



MODULE 5: FINANCIAL GUIDANCE: CREATING GOALS AND SAVING

Financial Education Tools and Resource Series

Financial Management equates to planning, organizing, directing and controlling one's financial activities and future. In this interactive lesson, participants will gain an understanding of personal financial management strategies based on learning and practicing budgeting, saving and setting financial goals. Resources in this lesson include videos, an on-line budgeting spreadsheet, and a goal-setting and debt worksheet.

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The Financial Education Tools and Resource Series

The Financial Education Tools and Resource Series Guide developed by Coffey Consulting, LLC provides facilitators and trainers with tools and resources to complement or fill gaps in grantees' financial education curricula or one-on-one instruction with their participants. The Guide includes five modules on financial topics important to program participants. Each topic focuses on a key issue or challenge program participants encounter, followed by a strategy, lesson and resources (implementation plan). Included in each lesson are handouts (activities), online spreadsheets, videos and articles that can be facilitated in a group setting or one-on-one. These "train-the-trainer" modules are designed for trainers/staff working with program participants and are intended to be customized by program staff to match the knowledge and literacy levels of the participants.

The five topics include:

Module 1: Analyzing Your Paycheck

This lesson gives grantees the tools to coach their participants on how to read their pay stub and understand how the information it contains will play a vitally important role in financial management and proper budgeting.

Module 2: Negotiating Child Support Payments

This informational lesson plan reviews each state's "Changing a Child Support Order" as well as provides website links to state requirements, forms, brochures, important telephone numbers and frequently asked questions.

Module 3: Predatory Lending

This lesson plan tackles the common types of predatory lending, shares legal protections and provides tips on what to do when you are a victim of these practices.

Module 4: Understanding Your Credit Report

This lesson provides an opportunity to discuss the types of information a credit report contains, how to read it, and what to do to get back on track when you have bad debt. (Lesson includes a credit goal worksheet, credit score estimator, articles and a sample letter explaining why a payment was late.)

Module 5: Financial Guidance: Creating Goals and Saving

In this interactive lesson, participants will gain an understanding of personal financial management strategies based on learning and practicing budgeting, saving and setting financial goals. Resources in this lesson include videos, an on-line budgeting spreadsheet, and a goal-setting and debt worksheet.

The goal is to empower justice-involved individuals with "real world" tools to help them better manage their money and work towards achieving financial stability for themselves and their families.

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Topic: Financial Guidance (Creating Goals and Saving)

Situation:

For those returning citizens freed from prison or jail, getting out is just the first step. They often face barriers finding employment, locating housing, receiving public assistance, and getting out from under past debts. These are often problems that dovetail with and exacerbate one another. Mounting criminal justice debts and unaffordable child support arrears severely limit families' abilities to save for the future and can trap them in a cycle of debt. Once an offender is released from jail or prison, he/she often has legal financial obligations such as fines or restitutions. Equipping returning citizens with a financial plan is the key to their financial stability.

Facts:

- 58% of housing costs go to rent and mortgage payments, with 21% spent on utilities, 10% on furnishing and 11% for other home costs, such as repairs and maintenance.
- Approximately 650,000 returning citizens walk out of the jailhouse each year and most of them owe money to a variety of creditors. Typically, their offender status limits their means to repay.
- As soon as returning citizens have income coming in, they should create a budget to help pay their bills.

Delivery Method:

Practitioners can deliver the lesson in a group setting or one-on-one.

Objectives	Materials Needed	Time
<ul style="list-style-type: none">• Help participants understand the fundamentals of saving, how much to save, and strategies to enable saving.• Assist participants with SMART goals to reach their financial targets.• Provide tools to help create monthly budgets for participants.	<ul style="list-style-type: none">• Flip chart paper or whiteboard• Markers• Access to the Internet and projector (<i>video links provided</i>)• Handout sheets to go over with participants (<i>Debt Worksheet, What Kind of Spender Are You?, SMART Goals Worksheet, Budget Planning Worksheet</i>)	2.5 hours This can be broken into two or three sessions or you can choose which sections you would like to incorporate into your financial lesson planning.

