

# FINANCIAL *Liberation*



**A beginner's guide to  
generational financial healing,  
stability, ownership, and wealth**

Created by Black Leaders Acquiring Collective Knowledge in partnership with Marine Credit Union Foundation, with funding from Associated Bank, and resources from Chloe McKenzie and the Center for Financial Trauma.



# INTRODUCTION

In order to fight the systems that have caused wealth injustices, their impact on our relationships with money, value, wealth, and worth must be acknowledged. Only then can we begin to undo and heal generations of financial trauma (McKenzie, 2021). Check out the [centerforfinancialtrauma.org](https://centerforfinancialtrauma.org) for more resources.

Here are some key terms to think about as you begin to explore your background as it relates to money.

**Material safety** — a person's ability to access, secure, and sustain the resources needed for their everyday basic needs such as: safe and adequate housing, personal care, food accessibility, clean water, affordable education, healthcare, and transportation.

**Financial trauma** — the result of actions, policies, and cultural messages that repeatedly take away from a person's ability to build wealth and/or attain material safety (McKenzie, 2020), which may include experiencing:

- ⇒ **Chronic financial stress** — financial-and/or economic-related anxiety, worry, or a sense of not having enough — often accompanied by feeling nauseous, jaw clenching, muscle tension, and/or headaches (*Financial health Institute, 2021*).
- ⇒ **Financial abuse** — an event, action, or cultural message that continually takes away from a person's ability to build wealth (McKenzie, 2020), such as being denied a loan because of the neighborhood they live in.
- ⇒ **Financial shaming** — messages that blame those with financial challenges who have also experienced financial abuse (McKenzie, 2020).
- ⇒ **Economic violence** — harmful experience/s that happen while trying to reach or restore material safety (definition above), such as being humiliated at work but unable to quit or file a complaint.

After reflecting on your own experiences and how they have shaped your money behaviors, use this guide to help start your journey toward financial stability, ownership, and wealth.

# SET GOALS & EXPLORE BARRIERS

*Why do you want to improve? What do you want to do? What are your dreams?*

The number one motivator for getting our finances in order is a reason to do so! Change can be difficult; giving yourself something to work toward can help make it more bearable.

**What are your financial goals?** (you can have more than one!)

**Short Term** (12 months or less)

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**Medium Term** (13 months to 5 years)

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**Long Term** (5 years or more)

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**Like anything in life, things get in the way as we try to reach our goals.**

What do you think will get in your way (e.g., kids, income, yourself [impulse or emotional purchases], bills, family needing help, etc.)?

**Name each one.** Then come up with the first step in the direction of a solution.

Barrier: \_\_\_\_\_

Potential Solution: \_\_\_\_\_

Barrier: \_\_\_\_\_

Potential Solution: \_\_\_\_\_

Barrier: \_\_\_\_\_

Potential Solution: \_\_\_\_\_

Barrier: \_\_\_\_\_

Potential Solution: \_\_\_\_\_

# STEPS TO TAKE TO GET YOUR FINANCES IN ORDER

Solemnly swear to never use the word *budget* again. Budgets do not work; they are restrictive and can cause anxiety.

**All you need is a PLAN for your money.** You can still do everything you want to do, you will just shift into making *want* spending decisions based on your plan. And like any plan, things change! Having a plan for your money creates something called financial resilience, so you can bounce back when the unexpected happens — good or bad — such as a car repair or job loss.

Here are some basics to get you started:

- 1 Know your sources of income and how much you make.**
- 2 Know where your money goes.** Track your expenses. If you are new to this, start with daily tracking — you'll be amazed!
- 3 Understand wants and needs.** We usually have a basic understanding of wants and needs. We *know* when we buy a *want*; it feels so good to buy because we WANTED it! That brief emotional satisfaction can be a red flag. Give yourself a gut check. Why do you need this thing to make you feel better? Can you cope with what you are feeling without spending?
- 4 Think ahead.** Plan for the inevitable, such as: car repairs, birthdays, water bills, holidays, back to school clothing, etc. These are things that we know will happen but we don't save for — which often halt any and all progress!

## PRO TIP

### WAM

Walking Around Money = Money you can blow!

Give your self an *adult allowance* — in cash. It can be weekly, bi-weekly, monthly, whatever works for you! When it's gone, and you feel yourself wanting to spend, we challenge you to ask yourself *why*? What are you feeling that is making you want/need to spend? What other things are going on in your life? Is this feeling related to your overall background and experiences with money?

## PRO TIP

### Try the 52 Week Challenge at

[www.money-challenge.com](http://www.money-challenge.com)

*What gets measured gets managed*



## TOXIC MONEY BEHAVIORS

We are walking on egg shells right now, but this is important.

