



PARTICIPANT WORKSHOP

Financial stress can put individuals in recovery from substance use disorder at risk for relapse. The Recovering Your Finances curriculum is an eight-unit workshop series designed to build financial capability for those in recovery. Topics include budgeting, credit, banking, savings, and more.





UNIT 1: KNOW YOUR MONEY STYLE

“MONEY IS SIMPLY A TOOL TO GIVE YOU CHOICES.” - HILL HARPER

Money management is driven by your choices. While there is a limited amount of money to be spent, there are many things that could be purchased. Your choices open up money management opportunities. Your financial style determines the spending and saving choices you make. Understanding the underlying reasons you make money choices can help you gain perspective and control.



VALUES

Your values express what you care about and what you want to achieve out of life. There are a wide range of values that are unique to each person. Perhaps you value family, faith, health, or culture. It might be freedom, creativity, or status that drives you. Maybe reputation or helping others is most important to you. Your values define what choices are important to you and influence your money decisions.

If you value service or faith you may set aside a portion of your money for charity or the church. If you value control, you may choose to make your own financial decisions without the help of others. If you value freedom, you may set a goal to pay off a loan as quickly as possible. Knowing your values can help you determine what your money can help you do.

Your values, along with your goals and interests, can form the basis for your personal mission statement. You could model your mission off someone who has positively impacted your life. Your mission statement might incorporate how and with whom you plan to share your skills and positive attitudes. It helps to think about what you would like to accomplish, as well. Having a mission statement can help give you direction in your decisions, including your financial decisions.

HABITS AND ATTITUDES

Our habits and attitudes also influence the choices we make. According to Money Habitudes creator Sybil Solomon, our attitudes are our subconscious thoughts and feelings and our habits are what we do without thinking. “Habitudes” come from our habits and our attitudes.

Both habits and attitudes are automatic responses to the things around us. For example, Solomon explains, when you see a dog, you have an automatic reaction. If you’ve had positive dog experiences in your life, your attitude may be happiness and your habit may be to pet the dog. If you’ve had a negative dog experience, your attitude may be fear and your habit may be to back away.

Making smart financial choices depends on the way you think about your money (attitude) and how you react when you have money (your habit).

Making smart financial choices depends on the way you think about your money (attitude) and how you react when you have money (your habit). Regardless of how much money you have, if you make bad choices your money will not last long. Money Habitudes help you discover your money messages so you can take control. Knowing your influences and patterns can help you be proactive with your money management. It will enable you to plan goals, action steps, and strategies for success.

NEEDS AND WANTS

Everyone has needs and wants. They are different for different people, and they may change over time. Needs are things we must have in order to survive, such as food, clothes, and shelter. Needs also include things that we may be required to take care of, such as debts and obligations.

Wants are goods or services that we desire or wish to have. They are unnecessary, but they improve our quality of living. We can choose to go without our wants. Doing without may cause disappointment, but will not impact survival.

Needs are things we must have in order to survive and include the things we are required to take care of, such as debts and obligations. Wants are things we desire or wish to have.

For example, our bodies must have nourishment for us to survive. We *need* food. But sometimes the types of food we choose are more about flavor than nourishment. These foods could be considered *wants*.

Consider a pizza. It must have dough for the crust, which represents our needs. You can't have a pizza without a crust. You must have the dough in place before you can select any toppings for the pizza. The toppings represent our wants.

Often, we can't afford everything we want. Knowing how to tell needs from wants can help you prioritize so you can decide how to spend your money. It is important to cover your needs first; then use your extra money for your wants.

When there is not enough money for everything, we must make a choice. We may choose to trade one item for another. This is called opportunity cost. When you spend your money or time on one item, you give up the opportunity to spend it on something else. The opportunity cost is the second-best choice. The next time you make that choice, consider whether that opportunity cost is a want or need. Should the answer change your decision?

TRACKING SPENDING

Benjamin Franklin once said, "Beware of little expenses. A small leak will sink a great ship." Consider the little things you buy often, such as snacks, beverages, cigarettes, entertainment, lottery tickets, or other items. These may be your spending leaks. It may help to track these items, both by estimating your average monthly costs

and by keeping a daily spending diary to note how these purchases fluctuate over time.

To track your spending leaks, document your purchases and consider how much you regularly spend on these items in a week. To find out the annual cost, add all the weekly costs and multiply that total by 52 weeks. Seeing the annual total can sometimes be a bit surprising.

Another way to track spending is to keep a daily spending diary. This is simply a slip of paper you keep in your wallet for a set time frame, such as a week or month. Instead you could use a memo pad or other app on your smartphone. You should record every purchase or expense, no matter how small. This will give you an accurate representation of your daily spending. Once you have completed your diary, go back and compare it to your spending leaks estimator to see if they match. If not, you may want to either adjust your spending or adjust your budget.

Small expenses can add up quickly. If these expenses don't reflect your values, then perhaps they are expenses you can do without.

Small expenses can add up quickly. If these expenses don't reflect your values, then perhaps they are expenses you can do without. Could you cut back on any of these? How could you save money by spending differently?

"Wants and needs" are different for everyone. This is partly because individual circumstances are different, but also because values, habits, and attitudes are different. Understanding the underlying reasons for your money choices can help you figure out how to more effectively spend and save. Having money management tools at your disposal should further help you maintain a budget and ease financial stress.

REFERENCES:

Syble Solomon (2019). *Money Habitude\$: The Money Personality Profile That Makes Sense of Financial Behavior*. Hamilton, MT: LifeWise Strategies, LLC.

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UNIT 1: KNOW YOUR MONEY STYLE

FACILITATOR'S GUIDE

RATIONALE: Gaining a better understanding of subconscious habits and attitudes, as well as exploring personal values and “wants and needs,” can provide perspective on one’s personal financial situation. Understanding the underlying reasons for making money choices can help the participant redirect their efforts and make better choices. Tracking spending can help the participant recognize and overcome budget challenges. This can help ease financial stress and keep participants on the path to recovery.

GOAL: To help participants explore their financial style and understand how it applies to the spending and saving choices they make.

OBJECTIVES:

1. Understand your financial values, habits, and attitudes.
2. Differentiate between wants and needs.
3. Know how to track spending.

RESOURCES FOR LEADERS:

Publication
Facilitator’s Guide
Activity – My Money ID Cards
Activity – Personal Values List (optional)
Activity – Money Habitudes Game
Activity – Needs, Wants, and Opportunities Game
Activity – Spending Leaks Estimator
Optional “Homework” Activity – Spending Diary

RESOURCES FOR PARTICIPANTS:

Publication
Activity – My Money ID Cards
Activity – Personal Values List (optional)
Activity – Spending Leaks Estimator
Optional “Homework” Activity – Spending Diary
Evaluation

FACILITY/EQUIPMENT

- * Reserve an informal space with tables and chairs for the anticipated number of attendees.
- * No technology required for this unit.

PRE-PREPARATION

- * Plan on the program taking approximately 60 minutes to complete, depending on the activities selected and the number of participants.
- * Prepare copies of participant resources, including the publication, evaluation, and activity handouts.
NOTE: *If this presentation is given in a jail or prison facility, there may be rules such as no staples. Check for special instructions in advance.*
- * Print the My Money ID cards on cardstock and cut them apart. Make one for each participant to keep.
- * Secure a set of Money Habitudes cards. Each participant should have a deck to use during the game.
NOTE: *County Extension Agents have access to these cards if they were not procured as part of the program. Or, if facilities allow for use of online version, contact Kelly May at 859-562-2304 or k.may@uky.edu to set up the online game for each player.*
- * Print cards for the Needs, Wants, and Opportunities Game on cardstock and cut them apart. Make one complete set. Shuffle and set aside to distribute when the game starts.
- * **NOTE:** *If you're completing these workshops in order, you could notify attendees at the end of this lesson that they may get more from next week's program if they bring information from home to complete their budget. For Unit 2, attendees may want to bring a set of monthly bills, a credit card statement, a bank statement, and/or any other regular income or expenses they may want to document for their budget. Alternatively, they could make a list of income and expenses to bring with them instead of bringing bills and statements.*

INTRODUCTION

Share: Money management is driven by our choices. While there is a limited amount of money to be spent, there are many things that could be purchased. Your choices open up money management opportunities. Our values define what choices are important to us. Our habits and attitudes also influence the choices we make.

OBJECTIVE 1: UNDERSTAND YOUR FINANCIAL VALUES, HABITS, AND ATTITUDES.

ACTIVITY - MY MONEY ID CARDS

Instructions: *Hand out the blank My Money ID Cards. Participants will fill them out as the discussion unfolds. Each time you ask a group question, they will fill in the blank. If time allows, have a brief group discussion or sharing of answers to each question.*

Share: The word "value" expresses worth. Our personal values define what beliefs or practices are most important or worthwhile to us as individuals. Our values express what we care about and what we want to achieve out of life. The following are some examples: family, freedom, faith, creativity, culture, reputation, respect, status, health, helping others, etc.

Your values can influence your money decisions. If you value service or faith you may set aside a portion of your money for charity or the church. If you value control, you may choose to make your own financial decisions without the help of others. If you value freedom, you may set a goal to pay off a loan as quickly as possible. Knowing your values can help you determine what your money can help you do.

Ask: What do you value in your life? (fill in blank on My Money ID Card – List up to three values)

ACTIVITY - PERSONAL VALUES LIST (OPTIONAL)

Refer to the optional personal values list activity handout for ideas. Review the list and circle any values that you feel strongly that you embody. Use the blank space to fill in any additional values that are important to you. Select up to three of these values to list on your My Money ID Card.

Share: A personal mission statement can help provide clarity for making decisions in your life. Your mission can be based on your values, goals, and interests. Having a mission statement can help give you direction in your decisions, including your financial decisions.

Think of things you are good at doing or positive attitudes you represent. These are the things you could share with others. Your mission statement might incorporate how and with whom you plan to share your skills and attitudes. It helps to think about what you would like to accomplish, as well.

You could model your mission off someone who has positively impacted your life. What qualities does this person have? How does that person handle stressful situations? What qualities should you have to become like this person?

For example, my personal mission statement as your instructor today might be: To share information that helps those in recovery take control of their finances and feel secure in their future.

Ask: What is your personal mission statement? (fill in blank on My Money ID Card)

Share: "Habitudes" come from our habits and our attitudes. According to Money Habitudes creator Sybil Solomon, our attitudes are our subconscious thoughts and feelings and our habits are what we do without thinking.

Both habits and attitudes are automatic responses to the things around us. They function in the background of our subconscious, like a computer's operating system, Solomon says. If we understand more about them, we might be able to use the system better. Solomon's example is that, when you see a dog, you have an automatic reaction. If you've had positive dog experiences in your life, your attitude may be happiness and your habit may be to pet the dog. If you've had a negative dog experience, your attitude may be fear and your habit may be to back away.

Making smart financial choices depends on the way you think about your money (attitude) and how you react when you have money (your habit). Regardless of how much money you have, if you make bad choices your money will not last long. Money Habitudes help you discover your money messages so you can take control. Let's play!

ACTIVITY - MONEY HABITUDES GAME

Instructions: *Distribute the decks of Money Habitudes cards to the participants and provide the following instructions.*

Instructions to share - Step 1: *This is NOT a test, and there are no right or wrong answers. Focus on today. Don't think about the past or what you hope to do in the future. Open the deck and place the three blue cards on the table in front of you: That's Me, Sometimes, and Not Me. Put the green and yellow cards back in the box. Shuffle the remaining cards. Hold them so the statements are face up. Read each statement and place it into one of the three piles quickly, statement side up. Sort the cards quickly and don't overthink. If you are not sure, it goes in the "sometimes" pile. (NOTE: Allow participants time to go through the entire deck.)*

Step 2: When you're finished, count the cards in the *That's Me* pile. You want to have between 10 and 20 cards. If you have too many, read through and move some to the other piles. If you have too few, go through the *Sometimes* pile and add a few more. Turn the cards over in the *That's Me* pile and sort by the pictures on the back. (Keep the other two piles, but put them aside for now.) If you want, you can match the yellow cards from the box to the *habitudes* pictured in your pile.