Lesson:

1. Why Budgeting and Saving Is Important (2 Minutes)

Open the lesson with a video on the importance of budgeting and saving. Access the [“Why Budgeting and Saving Is Important” video](https://www.youtube.com/watch?v=5_mKK-2FQaM) (1:45 minutes) by MoneySmartAu by visiting https://www.youtube.com/watch?v=5_mKK-2FQaM.

Financial literacy experts explain why the essential life skills of budgeting and saving are so important.

2. Saving, Goals, and Budgeting (1 Minute)

State to the group or individual in this session, “Our focus is to help you understand the fundamentals of saving, develop SMART (Specific, Measurable, Attainable, Realistic, and Time-bound) savings goals and assist you in creating your own monthly budget.

3. Prison Debt (10 Minutes)

Address the burden of what is known as “Prison Debt” (i.e., fines, legal fees, credit card balances prior to entering jail, back owed child support payments, etc.) and align it to the importance of saving and budgeting. The optional article mentioned below can be used as a discussion piece, picking out key areas to address when speaking about “Prison Debt.”

Optional Article:

“Out of Prison, but Shackled in Debt” by Prosperity Now dated Thursday, April 28, 2016 can be retrieved from <https://prosperitynow.org/blog/out-prison-shackled-debt>.

4. Debt Worksheet (30 Minutes)

Hand out the Debt Worksheet. This activity can be done in Excel or as a handout.

Discussion Question:

- What could happen if you do not pay off the debt?

Share the following tips from the financial toolkit entitled, “Your Money, Your Goals:”

- Prioritize your debts.
- For court-related debts, explore payment plans, reductions, and waivers.
- Negotiate a payment plan or a reduction of your debt. If you owe money on a debt that is in collections, you may want to contact an attorney through a legal aid organization before contacting the creditor or debt collection company.
- Be cautious of businesses that state they can eliminate your debts.
- Visit a nonprofit Consumer Credit Counseling Service agency.

5. What Kind of Spender Are You? (15 Minutes)

Have participants assess their spending habits with the attached worksheet, “What Kind of Spender Are You?” (TheMint.Org). After they complete the assessment, review the five different types of spenders (see second page of assessment).

- Avoider – You put off making money decisions.
- Collector – You like to see your money make money.
- Spender – You enjoy spending money and think little about how to pay for your purchases.
- Thinker – You care about others who have less than you do, and you often feel guilty about having more than they do.
- Miser – You like to save every penny. You do not enjoy spending money.

6. Saving Scenario (5 Minutes)

Share and show the simple saving scenario below. Write the information below on flip chart paper or a whiteboard.

You want to buy a computer so that you don't have to go to the Career Center each week to look for jobs and browse the internet. You set a 9-month goal to buy a computer, and you discover that you can buy one for \$400 at a reputable discount electronics store in town.

How much do you have to save every month to buy it?

ANSWER: $\$400/9 \text{ months} = \$44.44/\text{month}$

How much is it per week?

ANSWER: $\$44.44/4 \text{ weeks} = \$11.11/\text{week}$

How much is it per day?

ANSWER: $\$11.11/7 \text{ days} = \$1.59/\text{day}$

State, “That’s less than two dollars a day! That’s a concrete amount you can work with.”

***The goal is to show that it is important to have a plan and that saving takes proper planning and commitment.*

7. How to Write a SMART Goal (3 Minutes)

Watch the [“How to Write a SMART Goal” video](https://www.youtube.com/watch?v=YmOS3dj9h0s) (2:39 minutes) by dbw53022 available at <https://www.youtube.com/watch?v=YmOS3dj9h0s>.

8. Financial Goals (30 Minutes)

Begin a financial goals discussion by asking participants:

- What are some of the goals you would like to achieve?
- What financial goals would you like to achieve? (Align these financial goals to their Debt Worksheet.)

