

Effectively Managing Your Illness & Finances

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Depression and Bipolar
Support Alliance

Today's Topics

- ❖ Value of economic security to wellness
- ❖ Research on financial planning needs of people in recovery
- ❖ UIC financial education curriculum
 - ❖ Tracking daily spending
 - ❖ Managing spending when symptomatic
 - ❖ Avoiding spending traps
 - ❖ Managing credit & debt
 - ❖ Using banking institutions
- ❖ Asset development
- ❖ Useful resources

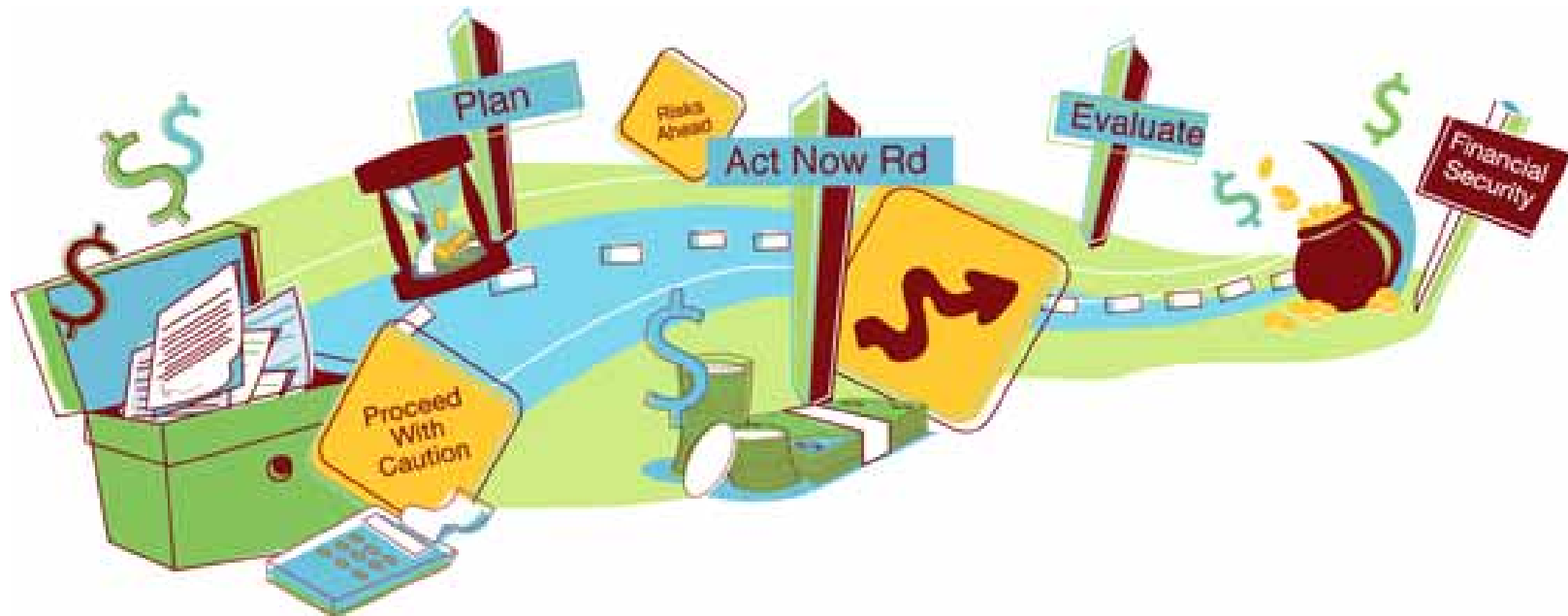
A Word of Thanks to our Funders

- U.S. Department of Education, National Institute on Disability & Rehabilitation Research
- Substance Abuse & Mental Health Services Administration, Center for Mental Health Services
- National Endowment for Financial Education®

Poverty Acts as a Barrier to Recovery



- People risk cash income, health care coverage, housing, during the recovery process
- Returning to work & building a career can endanger benefits & entitlements
- Services seldom help people enhance financial self-sufficiency
- Because people in poverty have no economic safety net, they lack a route to financial security



People in recovery from mental illness need to identify routes to economic security

Employment is Only One Component of Economic Security

Other components include...

- 💰 Financial Literacy
- 💰 Financial Planning
- 💰 Asset Accumulation



What are the Financial Planning Needs of People with MH Problems?

- Research funded by the National Endowment for Financial Education (NEFE®), a nonprofit foundation that helps people learn to control their financial lives <http://www.nefe.org/>
- We conducted focus groups & interviews with consumers, advocates, & providers



Study Findings: Financial Planning Needs

- Having to focus on basic needs limits peoples' ability to engage in financial planning

From Georgia...

