

# The ALERT



The Legal Aid Society  
of Cleveland  
Since 1905

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## How Homeowner Rita Pollard-Bell Saved Her Home

By Emily Mutillo,  
City of Cleveland  
Department of Aging and  
Katherine Hollingsworth,  
The Legal Aid Society of Cleveland

Rita Pollard-Bell contacted the Cleveland Department of Aging when she received notice that her home was being sold at a sheriff's sale because of a foreclosure. Ms. Pollard-Bell was told that she would have to move out of her home by Christmas Day. She was enrolled in the Economic Security Project, which provides holistic financial case management in partnership with community organizations such as The Legal Aid Society of Cleveland.

Through the referral by the Economic Security Project staff to Legal Aid, Ms. Pollard-Bell found legal help to address her problem. Ms. Pollard-Bell had been convinced to take out a reverse mortgage and use the funds for home repair. The home repair company has a poor reputation in the community for taking advantage of seniors. Unfortunately, the repair company did not complete the repairs they contracted to provide and a short time later, the company went out of business.

After getting the reverse mortgage, Ms. Pollard-Bell fell behind on her property taxes and homeowner's insurance, so the reverse mortgage company paid them on her behalf. The reverse mortgage company expected her to repay the taxes and insurance advances—over \$2,000—in one lump sum. When Ms. Pollard-Bell could not afford to pay, the \$50,000 balance of the reverse mortgage loan became due. With a very limited fixed income, Ms. Pollard-Bell had no ability to repay the full amount of the loan and the reverse mortgage company filed for foreclosure.

Working together, Legal Aid and the Department



Tanesha Hunter (City of Cleveland) and Katherine Hollingsworth (Legal Aid) worked together to achieve a great outcome for Ms. Pollard-Bell.

of Aging assisted Ms. Pollard-Bell in applying for foreclosure mediation, which kept Ms. Pollard-Bell in her home temporarily. Legal Aid then advocated on behalf of Ms. Pollard-Bell and successfully arranged an affordable payment plan with the reverse mortgage company. After Ms. Pollard-Bell makes three payments under the payment plan, the foreclosure will be dismissed and Ms. Pollard-Bell will be able to stay in her home permanently. Ms. Pollard-Bell achieved economic security and avoided increased living costs as a result of renting. In addition, Ms. Pollard-Bell no longer experiences the stress of potentially losing her home. Ms. Pollard-Bell's determination to keep her home resulted in a very positive outcome.

# Tips on How to Get Out from the Payday Loan Cycle

By Iva Jeras

A payday loan is a short term, high interest loan designed to cover your expenses until your next payday. Payday lenders increase their profits by making loans with very high interest rates, but borrowers often cannot afford to pay them back. As a result, borrowers get trapped in a cycle of borrowing more each pay period and paying more fees to cover the original loan. Payday loans seem like an easy solution for unexpected emergencies like a hospital bill or car repair, but usually end up costing more than you expect.

Below are some steps that you can take to get out of the payday lending cycle.

1. Consider taking out a small loan with an affordable annual percentage rate (APR) from a credit union to help you get out of debt with the payday loan company. Always compare options from different lenders and find out about the terms of any loan before you commit to it. If you have trouble making your payments, contact your credit union right away to ask for more time or a payment plan.

2. Contact your local consumer credit counseling service for help working out a debt repayment plan with payday lenders.

3. If payday lenders are electronically withdrawing money from your bank account, tell the lender in writing they are no longer authorized to withdraw money from your account. Also, send a letter to your bank to let them know that automatic withdrawals by the payday lender are no longer authorized. Include a copy of the letter you sent to the payday lender. Be sure you date and sign the letters, as well as keep copies.

Some ways to avoid getting stuck in a payday loan cycle in the future include creating a budget and sticking to it. Also, begin saving just a small amount each month. See the article in this issue of The Alert called "Cleveland Saves" for helpful ideas about how to start saving. Additional information about payday lending problems and solutions is available on the Federal Trade Commission website at [www.consumer.ftc.gov/articles/0097-payday-loans](http://www.consumer.ftc.gov/articles/0097-payday-loans).

## Learn More, Keep More – It's Your Money!

By April McClellan-Copeland,  
Federal Reserve Bank of Cleveland

Learning more about money can help you make your own best money choices. Smart money choices can help you reach your goals— whether that's paying off debt, buying a house, retiring early, or sending your kids – or yourself – to college. Here are some questions to ask yourself to find out if you are being as smart as possible with your money:

- Do you have all of the information you need before deciding to make a big purchase?
- Does your family have a budget and follow it?
- Do you think carefully about when and how to use credit?
- Are you saving for the future, even just a small amount?



