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NEFE’s Mission

The National Endowment for Financial Education (NEFE) operates as a foundation dedicated to helping all Americans acquire the information and gain the skills necessary to take control of their personal finances. NEFE accomplishes its mission primarily by partnering with other concerned organizations to provide financial education to members of the public—in particular, to underserved individuals whose financial education issues are not being addressed by others.

NCFL’s Mission

The mission of the National Center for Family Literacy (NCFL) is to create a literate nation by leveraging the power of the family.

Family literacy is an intergenerational approach based on the indisputable evidence that low literacy is an unfortunate and debilitating family tradition. Parents who are not literate tend to have children who struggle academically and who often do not achieve literacy proficiency in adulthood.

Educators, policy makers, and philanthropists rely on NCFL to mobilize family literacy efforts, conduct research, and develop new, effective tools to leverage the learning relationship between parents and children. Family literacy, pioneered by NCFL, is a powerful community strategy for raising educational levels, improving workforce skills and breaking the cycle of poverty.

Note: The content areas in this material are believed to be current as of this printing, but, over time, legislative and regulatory changes, as well as new developments, may date this material.

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Welcome to the financial education Instruction Guide.

This guide will help you to teach the course,


Financial education objectives

The purpose of this course is to help participants better manage their money. By using money wisely, participants can achieve their dreams. Through this course, participants will:

- Understand money and how it works
- Put their dream goals in writing
- Learn to keep a spending diary and follow a spending plan
- Find ways to make more and spend less
- Understand items listed on their income checks
- Learn how to handle credit cards wisely
- Know how banks/credit unions work and why they are important
- Develop a plan for paying back debt
- Understand how to invest to build wealth
- Create a financial plan for achieving their dream goals
How to use this instructor’s guide

This guide is divided into 10 sections. One can be used for each class. Before each class, ask participants to read the corresponding chapter in Financial Opportunity: Family Progress. You can start by reading the Introduction during the first class.

After reading the chapter, review this guide for ideas on how to explain the content. This guide also contains exercises to use with participants. Note any special materials you may need to bring to class. Bring local community content when appropriate.

At the end of each class, give participants their home activity. Also, review the Family Financial Play Pack activity cards. You can discuss these activities at the beginning of the next class.

Recommended time for each class is 1 hour 30 minutes.
Introduction

**Materials needed**

For all sessions of the course, **instructors** will need:

- The corresponding chapter of *Financial Opportunity: Family Progress*
- Name tags
- Flip chart paper and easel (or whiteboard)
- Markers for flip chart or whiteboard
- Colored markers for participants to use when completing class exercises
- Ledger pages for participants to track income and expenses (one pack or tablet should be enough for the entire course)
- Sticky notes

For all sessions of the course, **participants** will need:

- The corresponding chapter of *Financial Opportunity: Family Progress*
- Blank paper or notebook
- Calculators
- Pencils or pens
Course overview

This course is divided into 9 sessions. Each session covers a different chapter from Financial Opportunity: Family Progress. The introduction and section #1 are covered in the first session. The sessions teach participants the following topics:

- **Introduction**—The basic concept of money
  - **Follow your dreams**—How to write down dream goals and learn to keep a spending diary

- **Developing a spending plan**—How to create a spending plan for managing money

- **Spending wisely**—Ways to save money and avoid spending traps

- **Understanding your income**—How to read paycheck or other income check stubs

- **Understanding credit**—How to handle credit cards effectively

- **Banks/credit unions**—How banks/credit unions work and why they are important

- **Digging out of debt**—How to develop a plan for paying back debt

- **Building your assets**—How to invest and grow wealth

- **Creating a personal financial plan**—How to develop a plan to achieve dream goals

Family activity review

At the end of class 1, participants will receive Family Financial Play Packs. They complete these activities at home with their children. Review the results together in class.

At the start of each class, write two questions on the flip chart: What was the best thing that happened as the result of the family activity? What was the hardest part?

Have participants write their answers on sticky notes and place them on the flip chart. For five minutes, discuss the results with the class.
**Session overview and learning objectives**

This session introduces the Financial Opportunity: Family Progress course. In this session, participants will:

- Understand the basic concept of money
- Learn the relationship between “parts” and “whole” when working with money

**Making the most of your money**

Tell participants: You don’t need a lot of money to be successful. But you do have to manage the money you have. To achieve your goals, it is important to make good choices about how you use your money.

*This course can help you make the most of your money. It can help you have a better future.*

**Understanding money**

Ask participants: What is money? Why was it developed? Review page vi of the main guide with the class. Discuss how money was developed to make trading easier.

Tell participants: Money gives you the **power** to do or have things. The value of your money is in how you use it.
**Money exercise**

On the flip chart, draw three columns. Label the columns: Spending, Saving, Investing.

**Ask participants:** What different things can money be used for? Write responses on the flip chart. Most answers will fall in one of the three columns. As each person responds, write the response in the correct column.

- **Spending**—Money can be used to buy things. It can buy items or experiences.

- **Saving**—When you save money, you put it away to use later. You can either spend it or save it.

- **Investing**—Money can be used to make more money. For example, you can grow money by investing in the stock market. You also can invest in a business.

<table>
<thead>
<tr>
<th>Possible responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participants may say that money can be donated or given away. Donations go in the Spending column. This money is given to others to spend.</td>
</tr>
</tbody>
</table>

Participants also may say that money can be used to control people. For instance, money may be used in a bribe. To control someone with money, you have to spend the money. So, control goes in the Spending column.

**Ask participants:** What are some things that money can't buy? Chart responses. Note that money can't truly buy friendship, and it can't buy love. It also can't buy happiness.

**Working sums**

**Tell participants:** To work with money, you need to know some basic math. Some of you may know this math already. We're going to review it to make sure everyone understands these math concepts.
On the flip chart, draw four math symbols: +, −, ×, and ÷. Ask participants: What do these symbols mean? The symbols mean, “plus, minus, multiply, and divide.” Ask: What symbol stands for “equals”? Have a participant draw the equal sign (=) on the flip chart.

