FiCEP Recertification Study Guide

1. We learn about money from patterns we learned as **CHILDREN**, from **PARENTAL BEHAVIOR**, **SOCIETY**, and **CREDITORS AND LENDERS**.
2. Six steps to financial counseling include:
    1. Gathering **PERSONAL AND FINANCIAL** information
    2. Establish clear **GOALS AND OBJECTIVES**
    3. **PROCESS AND ANALYZE** information
    4. Develop a **COMPREHENSIVE** spending plan
    5. **IMPLEMENT** the plan
    6. **MONITOR, EVALUATE, AND ADJUST** as needed
3. There are four recognized money cycles:
    1. Earn-spend-earn-spend
    2. Earn-spend-borrow-spend
    3. Earn-spend-save
    4. **EARN-SAVE-SPEND**
4. The most important goal of financial counseling is to help members be responsible for their own financial **FUTURE**, and the number one thing you give counseling clients is **HOPE**.
5. Designing a program requires you to:
    - Determine member needs
    - Determine institutional attitudes
    - Use department structure
    - Identify program personnel
    - Develop adequate counseling facilities
    - Provide support for the service
    - Develop policies and procedures
    - Sell the board
    - Involve the community
6. Financial counseling is not a cure all, but there are some things that you should aim to do. First is to give the client **HOPE**, and also help them use and manage **CREDIT** wisely.
7. When a household has income (salaries, dividends, and other money coming in) and other money going out (paying bills, expenses, and purchases) it is defined as **CASH FLOW**.
8. When a client is struggling with too much credit, they should first stop creating **NEW DEBT**.
9. Creditors evaluate prospective borrowers using the four Cs of credit. They include **CHARACTER, CAPACITY, CREDIT HISTORY, AND COLLATERAL**.
10. Establishing financial health includes learning about appropriate savings habits. Three types of savings are considered crucial: **SET ASIDE SAVINGS**, which helps manage periodic known expenses, **EMERGENCY SAVINGS**, which helps with those unknown expenses that pop up, and **RETIREMENT SAVINGS**, that provides additional financial security after a client stops working.

11. There are five factors that impact a person's credit score. They include **PAYMENT HISTORY** (35%), **CAPACITY/AMOUNTS OWED** (30%), **LENGTH OF CREDIT HISTORY** (15%), **NEW CREDIT** (10%), and **TYPES OF CREDIT USED** (10%).
12. A client has alternatives to stop creditor calls, they can include **PAYING** the debt, **WRITING** to explain the circumstances and what they are doing to remedy the problem, **SENDING A LETTER** asking them to stop calling, asking a **LAWYER** to send a letter, **COMPLAINING** to a government agency, and working out a **PAYMENT AGREEMENT** with the creditor.
13. The **GARNISHMENT** process has five general components. They are a debt is unpaid, debt is referred for collection, debt remains unpaid, creditor goes to court, court issues a judgment that allows pursuit of garnishment, forms are filed with the court and served, employer implements the order by withholding pay.
14. Borrowers can ask the creditor under certain circumstances for a **FORBEARANCE AGREEMENT**. This reduces or puts on hold the payments, usually for a specific length of time.
15. The Fair Debt Collection Practices Act, while protecting debtors from a number of illegal practices, is not a stay of any collection activities. It applies to **THIRD PARTY COLLECTORS** and agencies and does not prohibit collection actions of credit unions directly with their members.
16. When people see the world in a different way, they have a hard time seeing past their personal point of view. Counselors should know this and understand that people may have widely differing **PERCEPTIONS**.
17. **HEMISPHERIC THINKING** is the concept that some people think with the left side of the brain, and are analytical, logical, focused and verbal, and others are dominated by the right brain, which tends to be visual, experiential, artistic and sensual.
18. A key counseling skill, **BLENDING**, requires you to analyze the communication patterns, such as rate of speech and vocabulary, and attempt to match these to put the member at ease.
19. It is helpful to help members reframe negative thinking to show them the alternatives and that the perceived impact may be exaggerated. This is called **RE-FRAMING**.
20. Johari Window:

Johari Window	Known to self	Not known to self
Known to others	OPEN	BLIND
Not known to others	PRIVATE	HIDDEN

21. There are three types of tax: **PROGRESSIVE** tax (the more you earn the more you pay), **REGRESSIVE** tax (amount paid is a percentage of an item's costs like sales tax), and **FLAT** tax (based on a level percentage of the taxpayer's income with no limit on the amount paid).
22. **EARNED INCOME TAX CREDIT** is a way that low income taxpayers get additional credits.
23. **TAXABLE INCOME** includes wages salaries and tips, interest and dividend income, alimony, business income, capital gains, pensions and annuities, other forms of income, and distributions from a traditional IRA.
24. Homeowners insurance plans typically require that the homeowner insure at least **80%** of the cost of replacing the home.
25. Understand that the higher the risk of an investment, the higher the possible yield, but that the investment could be **LOST**.
26. There are pros and cons to **RENTING OR OWNING** a home. They can include, costs of maintenance, long term plans, tax benefits, and future needs.

27. Members can avoid buyer's remorse in **VEHICLE PURCHASES** by considering how much they can afford AND maintain, what they use the vehicle for, ongoing costs of operation, and how long they plan to keep the vehicle.
28. Setting appropriate financial goals can be a matter of focusing on what they **WANT**, as in future financial security, being debt free, and accomplished financial goals. This is a different concept than wants versus needs.
29. Families must learn to work together to accomplish financial goals. It cannot be one person dictating the goals and rules. Everyone in the household should brainstorm solutions **TOGETHER**.
30. **HOME EQUITY** can be a solution for managing debt only if the homeowner makes change necessary to avoid repeating the behavior that led to the problem.
31. Factors that have an impact on **FINANCIAL BEHAVIOR** can include childhood experiences, emotional disorders, generational factors, media, lenders, and socioeconomic dynamics.
32. A financial counselor should learn to respect **VALUES** and work toward changing **BEHAVIORS**.
33. Divorce has an impact on a client's finances. Assessing their new reality and learning the way to live within their **MEANS** is critical to avoiding financial problems.
34. When you work with a client it is important to understand that **VALUES** are long held principles, and **ATTITUDES** are more malleable and likely to change.
35. The rule of thirds with regard to financing **COLLEGE** is the idea that one third will be paid for with savings and family resources, one third through grants and tax benefits, and one third through student and family loans.
36. Retirement **PLANNING** is even more important today because people are living longer, Social Security is shrinking, pensions are not always available, many don't save enough, planning to work may not be feasible, and retirees are spending more than they planned.
37. Outliving their money is a serious concern for many retirees. A **SUSTAINABLE DRAW** is the concept that the retiree will periodically withdraw only the amount of money that will avoid depletion of the assets required to sustain you through the expected remainder of your life.
38. The minimum age your can withdraw from a traditional IRA is 59 1/2 and the mandatory withdrawal age is **70 ½**.
39. There are three types of powers of attorney. The **DURABLE** power of attorney gives the named person the powers to manage one's property and financial matters immediately. A **LIMITED** power of attorney allows the agent to act only for a specific matter, time or combination of both. A springing power of attorney only goes into effect in the event of specific circumstances or event(s).
40. Identity theft is one of the fastest growing crimes in the US. If you become a victim, you should **CALL** the FTC, contact the three **CREDIT BUREAUS**, contact all **FINANCIAL INSTITUTIONS AND CREDIT CARDS COMPANIES** you use, and contact the **POLICE**.