If you do some of these things, you have chosen building blocks for a strong financial foundation. Other principles that can help you with saving and spending smart are:

- Create a budget and stick with it
- Don't spend more than you make
- Pay your bills on time
- Pay yourself first by saving before you spend

The Federal Reserve Bank of Cleveland is part of the Federal Reserve System, our nation's central bank. The Federal Reserve System serves the public in many ways, including raising awareness about money through education programs and conducting research on money management.

The Fed has learned that children who have bank accounts as they grow up are better money managers as adults. Also, children whose parents talk to them early about family finances are better money managers later on. If you need help talking to your children about money, the Cleveland Fed's favorite resource is our very own, *Great Minds Think: A Kid's Guide to Money*. For free copies of *Great Minds Think*, call 216-579-3188. The Cleveland Fed also offers free financial literacy resources and information on visiting the Bank's Learning Center and Money Museum at <http://clevelandfed.org/learningcenter>.

# Cleveland Saves.... So Should You!

By David Rothstein,  
Neighborhood Housing Services of Greater Cleveland

Saving money is hard. If it were easy, we all would have plenty for retirement and at least three months of income socked away in emergency savings accounts. The worst thing people do when it comes to saving is not start at all.

More than 25 percent of Clevelanders are “under-banked” meaning if they have a checking account they don’t have anything in savings or use high-cost non-bank services. More than half of all American families don’t have enough reserves in their savings accounts to pay \$1,000 for an emergency.

For every message we hear about saving, there are ten about how to spend. *Cleveland Saves*, a project of NHS of Greater Cleveland, is all about the message of saving by setting goals, planning, and starting small. One type of savings account that families should strive to set-up and keep separate from spending accounts is an emergency savings account. An emergency account is the best way to avoid borrowing and increasing debt if something unplanned occurs such as a car repair, health issue, or home repair.

*Cleveland Saves* works with Savers at all income levels. Some of the best practices to save money are...

- Split your paycheck, some into checking (about 90 percent) and the rest into savings. Your HR department can help you do this easily with direct deposit.
- Reduce your eating out budget, especially lunches. Food budgets are one area that we have a lot of control over.
- Watch spending on credit cards and other loans since paying interest takes away from earning interest.
- If you get a tax refund, be sure to purchase U.S. Savings Bonds or split your tax refund into a savings account.
- Leverage community resources that are near or entirely free such as public libraries, free tax preparation, playgrounds, and museums.

Sign-up for *Cleveland Saves* now. Go to [www.clevelandsaves.org](http://www.clevelandsaves.org) and you will be enrolled in minutes. Remember that saving is a habit. If you start small and think big, the habit of saving will help you during times in your life you earn less, and will be passed on to your children. Have more questions? Contact one of our financial capability counselors at 216.458.HOME.



## Financial Do's and Don'ts: Be Smart about Your Money

By Anne Sweeney

- Ask questions before you sign any contract and make sure you understand what the agreement requires you to pay. Do not sign if you cannot pay it.
- Keep track of payments you make on any loan. Ideally save proof of payment such as a cancelled check or receipt, but at least keep a log of when you pay and how much you paid.
- Never share your benefits cards, debit cards or credit cards with other people. You are responsible for how they use them, even if you did not give them permission (unless they are stolen, in which case you should make a police report and cancel the cards immediately).
- You should always know how to access cash in an emergency; families should not rely on just one person to be in charge of the money all the time.
- In Ohio, the money you and your spouse earn while married is considered marital income. Keep track of how much you both earn, what accounts (financial institutions or credit) you both open, and what expenses you pay. You should also be familiar with any retirement savings for yourself and your spouse.
- Be sure to keep track of the hours you've worked each pay period and compare it against your paystub. Report any errors to your employer immediately.
- If you lose your job, file for unemployment right away. You can apply by telephone by calling 1-877-644-6562 or online at <http://unemployment.ohio.gov>. Be sure to read and keep all papers sent to you about your application for Unemployment Compensation benefits. If your application is denied, be sure to follow the instructions to file an appeal before the appeal deadline.
- If you pay rent, ask for and save your monthly rent receipts.
- If you fall behind on your rent and work out an agreement with your landlord to catch up, write it down. Both you and your landlord should sign and date it.
- You should regularly review your credit report. You are entitled to a free credit report annually from each of the three credit reporting companies (TransUnion, Equifax and Experian). To access your free credit report online, visit [www.annualcreditreport.com](http://www.annualcreditreport.com).

