

MC3 Building a Foundation for a Better Financial Future

Hours by Unit – 8

This section is designed to be flexible and can be tailored to your class schedule. Please select either the four-hour or eight -hour option that best accommodates your time constraints.

Learning Objectives:

- Participants will be able to identify the rationale for understanding financial literacy
- Participants will be able to construct a budget
- Participants will be able to devise a strategy for savings and debt management
- Participants will be able to define financial services and products for financial security

Materials Needed

- Building Foundation PowerPoint
- Your Money Your Goals (YMYG) Toolkit
- Handouts
- Exercises
- Calculators and pencils
- Teaching props: construction paycheck stub, credit card statement, bank statement, etc.

Starting the Conversation

Everyone has questions about money. It can be difficult, though, to talk about money, even with people that you know well. It can feel uncomfortable to raise the topic of personal finance because it's so personal. By approaching financial issues in a non-judgmental way, you will build trust that can allow you to help them start to address their financial challenges.

Use the experiences that you've had in your own life or that friends and family have had to help you understand where the people you're working with are coming from. When people feel that you respect them and that they can trust you, they're usually more willing to open up and discuss financial topics that might otherwise make them feel uncomfortable.

Instead of just asking a person to give you the basic numbers, try asking questions about how they feel when you're discussing their finances. You could try questions like:

- “What does money mean to you?”
- “What is your first memory about money?”
- “What is the most difficult thing about money for you? For your family?”

Helping people become aware that financial decisions are influenced by emotions and past experiences may help them understand what drives some of their financial choices. It can also help you better understand their unique strengths and challenges.

Some individuals may be reluctant to use or discuss their personal finances in class. Encourage them to follow along with the examples provided, use estimated numbers to fill in the class handouts, and to take blank copies for use in the privacy of their own home.

See *Starting the Money Conversation* [Financial Empowerment Self-Assessment](#) and [My Money Picture](#) for more information on how to bring up money topics in your classroom. YMYG also offers specific suggestions, tools, and tips for broadening and improving financial conversations. [Behind on Bills Booklets](#) are another great (free of charge!) resource to help you talk with people about money topics important to them.

Opening Discussion (20 minutes)

Instructor shares:

Do you have goals for yourself and your family? Are they goals you want to reach soon or in the next few years? How do you plan to reach them?

How do you handle unexpected expenses? Saving money now for unexpected expenses and emergencies can save you money later.

Do you feel like you have too much debt? Did you know that there are rules debt collectors have to follow when they contact you?

Everyone has situations where they know what they “should” do but find themselves doing something else instead, especially when it comes to money. Financial decisions, no matter how well intended, are never made in a vacuum. Many things influence both our short- and long-term financial decisions. When people talk about money, it’s not just about the numbers. They are really discussing what money means to them. Attitudes and behaviors around money are wrapped up in feelings around security, failure, family, love, and status.

For example, you may have decided to save part of your tax refund to build an emergency fund. Instead, you use it to help a family member pay off his medical bills because not helping a family member in need would go against the values you were raised with.

Most recently, you’ve had your eye on a brand new, 2021 red pick up truck sitting at the dealership you pass every day heading to work. Your paychecks are burning holes in your pocket, you’re bringing home more money than you ever have! You’ve been working so hard, nonstop, for months now; all those long days in the summer sun, you deserve this! You’ve got plenty of cash coming in to make the payments, it’s a no brainer – you go for it! All is going well, then six months later the job ends, now what? That brand new, 2021 truck had a pretty high monthly payment and you didn’t stash anything away in savings. Another month goes by, you’re still out of work, and you’ve got rent, the electric bill and your car payment all due, but not enough money saved to cover the bills.

Many people have difficulty managing their money; this is particularly true for entry-level construction workers who get irregular paychecks. Construction work is sporadic, it’s seasonal and can be hard to financially manage. There is down time between jobs, jobs are shut down due to weather, and there isn’t sick leave or vacation time. You have to manage your money during the good times to cover the bad times or normal gaps. This section is intended to increase the financial literacy of pre-apprentices and apprentices, and help them meet their financial goals. We hope to help you incorporate your values, and find financial balance by laying out how decisions made today have real-life, long-term consequences that could support or limit options for your future.

- Instructor shares I-9a “MC3 Financial Literacy Instructor’s PPT” (slide 1-6)
 - * Refer to the talking points and notes that accompany each slide

Recommended Instruction (8 Hours)

Hour One and Two

Budget

Review the content of this section to expand upon the discussion of bills (and income) being sporadic. Emphasize that construction work is episodic, thus care needs to be taken into consideration when financially planning.

