TOM COUGHLIN JAY FUND

Managing the Financial Challenges of Childhood Cancer

A Financial Game Plan developed by the Tom Coughlin Jay Fund Foundation

Tom Coughlin Jay Fund

We help families tackle childhood cancer by providing comprehensive financial, emotional, and practical support. From diagnosis to recovery and beyond, we are part of the team, allowing parents to focus on their child's well being. Our goal is to BE THERE for parents facing the unthinkable so they can BE THERE for their families.

Overview

The Financial Impact of Childhood Cancer

Support Provided by the
Tom Coughlin Jay Fund Foundation

The Financial Game Plan

The Financial Impacts

Lower Income

- Length of treatment
- Time off for caregiver

Unexpected Costs

- 56% of costs recorded in study were for travel
- 18% for food
- 5% for sibling childcare

Source: Argerie Tsimicalis, Bonnie Stevens, et al; A Mixed Method Approach to Describe the Out-of-Pocket Expenses Incurred by Families of Children With Cancer; Pediatr Blood Cancer; 2-13; 60:438-445

Cancer Related Financial Toxicity

- 72% of families reported losing more than 50% of their income
- 1 in 3 families are unable to meet their basic needs because pediatric cancer diagnosis

Source: Scott Ramsey, David Blough, Anne Kirchhoff, Karma Kreizenbeck, Catherine Fedorenko, Kyle Snell, Polly Newcomb, William Hollingworth and Karen Overstreet
Washington State Cancer Patients Found To Be At Greater Risk For Bankruptcy Than People Without A Cancer Diagnosis
Health Affairs, , no. (2013):

Jay Fund Support

- Financial Assistance
- Making a Child's Life Brighter
- Improving Quality of Life

The Financial Game Plan

To help families manage the financial challenges of childhood cancer.

GOAL:

Insight on managing finances and answer to specific questions so families can make it through this costly process financially intact.

The Financial Game Plan

- Jay's Playbook – a useful information management system
- Financial Literacy Workshops
- Individualized consultations with the Financial Coach.
- Continued financial assistance during the time of crisis.

Key Components of Financial Literacy

- Understanding Your Net Worth
- Evaluating Your Debt and Credit Score
- Determining Your Income and Expenses
- Developing a Monthly Budget
- Making Hard Decisions and Money Saving Ideas
- Tracking Your Spending

Understanding Your Net Worth

What you OWN vs. What you OWE

OR

Assets minus Liabilities = Net Worth

(Also Known as Your Balance Sheet)

Assets

- Assets are items that you own.
- They can be divided into 2 basic categories:
  - Financial – Cash (checking and savings accounts or items that can be easily converted or liquidated into cash)
  - Physical – Items such as your house, your car, furniture, etc. that could not easily be liquidated or sold
- Why is it important to understand your assets?
  - In the time of a crisis you may need to access all resources available to you.

Liabilities

- Liabilities are amounts you owe to others, examples include:
  - Mortgage
  - Car Loan
  - Credit Cards
  - Student Loans
  - Other Debt
- Why is it important to understand your debts?
  - Liabilities are very likely a large component of your expense base.

Net Worth Example

Assets

- Checking Acct = $3,500
- Savings Acct = $1,000
- 401(k)/Retirement = $50,000
- House = $125,000
- Cars = $15,000

Liabilities

- Mortgage = $120,000
- Car Loans = $10,000
- Credit Cards = $15,000

Net Worth = Assets – Liabilities
OR
Total Assets = $194,500
Total Liabilities = $145,000
Net Worth = Assets – Liabilities
OR
$49,500 NET WORTH

Asset Utilization

- List your assets from most liquid to least liquid
- Determine if any excess liquid assets can be used to cover current cash shortfalls.

  - Examples: Savings accounts, investment accounts, BUT NOT retirement accounts.

Asset Utilization

- Access only retirement funds as a last resort because there are BIG consequences (Taxes + Your Future)
- Some companies allow you to borrow against your 401(k).

Evaluating Your Debt and Credit Score

Your Debt

Understand EACH liability you owe:

- What is the outstanding balance?
- What are the terms – interest rate and maturity – Is it short term or long term?

Liability Management

Rank liabilities according to the importance of the underlying asset:

- Your mortgage should always be #1
- Next should be your secured assets
- Unsecured debt should be last

Liability Management

Determine if you can adjust liability payments:

- Can you refinance your home?
- Can you make only minimum payments on you credit card?
- Can you restructure credit card or medical expense debt?
- Can you defer student loans?