Tell participants: Money is made up of wholes and parts. Draw on the flip chart:
1 + 1 = 2. Show that 1 and 1 are parts of 2. The number 2 is the whole. Both the parts and the whole are there at the same time.

**Example**
On the flip chart, show an example of a WHOLE problem: 3 + 2 = ?

Explain that 3 + 2 = 5. Ask participants: Which numbers are the parts? The numbers 3 and 2 are the parts. Which number is the whole? The number 5 is the whole.

Show an example of a PART problem: 4 + ? = 5. Ask participants: How can you find the missing number? To find the missing number, subtract 4 from 5. Write on the flip chart: 5 – 4 = 1. Tell participants: In this case, the numbers 4 and 1 are the parts. The number 5 is the whole.

**Part vs. whole exercise**

Have participants choose a partner. They will work together with partners to solve these part and whole problems. Write the problems on the flip chart:

- 4 + 3 = ?
- 7 + 1 = ?
- 3 + ? = 6
- 2 + ? = 7

Review answers together as a group. Chart responses.
Summary

Review these points with participants:

- No matter how much money you have, you can learn to manage it well. Making good choices with money can help you have a better future.

- Money was developed to make it easier to trade. There are three main ways to use money: spend, save, or invest it.

- Money is made up of PARTS and WHOLES. Both parts and wholes are there at the same time.

Home activity

At home, participants will work on money parts and wholes. Ask participants: How many combinations can you make with dollars and coins to equal these amounts? Write on the flip chart: $0.25, $1.00, and $10.00. Tell participants: The goal is to show how many different ways you can combine parts to make this whole.

Family activity

Hand out Family Financial Play Packs. Review activity #1 with participants.

Children’s Books

Books for 4-6 year old children can be borrowed from the local library to introduce money concepts.


Materials needed

In addition to the materials listed on page 7, for this session instructors will need:

- Magazines and newspapers that participants can use to find pictures of their dreams
- Blank paper for participants to complete collages
- Scissors (one for each participant)
- Glue sticks (one for every 2–3 participants)
Session overview and learning objectives

In this session, participants will:

- Identify their dreams
- Make a spending diary
- See how they can stop “leaking” money

Review

Review the Family Financial Play Pack activity from the last class. For instructions, see page 8 of the introduction.

Talk about the home activity from the last class. Participants worked with money parts and wholes. Discuss their results. Record answers on the flip chart or whiteboard.

Ask participants: What did you learn?

Setting your goals

Tell participants: Goals are statements of what you would like to have in life. They usually begin with our dreams. Many goals can be achieved, if you know how to plan for them. This class will teach you how to plan for your dreams and help make them come true.

Ask participants: What are some of your dreams? Chart responses.
Dream map exercise

Ask participants to create a “dream map,” which will show pictures of their dreams. Looking at it every day will remind them of their goals.

Pass out magazines, newspapers, scissors, blank paper, and glue sticks. Ask participants to cut out pictures that show their dreams; they then glue these pictures onto blank paper to make a collage. Review the dream maps.

What are your dreams?

Setting goals exercise

Ask participants to choose a partner. Partners spend five minutes talking about their dream goals. Each participant then writes down one goal for each group on pages 2 and 3 of the main guide.

Ask each partner to report about their partner’s goals. Write down answers on the flip chart. Add up how many people have the same goals. How many participants want to buy a car? How many want to buy a house?

Creating a spending diary

Tell participants: To reach your goals, you must control how you spend your money. It may seem like your money just disappears! But it is really you who is spending it.

To find out where your money goes, start a spending diary. It will help you keep track of how and where you spend money.
**Spending diary exercise**

Pass out paper and a pencil to each participant. Show participants an example of a spending worksheet. Draw the example on the flip chart. Make a drawing like this:

<table>
<thead>
<tr>
<th></th>
<th>Monday</th>
<th>Tuesday</th>
<th>Wednesday</th>
<th>Thursday</th>
<th>Friday</th>
<th>Saturday</th>
<th>Sunday</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily Total</td>
<td></td>
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<tr>
<td>Weekly Total</td>
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<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Ask participants to draw this worksheet on their blank page. They can use this as a sample diary page to write down their spending for one week.

Some people carry a small spiral notebook in their pocket or purse. Every time they spend money, they write down the purchase. They note if it is a cash, debit, or credit card purchase. Then they transfer it to the weekly worksheet.

**Stop spending leaks**

**Tell participants:** Stopping spending “leaks” can save you money. Spending leaks happen when you’re not paying attention. Before you know it, your money’s gone! Have participants look at Maria’s spending diary on page 5 of the main guide.

**Ask participants:** What were Maria’s spending leaks this week? How could she have saved money? How many participants have the same spending leaks as Maria? What other spending leaks do they have? Chart responses.
Spending leaks exercise

Divide participants into pairs or small groups. Take 10 minutes to talk about spending leaks. Ask each group to write down five spending leaks that they could stop. For each leak, write down how much money could be saved in one week.

Ask groups to share their leaks with the class. Write the leaks on the flip chart. Next to each leak, write the amount of money that could be saved if the leaks were avoided. Add up all the possible savings. **Tell participants:** That money could help you reach your dreams!

Summary

Review these points with participants:

- Goals are based on your dreams. They can be achieved through planning. The first step in planning is to write down your goals.

- To achieve your goals, you must control how you spend your money. Start by creating a spending diary. It will help you see where you spend money.

- To save for your goals, look for ways to stop leaking money. Think of ways that you could make changes. Your spending diary helps you see where you can save money.

Home activity

Dream goals—Complete pages 2 and 3 of your workbook. For each of the categories, write down two additional dream goals.

Plugging the leaks—Complete your spending diary for one week. Each day, write down everything you spend. Write down how you spend the money: cash, credit card, debit card, etc. Add up the totals for each day. Then, find the total for the week.
Look for “leaks” in your spending. Circle these amounts on your spending diary. On page 6 of your workbook, write down how much money you can save by plugging the leaks. Bring your plan for plugging spending leaks to the next meeting.

