

**INSIDE
THIS
ISSUE:**

Collections and Your Rights 1

Student Loan Debt Options 2

Turing Set Backs into Opportunity! 3

Teaching Kids to Save 3

Who Community Action is 4

Common Cents: The Money Class 4

How to Save while in College 4

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Struggling with Collectors? Know your Rights!

Most of us have some sort of debt to deal with. Many of us have hit a time in our life, maybe that time is now, where we have not had enough money to go around. Often times, if we fall behind on some of our debts or a debt goes unnoticed, it can be sent into collections.

Collections is a term used to describe an internal or external method for "collecting" the debt owed. Many large companies and hospitals have internal collections departments, but even more, sell your debt to a "collection agency".

This can be a confusing process, especially if you aren't aware of what's going on. Many times, you might receive bills, calls or letters from a company you aren't familiar with or look at a copy of your credit report and find you owe money but don't know to whom. This often happens when a debt has been sold over and over again or has been on your credit report for some time.

It's best to know your rights and deal with the collection agency when you are able. Many of them are willing to negotiate what you owe and work with you. Others unfortunately aren't as nice and choose to play hardball instead.

If you have collection calls coming in or letters or bills streaming through your mailbox, take a look at this list and get to know your rights!

What can debt collectors and collection agencies do?

1. Contact you in person, by fax, by phone, by mail or by telegram.
2. Contact you as many times as they would like between the hours of 8am-9pm (your region's time).
3. Contact you at work, as long as you have not told them to stop.
4. Contact your neighbors, friends or family to find out your phone number or address.
5. Contact your attorney
6. Renew collection activities after you dispute a debt if they can prove the debt is yours with a copy of the bill

What can't debt collectors and collection agencies do?

1. Contact you at work if you have asked them not to.
2. Contact you before 8am or after 9pm (your time)
3. Contact you if you are working with an attorney
4. Contact family, friends or neighbors more than once
5. Tell your family, friends and neighbors you owe money
6. Harass, threaten or oppress you or your family, friends or neighbors
7. Publish a list of consumers

that have not paid debts (except to the credit bureaus)

8. Use obscene or offensive language or repeatedly use the phone to annoy
9. Falsely imply that you have committed a crime
10. Falsely identify themselves as an attorney or a government official
11. Misrepresent the amount of money you owe.
12. Falsely state that the papers being sent to you are legal documents when they aren't or vice versa.
13. State that you will be arrested or your wages or taxes garnished if you don't pay your debt
14. Collect more than you owe (unless there are fees that have accrued)
15. Cash a post-dated check before the date you have listed
16. Tell you a lawsuit will be brought against you if it is not intended

For more about your rights:

MN Attorney General

1-800-657-3787

Community Action (Rachel)

726-1665

Lutheran Social Service

529-2227



Duluth Saves strives to meet the diverse needs of all Duluthians regardless of income. We truly believe that everyone can build wealth and better their financial future with the right tools and the right encouragement.

We are here to support whatever financial goals you have!



Struggling with Student Loan Debt? There are Options...

Student loan debt can be daunting. Bills pile up while you're in studying and then afterwards your hit with a monthly payment that you may not have expected to be so high and you may or may not have found work. yet

Good news—there are options out there!

Your student loan payment options:

1. **Standard Repayment:** The highest monthly payments with a minimum of 5 years and a maximum of 10 years to pay off the loan.
2. **Graduated Repayment:** This type of repayment starts off at a lower monthly amount and increases every 2 years. This option is usually tailored to those expecting increased income.
3. **Extended Repayment:** This is for loans that exceed \$30,000. Payments still come monthly but the time you have to pay off your debt is greater—up to 25 years.
4. **Income-Contingent Repayment:** Monthly payments are based on your household income. As your income increases, your payment will as well. If you are not able to pay off the full amount after 25 years, the rest is forgiven. (If you go with this option and some of your debt is forgiven, consult
5. **Deferment:** This option is only available if your loans are not in default. No monthly payments are required but your loans will still accrue interest, increasing your overall amount. You can apply for this option if you are going back to school, are unemployed, have a disability or are facing an economic hardship.
6. **Forbearance:** This option is available for 12-36 months and requires no payment. Interest still accrues and increases your overall balance. Conditions apply.
7. **Consolidation:** This option allows multiple student loans to be rolled into one, allowing one payment instead of multiple payments/month. Doing this also often lowers your interest rate or your monthly payment. You may also want to consider switching your loans to the Department of Ed. if they aren't already. They often can offer lower interest rates and more security.
8. **Rehabilitation:** If your loans are in default, a payment plan that is reasonable can be set up to get them back on track. This plan requires you make 9 on-time payments
9. **Forgiveness:** If you work in a non-profit for 10 years, and make your payments on-time, additional loan amounts left after 10 years are forgiven.
10. **Income-Based Repayment Plans NEW!!** If your income is less than 150% of the federal poverty level (less than \$16,245 for a household of 1) you may qualify for no-payment. If your income is higher than that, your payments can be based on a sliding fee scale not to exceed 15% of your income above 150% of the federal poverty guideline. If you make on-time payments for 25 years and there is still a balance remaining, it will be forgiven.