Share: Remember, all *habitudes* are good. A combination of *habitudes* means you can be flexible and adapt to situations that come up. However, too much of one or some categories missing can be a challenge. If you have four or more cards in one category, that is your dominant *habitude*. If you have more than seven cards, it may be more extreme. If you don't have four cards of any one type, you might be flexible or unpredictable. If you have more than four cards of two types, your dominant *habitudes* may be competing and may pull you in different directions.

Instructions: Read the backs of all the yellow cards out loud for the group. Or, if you have less time, allow the group to read the applicable yellow cards on their own.

Ask: What is your dominant habitude? (fill in blank on My Money ID Card; the "habitude message" is the sentence at the top of the yellow card, by the icon.)

Ask: How might your dominant habitude impact your money management goals? What can you do to stop a negative impact?

Share: Knowing your influences and patterns can help you be proactive with your money management. It will enable you to plan goals, action steps, and strategies for success.

OBJECTIVE 2: DIFFERENTIATE BETWEEN WANTS AND NEEDS.

Ask: What was the best or worst purchase you ever made? (Group share. Remember a few answers to use as examples during the wants/needs discussion.)

Share: Everyone has wants and needs. They are different for different people, and they may change over time. Needs are things we must have in order to survive, such as food, clothes, and shelter. Needs also include things that we may be required to take care of, such as debts and obligations.

Needs are things we must have in order to survive, such as food, clothes, and shelter. Needs also include things that we may be required to take care of, such as debts and obligations.

Wants are goods or services that we desire or wish to have. They are unnecessary, but they improve our quality of living. We can choose to go without our wants. Doing without may cause disappointment, but will not impact survival.

For example, our bodies must have nourishment for us to survive. We need food. But sometimes the types of food we choose are more about flavor than nourishment. These foods could be considered wants.

Consider a pizza. It must have dough for the crust, which represents our needs. You can't have a pizza without a crust. You must have the dough in place before you can select any toppings for the pizza. The toppings represent our wants.

Often, we can't afford everything we want. Knowing how to tell needs from wants can help you prioritize so you can decide how to spend your money. It is important to cover your needs first; then use your extra money for your wants.

ACTIVITY - NEEDS, WANTS, AND OPPORTUNITIES GAME

Instructions: There are 90 cards. Distribute cards randomly to each participant. The number of cards players receive depends on the size of the group. If you have 10 or fewer people, distribute 6 cards to each person. If you have 10-20 people, they can each receive 4 cards. If you have 20-30 people, they can each receive 3 cards. If you have 30-45 people, they can each receive 2 cards.

In the first round, go around the room asking participants if the words on their cards are "wants" or "needs." Encourage group discussion, noting that what is a "need" for one person may only be a "want" for someone else. (Example: "Boots" may be a necessary piece of work gear for a construction worker, but might be simply an off-work fashion accessory for a nurse. As you facilitate discussion, ask about the quality of the products listed and what other factors might change a need to a want.)

Share: When there is not enough money for everything, we must make a choice. We may choose to trade one item for another. This is called opportunity cost. When you spend your money or time on one item, you give up the opportunity to spend it on something else. The opportunity cost is the second-best choice. The next time you make that choice, consider whether that opportunity cost is a want or need. Should the answer change your decision?

Instructions, continued: In the second round, have each person choose only one of the cards to "purchase." The rest of their cards are their "opportunity cost." Have each person share what they purchased, what they gave up, and how they made that choice.

OBJECTIVE 3: KNOW HOW TO TRACK SPENDING.

Share: "Beware of little expenses. A small leak will sink a great ship." - Benjamin Franklin

Consider the little things you buy often, such as snacks, beverages, cigarettes, entertainment, lottery tickets, or other items. These may be your spending leaks. It may help to track these items, both by estimating your average monthly costs and by keeping a daily spending diary to note how these purchases fluctuate over time.

To estimate your spending leaks, consider how much you regularly spend on these items in a week. To find out the annual cost, add all the weekly costs and multiply that total by 52 weeks. Seeing the annual total can sometimes be a bit surprising.

ACTIVITY - SPENDING LEAKS ESTIMATOR

Instructions: This can be done as an activity during the workshop or used as a take-home activity as time permits. Participants will consider the list of items and estimate how much they spend per year on these possible "spending leaks."

Share: Small expenses can add up quickly. If these expenses don't reflect your values, then perhaps they are expenses you can do without.

Ask: Could you cut back on any of these? How could you save money by spending differently?

Share: Another way to track spending is to keep a daily spending diary. This is simply a slip of paper you keep in your wallet for a set time frame, such as a week or month. Instead you could use a memo pad or other app on your smartphone. You should record every purchase or expense, no matter how small. This will give you a true and accurate representation of your daily spending. Once you have completed your diary, go back and compare it to your spending leaks estimator to see if they match. If not, you may want to either adjust your spending or adjust your budget.

OPTIONAL "HOMEWORK" ASSIGNMENT - DAILY SPENDING DIARY

Instructions: Distribute the diary slips. Instruct each participant to take home a Daily Spending Diary and fill it out during the week between workshops. They should record everything, no matter how small. Honesty is very important for the activity to be accurate and effective. Remind participants that their spending list is private and they won't have to share anything about it if they don't want to.

(Note to facilitator: If you assign this for the entire length of time between this class and the next one, you may want to leave time at the start of the next class to have them share any "surprises" they found in their spending habits. Surprises might be as unique single purchases, or the total cost of something they regularly buy. Only have them share if they are willing, however.)

PROGRAM SUMMARY

We all have "wants and needs," but they are different for everyone. This is partly because our circumstances are different, but also because our values, habits, and attitudes are different. Understanding the underlying reasons for why you make money choices can help you figure out how to more effectively spend and save. Hopefully now that you understand your own financial style, you can apply that to making more effective choices. Tracking your spending should further help you be able to maintain a viable budget and spending plan. Have participants complete the program evaluation.

REFERENCES:

Syble Solomon (2019). *Money Habitude\$: The Money Personality Profile That Makes Sense of Financial Behavior*. Hamilton, MT: LifeWise Strategies, LLC.



UNIT 1: KNOW YOUR MONEY STYLE

ACTIVITY - MY MONEY ID CARDS

Each participant should receive a blank card to fill in as the lesson proceeds. Print and cut apart the cards, preferably on cardstock. Make as many copies as needed.

<p>MY MONEY ID</p>  <p>Name: _____ My values: _____ _____ My mission: _____ _____ _____</p> <p>My dominant habitude: _____ My habitude message: _____</p>	<p>MY MONEY ID</p>  <p>Name: _____ My values: _____ _____ My mission: _____ _____ _____</p> <p>My dominant habitude: _____ My habitude message: _____</p>
<p>MY MONEY ID</p>  <p>Name: _____ My values: _____ _____ My mission: _____ _____ _____</p> <p>My dominant habitude: _____ My habitude message: _____</p>	<p>MY MONEY ID</p>  <p>Name: _____ My values: _____ _____ My mission: _____ _____ _____</p> <p>My dominant habitude: _____ My habitude message: _____</p>
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UNIT 1: KNOW YOUR MONEY STYLE

ACTIVITY - PERSONAL VALUES LIST

Review this list and circle any personal values that are important to you. Use the blank spaces to fill in any additional values.

Ability	Discovery	Helping others	Passion	Status
Acceptance	Drive	Honesty	Patience	Strength
Accountability	Duty	Honor	Patriotism	Structure
Accuracy	Education	Hope	Peace	Success
Achievement	Efficiency	Humility	Persistence	Support
Adaptability	Empathy	Humor	Planning	Surprise
Adventure	Endurance	Imagination	Playfulness	Talent
Ambition	Energy	Independence	Pleasure	Teamwork
Assertiveness	Enjoyment	Innovative	Power	Thankful
Attentive	Equality	Insightful	Privilege	Thoughtful
Balance	Ethics	Inspiring	Professionalism	Thrifty
Beauty	Excellence	Instinct	Purpose	Tolerance
Bravery	Experience	Integrity	Quality	Toughness
Calm	Expression	Intelligence	Reason	Traditional
Capable	Fairness	Intimacy	Reflective	Trust
Carefree	Faith	Joy	Religious	Truth
Charity	Family	Justice	Reputation	Usefulness
Chastity	Fame	Knowledge	Resilience	Unity
Cleanliness	Flexibility	Leadership	Respect	Valor
Clarity	Focus	Learning	Responsibility	Victory
Comfort	Freedom	Liberty	Reverence	Virtue
Commitment	Friendship	Logic	Risk	Warmth
Compassion	Frugal	Looks	Sacrifice	Wealth
Confidence	Fun	Love	Security	Well-being
Connection	Generosity	Loyalty	Self-reliance	Wisdom
Consistency	Giving	Maturity	Sensitivity	Wit
Control	Goodness	Meaning	Service	•
Cooperation	Grace	Mindfulness	Sharing	•
Courage	Gratification	Moderation	Simplicity	•
Creativity	Gratitude	Money	Sincerity	•
Culture	Greatness	Motivation	Skill	•
Curiosity	Growth	Openness	Smart	•
Dedication	Happiness	Optimism	Spirituality	•
Dignity	Hard work	Order	Spontaneous	•
Discipline	Health	Originality	Stability	•

Educational programs of Kentucky Cooperative Extension serve all people regardless of economic or social status and will not discriminate on the basis of race, color, ethnic origin, national origin, creed, religion, political belief, sex, sexual orientation, gender identity, gender expression, pregnancy, marital status, genetic information, age, veteran status, or physical or mental disability.



UNIT 1: KNOW YOUR MONEY STYLE

ACTIVITY - NEEDS, WANTS, AND OPPORTUNITIES GAME

Print and cut apart the cards, preferably on cardstock. Distribute the cards randomly to each participant. The number of cards players receive depends on the size of the group. If you have 10 or fewer people, distribute 6 cards to each person. If you have 10 to 20 people, they can each receive 4 cards. If you have 20 to 30 people, they can each receive 3 cards. If you have 30 to 45 people, they can each receive 2 cards.

In the first round, go around the room asking participants if the words on their cards are “wants” or “needs.” Encourage group discussion, noting that what is a “need” for one person may only be a “want” for someone else. (Example: “Boots” may be a necessary piece of work gear for a construction worker, but might be simply an off-work fashion accessory for a nurse.)

In the second round, have each person choose only one of the cards to “purchase.” The rest of their cards are their “opportunity cost.” Have each person share what they purchased, what they gave up, and how they made that choice.

WANT?	NEED?
CAR INSURANCE	
NEED?	WANT?

WANT?	NEED?
CEREAL	
NEED?	WANT?

WANT?	NEED?
COFFEE BEANS/ GROUNDS	
NEED?	WANT?

WANT?	NEED?
SUIT/DRESS CLOTHES	
NEED?	WANT?

WANT?

NEED?

VIDEO GAME

NEED?

WANT?

WANT?

NEED?

LATE FEES

NEED?

WANT?

WANT?

NEED?

BICYCLE

NEED?

WANT?

WANT?

NEED?

HAT

NEED?

WANT?

WANT?

NEED?

JEANS

NEED?

WANT?

WANT?

NEED?

CAR

NEED?

WANT?

WANT?

NEED?

MEDICINE

NEED?

WANT?

WANT?

NEED?

GASOLINE

NEED?

WANT?

WANT?

NEED?

**MAGAZINE
SUBSCRIPTION**

NEED?