- Instructor shares I-9a “MC3 Financial Literacy Instructor’s PPT” (slide 7-22) (30 minutes)
 - *Refer to the talking points and notes that accompany each slide
- Use Tool 1 [Creating a Cash Flow Budget](#), and Tool 2 [Adjusting Your Cash Flow](#) as a means for students to work through their own income and expenses over time. (60 minutes)
 - Building a cash flow budget is important because it can help you make sure you have the resources on hand to cover the most important expenses. This is especially important if your income is irregular, seasonal, or one-time. A cash flow approach to managing your money involves paying attention to the timing of your sources and uses of cash and other financial resources. This is important because timing matters when you are making sure you have enough to cover your expenses.
 - After walking students through the YMYG Cash Flow Budget example, provide students the blank handout and the opportunity to fill in their personal financial information
- Use Tool 3 [Improving Cash Flow](#) as a means for students to work through their own income and expenses over time. (20 minutes)
 - After creating a cash flow budget-using Tool 2: Adjusting Your Cash Flow, you may find that some weeks are not working out – you are not able to pay your bills on time. You can make sure you have the cash or resources at the right time by avoiding large periodic payments. Instead, make smaller payments throughout the month or year; this strategy is called smoothing out cash flow. This checklist will provide students with helpful tips they could use to smooth their cash flow.

Hour Three and Four

Savings

When you save in advance for unexpected expenses and emergencies, you can handle them when they happen without having to skip paying your other bills or borrow money. When you have to skip paying other bills to pay for an emergency, you often pay late fees. And if not paying your bills results in services being shut off – like your electricity or other utilities – you have to come up with even more money to turn them back on. When you borrow money for unexpected expenses, you have to pay fees and sometimes interest. And on top of that, you’ll probably have to use some of your future income to pay back the money you borrow. So saving money now for unexpected expenses and emergencies can save you money later.

- Instructor shares I-9a “MC3 Financial Literacy Instructor’s PPT” (slide 23-29) (30 minutes)
 - *Refer to the talking points and notes that accompany each slide
 - Impress upon them the importance of having savings available as a cushion to cover unanticipated expenses as well as to set aside for long-term goals.

- Use the scenario of the “unexpected death” (slide 24) to reinforce the value of having savings (10 minutes)
- Use Tool 1: [Savings Plan](#) to help students think through how they can save. (20 minutes)
- Use Tool 3: [Finding a Place for Savings](#) to help students identify methods/places to save their money. (10 minutes)
 - Setting money aside can be hard. It often means you have to cut back on spending or you might have to find a way to earn more income. Once you have set money aside, you need to find a safe place to store that money. Even though it has some drawbacks, for some, a secret place in their home may feel like a safe place. For others, it may be an account in a bank or credit union.
- Class discussion: Tips for building savings (20 minutes)
 - Brainstorm within class for ideas of how they could spend less to increase their savings.
 - Identify budget leakers: small painless ways to spend less (ex: pack a lunch, coffees, etc.)
- Handout: Ways to Save Money (10 minutes) – Review all the different ways they can save, see if they can accumulate \$10/20 per week
- Optional:
 - Use Tool 2 [Saving and Asset Limits](#) and Tool 4 [Saving at Tax Time](#) as handouts or to review with class as deemed necessary by class composition/needs.
 - Tax credits can make a big difference. They may give you a refund that can be saved for emergencies or unexpected expenses, set aside for annual expenses (back to school or holiday shopping), used to pay down debts, and more.

Hour Four and Five

Debt

- Instructor shares I-9a “MC3 Financial Literacy Instructor’s PPT” (slide 30-41) (30 minutes)
 - *Refer to the talking points and notes that accompany each slide
 - Address the issues of debt traps and the folly of pay day loans
- Use Making Sense of Debt (p. 111) to illustrate costs of various sources of debt; also can be used to reinforce value of savings. (10 minutes)
 - Compares emergency savings, credit card and a payday loan as three options for paying repair bill
- Use Tool 1: [Debt Log](#) for students to determine the breadth of costs of their own debt. (40 minutes)
 - Before you can make a plan for your debt, you have to know where you stand. You can start by making a list of who you owe money to and how much you owe them. This is the first step in managing and reducing your debt. Be sure to include debts owed to friends and family, credit card companies, banks, department stores, payday lenders, for court-ordered child support payments, and to local, state, or federal government for things like property taxes, student loans, and back income taxes.
 - Instructor can provide their own mock financial numbers as an example before encouraging students to do this on their own.