**Pay stub**—Next week, participants bring in a pay stub from one income check. The pay stub will be used in next week’s class.

---

**Family activity**

Review the Family Financial Play Pack with participants.

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**Children’s Books**


*You Can't Buy a Dinosaur With a Dime*—Harriet Ziefert, illustrated by Amanda Haley, Handprint Books (2007).
2

Developing a Spending Plan

Materials needed

In addition to the materials listed on page 7, for this session participants will need:

- Pay stub from one income check
Session overview and learning objectives

This session helps participants to balance their income and spending. In this session, participants will:

- Develop a spending plan
- Find ways to increase income
- Find ways to reduce spending

Review

Review the family activity from the last class. For instructions, see page 8 of the introduction.

Talk about the home activity from the last class. Ask participants: What was it like to keep a spending diary? Discuss responses.

Ask participants to name any new spending leaks they discovered. Chart responses. Ask participants: What did you learn? What will you do differently in the future?

Running out of money

Ask participants: How many of you run out of money before your next income check? Write responses on the flip chart. Why does this happen? Participants discuss their experiences.

Tell participants: Running out of money can be very frustrating. It may feel like you don't have enough money. But even people who have lots of money can have the same problem.

Ask participants: Who knows of someone very wealthy who ran out of money? Use examples of famous people who declared bankruptcy. Some examples include: rapper MC Hammer, boxer Mike Tyson, actress Kim Basinger, and president Thomas Jefferson.

The problem? Spending more than you make.

Why did these rich folks run out of money? The answer is simple: They spent more than they earned each year. For example, MC Hammer earned $33 million per year. Yet, he spent more than that on expensive clothes, fancy restaurants, and costly hotels. Even though he made millions, his money still ran out.
Tell participants: Sure, we probably would all enjoy having more money. For most of us, that would help a lot. But just having more money isn’t the answer. We must learn to manage the money we have now, even if the amount is small.

In this class, you will start to look at how you make and spend money. This information will be used to create a spending plan. Your spending plan will help you be sure that you’re spending less than you earn each month.

Tell participants: If you spend less than you make, you’ll have money to save for your dreams!

Worksheets exercise

Participants work in groups or pairs. Tell participants: You have already completed a spending diary for one week. Now you will estimate your income and expenses for an entire month. Together, complete the worksheets on pages 10–13 of the main guide.

Use your income check stub to estimate your income. If you are paid different amounts, how much do you usually make each week? Do your best to estimate an amount. Also include any cash income.

Monthly income and expenses

The worksheets ask for your monthly income and expenses. Be sure to change your weekly figures to monthly figures.

Your weekly spending diary will include some of your expenses. But it may not include everything. Some expenses may only be paid monthly. Do your best to fill out the worksheet completely. For each category, think: how much do I spend or earn each month?

Each person writes his/her own information on his/her worksheet. Then compare monthly income and monthly expenses.

Ask participants: How many of you make more than you spend? How many of you spend more than you make? Count hands and write the numbers on the flip chart.

Review one volunteer’s results with the class. Using the flip chart, write income on one sheet and expenses on another sheet.
Ask participants: Does this person spend more than she makes? How could she make more and spend less? Write ideas on the flip chart.

**Summary**

Review these points with the class:

- A spending plan helps you make sure that you don’t run out of money. It also can help you save money.

- To make a spending plan, write down your income and expenses for each month. Then compare the two. Do you spend more than you make each month?

- If you spend more than you make, you can make changes. You might earn more or spend less—or both! Even small changes can help you manage your money more wisely.

**Home activity**

**Spending plan**—Participants use income and expenses worksheets to create spending plans. Each person creates her own unique plan. Bring the plan to the next class.

**Spending diary**—Participants continue to keep their spending diaries. At the end of the week, compare expenses and income. Did the participant spend less than he or she made?

**Adjustments**—Complete pages 14 and 15 of the main guide. Write down ideas for making more money and spending less.

**Family activity**

Review the Family Financial Play Pack card number 2.

**Children’s Books**


Materials needed

This session requires only the general materials listed on page 7.
**Session overview and learning objectives**

This session helps participants to spend their money responsibly. In this session, participants will:

- Understand the difference between needs and wants
- Gain tips for saving money on everyday expenses
- Learn how to recognize spending traps

**Review**

Review the family activity from the last class. For instructions, see page 8 of the introduction.

Talk about the home activity from the last class. Participants created spending plans. Discuss the results with the class.

**Ask participants:** This week, did you spend more or less than you made? What will you do differently next week? What new ideas did you come up with for making and saving money? Write ideas on the flip chart.

- Ask about the Family Financial Play Pack activity
Needs vs. wants

Tell participants: To spend wisely, you must know the difference between needs and wants. Ask participants: What is a need? What is a want?

Defining needs and wants

A need is something very important. If something is a need, you must have it. Examples of needs are clothing and transportation. A want is something less important than a need. You might like to have a want, but you can do without it. Examples of wants are designer clothes and expensive cars that may cost $20,000 or more!

Complete the worksheet on page 19 of the main guide with the class. On a flip chart, draw three columns. Label them: need, item, and want. In the item column, write the item from page 19. Ask participants: Is this a need or a want?

Sometimes, needs and wants depend on the situation. For example, if a person has a car that runs well, a better car would be a want. However, if the car doesn’t run at all, a better car might be a need. Tell participants: To decide between needs and wants, ask the questions on page 20 of the main guide.

Stretching every penny

Tell participants: You can make your money go farther by looking for ways to save on expenses. One helpful habit is to avoid buying on impulse. Ask participants: What does it mean to buy on impulse? How many of you shop that way?

“Buying on impulse” means buying something without thinking about it first. You haven’t planned to buy that item. You just see it and you want it, so you get it.