Talk to your creditors

Your Mortgage

- What is your current outstanding mortgage balance?
- What is your current interest rate?
- Is the value of your home less than your mortgage?
- If so, what are my options and does that even matter?
  - Refinance
  - Mortgage Modification
  - Short Sale
  - Deed in Lieu of Foreclosure
  - Foreclosure

Refinancing Example

Old Mortgage

- Original Loan Amount = $200,000
- Outstanding Balance = $150,000
- Current Value of home = $190,000
- Current Rate = 6.5%
- Original Term = 30 years
- Currently Pmt = $1,264.14

New Mortgage

- New Loan Amount = $155,000 (bal + costs)
- Meets minimum 80% Loan to value
- New Rate = 3.65%
- New Term = 30 years
- New Payment = $914.92
- $350 in monthly savings

Florida Hardest Hit Fund

Foreclosure Prevention Assistance Programs:

- <u>Unemployment Mortgage Assets Program</u>
  - Requires 10% reduction of income.
  - Can receive up to 12 months of mortgage payments or $24,000 (whichever comes first)
- <u>Mortgage Loan Reinstatement Program</u>
  - Brings past-due mortgage current after financial hardship ends.

https://familyfoundations.org/foreclosure-prevention-counseling/

Are You Credit Worthy?

- The ability to secure new debt or refinance old debt hinges upon your credit risk.
- Your credit risk is determined by your credit history
- Your credit history is boiled down to a CREDIT SCORE.

What is a Credit Score

- It is a 3 digit number representing your credit worthiness

- Three major credit bureaus track all credit and payment information – Experian, Equifax and TransUnion.

Your Credit Score

- Ranges from high 300s to 850
- Higher is better
- Scores below 600 are considered high risk and will be priced accordingly

Why is Your Credit Score Important

Creditors use it to make decisions about lending and the cost to borrow money.

Cost of a Low Credit Score

New Car Purchase
Credit Score 780:

- Amount financed = $22,500
- Loan Term = 5 years
- Interest Rate = 3.95%
- Monthly Payment = $413.86
- Total Cost = $24,831.60

New Car Purchase
Credit Score 590:

- Amount financed = $22,500
- Loan Term = 5 years
- Interest Rate = 9.50%
- Monthly Payment = $472.54
- Total Cost = $28,352.40

Factors Affecting Your Credit Score

- Failure to make payments on time
- Too many accounts opened in last 12 months
- Short credit history
- Revolving balances near credit limits
- Public records information such as bankruptcy or liens
- Too many inquiries
- Too many/few revolving accounts

Source: Well's Fargo Managing Your Money Seminar

Check Your Credit

- Get a free credit report at AnnualCreditReport.com
- Check all the details on your report
- Fix any errors
- Purchase your credit score at AnnualCreditReport.com or directly from any of the credit bureaus.
- Monitor your report often for errors, omissions and possible identity theft.

Net Worth Quiz

1. Net Worth equals __________ minus ___________.
2. What is the highest credit score?
3. True or False – You should always pay off your lowest interest rate debts first?

Net Worth Summary

- Net Worth = Assets less Liabilities
- Utilize your liquid assets as needed during the crisis
- Manage your liabilities by paying down high interest rate loans first and deferring or lowering other debt payments
- Keep an eye on your credit in order to emerge from your crisis in the best possible financial condition
- Grow your net worth by paying for assets with current income and paying off debt

Determining Your Income and Expenses

Your Net Income

- It is crucial to know your income and expense
- Learn how to create a spending plan

Your Income

List all sources of income:

- Wages
- Alimony/Child Support
- Social Security
- Investment Income
- Any other income

Your Expenses

Expenses fall into one of 3 categories:

- Fixed – same amount every month and satisfies a basic need
- Variable – different amount every month and satisfies a basic need
- Discretionary – different amount every month and is NOT a necessary expense

Chances are you do not know your discretionary expenses and they are higher than you would like

Fixed Expenses

Examples of fixed expenses:

- Mortgage payment
- Car payment
- Child care
- Education
- Debt payments
- Insurance

Don't forget those items that are paid only annually or quarterly

Variable Expenses

Examples of variable expenses:

- Medical
- Home and auto repairs
- Gas
- Utilities
- Groceries

Sometimes what you consider variable expenses are actually discretionary expenses

Discretionary Expenses

Examples of discretionary expenses:

- Entertainment
- Dining Out
- Cell Phone
- Cable/Internet
- Travel
- Retail Purchases
- Gifts
- Recreation

During the tough times, these are the expenses to cut

Net Income Quiz

1. Net Income equals __________ minus ___________.

2. What are the three categories of expenses?

3. True or False – Medical expenses are considered discretionary expenses

Net Income Summary

- Net Income = Income less expenses
- Expenses can fall into 3 categories:
  - Fixed Expenses
  - Variable Expenses
  - Discretionary Expenses

Developing a Monthly Budget

Step 1: Evaluate Your Income

- Take a look at your last pay stub.
- Do you understand all your deductions?
  - Tax withholdings
  - Retirement savings
  - Health Insurance
  - Life Insurance
- Can you work overtime?
- Are there other odd jobs you can do to increase income?
- Is your child eligible for SSI or Medicaid?