Next, hand out the SMART Goal Worksheet (see instructions on the worksheet) and assist participants with completing the worksheet using the example provided.

Discussion Question:

- Why or how do the goal(s) you listed motivate you to save?

9. Budgeting Basics (5 Minutes)

Introduce the next video: “The first step in achieving your goals is to create a realistic budget.” Access the [“Basic Budgeting” video](https://www.youtube.com/watch?v=Xffb17mXh5I) (4:46 minutes) by Graceland Enactus at <https://www.youtube.com/watch?v=Xffb17mXh5I>.

This video gives an introduction of basic budgeting and defines fixed and variable expenditures.

10. Budget Worksheet Tool (35 Minutes)

Use the on-line tool [“Free Budget Planner Excel Worksheet”](https://www.nationalebtreief.com/free-budget-planner-worksheet/) from the National Debt Relief by accessing it at <https://www.nationalebtreief.com/free-budget-planner-worksheet/>.

As participants download the on-line tool, ask them to list all their income and expenses. (Note: Write the definition of **income** and **expenses** on a flip chart or whiteboard.)

Discussion Questions:

- Did you have any feelings or emotions as you were developing your budget?
- As you review your budget, how will you use it to save for your future and financial obligations?

11. So Where Do I Save My Money? (10 Minutes)

Share details from the [article, “Credit Unions vs. Banks: How to Decide”](https://www.nerdwallet.com/blog/banking/credit-unions-vs-banks/) by Devan Goldstein dated October 5, 2017 which can be retrieved from <https://www.nerdwallet.com/blog/banking/credit-unions-vs-banks/>.

Highlights from the article:

- Why choose a credit union over a bank?
 - Credit unions typically have lower fees and higher interest rates on deposits.
 - Credit unions are nonprofits.

- There is an emphasis on customer service.
- Why choose a bank over a credit union?
 - Banks have more branches in the region or across the country.
 - Banks are for-profit enterprises.
 - Banks are typically quicker to roll out new apps and other technology.

Wrap Up (4 Minutes):

State, “We hope the tools provided today will get you on your way to financial stability and empowerment.”

Follow Up:

On a monthly or quarterly basis, check on participants’ budgets, savings and financial goals to make sure they are staying on track. If they are not on track, have one-on-one meetings to see what additional resources are needed.

Additional Resources

YOUR MONEY, YOUR GOALS Focus on Reentry

https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201703_YMYG_Focus-on-Reentry.pdf

Financial Goal Tracker Sheet, (2017 Money Savvy Generation)

http://www.moneysavvy.com/downloads/CashCache_Worksheets_17.pdf

Article:

Extended Sentence: The formerly incarcerated are facing crippling prison debt when they get out, and it needs to stop by Larry Schwartzol and Abby Shafroth (October 2016)

http://www.slate.com/articles/news_and_politics/jurisprudence/2016/10/the_burden_of_prison_debt_on_the_formerly_incarcerated.html

Debt Worksheet

Name:
Date:
Debt Worksheet

Debt or Bill Name	How Much Do You Owe	Minimum Monthly Payment	How Much Can You Afford to Pay Weekly	How Much Can You Afford to Pay Monthly	How Many Months to Pay Off
Example: Legal Fees (County Court)	\$1,500.00	\$0.00	\$25.00	\$100.00	15 Months
		*Total:			

** User will calculate own total.*

What Kind of Spender Are You?

1. When it comes to saving money:

- A. I know I ought to be saving, but I never seem to be able to.
- B. I really enjoy saving. In fact, I spend a lot of time and energy thinking about how to save.
- C. I have trouble saving money, and this bothers me sometimes.
- D. I spend only for things I really need.
- E. Saving comes naturally to me. I save regularly.