How and why each person spends money is unique, but we all fall victim to habits and patterns that hold us back from what we want out of life.

One of the biggest challenges of this book is to recognize/identify negative habits/patterns WHILE they are happening. That way, you'll be able to come up with a solution that works best for you, which can sometimes include seeking help to find less expensive ways to feel better/fix a problem.

### Types of Toxic Money Behaviors

#### Financial Denial

1. Do you avoid thinking about money?
2. Do you try to forget about your financial situation?
3. Do you avoid looking at financial statements?

#### Overspending

1. Do you have trouble holding on to “extra” money?
2. Do you purchase things with money you do not have?
3. Are you broke before your next paycheck?
4. Do you make promises to yourself that you will stop and then you don't?

#### Financial Enabling

1. Do you give money to others even though you can't afford it?
2. Do you have trouble saying no to requests for money from friends and family?
3. Do you sacrifice your own financial well being for the sake of others?

#### Financial Infidelity

1. Do you frequently lose sleep or fight with your partner about your spending?
2. Do you hide amounts of debt from your partner?
3. Do you hide spending from your partner?

If gambling has caused chaos in your life, find more information at [www.therecoveryvillage.com/process-addiction](http://www.therecoveryvillage.com/process-addiction)

# HOW TO GET OUT OF DEBT

The most haunting unasked/unanswered question:

*How do I get out of all of this debt?*

**1**

## STOP CREATING NEW DEBT!

- Put the credit cards down
- Stop talking to loan officers
- Make/look at your spending plan and/or
- Seek out a free financial counselor to help you look at options for debt. Come and see Majel at MCU Foundation! [Majel.Hein@Marinecu.com](mailto:Majel.Hein@Marinecu.com)

**2**

## Write down every single debt you have.

Anything and everything you owe. Put pen to paper and get them all out in front of you.

Personal debts, credit cards, payday lenders, rent-to-own, collections, medical debt, auto loans, etc.

It's also totally okay if you have no idea what you owe. A great place to start is pulling your credit report (see page 8, #2 for more information).

Start listing your debts here

**Debt**

**Total Owed/Monthly Payment**

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

## Dealing with Debt Collectors

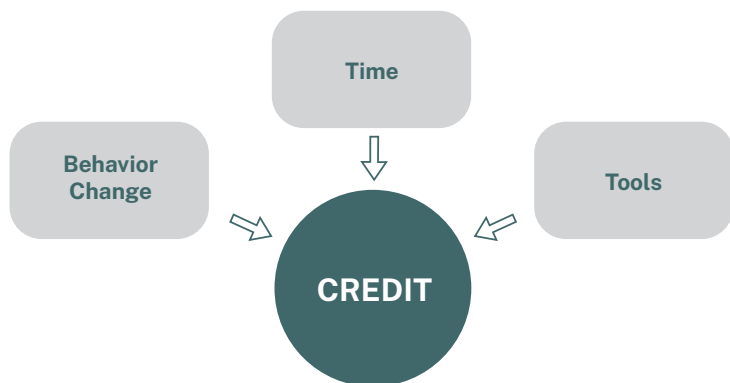
While we do not give legal advice, we thought it might be good for you to know about the existence of a law that requires debt collectors to treat people fairly.

### Here are a few highlights from the Fair Debt Collections Practices Act!

- Collector must contact you between 8:00 am and 9:00 pm
- Collector cannot call your place of work if you communicate that such calls are not allowed
- Collector must stop communications if the consumer requests (in writing)
- Collector may not engage in any conduct that may harass or abuse, such as:
  - Threats of violence or criminal action
  - Obscene language or racial slurs
  - Repeated or continuous phone calls
  - Make calls without disclosure of identity

# UNDERSTANDING AND ESTABLISHING OR RE-ESTABLISHING CREDIT

It's easy to get hyper-focused on your credit score, but the information and data feeding that score is what's really important.



*You are not condemned to a life of poor credit*

Did you know **70% of your FICO score** is based on just the last 2 years of credit history? With some planning, time, and change, your credit score is totally fixable!

Here's where to start

- 1 Get your spending plan in order**
  - Use the template inserted in this booklet!
  - Figure out if you need to take out credit to build credit.
  - Based on interest rates and balances, figure out which debts to target in order to see your score go up more quickly.

- 2 Review Your Credit Report**
  - Pull your credit score for free, once per year, here: <https://www.annualcreditreport.com/>
  - Your FICO score is the one banks/ credit unions care about. Your VantageScore, which you can get from Credit Karma, tends to run higher.