To find out if you are eligible for any of these options, call your student loan provider!

For more information about the Department of Education and their student loan options, call 1-800-USA-LEARN or visit them online at; www.ed.gov

For more information or to speak to someone locally, call Rachel at Community Action Duluth: 726-1665 or Lutheran Social Service at 529-2227.

Turning Financial Set-backs into Opportunity!

In this economy, layoffs, salary reductions, unexpected expenses, and the inability to keep up with inflation are the norm. Sometimes it feels impossible to turn these lemons into lemonade. But transforming financial setbacks from misfortunes to learning opportunities will enable you to find motivation and discover skills for building a brighter financial future.

Unemployment

Many people think about creating a budget but put it off. If you've been laid off, and don't use one, now's the time. For no cost, we here at Community Action, can help you develop a personalized spending plan and prioritize your bills. Following a budget, in good times and bad, will allow you to control your spending and squeeze the most from your money.

Being out of work gives you time to change course. If you've been in a rut at a job you don't really like, in time, you could find a new position you enjoy more or that has a higher salary, better benefits, or more potential for

advancement. Retraining is always an option, but some people need a "push" to make critical career-advancing changes.

Mortgage trouble

When facing foreclosure, our gut reaction is to try to save our homes, at any cost. Struggling to make mortgage payments is the perfect time to seriously consider whether you really want to be a homeowner. What are your more affordable options? Could you rent a larger place for less? Do you have a significant savings to cover maintenance and repairs? How would you feel about renting temporarily and, once you're back on your feet, buying a more modest home for a more reasonable, less stress-invoking monthly payment commitment?

Speaking with a counselor at a HUD-approved housing counseling agency, like Lutheran Social Service allows you to understand your options, make a plan and exit the situation gracefully. For help call: 529-2227!

The high cost of living

The price of seemingly everything—gas, food, utilities, and state taxes and fees for services—are creeping up on us daily. The only way to keep our heads above water is either to make more or spend less. Researching, learning and incorporating new methods of saving will provide us some immediate relief and shape our future behavior toward money. The more we can save, the sooner we can reach our financial goals.

If we live paycheck to paycheck, there's not much leeway for financial setbacks of any kind. At some point, all of us are bound to be faced with a financial emergency. Yet, by being open to new directions and learning financial skills to recover from these temporary crises, we can better reach our goals for the rest of our lives!

Now is the time to invest in your Duluth Saves account to start building for those inevitable financial emergencies we all come across! Pay yourself first!

Teaching Kids to Save!

"A penny saved is a penny earned," so the old Ben Franklin saying goes. But to a generation of kids accustomed to wireless, instant feedback, where an iTunes song costs only 99¢, a penny hardly seems worth saving. How do they move past this idea of instant gratification to become financially savvy consumers? Most importantly, how do we teach kids to save?

It Starts at Home

Research shows that young people learn good savings habits from their parents. For parents who have watched children grow up imitating themselves in many ways, that's probably not a surprise. In addition to setting an example by practicing good savings habits yourself, here are a few tips to help you get your children started saving:

1. **Start early.** Children of all ages can learn to save, but the results are better when you start young.
2. **Establish a savings method** with your children, which they will use to save. Whether that is a piggy bank at home or a savings account through a bank, help your child create a

method that works for your family.

3. **Have a regular deposit routine.** It's great if your children can save birthday money or the occasional holiday present, but if they learn to regularly save allowance or earned income they will develop a regular habit.

