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Six Financial Strategies to Help Victims of Domestic Abuse

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NEW YORK, October 11, 2012 ? Financial security and access to resources is the number one predictor of whether domestic violence victims will stay in or leave an abusive relationship. And insurance is an important component of financial planning that helps survivors prepare for a better life, according to the Insurance Information Institute [2] (I.I.I.).

?The financial cost of leaving an abusive partner can be crushing,? said Loretta Worters [3], vice president, I.I.I. ?Once you decide to leave your partner, you may be solely responsible for providing for yourself and your family and insurance can play a critical role in gaining your financial freedom and self-sufficiency.?

To mark Domestic Violence Awareness Month [4], the I.I.I. suggests the following financial strategies for anyone who is leaving or has left an abusive situation.

1. Secure Your Financial Records

These documents include your birth certificate, drivers license, passport, bank account and credit card information, insurance policies, etc. Keep these documents with a trusted family member or friend, or obtain a bank safety deposit box. Also set up a P.O. Box to conceal all of your important mail from your abuser. This is essential to prevent identity theft or damage to your credit. Change your ATM and debit card PIN codes, as well as your online banking and email passwords. It is particularly important to close any joint banking or credit card accounts before you leave, in case your partner racks up charges. Remember that as long as there is an outstanding balance on a joint account, both parties are responsible for payment. You can also contact the Social Security Administration if you need to obtain a new Social Security number (SSN).

2. Know Where You Stand Financially

Knowledge is power, and it is critical that you understand where you stand financially. That means knowing your main sources of income, bank account balances, property owned and debts owed. If your spouse or partner has had control of the family finances, do you know if your bills?including the premiums on your insurance policies?have been paid? A lapsed policy or unpaid credit-card bill could create financial problems down the road, so try to learn as much as possible about your financial position when you are leaving an abusive situation.

3. Build a Financial Safety Net

Once you have a good idea of your financial picture, you are in a better position to plan your exit. You know what assets and liabilities you are dealing with and can begin envisioning how your life will be on your own. Begin with estimating your income and expenses to see if the money you earn right now will allow you to meet your basic needs. Also, start a savings plan and create an emergency fund so you have a safety net if things get difficult financially once you leave.

4. Make Necessary Changes to Your Insurance Plans

Auto Insurance: If you plan to take a car with you when you leave your abuser, you will need to get separate auto insurance coverage immediately. And if you buy a new car, you should purchase a new auto policy before the car is registered .Make sure you are removed from any joint auto policies as that may protect you from possible liability if your former partner is involved in an accident and gets sued. Keep in mind that moving to a different area or to a different state, or changing from a secondary to a primary driver on a vehicle can affect your auto policy rates.

Renters Insurance: When you move out of the house, it is likely you will be renting a place to live and will need to purchase a renters insurance policy. This will protect you in the event your belongings are stolen or destroyed by an insured disaster. An *actual cash value* policy pays to replace your belongings minus a deduction for depreciation, while a *replacement cost* policy pays the full amount that it would cost to replace the item today. Choose your deductible carefully: With a low deductible you will pay higher premiums, while a larger deductible means you will pay less for the policy, which can be useful if you are living on a smaller income?just keep in mind that you will pay more out-of-pocket in the event of a loss.

If you are installing a security system in your home because you are now living alone, let your insurance company know as the upgrades may qualify you for a discounted rate. You may also want to take a home inventory of your belongings, as it can make getting the right amount of insurance and filing a claim much easier. It may also help you in the division of property if you are going through a divorce. The I.I.I.?s free Know Your Stuff [5]® ? Home Inventory software makes creating and updating a home inventory simple, and with secure, online storage you can access your inventory anywhere, anytime. There is also a companion home inventory mobile app available in the iTunes App Store and on Google Play.