WANT?

WANT?

NEED?

MOVIE TICKETS

NEED?

WANT?

WANT?

NEED?

SCHOOL SUPPLIES

NEED?

WANT?

WANT?

NEED?

DONUTS

NEED?

WANT?

WANT?

NEED?

JEWELRY

NEED?

WANT?

WANT?

NEED?

TOOLS

NEED?

WANT?

WANT?

NEED?

VACATION

NEED?

WANT?

WANT?

NEED?

DOCTOR VISIT

NEED?

WANT?

WANT?

NEED?

**POWERBALL
LOTTERY TICKET**

NEED?

WANT?

WANT?

NEED?

**SCRATCH-OFF
LOTTERY TICKETS**

NEED?

WANT?

WANT?

NEED?

BOTTLED WATER

NEED?

WANT?

WANT?

NEED?

**ARTS AND CRAFTS
SUPPLIES**

NEED?

WANT?

WANT?

NEED?

CANDY

NEED?

WANT?

WANT?

NEED?

HOBBY SUPPLIES

NEED?

WANT?

WANT?

NEED?

PET FOOD

NEED?

WANT?

WANT?

NEED?

**DRIVE-THRU
RESTAURANT**

NEED?

WANT?

WANT?

NEED?

T-SHIRT

NEED?

WANT?

WANT?

NEED?

20 OZ. SOFT DRINK

NEED?

WANT?

WANT?

NEED?

**BIRTHDAY GIFT
FOR FRIEND**

NEED?

WANT?

WANT?

NEED?

POTATO CHIPS

NEED?

WANT?

WANT?

NEED?

ICE CREAM

NEED?

WANT?

WANT?

NEED?

GROCERIES

NEED?

WANT?

WANT?

NEED?

SUITCASE

NEED?

WANT?

WANT?

NEED?

STARBUCKS

NEED?

WANT?

WANT?

NEED?

**SPRAY TAN/
TANNING BED**

NEED?

WANT?

WANT?

NEED?

MANICURE

NEED?

WANT?

WANT?

NEED?

**MP3/MUSIC
DOWNLOAD**

NEED?

WANT?

WANT?

NEED?

SPORTS TICKETS

NEED?

WANT?

WANT?

NEED?

PET TOYS

NEED?

WANT?

WANT?

NEED?

DEODORANT

NEED?

WANT?

WANT?

NEED?

BODY WASH

NEED?

WANT?

WANT?

NEED?

SNEAKERS

NEED?

WANT?

WANT?

NEED?

BOOTS

NEED?

WANT?

WANT?

NEED?

CHEAP CELL PHONE

NEED?

WANT?

WANT?

NEED?

LATEST IPHONE

NEED?

WANT?

WANT?

NEED?

HOME DECOR

NEED?

WANT?

WANT?

NEED?

BACKPACK

NEED?

WANT?

WANT?

NEED?

POWER DRILL

NEED?

WANT?

WANT?

NEED?

MAKEUP

NEED?

WANT?

WANT?

NEED?

STEAKS

NEED?

WANT?

WANT?

NEED?

SANDWICHES

NEED?

WANT?

WANT?

NEED?

BOAT/KAYAK

NEED?

WANT?

WANT?

NEED?

**GARDENING
SUPPLIES**

NEED?

WANT?

WANT?

NEED?

TABLET/LAPTOP

NEED?

WANT?

WANT?

NEED?

WEEKEND TRIP

NEED?

WANT?

WANT?

NEED?

**THEME PARK
TICKETS**

NEED?

WANT?

WANT?

NEED?

TRUCK

NEED?

WANT?

WANT?

NEED?

**FARMERS' MARKET
PRODUCE**

NEED?

WANT?

WANT?

NEED?

**HAIRSTYLE/
HIGHLIGHTS**

NEED?

WANT?

WANT?

NEED?

GYM MEMBERSHIP

NEED?

WANT?

WANT?

NEED?

HBO OR SHOWTIME

NEED?

WANT?

WANT?

NEED?

PIZZA

NEED?

WANT?

WANT?

NEED?

COOKIES

NEED?

WANT?

WANT?

NEED?

**AMAZON PRIME
SUBSCRIPTION**

NEED?

WANT?

WANT?

NEED?

**SATELLITE RADIO
SUBSCRIPTION**

NEED?

WANT?

WANT?

NEED?

OIL CHANGE

NEED?

WANT?

WANT?

NEED?

CIGARETTES

NEED?

WANT?

WANT?

NEED?

SPORTING GOODS

NEED?

WANT?

WANT?

NEED?

BUS FARES

NEED?

WANT?

WANT?

NEED?

**CHECK CASHING
FEES**

NEED?

WANT?

WANT?

NEED?

FEES

NEED?

WANT?

WANT?

NEED?

**CREDIT CARD
PAYMENT**

NEED?

WANT?

WANT?

NEED?

RENT MONEY

NEED?

WANT?

WANT?

NEED?

AIR CONDITIONING

NEED?

WANT?

WANT?

NEED?

SWIMMING POOL

NEED?

WANT?

WANT?

NEED?

NEW DISHES

NEED?

WANT?

WANT?

NEED?

MOVIE RENTALS

NEED?

WANT?

WANT?

NEED?

WATER BILL

NEED?

WANT?

WANT?

NEED?

CAR WASH

NEED?

WANT?

WANT?

NEED?

BOOKS

NEED?

WANT?

WANT?

NEED?

COURT COSTS

NEED?

WANT?

WANT?

NEED?

RESTITUTION

NEED?

WANT?

WANT? **NEED?**

CHURCH DONATION

NEED? **WANT?**

WANT? **NEED?**

MILK

NEED? **WANT?**

WANT? **NEED?**

FRUIT

NEED? **WANT?**

WANT? **NEED?**

SUNGLASSES

NEED? **WANT?**

WANT? **NEED?**

GLASSES

NEED? **WANT?**

WANT? **NEED?**

SOCKS

NEED? **WANT?**

WANT? **NEED?**

VITAMINS

NEED? **WANT?**

WANT? **NEED?**

**VENDING MACHINE
SNACKS**

NEED? **WANT?**



UNIT 1: KNOW YOUR MONEY STYLE

ACTIVITY - SPENDING LEAKS ESTIMATOR

How often do you spend money on the small stuff? Consider the items listed here. Check each box that you regularly buy (at least once per week). In your head or in the margin, multiply how many times per week you purchase it by the price. Write the **weekly** total for that item in the box.

Candy/chocolate \$ _____	Chips/cookies \$ _____	Breakfast snacks \$ _____	Fast food \$ _____
Dinner out \$ _____	Coffee \$ _____	Soft drinks or bottled beverages \$ _____	Cigarettes \$ _____
Movie rental or music download \$ _____	Magazines \$ _____	Lottery tickets \$ _____	Late fees \$ _____
Beauty supplies or services \$ _____	Toys \$ _____	Hobby supplies \$ _____	Clothing and accessories \$ _____
	Pets \$ _____	Other item: \$ _____	

To find out the annual cost, add all the weekly costs and multiply that total by 52 weeks.

$$\frac{\text{Total Weekly Costs}}{\text{Total Weekly Costs}} \times \frac{52}{\text{Weeks per year}} = \frac{\text{Total Annual Cost}}{\text{Total Annual Cost}}$$

If these expenses don't reflect your values, then perhaps they are expenses you can do without.
Could you cut back on any of these? How could you save money by spending differently?



UNIT 1: KNOW YOUR MONEY STYLE

PROGRAM EVALUATION

Your help is needed in providing vital feedback on the program you have just completed. Please take a moment to complete this survey.

LEVEL OF UNDERSTANDING

For each of the topics listed below, in the MIDDLE column, circle the ONE number that best reflects your level of understanding or ability before the program. Then, in the RIGHT column, circle the ONE number that best reflects your level of understanding or ability after the program.

Poor=1, Average =2, Good=3, Excellent=4

Level of understanding or ability	BEFORE the Program	AFTER the Program
Your financial values	1 2 3 4	1 2 3 4
Your money habits and attitudes	1 2 3 4	1 2 3 4
Difference between wants and needs	1 2 3 4	1 2 3 4
How to track spending	1 2 3 4	1 2 3 4

INTENTIONS

Check whether you plan to change the following behaviors as a result of the program.

Behavior change	Yes	No
I plan to consider whether my purchases are "wants" or "needs" before spending.		
I plan to track my spending for at least a week.		

SATISFACTION

Check the box for each statement that best describes your thoughts concerning different aspects of the program.

Satisfaction	Strongly Disagree	Disagree	Agree	Strongly Agree
The speakers were effective.				
The information was practical to me.				
Overall, this was a very educational program.				

What is the most significant thing from this program you will apply to your life (feel free to list more than one)?

Please list additional comments below or on the back of this page. Thank you for your time.



UNIT 1: KNOW YOUR MONEY STYLE

MARKETING TOOLS

SOCIAL MEDIA POST OR COMMUNITY CALENDAR

Explore your financial values, habits, and attitudes with UK Cooperative Extension on (INSERT DATE/TIME)! Understanding the underlying reasons you make money choices can help you gain perspective and control. For more information about managing your money and recovering from substance use disorder, visit the XXXX County Extension Office. Building strong families. Building Kentucky. It starts with us. #UKFCSExt

MEDIA ADVISORY

Money management is driven by choices. Your financial style determines the spending and saving choices you make. Understanding the underlying reasons you make money choices can help you gain perspective and control.

Explore your financial values, habits, and attitudes with the University of Kentucky Cooperative Extension at a free workshop on (INSERT DATE/TIME). The program includes information and activities to help you learn more about the money choices you make, including telling between wants and needs and tracking your spending. If you are interested in learning more about this free program, please contact us at the (insert contact information for local Extension office).

RADIO SCRIPTS

Recovering Your Finances: Know Your Money Style - 60 seconds

This is NAME the NAME of COUNTY Extension Agent for Family and Consumer Sciences with the University of Kentucky, College of Agriculture, Food and Environment.

Sometimes your personal money situation can feel overwhelming, especially if you owe more than you can afford. Ignoring your circumstance will not help. In fact, it can make the situation worse and increase stress. A thorough written budget can help you identify ways to make your money go further and may help reduce financial stress. This is especially important for individuals in substance use recovery.

It's important to be honest with yourself and record everything to get an accurate picture. Once you identify your income and expenses, you can find out whether you have enough money each month to meet your obligations. If not, you may need to find ways to increase income or reduce expenses. Budgeting is more than just writing it down - you must act on your plan to get results. Following these tips may help you reduce financial stress and succeed in your recovery efforts.

Recovering Your Finances: Know Your Money Style - 30 seconds

This is NAME the NAME of COUNTY Extension Agent for Family and Consumer Sciences with the University of Kentucky, College of Agriculture, Food and Environment.

Money management is driven by choices. Your financial style determines the spending and saving choices you make. Understanding the underlying reasons you make money choices can help you gain perspective and control.

Your values define what choices are important to you. Your habits and attitudes also influence your money decisions. Knowing how to tell needs from wants can help you prioritize, and tracking your spending can help you recognize and overcome budget challenges to reduce financial stress.

NEWSPAPER ARTICLE

Recovering Your Finances: Know Your Money Style

Newspaper article

Money management is driven by choices. While there is a limited amount of money to be spent, there are many things that could be purchased. Your financial style determines the spending and saving choices you make. Understanding the underlying reasons you make money choices can help you gain perspective and control.

Your values define what choices are important to you and influence your money decisions. Your habits and attitudes also influence the choices you make.

Knowing how to tell needs from wants can help you prioritize so you can decide how to spend your money. Needs are things we must have in order to survive and include the things we are required to take care of, such as debts and obligations. Wants are things we desire or wish to have. It is important to cover your needs first; then use your extra money for your wants.