- “I just sat down the other day and wrote out checks with which to pay my bills and find out I’ve already spent my money before I even have it. There was no fat to trim, nothing to budget.”
- “The solution seems to lie beyond individual financial planning. You cannot plan with something you do not have. And often, your best laid plans aren’t as much of a sure thing as you thought... To be honest, I find it hard to imagine financial security, because I haven’t had it.”

Study Findings: Financial Planning Needs

- Having to focus on basic needs limits the ability to plan
- Lack of basic education skills & financial literacy skills lead to problems navigating the benefits & entitlements systems or adhering to a budget

From Chicago...

- “During the beginning, I was managing my money well, paying things on time. Then I started buying too much food and didn’t have enough left over to clothe my children. I had 8 children, they were taken away from me due to my mental state. I’ve been on SSI since 1986 and have had a payee since 1995.”
- “Without a payee I am not sure where I would be...But my payee isn’t always responsible when it comes to paying my bills on time, she also doesn’t give me enough weekly spending money, so therefore it is impossible to try to budget with so little money.”

Study Findings: Financial Planning Needs

- Having to focus on basic needs limits the ability to plan
- Lack of basic education skills & financial literacy
- Unmet needs for help in dealing with the emotional issues associated with poverty

Urban residents in high crime rate setting...

- "I can't stop because as soon as I get money in my hands, I get nervous & start spending it. ... I'm afraid somebody might jump me for my money."
- "I think when I have money, 'You know what? I may not be here tomorrow. Look at my friend who passed away suddenly.' Then I don't care about the end of the month."

Study Findings: Financial Planning Needs

- Having to focus on basic needs limits the ability to plan
- Lack of basic education skills & financial literacy
- Need to learn how to handle the emotional issues associated with lack of money
- Need for emotional support from others

From Downstate Illinois...

- “People don’t realize that one of the biggest reasons that people commit suicide is over financial issues. They feel that they are financially trapped, that there is no way out. We have an obligation to help people see that there is a way out of that box.”
- “Case managers should be...vigilant with clients having financial struggles, even when they say they’re doing fine.”

Study Findings: Financial Planning Needs

- Having to focus on basic needs limits the ability to plan
- Lack of basic education skills & financial literacy
- Need to learn how to handle the emotional issues associated with lack of money
- Need for emotional support from others
- Many reported embarrassment turning to family or providers with financial problems

Who did people turn to for help managing their money?

Although family & case managers were frequently cited, one respondent said she was embarrassed to seek help from a case manager because this made her feel like a failure. Some respondents noted that they had no one in their lives to turn to for help with financial problems.

Positive Result: People Did Demonstrate Noteworthy Expertise & a Desire to Manage their Money



- Diverse financial management strategies...
 - envelope budgeting; money jars; using generics; shopping at discount & outlet stores; clipping coupons; stocking up at food banks; sharing resources; finding free/low-cost services; self-denial; bartering; calendars.

Financial Education: Lessons Learned

- Financial education should be based on an individual planning model
- Should teach short-term money management strategies & long-term financial goals.
- Recovery & self-determination (not mental illness) should be emphasized
- On-going support should be provided until self-efficacy is developed
- Need for supportive group activities & strategies for handling emotional stress related to finances