If you like to buy on impulse, make sure your needs are covered first. As we will discuss later in the course, you should also make sure you have put away savings first. You can use your leftover money to buy your wants. Just remember to stay within your spending plan!
**Savings exercise**

Divide the class into three groups. One group discusses ways to save money on clothes. Another discusses ways to save money on food. The third discusses ways to save money on bills.

Group members write their ideas on pages 21–25 of their workbooks. Review each group's ideas with the class. Write ideas on the flip chart.

**Spending traps**

Tell participants: One way to spend a lot of money is to get caught in spending traps. A spending trap is a tempting way for you to spend extra money. Spending traps are sneaky. They may look convenient or helpful. But, they can cost you a lot.

Ask participants: What are the three biggest spending traps? The answers are: check-cashing stores, payday lenders, and pawnshops. Why is it important to avoid these spending traps? The answer is that they are very costly.

**Huge fees**

The problem with the big three spending traps is cost. Check-cashing stores charge $8 to cash a $100 check. Payday lenders charge $25 to loan you $100. Pawnshops may charge $20 each month to loan you $100 on a pawned item.

When you pay these fees, you are spending money that could be used to reach your dreams. Why not keep the money for yourself instead? It costs less to cash your check at a bank/credit union or grocery store. Also, you can avoid taking payday or pawn shop loans if you follow your spending plan.

Ask participants: What are other spending traps? Review the traps on pages 26–29 of the main guide.
**Spending traps exercise**

Tell participants: Think about your own spending traps. Which spending traps do you get caught in? How could you avoid these traps? Write your ideas on page 30 of your workbook.

Participants work alone. When the exercise is completed, review responses with the class. Record ideas on the flip chart.

**Summary**

Review these points with participants:

- Needs are items you must have because they are very important. Wants are items you would like—however, you can get by without them. It’s important to make sure you meet your needs first. Then, you can buy your wants.

- You can’t spend more money than you have without going into debt. We will discuss debt in a later session. Debt is expensive. So, it’s best to spend only the money that you have each month.

- To make your money go further, look for ways to spend less. Also, avoid spending traps. The three biggest spending traps are: check-cashing stores, payday lenders, and pawnshops.

**The three biggest spending traps are:**

check-cashing stores, payday lenders, and pawnshops.
Home activity

Shopping trip—Participants plan a shopping trip based on needs and wants. Tell participants: set aside the total amount of money you will use to buy groceries this week.

Using a grocery store circular, add up what it will cost to purchase your needs. For items not in the circular, estimate the prices. Subtract the total from the amount you have to buy groceries this week. The difference will show the amount of money you have left for wants.

When you go shopping this week, follow your spending plan. Buy your needs first. Then buy your wants with the money left over.

Pay stub—Next week, participants bring in a pay stub from one income check. The pay stub will be used in next week’s assignment.

Family activity

Review Family Financial Play Pack Activity #3.

Children’s Books


Materials needed

In addition to the materials listed on page 7, for this session instructors will need:

- Inexpensive prizes, such as candy or other small items; bring enough prizes for everyone
In addition to the materials listed on page 7, for this session participants will need:

- Pay stub from one income check, if available

**Session overview and learning objectives**

This session helps participants to understand their income. In this session, participants will:

- Learn to read pay stubs
- Know the difference between “gross pay” and “net pay”
- Understand information on their pay stubs about benefits

**Review**

Review the family activity from the last class. For instructions, see page 8 of the introduction. Talk about the home activity from the last class. Participants shopped based on needs and wants. Discuss their experiences.

Ask participants: What did you learn from the shopping trip? What did not go well and why? What will you do differently next time?
Paycheck stub exercise

Divide the class into two teams. Have each group select a captain. Flip a coin to decide which team goes first.

Ask the teams to name items that are listed on paycheck stubs. Have them take turns, each naming one item. Each team must name its item within two minutes. If one team has not answered within two minutes, move on to the other team.

For each right answer, teams receive five points. On the flip chart, divide the sheet into two columns. Label the columns Team A and Team B. Write down each team’s answers and the points earned by the team.

Paycheck items

Here are some items found on a paycheck stub. You may have to prompt teams to think about less common items.

<table>
<thead>
<tr>
<th>Employee name</th>
<th>Hourly pay rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Security number</td>
<td>Federal income tax withholding</td>
</tr>
<tr>
<td>Name of employer</td>
<td>State income tax withholding</td>
</tr>
<tr>
<td>Pay period</td>
<td>FICA tax (Social Security and Medicare)</td>
</tr>
<tr>
<td>Pay date</td>
<td>Health insurance</td>
</tr>
<tr>
<td>Gross pay</td>
<td>Dental insurance</td>
</tr>
<tr>
<td>Net pay</td>
<td>Life insurance</td>
</tr>
<tr>
<td>Number of regular hours worked</td>
<td>Disability insurance</td>
</tr>
<tr>
<td>Number of overtime hours worked</td>
<td>Union dues</td>
</tr>
</tbody>
</table>

Ask each team to add up the points of both teams. Give inexpensive prizes to members of the winning team. Ask them to give the other team prizes for playing the game. Everyone wins!
**Gross pay vs. net pay**

Review the sample paycheck provided on page 32 of the main guide or they can look at their own. First, draw the paycheck on the flip chart. Some paychecks look like this:

![Paycheck Image]

Ask participants:

- What does “gross pay” mean? **Gross pay** is the total amount you earn. It is the amount *before* any money is taken out. How much did Maria earn in gross pay? The answer is $400.00.

- What are deductions? **Deductions** are amounts taken out of your paycheck. What were Maria’s deductions for? Her deductions were for Social Security tax, Medicare tax, federal income tax, and state income tax. Add up Maria’s deductions.

- What does “net pay” mean? **Net pay** is the amount left after deductions are taken out. This is the amount you get to keep. What is Maria’s net pay? Her net pay is $320.00.

Tell participants: Deductions may be for taxes, insurance, or other benefits. Discuss the benefits shown on pages 33–34 of the main guide.
Gross pay is the total amount you earn.

Net pay is the amount left after deductions are taken out.

