

Interventions -- Money Management & Protection

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Goal: This section identifies components of money management and budgeting and identifies strategies for assessing and addressing financial exploitation and abuse. It discusses: budgeting; preventing loss; factors and interventions; financial exploitation; warning signs of financial exploitation; and predatory lending.

Practice interventions can promote economic security by increasing skills in basic household budgeting and reducing the risk of financial abuse.

A. Budgeting

Managing our money helps us to live within our means. A monthly budget is an excellent tool for managing money, and helps us to identify and contrast expenses and income. It is recommended that an individual or household budget by itemizing expenses and income on a monthly basis because most fixed expenses (i.e. rent, utilities, and phone) are billed monthly. Expenses and income that occur on an irregular basis throughout the year can be averaged into a monthly amount.

First, begin with expenses. List all expenses incurred by the family household each month. Ask yourself, how much will be needed to pay for food, rent, and transportation? Include utility/phone/cable, insurance, and other fixed costs. What are the monthly charges for credit card debt payments? Some expenses, such as car insurance, may occur on a quarterly basis and other expenses only once or twice a year, such as vacations, out of town trips to visit family, holiday celebrations, etc. These are considered periodic costs. Costs for food, clothing, toiletries, etc. are

known as variable costs. Although these types of expenditures occur throughout the year their estimated amount will vary month-to-month.

As many expenses are periodic and variable, developing a list of monthly costs is an estimate, based on experience. While you may not know the exact cost of annual expenses, you can make an educated estimate. By dividing this amount by 12, you can assign one-twelfth of the projected annual amount to your budget for the month. In this way, you will know how much money you need to put aside and save each month in order to cover annual or periodic expenses. It is also wise to budget a monthly savings amount, over and beyond known expenses, in order to cover unexpected costs, such as the replacement of a lost cell phone, co-pay for emergency health care, car repair, or a celebratory dinner for a new job.

The second step in building a budget is to list the amount and source of monthly income the individual or household receives, including wages, salary, pension payments, regular government benefits, and cash payments for any part-time/hourly work such as babysitting or handyman jobs. A suggestion is to only list income that is guaranteed; any additional or unexpected money can be added to savings. It is unwise to rely on income from unanticipated or one-time annual event (i.e. money from irregular work or family contributions).

Once you have prepared a monthly budget, it becomes immediately clear whether or not the anticipated income meets the anticipated expenses. The following are three equations of how income and expenses are related:

- 1. Estimated Income Higher than Estimated Cost = Fiscal Comfort*
- 2. Estimated Expenses Equals Estimated Income = Danger Zone*
- 3. Estimated Expenses Higher than Estimated Income = Fiscal Disaster*

Creating a budget does not solve a person's financial problems. But it can identify potential money issues and indicate where possible changes might occur. Budgeting often means making difficult choices. Could the household cut back on the cost of eating meals out in order to have sufficient money to cover a weekend trip to visit grandparents? If one parent works fewer hours, will the savings on the cost of child-care outweigh the loss of income? Will the savings provide money to meet other household needs?

RESOURCE:

Managing Your Money Through the Ages: Interactive Map

elearningexamples.com/managing-your-money-through-the-ages/

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Managing Your Money Through the Ages

Life is a series of financial hurdles. The New York Times and Marketplace Money, the public radio show produced by American Public Media, teamed up to create a tool to help you navigate major financial decisions. Click on any of the items below, sorted by when they're relevant to most people, to get information about common financial topics. Above the timeline, you'll find audio stories of people who are already trying to tackle many of these tasks. [Related Special Section >](#)

A Lifetime of Financial Tasks

Click on the items below to add tasks to your personal finance checklist.

Personalized Financial Checklist

Print or share checklist items from the list.

Teens	20s	30s	40s	50s	60s	70s
Mino	Courtney	The Shaltens	Mark	Marina	The Langerfeldts	Suzanna

Mino Coultan
Age: 18
Home town: Shutesbury, Mass.

An increasing number of teenagers are making very grown-up decisions about how much student loan debt is too much - and what kinds of schools are worth the sacrifice. [Mino's profile](#)

Your college education	Getting married	Divorcing with dignity	Saving for retirement	Buying a home	Paying for a child's college
<input type="checkbox"/>					

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B. Budgetary Exercises

The following exercises provide you with the opportunity to explore your knowledge and attitudes toward budgeting and economic security. The purpose is to increase your skill in working with clients to help them reach economic security.

Exercise One: Asset Building and Temporary Aid to Needy Families

Available Resources

Bill G. and his wife Lisa G. are a bi-racial couple who have known each other since high school. After graduation, Bill joined his father in the construction business and earned a comfortable salary for several years. Lisa attended Community College and planned to transfer to a four-year school. She had to discontinue her studies after she became pregnant with their first child. Now, 12 years later, their son is 11 years old and they have 8-year-old twin girls.

