Monthly Coaching Call
Minutes
February 27, 2013

Minutes:

New Classes – April
There are four new classes being organized for the month of April. Now is the time to let people know about registering for these classes. The flyer was attached to the Bank On meeting sent out and will be posted on the Bank On Blog.

Tax Time Opportunities
Tax time is a great opportunity to help your coaching participants accelerate their financial plans. Virginia Saves has a recommended 30-40-30 plan for tax time. 30% to Past – Bills and debt repayment; 40% Present – current needs; and 30% Future – Savings for rainy day and future purchases. Making a plan for windfalls keeps temptation from taking over.

If people are getting consistent large refunds or consistently owing taxes, now is the time to revise the W-4 with employers.

New Reporting for Financial Institutions
Collecting data on the performance of the program is essential for many of our financial institutions to continue to participate in Bank On. Your point person for your financial institution needs to get numbers for their reports they send to Bank On Virginia Beach. Primarily we are looking for accounts and aggregate balances by zipcode. We will also ask for the numbers of participants coached and the number of hours spent coaching.

Appeal for Matched Savings
The Interfaith Alliance at the Beach has created a fund to match savings for participants. Accessing the matched funding depends on a recommendation from the coach. The coach must be able to confirm that all the requirements for matched savings are met. Because a couple of the requirements are left to the coach’s discretion, we have set up an appeal board of IAB members to review cases where the coach and the participant may disagree related to the matched savings. Please feel free to refer any cases you find questionable to our office for the second review.

Participant Follow Up
For classes that started in November, this is the month when sitting passive in class is no longer optional. In order to make real change in their financial condition, getting started on a budget including tracking spending for a period of time and comparing the tracking with the reality of the spending for the month is the core activity for the coming lessons. You probably have already started some of the budgeting process with these clients. Because this process can be scary for some – a good outreach to your participants can make all the difference right now to encourage them to stay the course.

Please encourage participants to make class and coaching participation a priority over the next couple of months. People who make it through these months are generally going to complete the program.
Case Presented: Case Study #1: person has a car loan and no other significant asset. The loan is upside down and the balance is escalating, suggesting that this may likely be a usurious loan. Payments of $600 plus per month are hindering ability to pay for rent, utilities and other basic needs. We could use the 10 minute segment to talk about this case or other auto situations that have come to your office and solutions that you were able to provide. In the minutes for the meeting I will include the contact name of the person speaking. We post the minutes for future access by the coaches.

Mr. Hahn commented that this type of situation is very common in the area and many people are finding themselves upside down in car payments with few options available. Without any additional credit that can be used to recapture the difference between the fair market value of the car and the amount of the loan, they can:

1. Refinance through local bank or credit union to extend the note. This minimizes the damage done to credit score.
2. Voluntarily return the car and work out payments for the unsecured portion of the debt.
3. Wait and have the car repossessed and discharge the unsecured portion of the debt in a bankruptcy.

When Bankruptcy is under consideration, there are complicating factors if the auto loan is cosigned by someone who is not the spouse. With spouse situations, both spouses could be included on a bankruptcy, but you couldn’t have a non-spouse on the same bankruptcy.

Even under bankruptcy there are two options:

1. Chapter 13 – extends payments and can lower interest rate to make payments affordable.
2. Chapter 7 – can eliminate the debt but only to the amount above fair market value of the car and the car would be turned in.

Mr. Hahne mentioned that there are some automobile sales that are very aggressive about collections and quickly pursue garnishments and judgments against the borrower. Mr. Hahne is available to our coaches if we have any questions or need clarification on a situation.

Do you have a challenging case? Send the outline to me at bankonvb@vbgov.com or call 385-3551

Next Call: March 27, 9:00 am – Guest Speaker John Bedi to discuss available options for student loan debt that can cripple a budget.