



## The Annie E. Casey Foundation

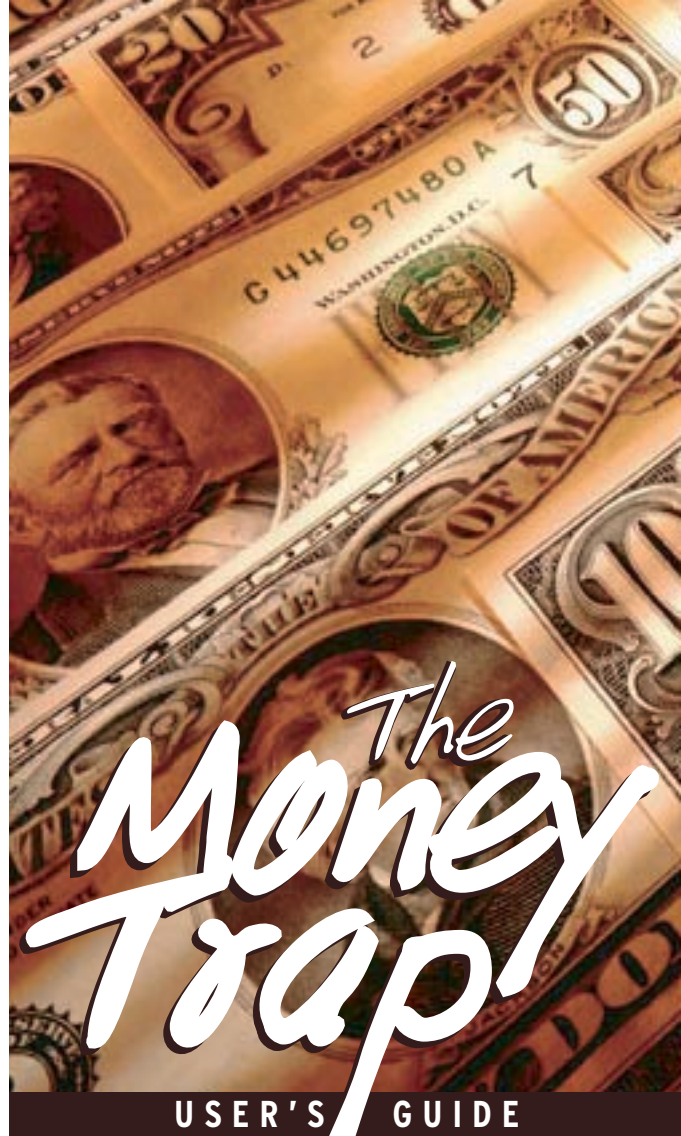
The Annie E. Casey Foundation is a private charitable organization dedicated to building better futures for disadvantaged children in the United States. It was established in 1948 by Jim Casey, one of the founders of United Parcel Service, and his siblings, who named the Foundation in honor of their mother. The primary mission of the Foundation is to foster public policies, human-service reforms, and community supports that more effectively meet the needs of today's vulnerable children and families. In pursuit of this goal, the Foundation makes grants that help states, cities, and neighborhoods fashion more innovative, cost-effective responses to these needs. For more information, visit [www.aecf.org](http://www.aecf.org)

**For more copies or  
print materials  
and resources go to  
[www.aecf.org/fes/moneytrap](http://www.aecf.org/fes/moneytrap).**

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# The Money Trap

**"The Money Trap"** documentary (18:00 in length) presents the real-life stories of four people meeting a variety of financial challenges. Hector, a hard working immigrant applies for his ITIN number and opens a new bank account to begin a savings plan. Shannon, a working single mother with two children gets off welfare and saves to buy a home. Dennis and Chaketa, married with a new baby, develop a plan to climb out of debt. And Marisol, a young working woman, overwhelmed with a high interest payday loan finds help in the form of a community credit union. Their struggles are far from unusual - they are repeated over and over, in cities and towns across America.

Many low-income families struggle with their finances. Researchers estimate that between 10 and 20 percent of all families in the US do not have bank accounts and estimates for immigrant families are even higher, up to 44 percent for immigrant Latino families. Families without access to mainstream financial institutions are more vulnerable to predatory lending and other wealth stripping activities like payday loans, rapid refund loans, pawning, rent-to-own and high fee check cashing. Low-income families also increasingly face scams for credit cleanup, quick loans for housing repairs and pyramid schemes.

For families to be financial stable and secure, they need savings and assets that grow over time. Establishing a good credit record, having a relationship with a mainstream financial institution, being able to live within your budget, and knowing how to manage your money, is all part of building that security and stability.