Summary

Review these points with participants:

- **Gross pay** is the total amount you receive in a pay period.

- **Deductions** are the amounts taken out of your check. Deductions may be for taxes, insurance, or other benefits.

- **Net pay** is the amount you get to take home.

Home activity

**Understand your check stub**—This week, look at the stub from one more income check. Circle the gross pay and net pay. Subtract net pay from gross pay. How much money was deducted from what you earned?

Write down any benefits shown on your check. Bring the check stub, total deductions, and list of benefits to the next class.

**Track family income**—Is there any other income coming into your family? Keep track of all income your family gets, beyond just looking at your paycheck. If different family members contribute to household income, write down that amount.
How much total income does your family make? How much is from you? How much is from others?

**Family activity**

Review Family Financial Play Pack activity #4 with participants.

**Children’s Books**


Materials needed

In addition to the materials listed on page 7, for this session instructors will need:

- Three examples of credit card offers that a person might receive in the mail.
  The name of the credit card company any applicant should be cut off or marked out.
**Session overview and learning objectives**

This session helps participants to handle credit cards wisely. In this session, participants will:

- Explore how credit card interest works
- Review credit ratings and why they are important
- Learn how to maintain a good credit rating

**Review**

Review the family activity from the last class. For instructions, see page 8 of the introduction.

Check in with the class about their spending plans. **Ask participants:** What have you learned using your spending plans? How are you spending money differently?

Talk about the home activity from the last class. Participants reviewed their check stubs. Discuss the results.

Participants also added up their family income. **Ask participants:** What did you learn? Is all of your family income included in your spending plan? If not, revise your plan to include any extra income.

**Understanding interest**

**Tell participants:** When you borrow money, you use credit. Most lenders give you a certain amount of credit. For instance, a lender might give you $1,000 of credit. Credit means that the lender trusts you to pay that money back.

Lenders make money from loaning you money. They charge you a fee to borrow the money. This fee is called interest.
**Interest review**

The amount of interest that you pay is based on how much you borrow. If you borrow more money, you pay more interest. This is because interest is charged as a *percentage* of your loan amount.

Say a credit card company charges 18 percent interest. The 18 percent is charged over a one-year time period. If you borrow $100 for a year, you’ll pay $18 in interest. If you borrow $1,000 for a year, you’ll pay $180 in interest. What if you borrow $10,000 for a year? That’s $1,800 in interest! It adds up!

These figures assume that no payments are made on your loan during the year. However, most credit cards require you to make a minimum payment each month.

**Interest exercise**

Divide the class into three groups. Each group borrows $100 for one year. The first borrows at 15 percent interest. The second borrows at 12 percent interest. The third borrows at 21 percent interest.

Each group calculates how much they pay in interest. Which group pays the most? Which pays the least? Chart responses.

Repeat the exercise, using different size loans. How much interest is paid if each group borrows $1,000 for one year? How much for $2,000?

**Credit ratings**

Credit ratings are scores of how well you use credit. Your credit rating is shown on your credit report.

Credit reports are kept by three major companies. They are listed on page 40 of the main guide. When you apply for credit, lenders get a copy of your credit report. Your credit rating helps determine if you get the loan and the interest rate that will be charged on your loan.
Tell participants: Any time you apply for credit, your credit rating is checked with the three major credit reporting companies. Whenever your credit is checked, points are taken from your credit score. So, you can actually lower your credit score if you apply for credit often.

Credit ratings can affect more than loans. They can affect your ability to rent an apartment. They can even affect whether you get hired for a job. **Ask participants:** How have credit ratings affected you or others you know? Discuss responses with class.

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**Maintain good credit**

If you don’t have credit, you can’t have a credit score. As we have seen, credit ratings are important. So, it’s a good idea to establish some credit.

Once you have credit, pay your bills on time. It will help keep your credit score high. Also, don’t carry too much debt on your cards. If your cards have high balances, this can hurt your score. To boost your credit, pay your balances in full each month.

For your credit report, contact:

- www.annualcreditreport.com
- Experian, 1-888-397-3742, www.experian.com
- TransUnion Corporation, 1-800-916-8800, www.transunion.com

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Credit ratings can affect more than loans.
Credit card offers exercise

Bring to class three examples of credit card offers that come in the mail. Cut off or mark out the names of the credit card companies and name of pre-authorized person(s). Divide participants into three groups. Have each group carefully review one credit card offer.

One group looks for the interest rate on their offer. Another reviews rules for balance transfers. The third looks at penalties and late fees. Discuss the results with the class.

Ask participants: How easy was it to find the information? If you can't find this information, what would you do before accepting the card?

Summary

Review these points with participants:

- When you carry a balance on a credit card, you must pay interest. Interest is an extra fee you pay for borrowing money on your credit card.

- Because of interest and other fees, credit cards can be expensive. It’s best to pay cash if you can. If you use a credit card, be sure to pay it off in full each month.

- Your credit rating is a score of how well you use credit. A good credit score is important. It can affect your ability to get loans. It may even affect whether you get a job!

- To keep a good credit score, always pay your bills on time. You must have some credit to get a credit rating. However, only use credit when you really need it.
Home activity

Credit reports—Have participants apply to get their credit reports. Use the contact information on page 40 of the main guide.

Maintaining good credit—Ask participants to create a checklist of things they will do to establish and maintain good credit. This week, accomplish one item on the list. Bring the list to share in class.

Family activity

Review Family Financial Play Pack activity #5 with participants.

Children’s Book

The Berenstain Bears Get the Gimmies—Stan and Jan Berenstain, Random House (2002).
Materials needed

This session requires only the general materials listed on page 7.

For this session, instructors may wish to invite a guest to class. The guest should be someone who works at a bank or credit union. He or she would come to the class and answer questions. Be sure to prepare the speaker that this is not an advertisement for their bank.
Session overview and learning objectives

This session helps participants use banks/credit unions to build their futures. In this session, participants will:

- Explore differences between banks/credit unions – how they work and why they are important
- Know how to open a bank/credit union account
- Discuss services provided by banks and credit unions

Review

Review the family activity from the last class. For instructions, see page 8 of the introduction.