Consider the little things you buy often. These may be your spending leaks. It may help to track these items, both by estimating your average monthly costs and by keeping a daily spending diary to note how these purchases fluctuate over time. Small expenses can add up quickly. If these expenses don't reflect your values, then perhaps they are expenses you can do without.

Wants and needs are different for everyone. This is partly because individual circumstances are different, but also because values, habits, and attitudes are different. Understanding the underlying reasons for your money choices can help you figure out how to more effectively spend and save. Tracking your spending leaks should further help you recognize and overcome budget challenges and ease financial stress.

For more information about managing your money and recovering from substance use disorder, visit the [XXXX](#) County Extension Office.



UNIT 2: GETTING STARTED WITH A BUDGET

“THERE IS ONLY ONE WAY TO EAT AN ELEPHANT: A BITE AT A TIME.”

- DESMOND TUTU

Sometimes your personal money situation can feel overwhelming, especially if you owe more than you can afford. Ignoring your circumstance will not help. In fact, it can make the situation worse and increase stress.

It is important to be honest with yourself and take in the big picture. Once you see the whole “elephant” you can tackle it one bite at a time. A written budget can help you see that big picture.

Money will be earned and spent whether you write it down or not. Having a written plan can help you see what is happening and gain control of the situation.

Having a written budget can help you in many ways:

- Keep track of your money so you don't overspend or get into debt.
- Identify spending habits that drain your income.
- Reduce stress over money worries.
- Gain a sense of control over your finances.
- Improve communication with your family about finances.
- Build savings and work toward long-term goals.



ASSESS YOUR FINANCIAL SITUATION

You cannot improve until you know where you stand. Therefore, the first step in any budgeting process is to assess your financial situation. Establish your baseline by completing a personal inventory.

Your personal inventory may include some of these assets: a written balanced budget, income, a checking account, a savings account/emergency fund, and other savings and accounts. Also consider your nonfinancial assets such as time, energy, willingness to improve, health, skills, education, and the support network you have around you. Realize that you can leverage all the assets you have available.

Your personal inventory may include some of these liabilities, if you owe or regularly pay auto costs, public transportation, housing costs, insurance, student loans, personal loans, credit card debt, other debt, back taxes, health-care costs, child/elder/pet care, or childcare/alimony owed. If you are in substance use recovery, you may have additional liabilities, including: court costs and other fees, restitution, fines, jail fees/incarceration costs, or rehabilitation costs.

PREPARE YOUR BUDGET

Once you have inventoried where you stand, you are ready to begin preparing your budget. Just as the inventory above may be different for each person, your budget will be unique to you and your circumstance. The budgeting process is based on your choices. You choose how to make money and how to spend money. Everyone's budget is different because choices that are right for you, may not be right for someone else.

Some budgets need only take into account one person. However, many budgets will cover an entire household. If that is the case, budget line items should be used to record income and expenses for everyone living in the household. You may need to add multiple items and record the total on that budget space. Communication is important in family budgeting. Everyone involved in the household earning, spending, and saving needs to agree on the same budget.

The first step in budgeting is to identify your sources of income. Income is all the money you receive. Possible sources may include wages, public assistance, social security, interest, dividends, and other sources. Your gross income is the total income you receive. Your net income is that total minus deductions such as taxes, social security, health insurance, and more.

Some incomes are monthly or bi-weekly. Some are only once a year. Other times you may receive money as a one-time income. The most common type of budget is a monthly budget, so you would calculate your income amounts if needed to show the monthly total income.

**The first step in budgeting is to identify your income.
The second is to identify your expenses.**

The second step in budgeting is to identify your expenses. There are two kinds of expenses, fixed and flexible.

Fixed expenses are a set amount and don't change from month to month. Sometimes you have control over the cost before the initial agreement is complete, but the expense becomes fixed after you sign a contract. That is why it can benefit you to "shop around" before committing to the payments. An example of a fixed expense might be a loan payment, insurance, television service, or day care rates.

Flexible expenses may change depending on how much you use the service or what season it is. You may be able to change these expenses by changing your habits. For example, you could spend less on your heating bill by turning down the heat in the winter, you could spend less on gasoline by walking or ride sharing, and you could use less data on your cell phone by connecting to Wi-Fi or reducing your time spent online.

Honesty is very important in budgeting.

Remember that honesty is important in budgeting. In some of the categories, you may spend more than you realize each month. These categories might include food, gas, clothing, personal care, entertainment, etc. If there are purchases you regularly make, such as cigarettes, coffee, vending machine snacks, or visits to restaurants, these items should be included in your monthly budget. It can help to look at previous months' receipts or statements to determine how much you truly spend in these categories.

Some items on your budget may be occasional expenses, such as holidays, birthdays, lump insurance payments, back-to-school supplies and textbooks, or vacations. Some may be very different each month, such as food, restaurants, entertainment, and clothing. To estimate a monthly amount for these expenses, look back at your spending in past months and average what you usually spend. To average, you total the amount you spend each month and divide by the number of months. So, if you have restaurant spending totals for three months, you add all three totals and divide by three to get the average monthly expense for restaurants.

Individuals in substance use recovery may have extra expenses related to their experience. Depending on your circumstances, you may have additional health-care or treatment costs. You may have court costs or other fees. You may owe fines or restitution, which may include interest if charged. Those who have been incarcerated may have jail costs, parole, or supervision fees. If you are eligible and considering expungement, there are costs for that as well.

If you're in a treatment program and not able to work, your related expenses could be held in abeyance, which is a break from making payments. However, those costs will still build monthly. Make sure you understand that the amount due will be larger when it is time to pay, and set a budget for this expense.

By Kentucky statute, you can't be released from supervision until your restitution is paid in full. Supervision incurs monthly costs, so paying your restitution promptly can save you money if that is the only thing keeping you on supervision.

Expenses of all types may come out at different times. To continue planning a monthly budget, you would calculate your expense amounts if needed to show the monthly totals due.

To find out how well your budget works, subtract the total expenses from the total income. If your income is more than your expenses, you have money left to save or spend. If your expenses are more than your income, you may need to make some changes.

INCREASE INCOME AND/OR DECREASE EXPENSES

At a basic level, to improve your budget circumstance, there are only two things you can do:

1. Increase income.

**If your budget isn't working out, there are two things you can do:
increase income or decrease expenses.**

2. Decrease expenses.

There are several ways you might be able to increase your income. At your current job you may be able to work extra hours or request a promotion or raise. You may be able to work toward this goal by investing in education or specific work skills training. You could change jobs or get a second job. You could make money by using your skills, such as cleaning, yard work, translation/second language, deliveries, pet sitting, crafts, gardening, or others. You could temporarily bring in extra income by selling some items you own but no longer need through yard sales, consignment, or websites.

You also can improve your budget by decreasing expenses. There are many ways you might accomplish this:

- Focus on your needs (housing, utilities, etc.). Eliminate or scale back some of your wants (entertainment, television, phone, etc.).
- Scale back services, such as cell phone or television, or look into deals for “bundling” services.
- Do things for yourself rather than hiring a service (lawn care, home repairs, hairstyling, manicures, etc.).
- Save money on utilities (use less water, turn down air conditioning and heat, choose energy-efficient appliances, etc.).
- Use coupons and shop for sales on items you regularly buy.
- Buy household staples, such as toilet paper and nonperishable food, in bulk to maximize savings.
- Stick to your list. Only buy what you need. Don’t buy things just because they’re on sale.
- Drive less (walk, bike, carpool, etc.) and/or keep your vehicle maintained (oil changes, proper tire inflation, etc.).
- Cut back on restaurants (pack lunch, share a meal, order water instead of soda, etc.).
- Limit credit card use.
- Limit how much cash you carry if you know you’ll be tempted to spend.
- Don’t shop “for fun” or buy on impulse.
- Comparison shop for the best deal on financial accounts and big-ticket items.
- Pay off loans with the highest interest rate first.
- Pay bills on time to avoid fees and finance charges.
- Negotiate lower expenses for common services, such as utilities or cell phone packages.

A thorough written budget can help you identify ways to make your money go further. It’s important to be honest with yourself and record everything to get an accurate picture. Once you identify your income and expenses, you can find out whether you have enough money each month to meet your obligations. If not, you may need to find ways to increase income or reduce expenses. Budgeting is more than just writing it down – you must act on your plan to get results. Following these tips may help you reduce financial stress and succeed in your recovery efforts.

Kelly May, BA

Senior Extension Associate for Family Finance and Resource Management

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UNIT 2: GETTING STARTED WITH A BUDGET

FACILITATOR'S GUIDE

RATIONALE: Not understanding one's total financial picture is part of the financial stress that people encounter in recovery from substance use disorder. Getting started with a personal budget can begin the process of understanding personal finance and eventually reduce financial stress.

GOAL: Walk participants through the process of determining their personal financial situation and creating a personal balanced budget.

OBJECTIVES:

1. Establish a baseline starting point of your personal financial situation.
2. Prepare a personal budget.
3. Recognize ways to increase income and decrease expenses.

RESOURCES FOR LEADERS:

Publication

Facilitator's Guide

Activity – Establish Your Baseline Checklist

Activity – Build Your Budget Worksheet

RESOURCES FOR PARTICIPANTS:

Publication

Activity – Establish Your Baseline Checklist

Activity – Build Your Budget Worksheet

Evaluation

FACILITY/EQUIPMENT

- * Reserve an informal space with tables and chairs for the anticipated number of attendees.
- * No technology required for this unit.

PREPARATION

- * Plan on the program taking approximately 60 minutes to complete, depending on the activities selected and the number of participants.
- * Prepare copies of participant resources, including the publication, evaluation, and activity handouts.

NOTE: *If this presentation is given in a jail or prison facility, there may be rules such as no staples. Check for special instructions in advance.*

- * Secure flipchart and markers.
- * Attendees may get more from the program if they bring information from home to complete their budget. Give attendees advance notice that they will make a budget and may want to bring a set of monthly bills, a credit card statement, a bank statement, and/or any other regular income or expenses they may want to document. Alternatively, they could make a list of income and expenses to bring with them instead of bringing bills and statements.
- * If you are conducting all units in order and you assigned the optional homework assignment from Unit 1, you might want to allow a few minutes during this program to discuss the results. Ask participants to share any “surprises” they found in their spending habits such as unique single purchases, or the total cost of something they regularly buy. However, note that participant sharing should be optional.

INTRODUCTION

Refer to the image in the publication and ask: Who here feels like this? ... Money trickles in slowly but spends so quickly you don’t know where it all went?

Read the quote: “There is only one way to eat an elephant: a bite at a time.” – Desmond Tutu

Share: This advice has been often repeated over the years. It’s good advice, meaning that you can tackle any large project by breaking it into smaller pieces. However, sometimes even the smaller pieces may seem “hard to chew” and “painful to swallow.”

Looking at our money situation can sometimes feel overwhelming. Especially if we owe more than we can afford. Before we begin “biting” our budget “elephant,” let’s take a moment to be calm.

INTRODUCTORY LEARNING ACTIVITY: CALMING OR RELAXATION TECHNIQUE

Instructions to share: *We’re going to focus on our breathing, which is a mindfulness meditation technique. Sit comfortably with your eyes closed. Prepare to take natural, even, rhythmic breaths. While you’re breathing in, count one. When you breathe out, count two. Continue until the count of six. (Note: Leader should count aloud as participants breathe for the activity.)*

OBJECTIVE 1: ESTABLISH A BASELINE STARTING POINT OF YOUR PERSONAL FINANCIAL

Share: In this workshop we will come to terms with our personal money situation. It may not be what we wish it could be. But we must be honest with ourselves and know the full picture. We cannot improve without knowing exactly where we stand.

Ask: What holds you back from looking too deep into your money situation?