This program is intended for consumers - people in communities challenged by financial stress, so they may share and learn from what others in similar situations have experienced. It's also intended for use in financial literacy training seminars and is ideal for waiting areas at tax preparation sites.

For detailed information, links to more websites and PDF files for printed handouts go to [www.aecf.org/fes/moneytrap](http://www.aecf.org/fes/moneytrap).

# IDEAS

## for Group Discussions

This video is intended to be used as part of a community event, financial literacy seminar, home buying seminar, or tax preparation program. The video should be introduced so participants know it is intended to start a conversation around financial issues and followed up with local information on programs that can help. To kick off the conversation, introduce the video program and ask participants to listen to the stories and consider whether these are typical in their own community.



When the video is over ask the group:

- 1 Are these stories typical of the people and families in your community? If not, how are they different?
- 2 What other “Money Traps” are people falling into in your neighborhood?
- 3 What sorts of programs or strategies are you aware of that assist people who are in financial trouble? Have you used them? Why or why not?
- 4 How many people have a connection to a bank or credit union? Share your experience with the group. (If there are banks or credit unions you know that will work with your community, have their literature at the gathering. Invite someone from an institution with friendly policies toward the community to speak to the group.)

Have a list of local financial education, credit counseling, IDA and homeownership programs and discuss what programs are available in the community to assist people in navigating their finances. A list of national programs and examples of programs in 13 cities is located at [www.aecf.org/fes/moneytrap](http://www.aecf.org/fes/moneytrap).

## WAYS TO BEGIN

*Avoiding the Money Trap*

There are a variety of programs and efforts you can undertake to help families avoid money traps and build their financial futures. **Free and low cost tax preparation programs** can help low income families receive tax credits provided by the federal and some state governments. Go to [www.eitc.info](http://www.eitc.info) and <http://www.tax-coalition.org/> for more information. **Savings programs** can also assist families by enrolling them in Individual Development Accounts and other matched savings programs. Information on national and some local programs can be found at [www.cfed.org](http://www.cfed.org) or [www.idanetwork.org](http://www.idanetwork.org).

Several credit unions and community development banks have come up with **alternatives to high cost loans** and predatory products. The Fannie Mae Foundation has developed case studies of innovative financial products that can be found at [www.fanniemae.foundation.org](http://www.fanniemae.foundation.org). The Center for Responsible Lending, <http://www.responsible-lending.org> has a wealth of information on predatory lending. Establishing good credit and improving **financial knowledge** is crucial for accessing low cost credit and avoiding predatory lending. The National Endowment for Financial Education website, [www.nefe.org](http://www.nefe.org), has a wealth of information about financial education curricula. The Beehive, [www.thebeehive.org](http://www.thebeehive.org), has information on budgeting, insurance and banking in a consumer friendly format.

**Immigrants and refugees** face additional barriers in connecting to the mainstream financial system. Visit [www.nnirr.org](http://www.nnirr.org) for local immigrant and refugee resources and organizations. Finally, **owning a home** is the single most important asset for any family. Contact your local government for local homeownership programs and subsidies and visit Fannie Mae’s Knowledgeplex at [www.knowledgeplex.com](http://www.knowledgeplex.com) for effective programs.

- 1 **Save.** No matter what your income is, you can save. Saving is essential, it can help you make it through emergencies, and can make it possible for you to own a home someday.
- 2 **Avoid** payday loans. Payday loans can end up costing you much more than they are worth.
- 3 **Open an account at a bank or a community credit union.** Having an account will help you increase your savings, establish good credit, and create other financial opportunities for you and your family.
- 4 **Make a budget and stick to it.** Be aware of how much money you have, and how you spend it. This is the first step to controlling your own financial future.
- 5 **Don’t fall for high interest rate credit cards.** If your credit is clean, you deserve the lowest interest rate credit card. Don’t accumulate lots of credit cards and always pay more than the minimum due.
- 6 **Know what is in your credit report** and work to correct any mistakes on it. Pay your bills on time.
- 7 **Look for free** tax preparation services (VITA sites). If you use a commercial tax preparer, do not accept the “rapid refund loan” option.
- 8 **If you’re not eligible for a social security number, request an Individual Taxpayer Identification Number (ITIN) from the IRS.** You can use this number to file your taxes, receive any tax refund you are due and establish your work history.
- 9 **Don’t fall for credit scams.** If it sounds too good to be true, it probably is.
- 10 **Before you buy** ask yourself, “do I need it?” or “just want it?” Remember, you control your financial future.