Talk about the home activity from the last class. Participants applied for credit reports. Discuss their experiences.

Ask participants: What was it like to apply for a credit report? What did you learn?

Participants also created a list of steps to maintain good credit. Record their ideas on the flip chart. Ask participants: What step did you take to maintain your credit this week? What did you learn?
Why use a bank/credit union?

Ask participants: How many people have an account at a bank or credit union? If you have an account, what has your experience been like? How does your bank/credit union account help you?

Tell participants: Banks/credit unions can be helpful for two main reasons:

1. **Safety**—Banks/credit unions keep your money safe. Your deposits are protected by insurance.

2. **Cost**—Banks/credit unions can save you money. It costs less to pay by check than by money order. If you have an account, you usually can cash checks for free. Not every account offers free checking, but many do offer that feature.

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**FDIC Protection**

Most banks/credit unions are insured by the FDIC. The FDIC is the Federal Deposit Insurance Corporation. It protects your bank/credit union account deposits.

Banks are like businesses. They are formed to make profits. Like other businesses, sometimes banks fail. If a bank fails, the FDIC makes sure you receive your money. By law, your deposits are insured up to $100,000 per bank. All of your accounts at the same bank are added together, and the total is insured up to $100,000.

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Ask participants: Has anyone had a bad experience with a bank/credit union? Do you know someone who has had a bad experience? Participants share responses with class.

Tell participants: Banks/credit unions use computers to keep track of the math. So, banks/credit unions are usually accurate. But they can make mistakes.

It’s your job to watch out for mistakes. You must make sure that your account is correct. Keep track of what you put in your account, and what you take out. Each month, check your records against the bank’s/credit union’s records.
**Banks vs. credit unions**

*Ask participants:* What is the difference between a bank and a credit union? A **bank** is formed for profit. Anyone can have an account at any bank. You don't have to be a member of a group.

**Credit unions** operate just like banks. The only difference is that they are nonprofits. They aren't formed to make money like banks are. They are formed to serve a group of people.

Credit unions are often formed by groups such as churches or companies. You must be a member of the group to open an account. Credit unions often have lower fees than banks. So, it’s a good idea to research them if you think you can become a member.

**Bank/credit union services**

Review the services provided on pages 45–50 of the main guide. *Tell participants:* Interest amounts on savings and checking accounts vary widely and often. Do not assume you know the percentage. Always **ASK** the bank/credit union.

Review how to keep a check register. On the flip chart, draw a sample check register. Use the image below as a guide.
Exercise

Participants work in groups to present role plays about banking issues. These role plays help explain banking to the class.

Divide the class into three groups. Each group will create a different role play. Tell each group what to include in its role play.

- **Group #1:** Show how to research banks/credit unions. Include items that someone would look for when opening an account. For instance, most people look for low minimum balances or free checking.

- **Group #2:** Show why it is important to balance your checkbook. Act out what can happen if you don't balance your checkbook.

- **Group #3:** Show why it is important to pay back a loan on time. Act out what can happen if you miss payments on your car loan.

Question and answer exercise

Instructors may choose to invite a guest who works at a bank/credit union. The guest may answer questions from participants. He or she can explain that bank’s/credit union’s policies. Prepare the guest speaker about who the class is and any questions that have already come up about financial institutions.

Summary

Review these points with participants:

- Banks/credit unions can be helpful because they help keep your money safe. They also can save you money.

- The most common accounts are savings and checking accounts. Savings accounts are for saving money. Checking accounts are for buying things and paying bills.
To open an account, you will have to make a deposit. You also must give identification.

Every bank/credit union has different services. To find out about what a bank/credit union offers, visit the bank/credit union and ask a customer service representative.

**Home activity**

Participants research banks and credit unions. **Tell participants:** This week, visit or call one bank or credit union. Find out how much money is needed to open both checking and savings accounts. Learn about the fees and rules for these accounts.

Write the following categories on the flip chart: minimum balance, opening deposit, interest earned, account maintenance fees, and charges for checks or deposits. Ask participants to learn about each category.

**Family activity**

Review Family Financial Play Pack activity #6 with participants.

**Children’s Books**


Materials needed

This session requires only the general materials listed on page 7.
Session overview and learning objectives

This session helps participants to free themselves from debt if they need to. In this session, participants will:

- Create a plan for repaying debt
- Explore the pros and cons of bankruptcy
- Plan how to find credit counseling

Review

Review the family activity from the last class. For instructions, see page 8 of the introduction.

Talk about the home activity from the last class. Participants visited or telephoned a bank or credit union. Discuss their experiences. Answer any questions from participants.

Ask participants: What did you learn? How many opened a new account?

How we got here

Ask participants: How many of you are in debt or know someone who is? Participants share their experiences.

Ask participants: Why do people get so deeply into debt? Why do they take on more debt than they can handle? Chart responses on the flip chart.

Tell participants: One of the reasons we get into debt is because it’s easy. Credit card companies make it easy. They may send you credit card offers in the mail.

Credit cards may seem like “free money.” You can use them to make purchases without paying any money now. They can allow you to spend more money than you earned this month.
Know your own limit

If you have too much debt, your payments get very high. If they get too high, you might not be able to make the payments.

Just because you get a credit card doesn’t mean you can make the payments. Credit card companies don’t really know how much you can afford to spend in payments. You must decide that for yourself.

Tell participants: Another reason why we get into debt is because we are not happy with our belongings or experiences. We want to have more. And, we want it now. We are not willing to wait until we have the money.

One key to getting out of debt is being happy with what you have in your life now. It may seem hard, if you feel like you don’t have enough. But give it a try. You may find that you don’t want to buy as many new things.

Getting out of debt

Ask participants: Do you know people who have gotten out of debt? How did they do it? Participants share responses.

Review the ideas shown on page 52–53 of the main guide. Tell participants: If you can, pay more than the minimum payment each month. This will help you get out of debt faster.