Note to facilitator: If the group needs help opening up, share your own answer first. Remind participants there is no judgment here, and it’s OK to share openly.

Sometimes fear may hold us back from making changes in our situation. Sometimes it’s easier to keep things the same as they have always been. Sometimes we are held back from making better choices because of false information.

Ask: Why keep track of money? *(Optional: write responses on flip chart)*

Share: Money will be earned and spent whether you write it down or not. Having a written plan can help you see what’s happening and gain control of the situation.

Having a written budget can help you:

- Keep track of your money so you don't overspend or get into debt.
- Identify spending habits that drain your income.
- Reduce stress over money worries.
- Gain a sense of control over your finances.
- Improve communication with your family about finances.
- Build savings and work toward long-term goals.

ACTIVITY: ESTABLISH YOUR BASELINE CHECKLIST

Instructions: Each participant should fill out the checklist as it applies to their personal situation. Additional items not listed may be written in as needed. Note that everyone's checklist will be different.

Note to facilitator: Once everyone is finished, you could use this to gauge the room. You might ask participants to raise their hands for general categories, such as: How many of you have a written budget? How many of you have a steady income? Bank accounts? Other kinds of accounts? (Ask what those are.) How many of you have loans or credit accounts that you owe? (Ask what those are.) Bail/jail/court costs? Unpaid medical costs?

Share: Note that your personal inventory may include financial assets, such as income, a checking account, a savings account/emergency fund, and other savings and accounts. A balanced budget is an asset that you might already have, or you might not. Today we will be creating a budget, which is worth doing even if you have completed one in the past. A budget should be updated periodically as your financial situation changes. In addition, your inventory may include assets such as time, energy, willingness to improve, health, skills, education, and the support network you have around you. Realize that you can leverage all the assets you have available.

OBJECTIVE 2: PREPARE A PERSONAL BUDGET.

Share: Now that you have inventoried where you stand, you are ready to begin preparing your budget. Just as the inventory may be different for each person, your budget will be unique to you and your circumstance. The budgeting process is based on your choices. You choose how to make money and how to spend money. Everyone's budget is different because choices that are right for you, may not be right for someone else.

Some budgets need only take into account one person. However, many budgets will cover an entire household. If that is the case, budget line items should be used to record income and expenses for everyone living in the household. You may need to add multiple items and record the total on that budget space. Communication is important in family budgeting. Everyone involved in the household earning, spending, and saving needs to agree on the same budget.

IDENTIFY INCOME

Share: First, we will look at our income. Income is all the money you receive, including wages, public assistance, social security, interest, dividends, and other sources. Your gross income is the total income you receive. Your net income is that total minus deductions such as taxes, social security, health insurance and more.

Some incomes are monthly or bi-weekly. Some are only once a year. Other times you may receive money as a one-time income. The most common type of budget is a monthly budget, so you would calculate your income amounts if needed to show the monthly total income.

ACTIVITY: BUILD YOUR BUDGET WORKSHEET - INCOME SECTION

Instructions to share: List all money that you receive on the "income" chart. Think about all possible sources.

You may not have all the sources listed here. If you have any income not listed, write those in the "other" spaces. Then list the amount and circle how often you receive it - monthly, yearly, or one-time. For this monthly budget, use the chart for calculating amounts to convert it to a monthly amount if needed. Total the monthly list.

NOTE to instructor: Please allow time for attendees to fill out their chart. Move through the room and see if anyone needs assistance. If they brought financial records from home, they may be able to use these to more accurately list their income.

IDENTIFY EXPENSES

Share: Next, we will look at our expenses. There are two kinds of expenses, fixed and flexible. Fixed expenses are a set amount that don't change from month to month. Sometimes you have control over the cost before the initial agreement is complete, but the expense becomes fixed after you sign a contract. That is why it can benefit you to "shop around" before committing to the payments.

Ask: Can you give an example of a fixed expense? (Write responses on flip chart. May include: car payments, loan payments, insurance, television service, day care rates, etc.)

Share: Flexible expenses may change depending on how much you use the service or what season it is. You may be able to change these expenses by changing your habits.

Ask: Can you give an example of a flexible expense? (Write responses on flip chart. May include: electric, water, gas, cell phone, food, etc.)

When considering expenses, think of all related expenses. For example, a mortgage payment may include an escrow amount or you may have homeownership association fees for your neighborhood. Those should be included in your budget.

Remember that honesty is important in budgeting. In some of the categories, you may spend more than you realize each month. These categories might include food, gas, clothing, personal care, entertainment, etc. If there are purchases you regularly make, such as cigarettes, coffee, vending machine snacks, or visits to restaurants, these items should be included in your monthly budget. It can help to look at previous months' receipts or statements to determine how much you truly spend in these categories.

Some items on your budget may be occasional expenses, such as holidays, lump insurance payments, back-to-school supplies and textbooks, birthdays, or vacations. Some may be very different each month, such as food, restaurants, entertainment, and clothing. To estimate a monthly amount for these expenses, it may help to look back at your spending in past months and average what you usually spend. To average, you total the amount you spend each month and divide by the number of months. So, if you have restaurant spending totals for three months, you add all three totals and divide by three to get the average monthly expense for restaurants.

Individuals in substance use recovery may have extra expenses related to their experience. Depending on your circumstances, you may have additional health-care or treatment costs. You may have court costs or other fees. You may owe fines or restitution, which may include interest if charged. Those who have been incarcerated may have jail costs, parole, or supervision fees. If you are eligible and considering expungement, there are costs for that as well.

If you're in a treatment program and not able to work, your related expenses could be held in abeyance, which is a break from making payments. However, those costs will still build monthly. If you use this tool, make sure you understand that the amount due will be larger when it is time to pay, and set a budget for this expense.

By Kentucky statute, you can't be released from supervision until your restitution is paid in full. Supervision

incurs monthly costs, so paying your restitution promptly can save you money if that is the only thing keeping you on supervision.

Expenses of all types may come out at different times. To continue planning a monthly budget, you would calculate your expense amounts if needed to show the monthly totals due.

ACTIVITY: BUILD YOUR BUDGET WORKSHEET - EXPENSES SECTION

***Instructions to share:** List all money that you spend or owe on the “expenses” chart. Think about all possible expenses. You may not have all those listed here. If you have any expenses not listed, write those in the “other” spaces. Then list the amount and circle how often you pay it - monthly, yearly, or one-time. For this monthly budget, use the chart for calculating amounts to convert it to a monthly amount if needed. Total the monthly list for both pages and add those together to get the grand total of expenses.*

In some categories you may have more than one expense, such as television services, telephone, or automobile costs. If that is the case, total all the costs for that category and then calculate the monthly amount due.

***NOTE to instructor:** Please allow ample time for attendees to fill out their charts. If they brought financial records from home, they may be able to use these to more accurately list their expenses. Move through the room and see if anyone needs assistance. However, remember that you are an educator, not a counselor, and their personal money details should remain private.*

OBJECTIVE 3: RECOGNIZE WAYS TO INCREASE INCOME AND DECREASE EXPENSES.

ACTIVITY: BUILD YOUR BUDGET WORKSHEET - ADJUSTMENTS SECTION

***Instructions to share:** Finish the worksheet by taking the total income minus the total expenses and write that number in the box. As we continue this discussion, write down any ideas that might be useful to your personal circumstances in the space provided.*

Share: If your income is more than your expenses, you have money left to save or spend. If your expenses are more than your income, you may need to make changes in your budget. At a basic level, to improve your budget circumstance, there are only two things you can do: increase income or decrease expenses.

Ask: How can you increase your income? *(Write responses on flip chart. Have participants jot down useful ideas for their personal situation on their worksheet. When ideas stop coming in, review any items from the list below that were not suggested.)*

INCREASING INCOME

Share: There are several ways you might be able to increase your income.

- Keep track of your money so you don't overspend or get into debt.
- Identify spending habits that drain your income.
- Reduce stress over money worries.
- Gain a sense of control over your finances.
- Improve communication with your family about finances.
- Build savings and work toward long-term goals.

Ask: How can you decrease your expenses? *(Write responses on flip chart. Have participants jot down useful ideas for their personal situation on their worksheet. When ideas stop coming in, review any items from the list below that were not suggested.)*

DECREASING EXPENSES

Share: There are several ways you might be able to decrease your expenses.

- Focus on your needs (housing, food, utilities, etc.). Eliminate or scale back some of your wants (entertainment, television, phone, etc.).
- Scale back services, such as cell phone or television, or look into deals for “bundling” services.
- Do things for yourself rather than hiring a service (lawn care, home repairs, hairstyling, manicures, etc.).
- Save money on utilities (use less water, turn up air conditioning, turn down heat, choose energy-efficient appliances/plumbing, etc.).
- Use coupons and shop for sales on items you regularly buy.
- Buy household staples, such as toilet paper and nonperishable food, in bulk to maximize savings.
- Stick to your list. Only buy what you need. Don’t buy things just because they’re on sale.
- Drive less (walk, bike, carpool, etc.) and/or keep your vehicle maintained (oil changes, proper tire inflation, etc.).
- Cut back on restaurants (pack lunch, share a meal, order water instead of soda, etc.).
- Limit credit card use.
- Limit how much cash you carry if you know you’ll be tempted to spend.
- Don’t shop “for fun” or buy on impulse.
- Comparison shop for the best deal on financial accounts and big-ticket items.
- Pay off loans with the highest interest rate first.
- Pay bills on time to avoid fees and finance charges.
- Negotiate lower expenses for common services, such as utilities or cell phone packages.

PROGRAM SUMMARY

A thorough written budget can help you identify ways to make your money go further. Honesty is important in budgeting. It is critical to record everything so you can get an accurate picture. Once you identify your income and expenses, you can find out whether you have enough money each month to meet your obligations and the choices you make. If not, you may need to find ways to increase income or reduce expenses. Budgeting is more than just writing it down – you must act on your plan to get results. Following these tips may help you reduce financial stress and succeed in your recovery efforts.

Have participants complete the program evaluation.



UNIT 2: GETTING STARTED WITH A BUDGET

ACTIVITY: ESTABLISH YOUR BASELINE CHECKLIST

Check all that apply

ASSETS - Do you have:

- Shelter (home, apartment, or other)
- A steady income (job, benefits, or other)
- Other income
- A written balanced budget
- Checking account
- Savings account - emergency fund
- Other savings (CDs, investments, retirement funds, or pension)
- Other accounts (mobile payments such as PayPal, Venmo, Zelle, etc., prepaid cards, or other)
- Public benefits
- Physical health
- Emotional health
- Education and life skills
- Time and energy to make positive changes
- Willingness to improve
- Support network (friends, family, other)
- Other: _____

LIABILITIES - Do you owe:

- Auto loans or leases
- Auto insurance
- Auto fuel and repairs
- Public transportation
- Home loan, mortgage, rental, or lease
- Homeowner's or renter's insurance
- Property taxes
- Student loans
- Personal loans
- Credit card debt
- Other debt
- Back taxes owed
- Bail owed, jail fees, or incarceration costs
- Restitution
- Court costs
- Health insurance
- Health-care bills or medical costs
- Rehabilitation costs
- Child care, elder care, and/or pet care
- Child support, alimony, or other (owed)

Other expenses most people regularly pay

- Food and supplies
- Utility bills - water, electric, gas, trash, phone, internet, television services



UNIT 2: GETTING STARTED WITH A BUDGET

ACTIVITY: BUILD YOUR BUDGET WORKSHEET

Month: _____ Year: _____

List all money that you receive. This will determine your total income. Note whether each is a monthly (M), yearly (Y) or one-time (O) income. Then use the fourth column to write down what that income would be if paid monthly over the course of a year*.

*Use the chart to find out how to calculate the monthly amount.