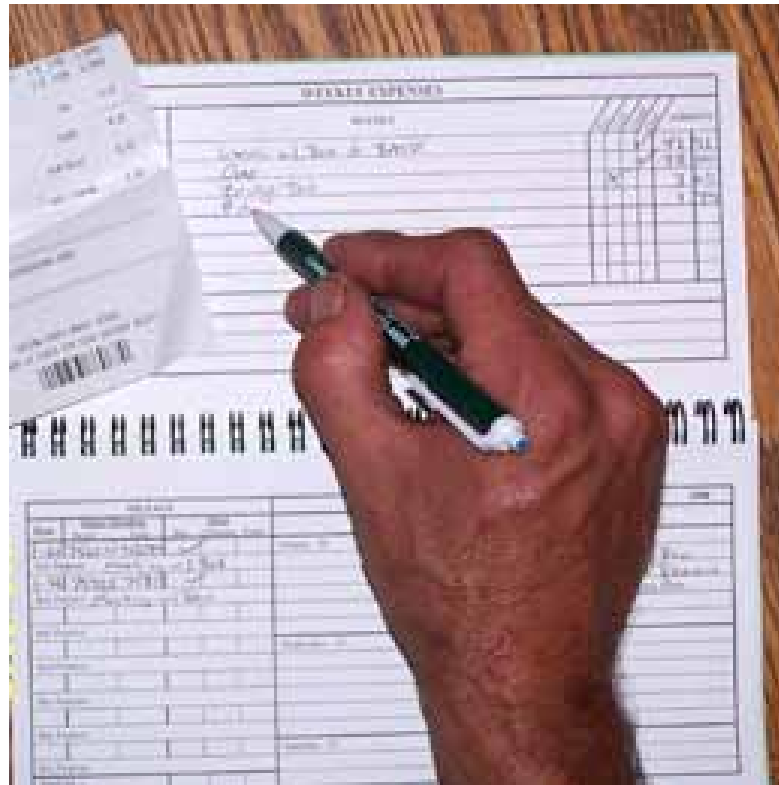
UIC Financial Education Curriculum

Six sessions involving small group interaction, humor, & expenditure tracking

- Values, needs vs wants; identifying financial goals; tracking income & expenses
- Fixed vs. flexible expenses; envelope budgeting; how to start & maintain a savings plan; track expenses
- How to increase income/decrease spending; track expenses
- Understanding credit; credit report/score; managing credit/debt problems; tracking expenses
- Using financial institutions; tracking expenses
- Consumer rights; tracking expenses



💰 Start by tracking your spending



Ways to Track Your Spending






- Spending Diary – write it down in a small notebook or say it into a voice recorder
- Collect Your Receipts – get a receipt for each purchase & total them weekly
- Use Expense Tracking Worksheets – assign purchases to categories at the end of each day via free paper & pencil or excel worksheets
www.pcop.org/Tracking%20Spending%20Worksheet.xls
- Use Online Budget Tracking – a free system called Budget Tracker is available on the Internet <http://budgettracker.com/login.php>

💰 What Type of Buyer Are You?



Controlling Your Spending During a Manic Episode

When you recognize an episode, go into “damage control mode”

-  Decide on a weekly spending limit
-  Withdraw only that amount of money for the week
-  Give your credit cards & checkbook to a trusted friend
-  Put your finances under someone else’s control who knows you & your illness
-  Avoid situations that encourage impulse spending (shopping malls, websites, etc.)

Use the Same Strategies to Avoid Shopping to Counter Depression



💰 Changing your relationship with money takes time



How to think about what you have...

- Know how much you have to spend each month & what you'll need to spend it on
- Know what motivates your spending
- Distinguish between needs vs. wants – food is a need/fast food is a want
- Be alert for fixed vs. flexible expenses – rent is fixed/cigarettes are flexible

💰 How Well Are You Managing Debt?



The Pitfalls of Using Credit Cards

- Credit card companies make money by encouraging you to take on more & more debt
- Initially low credit card interest rates are called “teaser rates” because they always increase
- Spending on credit gives the illusion of “free money,” misleading people by leaving them unaware of how much they are spending

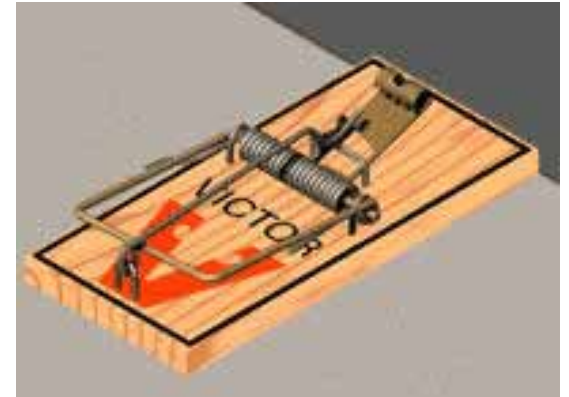
Spending Traps

- Rent-to-own stores
- Payday lenders
- Pawn shops
- Online shopping
- Mail-order clubs
- Auto-purchase
- Buying parties



How Do I Spot A Spending Trap?

- It's tempting
- It looks convenient
- It appears to be helpful
- It often involves everyday purchases so you don't notice the expenses mounting up
- It's hard to discontinue or dis-enroll



Savvy Savings Strategies

- Know how much you're spending & on what
- Avoid spending traps
- Distinguish between needs vs. wants
- Know your fixed vs. flexible expenses
- Anticipate infrequent, unexpected expenses
- Deal with your credit issues

Using Banking Institutions

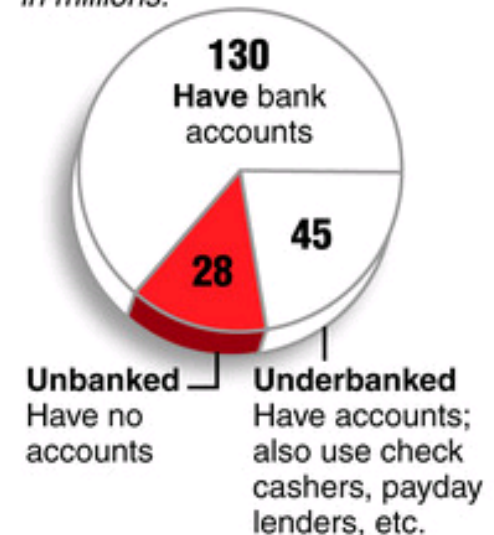


Education for People who are “Unbanked”