Due to a downturn in the construction industry, Bill was laid off and he is currently unemployed. Lisa works part-time as a lunch-room aide at the local public high school.

Bill and Lisa's Monthly Budget

Expenses/Costs	\$	Income	\$
Rent/Mortgage	2,500	Bill's unemployment	310
Food	1,200	Lisa's wages	480
Clothing	130	Other	150
Utilities	0		
Transportation	120		
Child Care	75		
Phone/Cable/Internet	160		
Recreation	110		
Toiletries	30		
Household Cleaning Materials	8		
Credit Card – minimal payment	36		
Health Care	40		
TOTAL	4,409	TOTAL	940

Bill and Lisa have a sparse budget. They do not own a car and their only transportation expense is their metro card. Lisa walks to work but she needs to visit her elderly parents on a regular basis, and they live in the suburbs. She last used the credit card to purchase new beds for the twins. Bill lists as 'Other Income' what he earns on Sundays directing parking at their church.

Their monthly expenses are \$4,409.

Their monthly income is \$940.

For Discussion:

Lisa and Bill have economic problems (Review Part C on Asset Building)

1. What resources can you identify that might be helpful to them? Is the family eligible for any benefits?

2. What information would you want to know before assessing what benefits this family qualifies for?



RESOURCE:

Access NYC Benefits Screening

https://a858-ihss.nyc.gov/ihss1/en_US/IHSS_homePage.do

Exercise Two: Creating a Budget

Marie F., 26 years old, works full-time as a records manager at a local health clinic. She is a single mom with two young children, Eddie, 7 years old and Lisa, 2 years old.

Marie earns \$22,000 a year. She lives in Queens in a two-bedroom apartment. Estimate Marie's monthly expenses. You will have to make estimates and imagine her living environment and life style ,but try to be as realistic as you can. If you believe Marie receives any monetary benefits or entitlements, include these under income. Use the template of a monthly family budget to show what a budget would look like for Maria and her family. You can try out this template with your own budget or share it with clients.

Template: Monthly Family Budget

Budget Category	Type	Specific	Budgeted Amount	Actual Amount	Difference (Actual minus Budgeted)
INCOME					
		Employment			
		Unemployment			
		SSI			
		SSD			
		Public Assistance			
		Child Support			
		Spousal Maintenance			
		Workmen's Compensation			
		Survivors Benefit			
		Veterans Benefit			
		Pension			
		Other:			
		Other:			
		Subsidies			
		Childcare voucher			
		WIC			
		Food Stamps			
		Other:			
		Other:			
EXPENSES					
	Household				
		Rent			
		Mortgage			
		Utilities			
		Phone			
		Internet			
		Cable			
		Other:			
		Other:			
	Transportation				
		Public Transportation/Metrocard			
		Car Payment			
		Gas			
		Tolls			
		Cab			
		Other:			
	Misc. Household				
		Laundry			

		Toiletries			
		Clothing			
		Childcare			
		Child(ren)			
		(ie school supplies school trips etc):			
		Other:			
		Entertainment			
		Insurance			
		Health Insurance			
		Car Insurance			
		Home Insurance			
		Renters Insurance			
		Insurance Other:			
		Food			
		Groceries			
		Eating Out			
		Other:			
		Misc.			
		Payments/Loans			
		Child Support			
		Spousal Maintenance			
		Debt Repayment			
		Student Loans/Educational Expenses			
		Credit Card Payments			
		Other:			
		SAVINGS			
		Money to Checking Account			
		Money to Savings Account			
		Money to Retirement			
		Money to College Savings			
		Other:			

You have created a budget for Marie's family.

1. Does Marie have enough income to cover her expenses? If she has sufficient income to cover all her expenses how much discretionary or disposable income does she have? Is she saving any money?
2. If the income does not cover the expenses, what might be changed to lower the expenses? Is the family entitled to assistance – TANF, Food Stamps, or SCHIP? If yes, how might the additional benefits income alter Marie's budget?
3. Are there other kinds of benefits she could access? Visit the CSS Benefits Plus Brochure (Part C: Economic Literacy and Asset Building) to find out if there are other types of entitlements Marie and her children are eligible for.

Exercise Three: Personal Budgeting

Do you use a budget to manage your own money? Create a monthly budget for yourself or your family household.

RESOURCE:

Budget Calculator ¹

www.youcandealwithit.com/borrowers/calculators-and-resources/calculators/budget-calculator.shtml

C. Preventing Loss: Factors and Interventions

Human services workers employed across practice settings may encounter clients who have fallen victim to financial exploitation and schemes. Knowledge and skills that can help clients protect themselves from unscrupulous, and sometimes criminal, attempts to obtain their money and assets become an essential component of effective economic literacy practice.

