



**MIND YOUR
FINANCES**

WELCOME TO FINANCIAL LITERACY

Participant Guide



PERSONAL FINANCE PROGRAM

The Mind Your Finances: Personal Finance Program has been developed to empower people to change their lives by practicing good financial habits.

PROGRAM OBJECTIVES

At the completion of this program you will:

- Have a clear understanding of basic financial terms and concepts so that you can make effective decisions about your finances.
- Understand the importance and discipline necessary to set financial goals and create realistic budgets.

PROGRAM INTRODUCTION

Our workbooks will help you:

- Set financial goals for yourself and your family
- Track your spending
- Create a helpful budget
- Create spending plans to support your budget
- Create a savings plan to build your emergency fund
- Better understand attitudes about money
- Learn about “good debt” and “bad debt”
- Plan for your future retirement



- ICE BREAKER: CONGRATULATIONS** You are the lucky winner of a lottery jackpot of \$50,000. Let's go around the room and:
1. Introduce ourselves
 2. Share one “little known fact” about ourselves
 3. Share what you would do with your winnings

DEVELOPING A SAVINGS STRATEGY

Mind Your Finances consists of ten workbooks. The first three workbooks provide the program's foundation. They are:

- Welcome to Financial Literacy
- Designing Your Spending Plan
- Budgeting and Organizing Your Finances.

The next seven workbooks focus on financial topics that you will need to understand to make effective decisions. They are:

- Attitudes about Money
- Developing a Savings Strategy
- Developing a Credit Strategy and Understanding Debt
- Understanding Insurance
- Saving for Retirement
- Understanding Financial Pitfalls
- Buying a Home.

This program is presented in a workshop format with a certified trainer leading the instruction. You will be asked to complete short readings, participate in classroom discussion and activities. Participation is important for learning this material and changing your financial future.

YOU ARE THE FINANCIAL PLANNER.

Your first client: The Jones Family

Client Profile: Maria Jones is a single mom with two boys, ages 7 and 9. She rents a small apartment near the mall where she works in retail sales. Maria makes \$22,000 a year. Her goal is to have a solid emergency fund set aside so that if something unexpected occurs, she and her family are covered.

Over the course of this series, you're going to help Maria make the right decisions to meet her financial goals.

INTRODUCTION

Personal finances have gotten increasingly complicated over the past few decades. Banks now offer multiple types of checking accounts and savings accounts. They also provide credit cards and debit cards that double as ATM cards. Insurance companies sell a variety of complicated products. Investment firms offer thousands of investment choices, and individuals can purchase these investments from the convenience of their home computer. Uneducated decisions can cause financial hardship for individuals. Becoming financially literate begins with setting financial goals, understanding how to budget and spend, and how to make wise financial choices in your day-to-day activities.

The learning objectives for this workbook will:

- *Allow you to understand your level of financial literacy*
- *Instruct you on how to write short-term, medium-term, and long-term financial goals.*

So, what exactly is financial literacy? The National Endowment for Financial Education® defines financial literacy:

“Personal financial literacy is the ability to read, analyze, manage, and communicate about the personal financial conditions that affect material well-being. It includes the ability to discern financial choices, discuss money and financial issues without (or despite) discomfort, plan for the future, and respond competently to life events that affect every day financial decision, including events in the general economy.”

Financial literacy, for the purpose of this program, can be described as the understanding of money and how it is spent and saved. Financial success is achieved by spending money carefully, saving consistently, and investing wisely.

The Personal Financial Literacy Program is based on years of research conducted with thousands of consumers by the InCharge® Education Foundation.

The InCharge® Education Foundation believes it is possible for all to achieve personal financial stability. With the proper tools and support, you will be able to chart your own course to financial success. We encourage you to put what you learn in this classroom into action, as soon as possible.

ICEBREAKER ACTIVITY

Take a moment to complete the name card that is located in your packet. Write your first name in big block letters on both sides of the name card and answer the question at the bottom of the card. Write down the last significant item you bought and think about how it has affected your financial situation. Be ready to discuss.

UNDERSTANDING FINANCES

Understanding finances begins with organizing your personal financial situational needs.

1. **Get Organized** – This is the first step in taking control of your financial situation. Getting organized is physical and emotional. It means setting up easy-to-use filing systems for all your financial information, and it means emotionally dealing with your financial situation and being honest with yourself.

2. **Develop Goals** – We want you to develop short-term, medium-term, and long-term goals reviewing them regularly.

3. **Learn about Financial Services** – It's up to you to learn about the financial products and services you are using. Contact all your financial service providers and review the terms of the products you use. This includes your bank accounts, insurance policies, credit cards, and other financial products you are using. Ask questions if you don't understand the terms.

4. **Create a Budget and Spending Plan** – Budgets and spending plans serve as road maps. They provide direction and clarity. They don't have to be complicated documents, and you don't need an expensive software program and computer to have them. They just need to be created.

5. **Prepare for the Long Term** – It's up to you to make sure you are prepared for your retirement. Uncle Sam does provide Social Security but that barely covers basic needs (food, shelter, security). You will need to find other ways to supplement retirement funding. Are you participating in a 401(k) or a 403(b) plan at work? Do you have an IRA account set aside at your bank? If you do, do you have the latest statements? Keep the statements safe in an organized place. (See point 1)

6. **Maximize your Employee Benefits** – Typically employee benefit programs provide more than just health care. You can be more effective with your money by having a complete understanding of your employee benefits package.

7. **Use all that is available to you** – Don't leave money on the table. Have a complete understanding of what is available to you either with your current financial services providers, your community, or your work.

8. **Take Responsibility for your Financial Direction** – You are in charge of your destiny, and you are in control of your finances. Own the decisions you make and make them only when you have full and complete understanding.