# Tax Credits and Penalties Under the Affordable Care Act

By Dennis Dobos

The Affordable Care Act (ACA) is a new law designed to make health insurance affordable. Under the ACA, the Premium Tax Credit helps reduce monthly premiums. Additionally, people without health insurance coverage will incur a penalty when they file their yearly federal tax return, unless they qualify for an exception.

## Who is eligible for a tax credit?

People may be eligible to receive the credit if they:

- are NOT eligible for coverage through an employer or a government plan, e.g., Medicaid;
- buy health insurance through the Marketplace;
- have household income between 133 - 400% of the federal poverty level (e.g., 133% is \$25,974.90 for a family of three in 2013);
- do not use the status of Married Filing Separately on their federal tax return (unless they meet the exception for victims of domestic violence); and
- cannot be claimed as a dependent by another person.

The tax credit reduces the cost of health insurance. Individuals may choose to either give the estimated credit to the insurance company in advance to lower out-of-pocket monthly premiums, or may choose to receive the credit when filing their 2014 federal tax return in 2015. The amount of the credit equals the cost of the health care premiums for the household minus the family's expected contribution. The "expected contribution" for a family is based on their poverty level, ranging from 133% to 400%; families with the least money are expected to pay the smallest amount toward the cost of health care.

For example, a family of 2 adults and 2 children with household income of \$40,000 (170% of poverty) could purchase health care for all 4 family members through the Marketplace for \$7,630 per year. The family could get a credit of up to \$5,665. So, the family might actually pay only \$1,965 for health coverage, which equals 4.91% of annual household income.

## Who is subject to a tax penalty?

Most people must have "minimum essential coverage" to avoid paying a penalty. "Minimum essential coverage" includes health insurance through an employer, the government, an insurance company and the Marketplace where someone lives.

Some exceptions to the penalty exist, in cases of short coverage gaps, hardship, no income tax filing requirement, and others. For more information on the exceptions see <http://www.irs.gov/uac/Individual-Shared-Responsibility-Provision>.

In 2014, the penalty is \$95 per adult, \$47.50 per child, or 1% of applicable income, whichever is greater. The penalty must be paid when filing 2014 tax returns in 2015.

People can purchase health insurance through the Marketplace anytime a qualifying life event has occurred - such as a change in family size, income, or job situation. Also, consumers who tried to enroll but could not complete their application before March 31 can still sign up for coverage. Finally, special enrollment periods may be granted to people who could not complete enrollment despite trying to do so through no fault of their own. For more information about these special enrollment periods and how to request one, see <http://marketplace.cms.gov/help-us/complex-cases-sep.pdf>.

Low-income taxpayers should discuss their personal circumstances with a tax professional before taking any action related to the tax credit or penalties created by the ACA.



<sup>1</sup>See <http://www.irs.gov/uac/The-Premium-Tax-Credit>.

<sup>2</sup>Calculations based on information entered and results provided from <http://kff.org/interactive/subsidy-calculator/>

<sup>3</sup><http://www.irs.gov/uac/Individual-Shared-Responsibility-Provision>

<sup>4</sup><https://www.healthcare.gov/how-can-i-get-coverage-outside-of-open-enrollment/#part=2>

# Golden Years, Golden Finances: 3 questions older adults should ask themselves

By Emily Muttillo, City of Cleveland, Department of Aging



**1. Am I eligible for any benefits?** Many benefit programs can help people who have limited income afford living expenses such as utilities, food, health care and transportation. Some of these programs are designed just for seniors and adults with disabilities. You may become eligible for programs once you reach a certain age, experience a new health condition, or lose a source of income. The easiest way to find out what assistance you are eligible to receive is by completing a Benefit Check Up. Seniors and adults with disabilities can contact the Aging and Disability Resource Network to complete a Benefit Check Up: 1-855-585-ADRN (2376) or go to [www.benefitscheckup.org](http://www.benefitscheckup.org)

**2. Have I been a victim of identity theft?** Someone may be using your identity and ruining your credit. If identity theft continues, you could be sued by creditors and you might not be able to borrow money when you need it. You can check your credit report to find out if someone has opened accounts in your name. Each year, you can get a free credit report from three different companies. You should request one every 4 months from a different company. To request a credit report call Equifax at 1-800-525-6285, Experian at 1-888-397-3742, or Trans Union at 1-800-680-7289. You can also request reports online at [www.annualcreditreport.com](http://www.annualcreditreport.com).