Why make extra payments?

The extra amount will reduce what you owe on the loan. You’ll also be charged less interest. Your balance will go down more quickly.

Talk about point #4. Ask participants: Has anyone called a credit company to talk about a payment? Tell participants: It is important to talk to your credit companies. If you talk to them, they may work with you. They may accept lower payments for a while.
Discuss bankruptcy and credit counseling. Emphasize that there are FREE credit agencies and share local information. **Ask participants:** Do you know anyone who has declared bankruptcy? What was it like? Explain why bankruptcy is a last resort.

### About bankruptcy

Bankruptcy can have serious results:

- You can lose your possessions. You can also lose your cash.
- You may not be able to get credit in the future.
- If you do get credit, you may have to pay high interest rates.

#### Debt repayment exercise

**Tell participants:** To pay off your debt, it helps to keep track of your progress. You can use a worksheet to write down your payments. The worksheet shows how far you’ve come. It also shows how close you are to reaching your goal of zero debt!

Draw the worksheet below on the flip chart. Include 12 blank rows, one for each month. Participants copy the worksheet on blank paper.

### Debt repayment worksheet

**Account Name:** __________________________________________________________

**Interest Rate:** ______________ Minimum Payment: ______________

<table>
<thead>
<tr>
<th>Date</th>
<th>Balance</th>
<th>Interest</th>
<th>Payment</th>
<th>New Balance</th>
</tr>
</thead>
<tbody>
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</table>
Review an example with participants. Ask a volunteer from the class to provide information about one credit card. Or, you might use the following worksheet example.

Worksheet example

Account Name: Capitol One

Interest Rate: 15%  Minimum Payment: $100.00

<table>
<thead>
<tr>
<th>Date</th>
<th>Old Balance</th>
<th>Interest</th>
<th>Payment</th>
<th>New Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/15/06</td>
<td>$2,501.36</td>
<td>$31.25</td>
<td>$100.00</td>
<td>$2,432.61</td>
</tr>
<tr>
<td>1/15/07</td>
<td>$2,432.61</td>
<td>$30.01</td>
<td>$100.00</td>
<td>$2,362.62</td>
</tr>
</tbody>
</table>

Tell participants: To find the new balance, start with the old balance. Subtract the payment amount. Add in the interest from the statement.

This worksheet will help you track your progress paying off your debt.

Summary

Review these points with participants:

- If you are in debt, you can get out. It may take some time and effort. But you can do it!
- It can be helpful to talk to your credit card company. They may work with you.
- Bankruptcy should be used only as a last resort. Credit counseling can be a better option.
Home activity

For participants with heavy debt: Make an appointment to meet with a credit counselor. Use the list on page 53 of the main guide or local information.

For all participants with debt: Create a debt repayment plan. Use the worksheet you created in class. List your debts in order. Start with the highest interest rate.

Each time you make a payment, mark it on the worksheet. Write in the new balance. Continue until each debt is paid off.

Bring your worksheet to class next week. If you haven’t made any payments, bring the worksheet anyway. We will discuss the worksheets in class.

Family activity

Review Family Financial Play Pack activity #7 with participants.

Book

Materials needed

In addition to the materials listed on page 7, for this session instructors will need:

- Three examples of scams and frauds. Clip articles from newspapers that show scams in your area. Choose examples where people lost money or had money stolen from them. Many scams also are shown on the Snopes Web site. Visit www.snopes.com. Click Fraud & Scams.
Session overview and learning objectives

This session helps participants to build their physical assets. It explains different types of investments. It also reviews insurance and how to prevent identity theft. In this session, participants will:

- Know the difference between personal and physical assets
- Learn ways to invest in physical assets
- Understand insurance and how to prevent identity theft

Review

Review the family activity from last class. For instructions, see page 8 of the introduction.

Check in with participants about their spending plans. Ask participants: How are your spending plans working? Have you made many changes?

Talk about the home activity from the last class. Participants created debt repayment worksheets. Discuss their results. Ask participants: What did you learn?

Building assets

Review the concept of assets on pages 56–57 of the main guide. Explain physical and personal assets. Personal assets are your own talents and skills. For example, you may be a good cook. Or, you may know how to fix cars.

Physical assets are things you own. They can be turned into cash. A car is a physical asset. So is a home.

Ask participants: How do you develop personal assets? One way is by going to school. How do you develop physical assets? One way is by investing.
Talk about different types of investments. Spend the most time on CDs. **Tell participants:** You *can* build your assets if you are careful about managing your money.

### Assets exercise

**Personal assets**—Divide the class into three groups. **Ask participants:** What are your personal assets? Each person talks about personal assets. Share the results with the class. Write the answers on the flip chart. How many people have the same personal assets?

**Physical assets**—The class remains in groups. Each group looks at a different type of asset.

- In the first group, participants look at money assets. What are your money assets now? What would you like them to be in the future?

- In the second group, participants look at property assets. What are your property assets now? What would you like them to be in the future?

- Ask the third group: How do you think you should go about building assets? This group can discuss any of the three types of assets described above: personal, money, or property assets.

Have the groups share results with the class.

### Goals review

**Ask participants:** Look back at the goals that you made in Session 1. Look at how you would like to build your assets today. Will building these assets help you reach your goals? What are the first steps you’re going to take to build your assets now?
Protecting assets

Tell participants: Once you have assets, it is important to keep them safe. You can protect your assets with insurance.

Ask participants: How does insurance work? The answer is that you pay a certain amount, called a premium. If there is loss or damage, you receive money to pay for it.

Discuss the types of insurance on page 58 of the main guide. Ask participants: Who has insurance? What does your insurance cover? Have you had to file a claim?

Scams exercise

Have a general discussion about scams and identity theft. Be sure that everyone understands the same information.

Ask participants: Can you think of a scam you’ve heard about or that someone you know was involved in? Do you know someone whose identity was stolen?

Think about stories participants shared earlier in the course. Did they discuss any scams? If so, remind them.