Know Your Paycheck

- Federal Income Tax Withholding
  - If you normally get a big tax refund, check your withholding exemptions. You can put extra money in your paycheck NOW.
- Retirement Savings
  - Are you maximizing your contributions to your company's retirement plan? Consider cutting back temporarily to put extra money in your paycheck NOW.

Step 2: Evaluate Your Expenses

- Fixed Expenses are usually just that – UNCHANGEABLE
- Variable Expenses are necessary but fluctuate on a monthly basis so try to take action to reduce those bills
- Discretionary Expense are nice to haves. Each expense in this category needs to be considered for elimination

Develop a Monthly Budget

- Create a list of every expense
- Determine monthly amount of each expense by looking at historical information – figure average if necessary
- Categorize as fixed, variable or discretionary
- Compare total monthly expense to total monthly income
- DO YOU HAVE A SHORTFALL?

Sample Monthly Budget

Net Monthly Salary		$4,000
Auto		
Payment	Fixed	$250
Gas	Variable	$300
Insurance	Fixed	$200
Rent	Fixed	$1,000
Cell Phone	Variable	$150
Utilities/Cable/Internet	Variable	$400
Groceries	Variable	$550
Child Care	Fixed	$200
Credit Card Payments	Fixed	$200
Children's Activities	Variable	$100
Entertainment/Dining Out	Discretionary	$250
Medical	Variable	$250
Personal Care	Discretionary	$50
Retail Purchases	Discretionary	$200
Travel	Discretionary	$100
Net Income		$(200)

Making Hard Decisions and Money Saving Ideas

Variable Expenses

- Utilities
  - Adjust your thermostat
  - Cut down on watering your lawn to just 1 day per week
  - JEA offers budget billing
- Gas
  - Plan out your shopping trips and errands – take less # of trips
  - Shop around for the cheapest gas (Gas Buddy App)

Variable Expenses

- Groceries
  - Go shopping only once a week with A LIST
  - Shop around the outside of the store – its cheaper and healthier
  - Don't buy bottled water – use a refillable water bottle
  - Buy store brands
  - Eat leftovers
  - Use coupons
- Medical Bills
  - You may not be able to cut down on the cost, but you can arrange payment plans with providers. Communication is the key.

Discretionary Expenses

All discretionary expenses should be reviewed for cost savings:

- Cell phone – can you adjust your plan to save money?
- Dining Out - Don't eat out if you can help it
- Entertainment
  - Red Box – return the movie the next day
  - Play at the park
  - Visit the Public Library

Discretionary Expenses

- Retail purchases
  - No impulse buying
  - Look for coupons
  - Buy with cash only
- Postpone travel
- Focus gifts on children & give yourself a budget
- Cancel your cable or satellite – watch movies or just turn the TV off

Why Do You Overspend?

Causes of Overspending

1. The “latest & greatest “syndrome
2. Using credit instead of cash
3. Eating out
4. Borrowing from the future
5. Keeping up with the Joneses
6. Impulse buying
7. Money burning a hole in your pocket
8. Rationalizing spending
9. Not knowing how much you have to spend
10. Not knowing what you are spending money on

Savings Ideas & Decisions

- Dig deep into the details of your variable and discretionary expenses
- LITTLE changes can add up to BIG savings
- Look on the internet for many more money saving ideas
- Know how much you have to spend
- Know how you spend

Tracking Your Spending

Tracking Your Spending

- Knowing how you spend your money is CRITICAL to the success of implementing a monthly budget
- There are many tools available to help you quickly and easily track your monthly expenses

Tracking Tools

- Spending diary
- Calendar based budget tracker
- Online banking tools
- Mint.com
- Quicken
- Other suggestions?

Tracking Implementation

- Usually need online access to banking and credit card accounts
- After tracking expenses for a period of time, determine where you need to cut back – How Will You Close The Gap?
- Stay on top of your data
  - Keep it updated
  - Keep an eye on it

Maintaining Your Financial Health

- Access all resources available to you
- Manage your liabilities by prioritizing and keep open the lines of communication with creditors
- Watch your credit report
- Know your income and expense
- Make difficult decisions about variable & discretionary expenses
- Implement an expense tracking tool, and….

Use the Financial Game Plan

- Get Organized
- Track Expenses
- Ask for help if your child is on treatment
- Participate in seminars
- Call a coach
  - One-on-one confidential consultations
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