Life Insurance: Unfortunately, if a life insurance policy on your own life is payable to the abuser, and you do not own the policy, you cannot change the beneficiary. However, if you do own the policy, you have the right to change the beneficiary, and probably should. With group insurance through your employer or an association, you can also change the beneficiary. When your beneficiary is a child or an elderly parent who has or could develop cognitive difficulties, they most likely will be unable to file a death claim on their own. So you should be careful to designate a guardian whom you trust to file the claim and use the money to care for your beneficiary.

If you have children or other dependents who would be affected financially by your death, it is important to get your own life insurance as soon as possible. Opting for term life insurance, which provides protection for a specific period of time, typically offers the greatest amount of coverage for the lowest initial premium cost and can make buying enough coverage affordable.

5. Maintain Good Credit

Having a good credit report is going to be essential when it comes to starting your new life, as it can help you more easily rent an apartment, get a new credit card and get better rates on your insurance?it can even affect your ability to get a job. The best way to keep your credit intact is to start making changes as soon as you have reached the decision to leave your abuser. Take care of your current debts and avoid missing any payments. Alert creditors if there is a change of address so that bills will continue to be received from all joint accounts and no late fees are incurred. Remember, women who drop their husband?s name and use their maiden name will not erase the credit history established under their married name, as it is tied to social security numbers, not names. Establish a new credit record under your own name, especially if all previous credit was held jointly with your spouse. In order to expedite this process, consider turning existing joint credit cards, gas cards and retail accounts into individual accounts. Doing this will mean not having to re-establish your credit should you file for a divorce.

Obtain a copy of your credit report and monitor your credit often. Most financial institutions provide credit monitoring services, such as Privacy Guard, at low costs. You can get a copy of your credit report by contacting one of the three credit bureaus. Equifax: 1-800-685-1111 or www.equifax.com [6]; Experian: 1-866-966-1067 or www.experian.com [7]; TransUnion: 1-877-680-7275 or www.transunion.com [8]; FREE Annual Credit Report www.annualcreditreport.com [9], or 1-877-322-8228. By checking your credit score, you can see if your credit has been adversely affected by your partner?s actions. It will also show if there are any shared debts that are being neglected and can point you in the right direction when canceling any joint accounts.

6. Seek Assistance

If you are in a precarious financial situation, or have limited money management skills, it may be difficult to implement some of the steps mentioned above so it is important that you use all the assistance available. The biggest misconception held by people in abusive relationships is that they are alone and cannot get help. This is completely false. There are many programs and organizations that can help. Local domestic violence programs, libraries, the Internet and faith-based organizations are all places that you can go to get assistance, and many offer free workshops and seminars that can help you with money management.

?Consistently, victims of domestic violence tell their advocates that the biggest obstacle to leaving the violence, staying away from the abuser and staying safe is not being able to provide for themselves financially,? said Rita Smith, executive director, National Coalition Against Domestic Violence [10]. ?Additionally, many abusers have ruined the credit of their victims in order to make it hard for them to leave. The financial education provided by the Insurance Information Institute can be life saving, and will make a real difference immediately for many, many people.?

Plan for your safety by contacting a local domestic violence program to discuss your options and learn about the community resources you can access for support (i.e., emergency assistance funds, shelter, utility assistance, rent assistance, public benefits and affordable housing as well as legal aid). To locate a program in your community, contact that National Domestic Violence Hotline: 1-800-799-SAFE.

I.I.I. INFORMATION

Auto Insurance: What Is Covered by a Basic Policy? [11]
How to Conduct a Home Inventory [12]
Renters Insurance Checklist [13]
How to Choose What Type of Life Insurance to Buy [14]

RESOURCES

FICO [15]
National Coalition Against Domestic Violence [10]
National Network to End Domestic Violence [16]
Social Security Office [17]
YWCA [18]

WHITE PAPER

Economic Abuse: the Untold Cost of Domestic Violence [19]

The I.I.I. has a full library of educational videos on its You Tube Channel [20]***. Information about I.I.I. mobile apps can be found here*** [21]**.**

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