2. As far as credit cards are concerned:

- A. I often forget to pay my credit bills – I get a lot of warning notices because I haven't sent payments in on time.
- B. I don't mind charging lots of things if I know I can pay off my credit card bill quickly, but if I can't, I think about my credit card bill a lot.
- C. I tend to use credit cards often, but I always make the minimum payment.
- D. I prefer not to have a credit card at all. I use mine as little as possible.
- E. I always avoid using a credit card. I prefer paying by cash or check.

3. When I want a certain item but it costs more than I have:

- A. I'll buy it and figure out how to pay for it later.
- B. I save for it first; then I buy it.
- C. I'll buy it or charge it, even if I can't afford it.
- D. Most of the things I want are not luxury items, so I can afford them. On occasion when I do want something outrageous, I may buy it, but the purchase will make me feel very uncomfortable.
- E. If the item is important enough to me, I'll figure out how to adjust my budget to buy it. If it isn't that important, I'll forget about it.

4. When I'm feeling down in the dumps:

- A. Spending money does not cheer me up.
- B. Hatching plans to make more money makes me feel better.
- C. Spending money always cheers me up.
- D. Spending just makes me feel worse. Spending has nothing to do with happiness.
- E. Is the last thing I would do, but putting more money in savings or a solid investment might lift my spirits.

5. If I won a million dollars in the lottery, my first reaction would be:

- A. To be totally overwhelmed – I would have no idea how to handle it.
- B. To be very happy. I would immediately start thinking about how to make the money grow and at the same time use it for my own enjoyment.
- C. To be wildly excited, realizing that from now on I could buy anything I wanted!
- D. To feel a little guilty, thinking about all the people who have nothing. I would think about how to use some of my money to help others.
- E. To feel shocked, a little overwhelmed, and very relieved that my future was now secure.

How did you do?

Go back and look at how you answered.

If you chose mostly A answers,

You are an Avoider. You put off making money decisions.

If you chose mostly B answers,

You are a Collector. You like to see your money make money.

If you chose mostly C answers,

You are a Spender. You enjoy spending and think little about how to pay for your purchases.

If you chose mostly D answers,

You are a Thinker. You care about others who have less than you do, and you often feel guilty about having more than they do.

If you chose mostly E answers,

You are a Miser. You like to save every penny. You do not enjoy spending money.

SMART Goal Worksheet

Using SMART (Specific, Measurable, Attainable, Realistic, and Time-bound) goals, write down (1) short-term, (1) medium-term, and (1) long-term goal. Then write the steps and resources you'll need to reach each goal.

- Short-term Goals (Goals you would like to achieve within six months)
- Medium-term Goals (Goals you would like to achieve within six months to a year)
- Long-term Goals (Goals you would like to achieve within one year and beyond)

Short-term Goal:	
Date Goal Set:	
Amount Needed:	

Steps	Resources Needed	Deadline	Completed
1.			
2.			
3.			
4.			

Medium-term Goal:	
Date Goal Set:	
Amount Needed:	

Steps	Resources Needed	Deadline	Completed
1.			
2.			
3.			
4.			

Long-term Goal:	
Date Goal Set:	
Amount Needed:	

Steps	Resources Needed	Deadline	Completed
1.			
2.			
3.			
4.			

SMART Goal Worksheet (Example)

Using SMART (Specific, Measurable, Attainable, Realistic, and Time-bound) goals, write down (1) short-term, (1) medium-term, and (1) long-term goal. Then write the steps and resources you'll need to reach each goal.

- Short-term Goals (Goals you would like to achieve within six months)
- Medium-term Goals (Goals you would like to achieve within six months to a year)
- Long-term Goals (Goals you would like to achieve within one year and beyond)

Short-term Goal:	Pay off my \$1,000 credit card in 5 months.
Date Goal Set:	1/15/2017
Amount Needed:	\$1,000

Steps	Resources Needed	Deadline	Completed
1. Create a budget; listing all my expense and income (wages) for the month.	Budget template	1/25/2017	✓
2. Save \$75 from each check over the next 5 months. (I get paid 2 times a month.)	None	6/15/2017	✓
3. Help my uncle on the weekends for the next 5 months at his friend's warehouse which will bring in \$800.	Gas money	6/01/2017	✓
4. Pay off credit card.		6/30/2017	✓

Medium-term Goal:	
Date Goal Set:	
Amount Needed:	


Steps	Resources Needed	Deadline	Completed
1.			
2.			
3.			
4.			