A number of risky behaviors can place clients in financial jeopardy, including gambling, excessive impulse spending beyond one's means, and escalating credit card debt. Risky financial behaviors should be assessed with regard to their severity to see if such behaviors reach the criteria established by the American Psychiatric Association Diagnostic Statistical Manual (DSM-IV-TR, 2000) for pathological gambling, kleptomania, and other impulse control disorders.²

Workers who see clients that present with symptoms of anxiety, depression, and substance abuse, as a part of the assessment process, should routinely rule out impulse-related risky financial behaviors as a causal factor contributing to their presenting problem. If necessary, clients should be referred for mental health treatment.

D. Financial Exploitation Defined

RESOURCE:

Identity Theft Resources from
Neighborhood Economic
Development Advocacy Project
(NEDAP)

www.youcandealwithit.com/borrowers/calculators-and-resources/calculators/budget-calculators.html

Financial exploitation involves the improper use of a person's wealth or resources by another individual. This crime involves exploitation of a vulnerable person, typically an older or impaired individual. The victim often knows the exploiter who generally has an ongoing relationship with the victim. This includes a relative, close acquaintance, care provider or a trusted fiduciary, such as an attorney or stockbroker.

Financial exploitation of an older or disabled adult is a form of abuse. It often occurs within the context of other kinds of abuse and neglect. While the full extent of financial exploitation is not known, many experts estimate that it has increased at an alarming rate and negatively affects the health, dignity, and economic security of millions of older adults and/or persons with disabilities.

RESOURCE:

Learn more about elder abuse
from the National Committee for
the Prevention of Elder Abuse

www.preventelderabuse.org/

In New York State, Social Services Law 473.6 defines financial exploitation as the improper use of an adult's funds, property or resources by another individual including, but not limited to, fraud, false pretenses, embezzlement, conspiracy, forgery, falsifying records, coerced property transfers or denial of access to assets.³

In assessing for financial exploitation, it helps to pay special attention to changes in a client's behavior. Red flags include significant changes in financial activity inconsistent with the client's cognitive or physical abilities. This warrants further exploration. The client may not disclose exploitation because of fear, embarrassment, or impairment. As part of the assessment process, human service workers should be aware of the following signs of possible financial exploitation:

- Significant withdrawals from the person's accounts.
- Sudden changes in financial condition.
- Items or cash missing from the household.
- Suspicious changes in wills, powers of attorney, titles, and insurance policies
- Addition of names to a signature card.
- Unpaid bills or lack of medical care, although the person has enough money to pay for them.
- Financial activity that couldn't have occurred such as an ATM withdrawal when the account holder is bedridden.
- Unnecessary services, goods, or subscriptions.

RESOURCE:

Information on Elder Abuse and
Neglect from Helpguide.org
Americans with Disabilities Act

www.preventelderabuse.org/

E. Predatory Lending Defined

Predatory lending can involve numerous practices. One of the most common forms of predatory lending involves mortgage fraud. Predatory mortgage lending has contributed to the current foreclosure crisis and can create home insecurity. While no single definition covers predatory lending, experts generally agree that at least one of the following three key elements constitutes predatory lending:

- Making unaffordable loans based on the assets of the borrower, rather than on the borrower's ability to repay an obligation (“asset-based lending”).
- Inducing a borrower to refinance a loan repeatedly in order to charge high points and fees each time the loan is refinanced (“loan flipping”).⁴
- Engaging in fraud or deception to conceal the true nature of the loan obligation from an unsuspecting or unsophisticated borrower.⁵

RESOURCE:

New York State Department of
Banking and Insurances Definition
of Predatory Lending

www.state.nj.us/dobi/division_consumers/finance/predatory.html#whatis

The New York State Attorney General's (AG) office cautions that predatory lenders often target older adults, residents of minority communities, people who are financially unsophisticated, and those who in desperate need of cash due to medical problems. There are clients across a range of practice settings who face a high risk for being targeted by predatory lenders. Because these clients will not identify “predatory lending” as their presenting problem, it is important to have the knowledge and skills to help clients protect themselves from unscrupulous lenders. The AG's Office investigates allegations of predatory lending practices and can initiate legal proceedings that may provide relief for the client. If the worker suspects that the client is a victim of predatory lending, s/he should encourage the client to contact the AG's Office or (with informed client consent) may contact the AG on behalf of the client. In order to protect themselves from predatory lenders, clients can be made aware of the following guidelines provided by the [Attorney General's Office](#):