Income Source	Amount Received	Frequency Circle: Monthly, Yearly, or One-time	*Convert to Monthly Income
Employee wages - Net or take-home pay		M Y O	
Other earnings - Net self-employment income		M Y O	
Public benefits		M Y O	
Social Security		M Y O	
Child support		M Y O	
Alimony		M Y O	
Interest		M Y O	
Dividends		M Y O	
Gifts		M Y O	
Other:		M Y O	
Other:		M Y O	

TOTAL _____

Note:

Gross = Total

Net = Gross minus deductions (social security, taxes, etc.)

Chart for calculating monthly amounts	
If it's ...	Then ...
Annual (once a year)	Divide by 12
Semi-annual (twice a year)	Divide by 6
Quarterly (four times a year)	Divide by 3
Monthly (once a month)	Use as-is
Bimonthly (twice a month)	Multiply by 2
Biweekly (every two weeks)	Multiply by 26 then divide by 12
Weekly (every week)	Multiply by 52 then divide by 12

EXPENSES

List all money that you spend or owe. This will determine your total expenses. Note whether each is a monthly (M), yearly (Y) or one-time (O) expense. Then use the fifth column to write down what that expense would be if paid monthly over the course of a year*.

*Use the chart to find out how to calculate the monthly amount.

	Obligation	Amount Owed	Frequency Circle: Monthly, Yearly, or One-time	*Convert to Monthly Income
Housing	Rent or mortgage (including escrow and fees)		M Y O	
	Renter's or homeowner's insurance		M Y O	
	Property taxes (home)		M Y O	
	Water		M Y O	
	Electric		M Y O	
	Gas or oil		M Y O	
	Trash collection		M Y O	
	Telephone (cell phone and/or land line)		M Y O	
	Internet		M Y O	
	Television services (cable, satellite, streaming, etc.)		M Y O	
Services or Other:		M Y O		
Transportation	Auto loans or leases		M Y O	
	Auto insurance		M Y O	
	Auto fuel and parking		M Y O	
	Auto maintenance and repairs		M Y O	
	Property taxes (auto)		M Y O	
	Public transportation		M Y O	
	Services or other:		M Y O	

	Obligation	Amount Owed	Frequency Circle: Monthly, Yearly, or One-time	*Convert to Monthly Income
Recovery and Court Costs	Rehabilitation costs		M Y O	
	Bail owed or jail fees		M Y O	
	Fines and restitution		M Y O	
	Court costs and other fees		M Y O	
	Parole or supervision fees		M Y O	
	Drug testing fees		M Y O	
	Expungement costs		M Y O	
	Services or other:		M Y O	
Health	Health insurance		M Y O	
	Health-care bills or medical costs		M Y O	
	Medicine and prescriptions		M Y O	
	Family planning costs		M Y O	
	Services or other:		M Y O	
Food	Food and household supplies		M Y O	
	Restaurants		M Y O	
	Services or other:		M Y O	
Personal and Family	Child care		M Y O	
	Elder care		M Y O	
	Pet care		M Y O	
	Child support		M Y O	
	Alimony		M Y O	
	Money provided to family		M Y O	
	Clothing, shoes, and laundry		M Y O	
	Personal care (hair, nails, massage, etc.)		M Y O	
	Entertainment or personal		M Y O	
	Birthdays, holidays, and vacations		M Y O	
	Gifts and donations		M Y O	
	Services or other:		M Y O	
Finance	Check cashing fees, money orders, and wire transfers		M Y O	
	Prepaid cards and phone cards		M Y O	
	Bank fees		M Y O	
	Student loans		M Y O	
	Credit card debt		M Y O	
	Other debt:		M Y O	
	Back taxes owed		M Y O	
	Savings - Emergency		M Y O	
	Savings - Other goals		M Y O	
	Investments		M Y O	
	Services or other:		M Y O	

TOTAL MONTHLY EXPENSES PAGE 2 _____

TOTAL MONTHLY EXPENSES PAGE 1 _____

TOTAL MONTHLY EXPENSES _____

ADJUSTMENTS

_____ - _____ = _____
Total income - **Total expenses**

If income is more than expenses, you have money left to save or spend.

If expenses are more than income, you may need to make changes in your budget. Find ways to cut expenses or increase income.

To improve my personal budget, I will ...

List ways you could increase income

List ways you could decrease expenses



UNIT 2: GETTING STARTED WITH A BUDGET

PROGRAM EVALUATION

Your help is needed in providing vital feedback on the program you have just completed. Please take a moment to complete this survey.

LEVEL OF UNDERSTANDING

For each of the topics listed below, in the MIDDLE column, circle the ONE number that best reflects your level of understanding or ability before the program. Then, in the RIGHT column, circle the ONE number that best reflects your level of understanding or ability after the program.

Poor=1, Average =2, Good=3, Excellent=4

Level of understanding or ability	BEFORE the Program	AFTER the Program
How a budget can help you	1 2 3 4	1 2 3 4
Establish a baseline starting point of your personal financial situation	1 2 3 4	1 2 3 4
Prepare a personal budget	1 2 3 4	1 2 3 4
Recognize ways to increase income and decrease expenses	1 2 3 4	1 2 3 4

INTENTIONS

Check whether you plan to change the following behaviors as a result of the program.

Behavior change	Yes	No
I plan to create a written budget.		
I plan to look for ways to increase income or decrease expenses.		

SATISFACTION

Check the box for each statement that best describes your thoughts concerning different aspects of the program.

Satisfaction	Strongly Disagree	Disagree	Agree	Strongly Agree
The speakers were effective.				
The information was practical to me.				
Overall, this was a very educational program.				

What is the most significant thing from this program you will apply to your life (feel free to list more than one)?

Please list additional comments below or on the back of this page. Thank you for your time.



UNIT 2: GETTING STARTED WITH A BUDGET

MARKETING TOOLS

SOCIAL MEDIA POST OR COMMUNITY CALENDAR

Learn how to create and manage a budget with UK Cooperative Extension on (INSERT DATE/TIME)! A written budget can help you identify ways to make your money go further and may help reduce financial stress. This is especially important for individuals in substance use recovery. For more information about managing your money and recovering from substance use disorder, visit the XXXX County Extension Office. Building strong families. Building Kentucky. It starts with us. #UKFCSExt

MEDIA ADVISORY

Sometimes your personal money situation can feel overwhelming. A thorough written budget can help you identify ways to make your money go further and may help reduce financial stress. This is especially important for individuals in substance use recovery.

Learn how to create and manage a budget with the University of Kentucky Cooperative Extension at a free workshop on (INSERT DATE/TIME). The program includes information and activities to help you get started preparing a personal budget, as well as find ways to increase income and decrease expenses. If you are interested in learning more about this free program, please contact us at (insert contact information for local Extension office).

RADIO SCRIPTS

Recovering Your Finances: Getting Started with a Budget - 60 seconds

This is NAME the NAME of COUNTY Extension Agent for Family and Consumer Sciences with the University of Kentucky, College of Agriculture, Food and Environment.

Sometimes your personal money situation can feel overwhelming, especially if you owe more than you can afford. Ignoring your circumstance will not help. In fact, it can make the situation worse and increase stress. A thorough written budget can help you identify ways to make your money go further and may help reduce financial stress. This is especially important for individuals in substance use recovery.

It's important to be honest with yourself and record everything to get an accurate picture. Once you identify your income and expenses, you can find out whether you have enough money each month to meet your obligations. If not, you may need to find ways to increase income or reduce expenses. Budgeting is more than just writing it down - you must act on your plan to get results. Following these tips may help you reduce financial stress and succeed in your recovery efforts.

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It's important to be honest with yourself and record everything to get an accurate picture. Once you identify your income and expenses, you can find out whether you have enough money each month to meet your obligations. If not, you may need to increase income or reduce expenses. Budgeting is more than just writing it down – you must act on your plan to get results. Following these tips may help you reduce financial stress and succeed in your recovery efforts.

NEWSPAPER ARTICLE

Recovering Your Finances: Getting Started with a Budget

Newspaper article

Sometimes your personal money situation can feel overwhelming. A thorough written budget can help you identify ways to make your money go further and may help reduce financial stress. This is especially important for individuals in substance use recovery.

It's important to be honest with yourself and record everything to get an accurate picture. Money will be earned and spent whether you write it down or not. Having a written plan can help you see what is happening and gain control of the situation.

The first step in budgeting is to identify your sources of income, or the money you receive. The second step in budgeting is to identify your expenses. In some of the categories, you may spend more than you realize each month. These categories might include food, gas, clothing, personal care, entertainment, and more. If these are purchases you regularly make, they should be included in your monthly budget. It can help to look at previous months' receipts or statements to determine how much you truly spend in these categories. Individuals in substance use recovery may have extra expenses related to their experience.

To find out how well your budget works, subtract the total expenses from the total income. If your income is more than your expenses, you have money left to save or spend. If your expenses are more than your income, you may need to make some changes. If your budget isn't working out, there are two things you can do: increase income or decrease expenses.

Budgeting is more than just writing it down – you must act on your plan to get results. Following these tips may help you reduce financial stress and succeed in your recovery efforts.

For more information about managing your money and recovering from substance use disorder, visit the [XXXX](#) County Extension Office.



UNIT 3: UNDERSTANDING CREDIT

“EVERY TIME YOU BORROW MONEY, YOU’RE ROBBING YOUR FUTURE SELF.” – NATHAN W. MORRIS

Credit is the ability to borrow money with the promise to pay it back, plus extra in finance charges, at an agreed-upon time. Debt is the money you owe. A loan is a legal contract that you must pay back.

Credit can seem like a quick fix or easy answer when money issues loom. However, poor use of credit can rapidly make a financial situation worse. Credit itself isn’t good or bad. How we use credit is what makes the difference.



TYPES OF CREDIT

There are three main types of credit: installment credit, revolving credit, and alternative (high-cost) credit.

Installment credit is a specific amount of money that will be paid in fixed, regular payments (installments) over a set period. Auto loans, mortgages, student loans, personal loans, and home equity loans are examples of installment credit, also called closed-end credit.

Revolving credit is a credit line with a maximum amount, and you can use as much or as little of that amount as you choose. You can choose to pay it all or just in part, and any remaining debt will roll over to the next month. Usually this type of credit account stays open whether you use it or not, so it is available without having to go through the application process. A credit card or home equity line of credit is an example of revolving credit, also called open-end credit. Another example is a secured credit card, which is often used by people with no credit or damaged credit to build credit history.

Alternative (high-cost) credit usually has higher interest rates and fees. This credit may be easier to access, but since it doesn’t require lengthy credit checks, it costs more because the lender is taking on a higher risk to offer it. Examples of alternative credit include payday loans, rent-to-own, refund anticipation loans, title loans, and pawn loans.

One other type of credit is a charge card. **Charge cards** are like credit cards as far as having a pre-set limit and using it to pay for purchases. However, on a charge card you must pay the balance in full each month.

Some loans require “collateral,” or an asset that secures the loan. For example, if you get a loan for a car, that car will probably be used as the collateral. If you don’t pay your loan back, the lender has the right to repossess the car. A house may be the collateral for a mortgage loan or personal property may be the collateral for an installment loan.

A loan using collateral is considered a **secured** loan. A loan without collateral is considered an **unsecured** loan. Often a secured loan costs less than an unsecured loan.

CREDIT COSTS

There is a cost to credit. When you borrow, you will have to use your future income to pay it back. If you have “good credit,” it means you can be trusted to repay the money you owe on time. Misusing credit can cost you money and cause problems. The two biggest costs of credit are fees and interest.

Financial institutions charge fees for their services and products. Examples of fees are late fees if you do not pay your bill on time, cash advance fees on credit cards, over-the-limit fees on revolving credit, annual maintenance fees on credit cards, services charges, prepayment penalties, or closing fees on an auto loan or mortgage.