4. **Encourage your child to pick a goal** and set a timeline; short term and low-cost goals are best at first. Reaching the goal will be immensely rewarding. Keep it simple.

Community Support

Though there is no denying the fact that teachers must cover an enormous and increasing amount of material, but financial education must be part of that mix. From budgeting principles to loan rates to the 'miracle' of compound interest, classroom lessons are key to teaching and reinforcing smart money management and saving. As your kid's teachers if they've thought about discussing money or savings with their students. Encourage it!

But furthermore, research shows that it takes more than education to get kids savings, it takes regular practice. That's why it's important for community groups and financial

institutions to encourage youth saving.

Banks and credit unions can still offer 'youth' savings account and other products designed for young customers making small deposits. Financial institutions and community groups can also offer incentives like cash rewards, prizes and special interest rates to attract young savers.

Kids Teach Kids to Save

If you have older relatives or neighbors, encourage them to encourage younger children that savings is cool! Kids like to learn from other kids, especially those they look up to!

From parents to educators to community organizations to peers, there are many avenues that kids should hear about and get help saving. Mostly importantly, try to do your part to help the children in your family and community learn about and start saving, and you will put them on the road to responsible saving and spending habits and financial stability in adulthood.



Community Action Duluth envisions a community where individuals and families can find the means to prosper with access to quality education, affordable housing and healthcare, gainful employment and meaningful involvement in civic life.

We believe that through community coordinated partnerships, low-income people can find the support, resources and relationships that will help them overcome the economic, racial or cultural barriers that have prevented them from establishing and maintaining self-sufficient and connected lives in our community.

COMMON CENTS: THE MONEY CLASS

Learn about:

Budgeting to create savings

Asset Building

Credit Reports, Scores and Repair

Dealing with Collectors

Getting out of Debt

Credit Cards and Loans

Predatory Lending

Mortgages and Investments

Classes run year round on weekday evenings from 6-8pm at Community Action with Childcare and dinner provided. For more information or to register call us at 726-1665!

How to Save while in College

There is no arguing that the cost of going to college is probably the single largest investment you will ever have besides buying a house. The expense of attending a four-year private university can easily reach six figures. Even a public university cost is about a third to half as much. That is a lot of money.

But as expensive as attending college can be, there are a number of things you can do to trim the cost and still ensure you have both an educationally rewarding experience and a fulfilling collegiate life. This is an opportunity to learn how to develop, and then live, on a budget, spend wisely and understand the benefits and limitations of using money as a tool.

If you are in college now there are some simple things you can do to save and use your money more wisely.

1. Whether you plan to live on or off campus, buy a meal plan ticket that meets your real needs. Most schools offer a variety of meal plans reflecting the number of meals you plan on eating on campus each week. It is not unusual to save \$1,000 a semester by

- picking the right meal plan.
2. If you have a car and don't need it on campus, leave it at home and take mass transit. You could save hundreds of dollars a semester on parking costs and avoid potential extra penalties like the occasional on-campus parking tickets.
 3. You can save by buying books online rather than at the school bookstore, but use extra diligence when ordering. College texts are frequently updated and an outdated text is useless. You may have trouble selling it to the bookstore or to another student at the end of the semester. If you buy online, get the text ISBN number from your professor first and make sure you get the right edition.
 4. When it comes to student loans, borrow only the amount you need for educational expenses. Be sure to shop around for the best deal and avoid the temptation to get extra money for clothes and entertainment. In fact, student loan money must first be used to pay for tuition, fees, and room and board.
 5. And of course credit card companies love college students of any age. If you must have a credit card, get one with-

out an annual fee and with a low interest rate. Try to use it only for emergencies and pay off the balance at the end of the month. If you don't pay it off in full, always make your payments on time to avoid late charges and protect your credit score.

6. Set aside a small amount of money for emergencies. Having a few hundred dollars in the bank allows you to weather minor financial surprises and difficulties, like an unexpected trip to the hospital or a plane ticket to visit a sick family member. For some students, keeping an 'emergency only' credit card may be the only option, but again, be careful about making your payments on time.

While these ideas may not sound like much, small changes in how you spend money while at school can leave you with hundreds, maybe thousands, of dollars in your pocket for some of the fun things college has to offer. Also, don't underestimate your ability to manage your money. Budget, control spending, be wise with credit, and save when you can and you will be a smarter student!