- Be wary of lenders or brokers who guarantee loan approval without asking questions about your specific financial situation, including your income, debts, credit history or rating.
- Be wary of loans offered through door-to-door sales or telemarketing solicitations.
- Be wary of offers made by construction companies to procure access to high cost loans in conjunction with construction services.
- Mistrust one stop shopping. The mortgage process often requires the work of many specialists, including a loan officer or broker, appraiser, attorney and lender; rarely do they all work for the same organization.
- Read the entire loan application carefully before signing. Make sure there are no blank spaces.
- Be sure the expenses for taxes, insurance, and closing costs are disclosed and/or factored into your monthly expenses.
- Consult an attorney before signing anything.
- Be wary of anyone who tells you they can rescue you from foreclosure. Be sure that you are not unknowingly signing away the deed to your home. Make sure you can really afford the monthly payments. Consider your budget realistically.
- Make sure the lender and broker you are dealing with are licensed by the New York State Banking Department. You can contact the Banking Department at **(800) 522-3330**.
- Contact a non-profit credit counseling agency for assistance in determining whether you can afford your loan.

Finally, remember that with any complex financial transaction – if it seems too good to be true, it is too good to be true.⁶

RESOURCE:

NEDAP Fair Lending Resource Page

www.nedap.org/programs/fairlending.html

Case Example One: Financial Exploitation and Elder Abuse

Andrew S. is an older Caucasian man who lives with his adult daughter, Joann, who has a history of substance abuse. Andrew suffers from kidney disease, and can no longer carry out many of the activities of daily living. He has few friends and depends increasingly upon Joann for care. During a recent scheduled visit to a renal clinic,

the social worker noted a decline in Andrew's appearance. While he had always dressed nicely and took care of his appearance, he now wore dirty and tattered clothing. The social worker observed that Andrew had lost weight and that he appeared quite nervous. Andrew did not have the cash on hand to pay the \$15.00 medical visit co-pay, and he nervously disclosed that his daughter cashed his Social Security check earlier in the week, but seem have run out of funds.

Exercise

Visit the [National Center on Elder Abuse Website](#) and review the risk and protective factors associated with elder abuse.⁷

List the risk factors for financial exploitation presented in the Mr. Andrew S. case example. Based on the information provided, identify what beginning steps you think a social worker should take to intervene in this case.

Case Example Two: Predatory Lending and Elder Abuse

You are a medical social worker in a hospital where you are assigned to provide case management services to. Marie N., a 58-year-old woman presenting with heart palpitations. In the initial intake interview, Marie relates that she and her husband, like over two million other Americans, might lose their home in a foreclosure. A follow-up interview with Marie and her husband, James, reveals the following history: Marie and James N., a middle-aged Caribbean couple, immigrated to the United States several years ago. Married for over thirty years, they both worked hard throughout their lives. Marie works for a large nursing home as a nursing aide. James had worked for many years at a local hardware store. He was a valued employee due to his friendly smile, great customer service, and his ability to quickly find any part or tool needed despite the cluttered shelving. However, he lost his job due to health problems.

Due to their years of hard work and discipline, James and Marie could afford to buy a modest one-family home in Brooklyn. In 2008, disaster struck. James had a stroke, from which he never recovered sufficiently to return to work. Marie's health care coverage did not cover his numerous medical tests and his costly medications. After a short time, James and Marie found themselves spending all their money on medical expenses, and with James no longer working. they were unable to pay their mortgage. Recently a financial lender approached them with assurances that they could qualify for a loan that would rescue them from foreclosure. This loan required that they sign over the deed to their home, and James and Marie signed a contract with the lender.

For Discussion:

Visit the [New York State Office of the Attorney General](#) to explore what legal protections exist to assist James and Marie.⁸

1. Describe the ways in which this case illustrates predatory lending practices.
2. Identify the initial steps that you, as the worker, would take to address predatory lending in this case.
3. What resources might be available to this couple, given their current circumstances?

NOTES

UNIT TWENTY-ONE

1. [YouCanDealWithIt.com](http://www.youcandealwithit.com/borrowers/calculators-and-resources/calculators/budget-calculator.shtml) is a public service of the Pennsylvania Higher Education Assistance Agency (PHEAA). (2010) Pennsylvania Higher Education Assistance Agency. Budget Calculator. Retrieved from <http://www.youcandealwithit.com/borrowers/calculators-and-resources/calculators/budget-calculator.shtml>
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3. New York State Office of Children & Family Services website. (2011, March 17) Financial Exploitation of Elderly and Impaired Adults Pub. 4664. Retrieved from <http://www.ocfs.state.ny.us/main/publications/pub4664text.asp>
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5. State of New Jersey Department of Banking and Insurance (2008) Predatory Lending. Retrieved from http://www.state.nj.us/dobi/division_consumers/finance/predatory.html#whatis
6. State of New Jersey Department of Banking and Income (2008) Glossary of Common Mortgage Terms. Retrieved from http://www.state.nj.us/dobi/division_consumers/finance/hoa03define.htm#flip
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8. Office of the Attorney General of the State of New York (2008) Retrieved from <http://www.ag.ny.gov/>