- Difference between Banks vs. Savings & Loans vs. Credit Unions
- Basics of Savings & Checking Accounts
- How Online Banking Works
- Obtaining Free Checking & Avoiding Bank Fees
- Online Bill Paying

Millions are ‘unbanked’

A look at who has bank accounts in the United States, in millions:



© 2007 MCT
Source: Center for Financial Services
Innovation
Graphic: Judy Treible

Members & Staff of the UIC Individual Development Account Project



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Individual Development Accounts (IDAs)

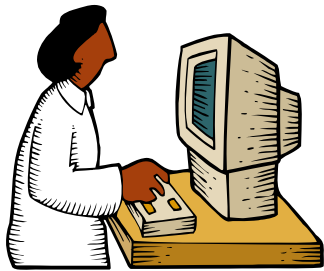
- 💰 Assets for Independence Act (AFIA, 1998) administered by U.S. HHS
- 💰 Save earned income for 1st home, small business capitalization, or post-secondary education
- 💰 Income below 200% of poverty level to qualify
- 💰 Savings must be from earnings; 3-year limit
- 💰 Savings excluded from SSI/SSDI beneficiaries
- 💰 Individual must receive financial education
- 💰 Individual's contribution is matched by federal & non-federal source (e.g., 1-to-1 match: \$100 individual's deposit + \$100 federal + \$100 non-federal = \$300)

3-Year Potential Savings

Month/Yr	Individual	Federal	Foundation	Total
Dec 06	\$25	\$25	\$25	\$75
Jan 07	\$25	\$25	\$25	\$75
Feb 07	\$25	\$25	\$25	\$75
Mar 07	\$25	\$25	\$25	\$75
Apr 07	\$25	\$25	\$25	\$75
May 07	\$25	\$25	\$25	\$75
Year 1	\$300	\$300	\$300	\$900
Year 2	\$600	\$600	\$600	\$1800
Year 3	\$900	\$900	\$900	\$2700

What will \$2,700 buy in Chicago?

- 💰 3% down on a \$90,000 condo
- 💰 12 credit hours of undergraduate tuition at UIC
- 💰 10 credit hours of graduate tuition at UIC
- 💰 Microsoft Office Specialist Certification
- 💰 Laptop, printer, office supplies, phone, and transportation for small business



Projected savings and match over 32 month program based on average monthly deposits of 4 participants

Participants	A	B	C	D	Total
Total deposits to date (12/06-5/08)	\$494	1120	956	457	3027
Average monthly deposit to date (12/06-5/08)	27	62	53	25	168
Projected 3-year total deposits excluding 1.12% interest	864	1984	1696	800	5344
1:1 match of savings from private foundation	864	1984	1696	800	5344
1:1 match of savings from federal government	864	1984	1696	800	5344
Projected total from IDA Program savings and match (excluding interest)	2592	5952	5088	2400	\$16,032

Participant Updates

- “A” completed her AA degree and now works with UIC staff to find a local college where she can best use her IDA savings in conjunction with financial aid to complete her BA degree.
- Through AssetBuilders CDC, “B” is attending seminars on home buying and will be linked with city and state home buyer programs (to supplement his down payment & secure a low fixed rate mortgage) for his condo.
- “C” is taking classes to become a psychosocial rehabilitation counselor and will use his IDA for a home for his family, using the same resources described above.
- “D” is planning to use his savings to realize his lifelong dream of completing his Ph.D. (has a Master’s degree).
- “E” lost his job while was hospitalized for 2 months in the fall and has been unable to find steady employment. His \$220 in deposits and interest is refundable.

The Bottom Line re: Financial Education

- Financial security is essential to well-being & promotes recovery.
- Even as people return to work, debt, poor credit, & financial hardship can threaten the recovery process.
- Financial education & on-going support is a matter of effort, not expenditure.
- Asset accumulation works!



For further information

For more information on
Financial Planning for Persons in Recovery,
visit the University of Illinois at Chicago
Center on Mental Health Services Research &
Policy website at

www.psych.uic.edu/mhsrp/

Or directly contact

Tina Carter or Jane Burke-Miller

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jburke@psych.uic.edu

Additional Resources

- U.S. Financial Literacy and Education Commission
<http://www.mymoney.gov/>
- U.S. Dept of Treasury Office of Financial Education
<http://www.ustreas.gov/offices/domestic-finance/financial-institution/fin-education/resources/>
- Information about IDAs & finding local IDA programs
<http://www.idanetwork.cfed.org/>
- Centers for Financial Education
<http://www.crediteducation.org/index.php>
- Check with local banks, community colleges & university extension programs
- April is National Financial Literacy Awareness Month, look for programs in your area next year

Thank you!