Long-term Goal:	
Date Goal Set:	
Amount Needed:	

Steps	Resources Needed	Deadline	Completed
1.			
2.			
3.			
4.			

Budget Planning Worksheet—On-line Tool

To access the National Debt Relief's [“Free Budget Planner Excel Worksheet”](https://www.nationaldebtrelief.com/free-budget-planner-worksheet/) visit <https://www.nationaldebtrelief.com/free-budget-planner-worksheet/> and click on the “free budget planner Excel worksheet” link on the webpage to download the file. Following is a snapshot of the planning worksheet that participants will download.

Budget Planner Worksheet														
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Monthly Avg
Income														
Wages/Salary													\$0.00	\$0.00
Dividends													\$0.00	\$0.00
Investments													\$0.00	\$0.00
Other													\$0.00	\$0.00
Total	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Home Expenses														
Rent/Mortgage													\$0.00	\$0.00
Home Insurance													\$0.00	\$0.00
Maintenance													\$0.00	\$0.00
Property Taxes													\$0.00	\$0.00
Other													\$0.00	\$0.00
Total	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Transportation														
Car Payments													\$0.00	\$0.00
License & Registration													\$0.00	\$0.00
Car Insurance													\$0.00	\$0.00
Fuel													\$0.00	\$0.00
Maintenance													\$0.00	\$0.00
Road/Travel Fees													\$0.00	\$0.00
Other													\$0.00	\$0.00
Total	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Utilities														
Electricity													\$0.00	\$0.00
Gas/Water/Hot													\$0.00	\$0.00
Telephone													\$0.00	\$0.00
Cell Phone													\$0.00	\$0.00
Internet													\$0.00	\$0.00
Television													\$0.00	\$0.00
Other													\$0.00	\$0.00
Total	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Medical														
Health Insurance													\$0.00	\$0.00
Dental													\$0.00	\$0.00
Vision/Prescriptions													\$0.00	\$0.00
Alcohol & Tobacco													\$0.00	\$0.00
Life Insurance													\$0.00	\$0.00
Other													\$0.00	\$0.00
Total	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Financial														
Rent Free													\$0.00	\$0.00
Interest Payments													\$0.00	\$0.00
Debt Payments													\$0.00	\$0.00
Credit Card Payments													\$0.00	\$0.00
Emergency Fund Savings													\$0.00	\$0.00
Retirement Savings													\$0.00	\$0.00
Income Taxes Due													\$0.00	\$0.00
Other													\$0.00	\$0.00
Total	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Recreation														
Golf													\$0.00	\$0.00
Entertainment													\$0.00	\$0.00
Vacations													\$0.00	\$0.00
Hobby													\$0.00	\$0.00
Hobbies													\$0.00	\$0.00
Parties/Events													\$0.00	\$0.00
Volunteer Expenses													\$0.00	\$0.00
Other													\$0.00	\$0.00
Total	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Business Expenses														
Accounting													\$0.00	\$0.00
Printing													\$0.00	\$0.00
Other													\$0.00	\$0.00
Total	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Family														
Children													\$0.00	\$0.00
School Supplies													\$0.00	\$0.00
Tuition													\$0.00	\$0.00
Books													\$0.00	\$0.00
Activities													\$0.00	\$0.00
Allowance													\$0.00	\$0.00
Other													\$0.00	\$0.00
Total	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Income	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Expenses	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Difference	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00



Free Debt Analysis 1-888-703-4948