Interest is the cost of borrowing money. Financial institutions charge interest in return for loaning you money. If interest is fixed, it stays the same throughout the loan term. If interest is variable, it may change. The credit agreement will explain the details.

When comparing the interest on loan offers, use the **annual percentage rate (APR)**. The APR is a percentage that includes most fees and charges, as well as the effects of compounding, which is how interest can add up over time. The APR reflects the total cost of interest you could be charged in a year.

The **finance charge** is the total amount the loan will cost. This number includes the interest, services charges, and fees. If you add the finance charge to the amount borrowed, you get the total cost you will have paid by the end of the loan.

The **term** is the length of the loan, or how long it will take to pay the money back.

The federal Truth in Lending Act requires lenders to state clearly the charges so that you can see and compare the costs of borrowing money. The disclosure must include the loan amount, the APR, the finance charge, and the total payments. In this example, the term is five years:

ANNUAL PERCENTAGE RATE	FINANCE CHARGE	Amount Financed	Total of Payments
The cost of your credit as a yearly rate.	The dollar amount the credit will cost you.	The amount of credit provided to you or on your behalf.	The amount you will have paid after you have made all payments as scheduled.
15%	\$860.53	\$2,000	\$2,860.53

The cost of your credit will change depending on all the above factors. The higher the interest and fees, the more you will pay. The longer the term or the more money you borrow, the more interest will build. When borrowing, you are always better off to borrow the least amount you can afford, comparison shop for the lowest rates and fees, and pay it off as quickly as you can.

Sometimes you might see advertisements for loans offered with “no credit check.” The trade-off is often higher interest rates and fees.

Other factors may affect the cost of your credit:

- The lender – Compare costs from multiple lenders before borrowing, as different places may offer different rates and terms.
- Your credit history – A good credit score will help you qualify for credit and get it at a lower cost.
- A co-applicant – When you apply for credit with someone else, both of your credit scores are considered, and you both are equally responsible for paying back the credit.
- Special terms or products that may increase the cost.
 - Credit insurance on a personal loan or mortgage protects the loan if you can’t make your payments. It is an optional product, and you can ask to have it removed from the contract. The premiums can be high, and you may be paying finance charges on it as part of the loan. If you need coverage, it may be less expensive to have it through a policy outside of your loan.
 - Penalty APR is a higher interest rate that a creditor can charge you if you violate your cardholder agreement. Examples may include not paying your credit card bill on time or exceeding your credit limit.
 - Universal default is when your late payments on one account result in a drop in your credit score. Your other lenders may take notice and change your rates or credit limits to default terms on your new balances.

All this information must be disclosed in your credit or loan agreement paperwork. This contract outlines how and when you will pay the money back and what happens if you do not pay on time or in full. It will also outline if there is a prepayment penalty or fee for early payoff.

It’s important to read and understand everything outlined in your contract. Make sure the contract is clear and matches what the seller is promising. Ask questions if you’re uncertain. Check for hidden surprises. Make sure you read the fine print and understand your responsibilities. Bottom line: If you don’t agree with the terms, don’t sign.

COMPARISON-SHOPPING FOR CREDIT

Before signing up for new credit, it’s important to comparison shop for the best deal. When comparing two offers, it’s best to use the APR, rather than the interest rate. The APR includes the effects of compounding, which is how interest can add up over time. It’s also important to compare fees and other costs. Pay attention to the finance charge and how much the loan will cost you by the end of the term.

As with all finance deals, if it sounds too good to be true, it probably is. Make sure you understand your paperwork and know all rules and fees. Keep copies for your records. Remember that alternative credit such as payday loans and rent-to-own may cost more than other types of credit.

Be wary of financing offered by the seller for auto loans and other goods. Some dealers have relationships with the lenders they work with and may profit from the loan or get bonuses for referrals. Don’t assume they’re offering the best deal for you – verify by comparison-shopping.

Sometimes credit comes with introductory offers. Interest free for a year! Get 0% APR or 2x rewards! Get six months same-as-cash! Pay 0% on balance transfers!

Lenders use these offers, or “teaser rates,” to lure you in. The low offer sounds good, and lenders use it to get you to switch or open new credit. But the offer is temporary and eventually it runs out, changing to that credit product’s standard rates, fees, and rewards. In some cases, if you haven’t paid off the full amount by the end of the offer period, the full interest and fees may apply retroactively for the entire balance. This means the lender will calculate those charges from the beginning of the loan and add that to your payment. In other cases, if you make a late payment, it may void the offer early. Check the specifics of the offer carefully.

When comparing products, it is important to compare the standard terms after that introductory teaser offer. Those are the terms you could be dealing with long-term. Also, take your time, and don’t let the salesperson pressure you into making any fast decisions.

Remember, when borrowing, you are always better off to borrow the least amount you can afford, comparison shop for the lowest rates and fees, and pay it off as quickly as you can. Poor choices with credit can be financially devastating, and the effects can be long lasting. Having the knowledge and skills to identify different types of credit, understand the costs, and shop for better offers can put you in a better financial position.

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September 2019

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UNIT 3: UNDERSTANDING CREDIT

FACILITATOR'S GUIDE

RATIONALE: Credit can seem like a quick fix or easy answer when money issues loom. However, poor use of credit can rapidly make a financial situation worse. The most accessible options often charge the highest rates and fees. Educated borrowers can make better choices and defend themselves against high-cost and predatory lenders.

GOAL: To understand the cost of credit and be able to compare offers to get the best terms.

OBJECTIVES:

1. Identify three different types of credit.
2. Understand the cost of credit.
3. Be able to compare offers to get the best terms.

RESOURCES FOR LEADERS:

Publication

Facilitator's Guide

Activity - Types of Credit

Optional Handout - Average APR

Activity - Read the Fine Print

Activity - Credit Choices

RESOURCES FOR PARTICIPANTS:

Publication

Activity - Read the Fine Print

Optional Handout - Average APR

Activity - Credit Choices

Evaluation

FACILITY/EQUIPMENT

- * Reserve an informal space with tables and chairs for the anticipated number of attendees.
- * This unit requires no technology.

PREPARATION

- * Plan on the program taking approximately 60 minutes to complete, depending on the activities selected and the number of participants.
- * Prepare copies of participant resources, including the publication, evaluation, and activity handouts.
NOTE: *If this presentation is given in a jail or prison facility, there may be rules such as no staples. Check for special instructions in advance*
- * Secure flipchart and markers.
- * Secure tape appropriate for walls to be used in the Types of Credit Activity. Print, cut, and hang on the wall the signs for the three types of credit: Installment Credit, Revolving Credit, Alternative (High-Cost) Credit. Print and cut apart the credit product cards and shuffle them. Have additional tape handy during the activity.
- * Secure small prizes (enough for each participant to get one) for the Read the Fine Print Activity.
- * **NOTE:** *Credit reports and scores is a separate unit. If you are hosting this curriculum as a series, consider postponing those questions until the next unit. If you are presenting this lesson as a standalone workshop, consider adding extra time to handle questions.*

INTRODUCTION

Share: Credit can seem like a quick fix or easy answer when money issues loom. However, poor use of credit can rapidly make a financial situation worse. Some types of credit can be easy to get, but the effects can be long lasting. The most accessible credit options often charge the highest rates and fees.

Ask: Have you borrowed money before? What was the experience like?

OBJECTIVE 1: IDENTIFY THREE DIFFERENT TYPES OF CREDIT.

Share: Credit is the ability to borrow money with the promise to pay it back, plus extra in finance charges, at an agreed-upon time. Debt is the money you owe. A loan is a legal contract that you must pay back.

Ask: What is good about credit? *(Write responses on flip chart. Answers may include useful in an emergency, more convenient than cash, get it now/no wait, achieve goals, can help you make a large purchase like house, car, or education and pay for it over time)*

Ask: What is bad about credit? *(Write responses on flip chart. Answers may include cost, debt can build quickly, too easy, hard to say no, can be stressful if not managed properly, still paying interest on an item long gone, being denied, bad credit can impact your ability to get a job, housing, insurance, as well as new credit)*

Share: Credit itself isn't good or bad. How we use credit is what makes the difference. First, let's learn about the different types of credit.

ACTIVITY - TYPES OF CREDIT

Instructions to share: *One participant at a time should come draw a credit product card and read it aloud. The group should choose the category in which to place the credit product. The person who read the card should use the tape to stick the credit product card in the correct category, under the sign for that credit type.*

ANSWERS:

Installment Credit: Student Loan, Auto Loan, Personal Loan, Mortgage Loan, Home Equity Loan

Revolving Credit: Credit Card, Home Equity Line of Credit, Secured Credit Card

Alternative (High-Cost) Credit: Payday Loan, Refund Anticipation Loan, Title/Pawn Loans, Rent-to-Own

Share: There are three main types of credit: installment credit, revolving credit, and alternative (high-cost) credit.

- **Installment credit** is a specific amount of money that will be paid in fixed, regular payments (installments) over a set period of time. Auto loans, mortgages, student loans, personal loans, and home equity loans are examples of installment credit, also called closed-end credit.
- **Revolving credit** is a credit line with a set maximum amount, and you can use as much or as little of that amount as you choose. You can choose to pay it all or just in part, and any remaining debt will roll over to the next month. Usually this type of credit account stays open whether you use it or not, so it is available without having to go through the application process. A credit card or home equity line of credit is an example of revolving credit, also called open-end credit. Another example is a secured credit card, which is often used by people with no credit or damaged credit to build credit history.
- **Alternative (high-cost) credit** usually has higher interest rates and fees. This credit may be easier to access, but since it doesn't require lengthy credit checks, it costs more because the lender is taking on a higher risk to offer it. Examples of alternative credit include payday loans, rent-to-own, refund anticipation loans, title loans, and pawn loans.

One other type of credit is a charge card. **Charge cards** are similar to credit cards as far as having a pre-set limit and using it to pay for purchases. However, on a charge card you must pay the balance in full each month.

Some loans require "collateral," or an asset that secures the loan. For example, if you get a loan for a car, that car will probably be used as the collateral. If you don't pay your loan back, the lender has the right to repossess the car.

Ask: What items could be used for collateral? (Write responses on flip chart. Answers may include car for an auto loan, house for a mortgage payment, personal property for an installment loan, pawn/title loan, or rent-to-own loan.)

Share: A loan using collateral is considered a **secured** loan. A loan without collateral is considered an **unsecured loan**. Often the costs for a secured loan are less than for an unsecured loan.

OBJECTIVE 2: UNDERSTAND THE COST OF CREDIT.

Share: There is a cost for credit. When you borrow, you will have to use your future income to pay it back. If you have "good credit," it means you can be trusted to repay the money you owe on time. Misusing credit can cost you money and cause problems.

Ask: Why should you limit debt? (Answers may include: it can be expensive, you have more flexibility if not locked into repayment contracts, you can use your other money to build assets and handle emergencies, etc.)

Share: The two biggest costs of credit are fees and interest.

Financial institutions charge **fees** for their services and products. Examples of fees are late fees if you do not pay your bill on time, cash advance fees on credit cards, over-the-limit fees on revolving credit, annual maintenance fees on credit cards, services charges, prepayment penalties, or closing fees on an auto loan or mortgage.

Interest is the cost of borrowing money. Financial institutions charge interest in return for loaning you money. If interest is fixed, it stays the same throughout the loan term. If interest is variable, it may change. The credit agreement will explain the details.

When comparing the interest on loan offers, use the **annual percentage rate (APR)**. The APR is a percentage that includes most fees and charges, as well as the effects of compounding, which is how interest can add up over time. The APR reflects the total cost of interest you could be charged in a year.

NOTE: *If you wish, you can share the extra handout with participants that shows the average ranges of APR on various credit products.*

The **finance charge** is the total amount the loan will cost. This number includes the interest, services charges, and fees. If you add the finance charge to the amount borrowed, you get the total cost you will have paid by the end of the loan.