If your credit report shows activity that you did not authorize, follow the steps recommended by the Federal Trade Commission to report and stop identity theft. See <http://www.consumer.ftc.gov/features/feature-0014-identity-theft>.

**3. Am I financially prepared for an emergency?** Emergencies are unpredictable but there are some things you can do to prepare yourself.

- Keep copies of important papers such as insurance, bank account, health care and estate planning information in a safe place you can easily find them.
- Keep some emergency money in a safe place where you can easily get it, even if you can only spare a small amount.
- Identify a safe place you can stay temporarily if something happens and you cannot stay in your home. Also make a plan for how you will get there.
- If you have someone in your life you trust completely, consider sharing the above information with that person so they can help you if needed. Do NOT share information about your finances or other important matters with anyone you do not know well and trust completely.

Planning ahead can help keep unexpected costs to a minimum during an emergency.



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[vlp]

} **free**  
LEGAL ADVICE

**2013 Brief Advice and  
Referral Clinics Civil Matters Only  
(Not Criminal)**

*Legal Aid provides services in the areas of consumer rights, disability, domestic violence, education, employment, family law, health, housing, foreclosure, immigration, public benefits, utilities, and tax.*

First-come, first-served. Bring important papers with you! Questions? Call 216-687-1900 or visit [www.lasclev.org](http://www.lasclev.org) for updated clinic listing.

**SAT, JUNE 7, 2014**  
**9:30 – 11:00 AM**

Stephanie Tubbs Jones Health Center  
13944 Euclid Avenue, East Cleveland

**SAT, JUNE 28, 2014**  
**9:30 – 11:00 AM**

West Side Catholic Center  
3135 Lorain Avenue, Cleveland

**SAT, JULY 26, 2014**  
**9:30 – 11:00 AM**

Spanish American Committee  
4407 Lorain Avenue, Cleveland

**WED, AUGUST 13, 2014**  
**5:00 – 6:30 PM**

East Cleveland Public Library  
14101 Euclid Avenue,  
East Cleveland

**SAT, JUNE 14, 2014**  
**9:30 – 11:00 AM**

Cleveland Public Library –  
Fleet Branch  
7224 Broadway Avenue, Cleveland

**SAT, JULY 12, 2014**  
**9:30 – 11:00 AM**

Cleveland Public Library –  
Rice Branch  
11535 Shaker Blvd., Cleveland

**SAT, AUGUST 9, 2014**  
**9:30 – 11:00 AM**

Cleveland Public Library –  
Carnegie West Branch  
1900 Fulton Road, Cleveland

\*Attorneys available for brief advice and referral only. Clinic attorneys do NOT represent you. If you need legal representation you may be referred to The Legal Aid Society of Cleveland or another service provider.



The  
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*Since 1905*

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RETURN SERVICE REQUESTED

Legal Aid has improved its intake system to better serve the Northeast Ohio community.  
Please share this information with your constituents:

**If you need legal assistance,  
you can contact Legal Aid any weekday for help.**

New intakes are processed via phone:  
888-817-3777 (toll-free)

Monday, Wednesday, Friday: 9 a.m. – 4 p.m.  
Tuesday, Thursday: 9 a.m. – 2 p.m.

If you prefer an in-person intake application, those are handled:  
Tuesday, Thursday: 9 a.m. – 1 p.m.

at any of our four Northeast Ohio offices (Cleveland, Elyria, Jefferson & Painesville).

**Visit [www.lasclev.org](http://www.lasclev.org) for more information!**



*Legal Aid sometimes invites community members to give their opinion on different topics during a focus group. If you might like to participate in a focus group in the future, please send an email with your name and contact information to [focusgroup@lasclev.org](mailto:focusgroup@lasclev.org).*

***This newsletter is meant to give you general information and not to give you specific legal advice. This information cannot take the place of advice from a lawyer. Each case is different and needs individual legal advice. You should contact a lawyer if you need representation or if you have questions.***

*If you have a communications limitation, contact us through the Ohio Relay Service. Interpretation services are available so that anyone can communicate with us in his or her dominant and/or preferable language.*

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