

## **UNITED WAY CONSUMER INVESTMENT STRATEGY FOR FAMILIES/INDIVIDUALS IN FINANCIAL DISTRESS**

### **Definition of consumer population:**

Families or individuals with debt service payments higher than 40 percent of income due to job loss, catastrophic illness, lack of health insurance or being underinsured, significant credit card debt, loss of additional income due to divorce or death of a spouse or other major life crises.

### **Desired outcomes as a result of investing in services for this population:**

- Consumers are provided financial literacy education about budgeting, basic banking, EITC assistance programs, legitimate small, low interest loans, credit reports, high-risk mortgages, foreclosure prevention and negative impact of payday lending
- Low –income consumers are referred to Earned Income Tax Credit (EITC) services or assisted with tax filing preparations and EITC
- Consumers are helped to establish checking and savings accounts
- Consumers are helped to obtain small, low interest loans
- Consumers build assets and improve credit records
- Consumers eliminate or minimize utilization of pay day lending institutions
- Consumers are helped with accessing legitimate services that provide assistance with obtaining low-risk mortgages and foreclosure prevention

### **United Way's Financial Distress Strategies:**

- A) **Consumer Credit Counseling:** Provision of consumer credit counseling for low income families
- B) **Financial literacy education and services:** Financial literacy education and services that focuses on asset building and consumer protection (such as basic banking i.e. checking and savings accounts and small, low interest loans) that have a positive effect on families/individual's income, assets and credit records; eliminate or minimize the utilization of payday lending institutions; and avoid consumer finance scams and high-risk mortgages.