Show examples of scams you have collected. Explain how to avoid them.

Protect your identity

Today, thieves don’t just steal property. They also can steal your identity. When your identity is stolen, thieves pretend to be you. They may apply for credit in your name. Or, they may take cash from your bank/credit union account!

To avoid identify theft, guard your personal information. Be especially careful with your Social Security number. Your Social Security number is necessary to apply for credit.
Summary

Review these points with the class:

- Everyone has personal assets. It is important to appreciate and acknowledge your personal assets. We all have something of value.

- You can build your financial assets, too. The key is to manage your money well.

- Protect yourself from scams by being aware. Be very careful about giving out personal information. If you're not sure whether a request is real, do some research first to be safe.

Verifying requests

If someone calls and asks you for personal information, make sure the request is real. Contact the customer service department of the organization that is requesting information. Find the number in the phone book to be sure you have the actual number. Ask if the information request is really coming from that organization.

Home activity

Protect your identity—Create a safe place to keep your personal information and important papers. It can be a file or even a locked safe. Use a paper shredder. You may buy one for $10 or less. Or, you may ask a friend if you can use his or her paper shredder.

Net worth worksheets—Start to complete the net worth worksheets on pages 63–64 of the workbook. Fill out as much as you can. We will review them in the next session.
Tell participants: During class today, we talked about physical assets. Determine the value of your assets. If you have a car, for example, how much is it worth? Write these amounts on the asset worksheet on page 63 of your workbook.

After the last session, you also made debt repayment worksheets. These worksheets show the amounts of your debt. Enter these amounts on page 64 of your workbook.

**Family activity**

Review Family Financial Play Pack activity #8 with participants.

**Children’s Books**


Materials needed

This session requires only the general materials listed on page 7.
Session overview and learning objectives

This session helps participants determine their net worth, or total wealth. In this session, participants will:

- Determine the value of all of their assets combined
- Develop a financial plan to help them save for personal goals

Review

Review the family activity from the last class. For instructions, see page 8 of the introduction.

Talk about the home activity from the last class. Participants found ways to protect their personal information.

Ask participants: What methods did you use? Does anyone have a shredder? Record answers on the flip chart.

Course review

Review highlights from the course. Tell participants: Throughout this class, you have learned how to manage your money. You have learned important steps for reaching your goals.

Ask participants: What are the most important things you learned about the course?
- Chart responses
- Add what is missing

- First, you learned about the basic concept of money.
- Then, you wrote down your dream goals.
- You started to keep a spending diary. It helps you understand where you spend your money.
You also created a spending plan. It helps you make sure you don’t spend more than you earn each month.

You learned ways to save money and avoid spending traps. They help you keep more money for your dreams.

You learned to read your income check stubs. You also learned about banks/credit unions and how to open an account.

You learned how to handle credit cards. And you developed a plan for paying back your debt. Hopefully, you are sticking to it!

Finally, you learned about growing your wealth, or your physical assets. You learned why insurance is important. You developed ways to keep your personal information safe.

**Net worth exercise**

Turn to the net worth worksheets on pages 63 and 64 of the main guide. Participants started filling these out at home. **Ask participants:** How far did you get? Answer questions from the group.

Participants continue to complete the worksheets. Walk around the class to provide help to participants.

**Goals review**

Turn to pages 2 and 3 of the main guide. Review the goals created in Session 1. **Ask participants:** Are these still your goals? Whose goals have changed? Write any new goals on pages 2 and 3 of your workbook.
Your financial plan

Turn to pages 65 and 66 of your workbook. Discuss financial plans. Financial plans help you to achieve your goals. They show how much you must save, and for how long.

Ask participants: Do you know someone who has reached a financial goal? How did they do it? How long did it take?

– Be prepared to share an example and make it real

Financial plan example

Ask participants: Who would like to share one of their goals? It can be a short-term goal or a one-year goal. Discuss responses.

If no one volunteers, give an example to the class. Choose examples that participants can understand. Use numbers that reflect the cost of living in your area.

A short-term goal might be dinner at a special restaurant, tickets to a concert, or an outfit to interview for a new job. A one-year goal might be to buy a new car, to take a vacation, or to move into a bigger apartment.

Financial plan exercise

Participants work individually to complete financial plans. Each person fills out the worksheet on page 66.

Tell participants: Fill out the chart for two short-term goals. Also, complete two, one-year goals. Then complete one 5 year goal and, if you can, one many years from now. Participants may help each other if they wish. However, each person must create his or her own plan.

Walk around the class to answer questions. When plans are complete, participants may wish to share goals. Discuss with the class. Ask participants: How much will your goal cost? How much will you save each month? How long will it take to reach your goal?

How many participants have similar goals? Write responses on the flip chart.
Summary

Review these points with participants:

- To build your savings, pay yourself first.
- You have worth as a person, no matter how much money you have in savings. You also have financial worth, called your net worth. To increase your net worth, build your assets. Reduce your debt.
- To reach your goals, follow your plan. Stick with it—it will work for you.

Home activity

Keep track of the financial plan you made to reach your goals. Each month, put money away toward your goals. Write down each deposit and the total amount you have saved for each goal. Your financial plan will help you achieve your dreams!

Family activity

Review Family Financial Play Pack activity #9 with participants.

Book

Acknowledgments

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The National Center for Family Literacy (NCFL) was established in 1989 and has pioneered educational initiatives that open pathways for continuous life improvement for the nation’s most at-risk children and families. More than one million families have made positive educational and economic gains as a result of NCFL’s work, which includes training more than 150,000 teachers and thousands of volunteers. For more information about the National Center for Family Literacy, visit www.famlit.org.

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The content areas in this material are believed to be current as of this publication, but, over time, legislative and regulatory changes, as well as new developments, may date this material.
Life teaches us many things.

One is that we have to take care of ourselves.

That means exercising, eating right, and getting enough sleep.

It also means making good choices. Good choices about friends.

Good choices about how we spend time.

And good choices about money.