## PRO TIPS

- **Get a secured credit card.**
- **Get added as authorized user on a someone else's credit card.**
- **Get a Get Credit loan** from MCU — it works to boost your credit + acts as a forced savings account.
- **Pay down credit cards** in order to pay them OFF. You do not need to carry a balance to build credit. If you **MUST** carry a balance, keep it under 30% of your credit limit.
- **The higher your score gets the more it will change.**
- **Try not to close cards when you pay them off; just stop using them.**



# BUILD WEALTH: START WITH HOMEOWNERSHIP!

## Myths about buying a home

⇒ **You need 20% down to purchase a home**

FALSE! There are several homeownership programs and products that require no down payment at all.

⇒ **You need perfect credit to purchase a home.**

FALSE! While most lenders require a 640 credit score, plenty of other programs exist that can get you into a home if you are below that score. Check out MCU Foundation's **Finding HOME program**; we'll help you explore your options for FREE!

⇒ **Medical debt will stop you from buying a home**

FALSE! Most lenders don't count it against you at all — as long as your credit and down payment are good-to-go (and there aren't any civil judgements)

## How much home can you afford?

Either schedule an appointment with Majel at MCU Foundation (Majel.Hein@MCUFoundation.com) or get yourself started by calculating here: [www.nerdwallet.com/mortgages/](http://www.nerdwallet.com/mortgages/)

## Saving to Build Wealth

**1. Start a LIQUID (cash) savings account** for unexpected expenses and/or emergencies. These funds are not tied to needs or bills (like the ones on page 5, #4).

### 2. Retirement accounts.

- Explore employer options/matches. Employers often contribute to your retirement if you do. That's free money!
  - Individual Retirement Accounts (IRA)
    - Traditional: Contributions BEFORE taxes (current year rate)
    - Roth: Contributions AFTER taxes. This option allows you to draw on your retirement in your golden years TAX FREE! (Check out Roth 401k, too!)

### 3. Invest.

- Mutual Funds. You decide your contribution and a manager watches your investments for a fee. The money you contribute will be invested in stocks, bonds, and other securities.
- Exchange Traded Funds (ETFs). These can be bought and sold easily with the help of a broker for a very small fee. Your money will be invested in a "basket" of securities that often includes stocks, commodities (like oil, gold, or tech companies), bonds, and sometimes government holdings.

**4. Real Estate.** Buying property is a strategy toward building wealth, however, anything over and above your home is too risky for us to recommend.

**5. Savings Bonds.** You purchase one for less than its actual value. You cash it in 1, 2, 5, 20, or 30 years from when you bought it for a guaranteed (albeit minimal) return.

A man with a beard and a plaid shirt is walking in a field, looking down. A child in a white beanie is walking next to him, looking towards the camera. The background is a grassy field with trees in the distance.

## TEACHING KIDS ABOUT MONEY

We are always leading by example. And sometimes, when it comes to money, we get it wrong.

### Examples of unintended lessons we teach our children may include:

- 1. Bribes.** Behave and I will buy you \_\_\_\_\_ .
- 2. Ask, and ask, and ask,** and ask, and ....you shall receive!
- 3. Plastic is money.**  
They just see a debit/credit card; they don't get that you worked for the money on that card. It is not magic!
- 4. Comparing ourselves to others.**  
We all want our kids to have what we never had — or what we always had. Sometimes our spending is more about emotion than necessity.
- 5. Spending can — and will — make you popular.**  
We want them to fit in, not be bullied for their lack of cool stuff.

### Correct Course! Start teaching the basics.

- 1. Wants versus needs.** Explain the difference to them, give choices (no more than 2 or 3), set limits, and stick to them — yes, you too! It seems simple, but your brain LOVES to buy things — the rush is the same no matter who it's for.
- 2. Show kids the value of work and money.** If you are going to buy things for them at the store anyway, start giving them an allowance that fits into your spending plan.
  - Allowance. Attach money to work. Give kids clear guidelines on what they will earn in exchange for their work or certain tasks.
  - It's OK if they blow their money and regret it; it's more important that they are able to learn these lessons in a safe place.

*The average child starts getting an allowance at 6 or 7 years old*

- 3. Let them see the progress!** Piggy Banks. They can be amazing tools. And they can be made out of anything — as simple as a jar. Being able to see progress is inspiring and will spark conversation about what they want to do with their money! Piggy Banks will be available soon to pick up, contact BLACK for more info.



## REFERENCES

Haines, S. (2019). *The politics of trauma: Somatics, healing, and social justice*. North Atlantic Books.

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**FINDING HOME**

HOPE • OPPORTUNITY • MASTERY • EMPOWERMENT



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608-791-1385

[Finding.HOME@MarineCU.com](mailto:Finding.HOME@MarineCU.com)

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[www.findhelp.org/](http://www.findhelp.org/)