy, he or she is not allowed to obtain additional credit without the permission of the bankruptcy court. More than likely, creditors will not be willing to risk lending money to the individual anyway.

The bankruptcy law requires individuals to complete steps you have already taken—seek the help of a credit counselor, establish whether or not there is enough income to support a payment program, and accept financial education to prevent future bankruptcy filings.

A bankruptcy should always be considered as the last resort for solving financial problems because the long-term results of a bankruptcy exceed any other solution. Your credit report will show a bankruptcy for ten years and make it very difficult to do many of the things you would like to do.

It is, however, a legal procedure that can be used when individuals find themselves under extreme circumstances they can no longer survive. If you do declare bankruptcy, once it is completed and debts discharged, we suggest that you get a couple of credit cards even though you will likely have to pay a security deposit. Don't rack up debt on them but use them and pay the full balance each month. This will show that you are taking the steps to become financially responsible. Ask your FFEF credit

counselor about the options that may still be available to you before taking this legal action.

What Else Should I Know about Bankruptcy?

Utility services—Public utilities, such as the electric company, cannot refuse or cut off service because you have filed for bankruptcy. However, the utility can require a deposit for future service and you do have to pay the bills you receive after bankruptcy is filed.

“Bankruptcy is a legal proceeding in which you put your money in your pants pocket and give your coat to your creditors.”

— Joe Adams

Discrimination—An employer or government agency cannot discriminate against you because you have filed for bankruptcy.

Driver's license—If you lost your license solely because you couldn't pay court-ordered damages caused

Our budget planning programs and credit counseling are available to everyone. Call today for more information.

www.ffef.org
www.accesseducation.org

(877) 789-4175

in an accident, bankruptcy will allow you to get your license back.

Cosigners—If someone has co-signed a loan with you and you file for bankruptcy, the co-signer may have to pay your debt. If you file a Chapter 13, you may be able to protect co-signers, depending upon the terms of your Chapter 13 plan.

Discharge—You will receive your Order of Discharge officially canceling your debts about four months after your meeting of creditors.

Spouse—Your spouse's assets are not included in your bankruptcy unless you file together. Likewise, your discharge will not cancel your spouse's debts. A married couple may file a joint petition but are not required to. ■

Schedule a Financial Health Checkup Today!

- Get an in-depth budget review
- Spending Plan creation
- Tri-bureau credit report review and scores
- Debt evaluation and debt elimination strategy
- Personalized recommendations
- Free financial materials and coaching

Let us help you find financial freedom, security and wealth. Make an appointment now.



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ARTICLES

TIPS & TRICKS

Pre-Bankruptcy Counseling: Just One of Several Services Offered by FFEF *(Continued from page 1)*

may have the help you need. Consumer credit counseling and a debt management program truly can help you regain the benefits of financial freedom by teaching you effective money management skills. Interest rates and minimum payments can be negotiated and accounts are closed. A debt management program can help you if:

- Your credit score is between 575 and 675
- You can no longer afford the minimum monthly payments required by your creditors
- Your monthly payments are at least 30 days late, or a sudden reduction in income will make it impossible for you to make your payments on time in the coming months
- Your credit report shows late payments

- A review of your income shows that, while you cannot afford full payments to your creditors, you do have enough income to use a debt management program
- You have a steady income
- You have not recently opened any new lines of credit or made charges on an account within the last three months

4) Call To Action Program (CTA)

If you have a credit score between 475 and 575, a budget surplus between \$50-\$150 and are no more than 60 days past due, and you have a viable reason to be on a hardship program, you may qualify for a Call-To-Action (CTA) program. Contact your FFEF credit counselor to discuss this option.

5) Debt Resolution Program (DRP)

If your credit score is between 450 and 475, you may qualify for the Debt

Resolution Program. The program uses a proven algorithm to provide the creditor a transparent “assessment” of the consumer’s repayment capacity. Clients must be able to pay 20 to 60% of their debt back within 36 months. This new consumer debt repayment program through Credit Counseling is designed to offer consumers a regulated alternative to consumer debt settlement and bankruptcy when they do not qualify for enrollment in Debt Management Plans.

Pre-Bankruptcy Counseling Service

FFEF realizes that sometimes there is no other choice but to file for Bankruptcy. There are times that life throws us negative circumstances that we just have to deal with the best way we know how. If your credit score is below 500, and you are considering filing, the law requires that you receive credit counseling from a nonprofit approved agency within the 180 days prior to filing. You will receive a budget analysis, a debt repayment plan, and the required certificate from FFEF certifying the services have been provided. ■

Budgeting Tips from FFEF Credit Counselors.

To keep our budget in check, my husband and I sit down together and make a menu for at least 10 to 12 days and then go through our pantry and freezer and take an inventory of what we have. We then make a shopping list based on what we have and the meals we have decided to make.

We have also discovered that we do not always have to go out to a restaurant to get a good meal because there are several websites you can go to on the internet to get recipes that are easy to make and not expensive. Here are some of the websites we have used, or you can go to your favorite restaurant’s website and find recipes there.

foodnetwork.com allrecipes.com delish.com

Leanne B. —Certified Credit Counselor

Business Hours!

Mon-Thurs: 7:00 a.m.-8:00 p.m.

Friday: 7:00 a.m.-7:00 p.m.

Saturday: 8:00 a.m.-1:00 p.m.

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If you know of someone who would benefit from this information, please pass this newsletter along.

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