KNOWLEDGE

How well do you feel you understand personal finance concepts? Rate your knowledge below.

No knowledge Limited knowledge Average knowledge Above Average Expert

SKILLS

Financial Literacy requires that you have certain skills to aid you with making effective decisions. The skills necessary are in being able to set goals, create and keep current a budget, formulate a spending plan, and keep organized records. Think about your overall skill level in what was just mentioned and put a check mark on the line below as to where you feel your overall skills level is.

No Skills Limited Skills Average Skills Above Average Skills Expert Skills

BEHAVIOR

Behavior is putting what you learn into action in order to make positive financial changes in your life. For example, making regular deposits into a savings account and paying down a credit card to a zero balance are good behaviors. Rate your ability to practice positive financial behavior on the line below.

No Ability Limited Ability Average Ability Above Average Ability Expert Ability



SETTING FINANCIAL GOALS

Setting financial goals is your first step to managing your financial future. Setting financial goals is not easy. You may save money for months for a vacation only to have an unexpected medical bill knock your fund back to zero. But success can be achieved with the right mindset. Without that vacation fund, you may have been forced into debt (or worse) by an unexpected medical bill. With it, you met your obligation in full and on time.

Our focus is to help you be financially prepared to deal with surprises rather than have surprises deal with you.

WHAT ARE GOALS?

A goal is something you're willing to work for. The best way to reach your goal is by making a plan AND following it. A goal has to be SMART.

- S – Specific**
- M – Measurable**
- A – Attainable**
- R – Rewarding**
- T – Timely**

Specific – State your intention. All your goals should begin with “I will...”

Measurable – In order to evaluate how you are doing, you need some measure of your success.

Attainable – Goals can't be so challenging that they are impossible to meet. You need to feel a sense of accomplishment (regularly) after meeting attainable goals.

Rewarding – This feeling is important, as it confirms that your goal is worth achieving. Set priorities to your goals, so you focus on what is most important to you.

Timely – Choose a reasonable timeframe for the achievement of your goals. Goals are frequently classified in terms of how long they will take to accomplish.

When you examine your own goals, you'll discover that some are broad and far-reaching, while others are narrow in scope. While you should dare to dream, you need to be realistic about what you can attain.

When writing financial goals it's best to focus on three types of goals: short-term (0 to 1 month), medium-term (1 to 6 months), and long-term (more than 6 months). All goals must be realistic and actionable.

SHORT-TERM FINANCIAL GOALS

Short-term goals should be measured in weeks. Short-term goals provide immediate feedback and gratification. The following are examples of short-term financial goals:

- *I will go to the bank and start a savings account with \$50 by next Friday. (3/15/0000)*
- *I will put \$50 into my new savings account from each paycheck starting with the next paycheck. (3/31/0000)*
- *Starting Monday of next week, I will bring lunch to work every day.*

Write two short-term financial goals that you can accomplish within the next thirty days.

1. I will

2. I will



MEDIUM-TERM FINANCIAL GOALS

Medium-term goals are usually should be able to be accomplished within a 6 month time frame. They are achievement-oriented and provide the opportunity for reflection and feedback. The following are examples of medium-term goals.

- *By the end of three months (August 31, 0000) I will have \$500 in my savings account.*
- *I will shop for car insurance and find ways to save at least 15% on my payment by November 15, 0000.*

Write two medium-term financial goals that you can accomplish in one to six months.

1. I will

2. I will



LONG-TERM FINANCIAL GOALS

Long-term financial goals can take years to achieve. These include saving money for a down payment on a home, a child's college education, and your retirement. They may also include paying off a car, your student loans or credit card debt. The following are examples of long-term goals:

- *I will be in a new home in two years, with a 20% down payment.*
- *I will pay off one of my credit cards in a one year time frame by cutting up the card so I don't use it again and by sending 1/12th of the total to the credit card company each month.*

Write two long-term financial goals that you can accomplish.

1. I will

2. I will

Reaching your goals may be a challenge, so you'll constantly need to remind yourself of your goals. Envision yourself achieving them.

Here are some tips to stay motivated:

- *Write out your goals and place them in a public place where you will be able to see them every day.*
- *Rallying friends and relatives to encourage your goals*
- *Developing your goals hand-in-hand with your budget and spending plan*
Rewarding yourself once a goal is accomplished is a very important part of goal setting. Special rewards should take place when you achieve your medium- and long-term goals. However, short-term goals provide immediate feedback and recognition. When you achieve a short-term goal, recognize your achievement and reward yourself right away. Ways to reward yourself include:
- *Tell a loved one or friend about your accomplishment.*
- *Write a "Way to go!" note to yourself and post it on the refrigerator.*
- *Treat yourself to a special dessert next time you go to a restaurant.*

EXERCISE TWO: THE JONES FAMILY

Maria Jones, a single mom with two boys, with an annual income of \$22,000 would like to save money for an emergency fund. She lives in fear that an unexpected expense could sink her. Supporting a family on \$22,000/year, it is hard for Maria to cut many expenses. Additionally, she cannot make enough in a second job to cover childcare expenses.

How can Maria make extra money to achieve her emergency fund goal?



HOMEWORK - TAKING ACTION

Before the next lesson, take a moment to complete the following.

Action One

Take one of the short-term goals that you wrote in this workbook and write down the actions you have taken so far to accomplish that short-term goal.

Action Two

Everyone meets roadblocks on the path to achieving their goals. What is the biggest roadblock in the way of your financial goals? Identify the obstacle and then list five ways you can combat it.

Obstacle _____

These are ways that I can combat this obstacle:

1. _____
2. _____
3. _____
4. _____
5. _____