- If computers are available, encourage students to look up their financial information to give themselves an accurate cost of their own debt; if not, have them use estimated numbers to complete the worksheet.
- Use Tool 2: [Debt-to-Income Calculator](#) to focus more on this topic. (10 minutes)
 - Your debt-to-income ratio is like your blood pressure. Your blood pressure measures the amount of pressure on your heart; your debt-to-income ratio measures how much pressure debt is putting on your budget.
- Use Tool 3: [Debt Action Plan](#) as an exercise for students to plan how they will tackle their own debt. (10 minutes)
 - There are two basic strategies to reduce your debt: the highest interest rate method and the snowball method. Have the students look through the pros and cons for each method, and decide what works best for them.
- Use Tool 1: [Requesting Your Free Credit Reports](#) as a supplement to slides 40/41, follow through with the link to show students where to obtain their free report.
 - Distribute Tool 2: [Reviewing Your Credit Reports](#), Tool 3: [Getting and Keeping a Good Credit History](#) as a supplemental handout students can use to review their credit reports at home.
- Optional:
 - Cover the following sections if class needs arise on any of these issues:
 - *Medical debt* (p. 115 YMYG)
 - *Student loan debt* (p. 113 YMYG)
 - *Debt settlement service* (p. 121 YMYG)
 - Use Tool 4: [Repaying Student Loans](#) based on demographics and class needs
 - Use Tool 5: [When Debt Collectors Call](#) based on student need, either as part of the instructor's lecture or as a handout.

Hours Seven and Eight

Financial resources

- Handout: Where to Stash Your Cash (10 minutes)
 - Give students 10 minutes to complete this activity on their own. Review this as a class, and use as a baseline of what to really focus on in the PPT material. If most students are familiar with checking and savings accounts, you'll be able to breeze through that material and focus on other sections.
- Instructor shares I-9a "MC3 Financial Literacy Instructor's PPT" (slide 42- 47) (15 minutes)
 - *Refer to the talking points and notes that accompany each slide
- Use Tool 1: [Comparing Financial Service Providers](#) to review the details of banking options available to students
- Use Tool 4: [Opening a Checking or Savings Account](#) to explain the process for opening a bank account and selecting appropriate account variables.
- Instructor shares I-9a "MC3 Financial Literacy Instructor's PPT" (slide 48- 65) (45 minutes)
 - *Refer to the talking points and notes that accompany each slide
- Activity: Stock Market Exercise (45 minutes) (slide 51)

- Divide students into small groups, pairs or individually if they prefer
- Review instructions with the class and direct them to use Yahoo Finance - <https://finance.yahoo.com> to find their information
- Give them time to invest their money and track it for at least 6 months of time prior to today's class.
- Reconvene and have an open discussion: How much are their stocks worth now? Did their total portfolio go up or down?

Conclusion (15 minutes)

- Instructor shares I-9a “MC3 Financial Literacy Instructor’s PPT” (slide 66-68) (5 minutes)
*Refer to the talking points and notes that accompany each slide
- Handout: Helpful Resources
 - There are numerous websites, articles, books, magazines and professional financial advisors to help throughout this process. Take the time to review these sources with your students, if time allows, open and view different sources.

Instructor shares:

Construction work is sporadic, it's seasonal and can be hard to financially manage. There is down time between jobs, jobs are shut down due to weather, and there isn't sick leave or vacation time. You have to manage your money during the good times to cover the bad times or normal gaps. This section was intended to increase your financial mindset, and to help you meet your financial goals. We hope to help you incorporate your values, and find financial balance by laying out how decisions made today have real-life, long-term consequences that could support or limit options for your future.

Our topics covered provided the foundation of what is necessary for financial security. No one is expected to come out of our lesson as a financial wizard, but everything covered is within your ability, it just takes discipline!

All of the material, handouts, and more are available to you on the MC3 or by following the link to Your Money, Your Goals Toolkit. There is more material than could be covered in class, and we encourage you to take a look at home and really follow through with some of the long term planning resources.

[Your Money Your Goals: A Financial Empowerment Toolkit](#)

To order a free of cost printed copy of the YMYG Toolkit and other CFPB goods, please follow this link:

[Order a Printed Copy of the Toolkit](#)

Additional Resources

Instructors: Please incorporate and supplement with these resources for the diverse needs of your program.

[Your Money, Your Goals - Focus on Native Communities](#)

[Your Money, Your Goals – Focus on Reentry](#)

[Navigating the Military Financial Lifecycle](#)

Building Skills Project Assessment

Students will complete the *Sample Budget Exercise Worksheet* for the financial profile provided. In doing so, students will identify how much “spending money” is remaining when all required expenses are accounted for. In a separate short answer response, they will explain if the remainder is sufficient/realistic, as well as what adjustments can be made to increase financial security.