The **term** is the length of the loan, or how long you are expected to take to pay the money back.

The federal Truth in Lending Act requires lenders to state charges clearly so that you can see and compare the costs of borrowing money. The disclosure must include the amount of the loan, the annual percentage rate (APR), the finance charge, and the total payments.

NOTE: *Refer to the example Truth in Lending Act disclosure on the second page of the publication. Review the costs of this example loan, over a term of five years.*

ANNUAL PERCENTAGE RATE	FINANCE CHARGE	Amount Financed	Total of Payments
The cost of your credit as a yearly rate.	The dollar amount the credit will cost you.	The amount of credit provided to you or on your behalf.	The amount you will have paid after you have made all payments as scheduled.
15%	\$860.53	\$2,000	\$2,860.53

Share: The cost of your credit will change depending on all of these factors. The higher the interest and fees, the more you will pay. The longer the term or the more money you borrow, the more interest will build. When borrowing, you are always better off to borrow the least amount you can afford, comparison shop for the lowest rates and fees, and pay it off as quickly as you can.

Sometimes you might see advertisements for loans offered with “no credit check.” The trade-off is often higher interest rates and fees.

Other factors may affect the cost of your credit:

- The lender – Compare costs from multiple lenders before borrowing, as different places may offer different rates and terms.
- Your credit history – A good credit score will help you qualify for credit and get it at a lower cost.
- A co-applicant – When you apply for credit with someone else, both of your credit scores are considered,

and you both are equally responsible for paying back the credit.

- Special terms or products that may increase the cost.
 - o Credit insurance on a personal loan or mortgage protects the loan if you can't make your payments. It is an optional product, and you can ask to have it removed from the contract. The premiums can be high, and you may be paying finance charges on it as part of the loan. If you need coverage, it may be less expensive to have it through a policy outside of your loan.
 - o Penalty APR is a higher interest rate that a creditor can charge you if you do not pay your credit card bill on time or if you exceed your credit limit. For example, your interest rate may increase significantly if you are more than 60 days late on a payment. Other violations of your cardholder agreement may also trigger this higher penalty APR.
 - o Universal default is when your late payments on one account result in a drop in your credit score. Your other lenders may take notice and change your rates or credit limits to default terms on your new balances.

All this information must be disclosed in your credit or loan agreement paperwork. This contract outlines how and when you'll pay the money back and what happens if you don't pay on time or in full. It will also outline if there is a prepayment penalty or fee for early payoff.

It's important to read and understand everything outlined in your contract. If you don't understand something, ask questions. Make sure you read the fine print and understand your responsibilities. Bottom line: If you don't agree with the terms, don't sign.

ACTIVITY - READ THE FINE PRINT

Instructions to share: Review the sample "preapproved" credit card disclosure. Fill in the blanks on the worksheet. This activity can be done alone or in small groups of three or fewer. However, groups should read/discuss every question, rather than splitting them up. Refer to the answer key for the correct responses.

NOTE to instructor: If you are short on time, you can cut the activity short and provide the rest of the answers. However, if you cut the activity short, ask participants to reach the second to last paragraph if you would like to distribute the prizes from the "hidden" prize opportunity. Buried in the fine print is a sentence that states, "If you are reading this sentence in a workshop setting, please raise your hand and keep it raised in order to win a small prize." Wait before distributing prizes to see how many people notice the sentence and comply. This would be the "hidden surprise" referred to below - although in most contracts any surprise would not be a positive one.

Ask: Was anyone surprised by the details described in this disclosure?

Share: Consumers are often frustrated by contracts and quit reading, or don't bother reading them at all. Contract text earned the name "fine print" because it's often tiny and difficult to read. Agreements and contracts can be lengthy and are often written in legal terminology.

You usually can't change the terms of a contract or disclosure. However, you can read to understand all the terms before agreeing or signing. Make sure the contract is clear and matches what the seller is promising. Ask questions if you're uncertain. And at least skim the entire document to make sure there are no hidden surprises.

OBJECTIVE 3: BE ABLE TO COMPARE OFFERS TO GET THE BEST TERMS.

Share: Before signing up for new credit, it's important to comparison shop for the best deal.

When comparing two offers, it's best to use the APR, rather than the interest rate. The APR includes the effects of compounding, which is how interest can add up over time. It's also important to compare fees and other

costs. Pay attention to the finance charge and how much the loan will cost you by the end of the term.

As with all finance deals, if it sounds too good to be true, it probably is. Make sure you understand your paperwork and know all rules and fees. Keep copies for your records. Remember that alternative credit such as payday loans and rent-to-own may cost more than other types of credit.

Be wary of financing offered by the seller for auto loans and other goods. Some dealers have relationships with the lenders they work with and may profit from the loan or get bonuses for referrals. Don't assume they're offering the best deal for you - verify by comparison shopping.

Sometimes credit comes with introductory offers. Interest free for a year! Get 0% APR or 2x rewards! Get six months same-as-cash! Pay 0% on balance transfers!

Lenders use these offers, or "teaser rates," to lure you in. The low offer sounds good and is meant to get you to switch or open new credit. But the offer is temporary and eventually it runs out, changing to that credit product's standard rates, fees, and rewards. In some cases, if you haven't paid off the full amount by the end of the offer period, the full interest and fees may apply retroactively for the entire balance. This means the lender will calculate those charges from the beginning of the loan and add that to your payment. In other cases, if you make a late payment, it may void the offer early. Check the specifics of the offer carefully.

When comparing products, it is important to compare the standard terms after that introductory teaser offer. Those are the terms you could be dealing with long-term. Also, take your time, and don't let the salesperson pressure you into making any fast decisions.

ACTIVITY - CREDIT CHOICES

Instructions to share: *This activity can be completed individually, or in small groups of two or three. Read the scenario to the entire group. Participants should read and compare the details of the four credit options on the second page in order to answer the questions on the first page.*

ANSWERS: 1) Option 4; 2) Option 4; 3) Option 4; 4) Option 4; 5) Option 2; 6) Option 1; 7) Option 4 or other choice; 8) Answers may vary (this is a discussion opportunity); 9) Possible answers may include: saving up and paying cash, getting second-hand furniture from family or friends instead of buying new, buying used, buying a less expensive new item, paying off the credit early, completing a same-as-cash offer within the time frame by paying more than the recommended payment and avoiding interest, etc.

When everyone is finished, ask for volunteers to share. Discuss options as needed. Note that as the APR increases, so does the total cost. You could complete question No. 9 as a group, discussing options or ways to save money.

PROGRAM SUMMARY

Instructions to share: Remember, when borrowing, you are always better off to borrow the least amount you can afford, comparison shop for the lowest rates and fees, and pay it off as quickly as you can. Poor choices with credit can be financially devastating, and the effects can be long lasting. Having the knowledge and skills to identify different types of credit, understand the costs, and shop for better offers can put you in a better financial position.

Have participants complete the program evaluation.



UNIT 3: UNDERSTANDING CREDIT

ACTIVITY - TYPES OF CREDIT

Instructions: Print, cut, and hang on the wall the signs for three types of credit: Installment Credit, Revolving Credit, and Alternative (High-Cost) Credit. Cut apart the credit product cards and shuffle them. Have tape handy during the activity. Participants will take turns reading the product information from the card, and the group should direct the participant to tape the card to the correct category.

INSTALLMENT CREDIT

A specific amount of money that will be paid in fixed, regular payments (installments) over a set period of time. Also called closed-end credit.

REVOLVING CREDIT

A credit line with a maximum amount. You can use as much or as little of that amount as you choose. You can choose to pay it all or just in part, and any remaining debt will roll over to the next month. Usually this type of credit account stays open whether you use it or not, so it is available without having to go through the application process.

Also called open-end credit.

ALTERNATIVE (HIGH-COST) CREDIT

Usually alternative credit has higher interest rates and fees. This credit may be easier to access, but since it doesn't require lengthy credit checks, it costs more because the lender is taking on a higher risk to offer it.

STUDENT LOAN

Financial assistance, with interest, to help students pay for post-secondary education and related fees, such as tuition, books, supplies, and living expenses. Student loans can come from the federal government or private sources.

PAYDAY LOAN

A loan based on your next expected paycheck. Payday loans are short-term, high-cost loans of \$500 or less. Usually they are due in full within two weeks, although other time frames are possible. You write a post-dated check for the "due" date and pay a fee. The lender holds the check for the agreed upon time. When the money is due, either the lender will cash the check or you pay in full in cash. Most payday lenders in Kentucky charge a fee of \$15 per \$100, although that can vary. In APR terms, that equals 390 percent interest or more.

REFUND ANTICIPATION LOAN

A loan based on your expected tax refund. The fees for tax preparation and the loan are usually taken out of the amount borrowed. The borrower authorizes the IRS to deposit the refund directly into the lender's account. If the refund is less than the amount borrowed, the borrower owes the difference and interest.

AUTO LOAN

Financing to purchase a vehicle, with interest. Usually auto loans are secured loans, with the vehicle used as collateral.

PERSONAL LOAN

Money that you borrow from a bank, credit union, or lender and pay back in fixed installments with interest. Personal loans may be secured by collateral or unsecured.

CREDIT CARD

An open line of credit with a maximum amount, or credit limit. You have flexibility to use as much or as little of that limit as you choose. You may pay it all or in part, and any remaining debt will roll over to the next month.

MORTGAGE LOAN

Financing to purchase a home, with interest. A mortgage is secured by the house as collateral.

HOME EQUITY LOAN

A loan against your home's equity, or the portion of your home that has been paid off. It is secured by the home and sometimes called a second mortgage. The loan is usually a fixed-rate credit that is paid back in installments.

TITLE/PAWN LOANS

With these loans, you hand over your vehicle title or other property in exchange for cash in the amount of the item's value.

You pay the lender back with fees and interest within a set time period in order to get the item back. If you don't pay it back, the lender keeps the item.

RENT-TO-OWN

Technically not a loan, it is an agreement or contract where you rent property with the option to buy before the lease runs out. You use the item while making payments to the store. The store is the legal owner of the item until the final payment is made. If you miss a payment, the store can take the item back, and you do not get your money back.

HOME EQUITY LINE OF CREDIT

A loan against your home's equity, or the portion of your home that has been paid off.

It is secured by the home and sometimes called a second mortgage. The line of credit is an open line with a credit limit and flexibility to use as much or as little of that limit as you wish.

SECURED CREDIT CARD

A credit card that is secured with a deposit, usually used to build credit. Often the deposit amount is the credit limit established for the card. You have flexibility to use as much or as little of that limit as you choose. You may pay it all or in part, and any remaining debt will roll over to the next month. If you fail to make payment, the issuer can collect the deposit. If you prove your creditworthiness, your deposit can be refunded, and you can switch to a standard credit card.



UNIT 3: UNDERSTANDING CREDIT

HANDOUT - AVERAGE APR

This chart shows the average ranges of APR on various credit products. Interest rates can vary based on your credit score, the credit term, and competition. It can be beneficial to compare the APR from multiple lenders before deciding on a loan.

Credit type	Typical range of APRs available
Car loan (60-month)	3.6%-10.3%
Mortgage (30-year)	3.1%-4.5%
Personal loan	10%-28%
Credit card	13.9%-26.9%
Payday loan (\$300 loan for 14 days)	390%



UNIT 3: UNDERSTANDING CREDIT

ACTIVITY - READ THE FINE PRINT

Review the sample "preapproved" credit card disclosure. Fill in the blanks below.

What is the introductory Annual Percentage Rate (APR) for purchases, and how long does it last?

What is the regular (nonintroductory) APR for purchases, and is it fixed or variable?

How soon must you request a balance transfer in order to take advantage of the introductory APR for balance transfers? _____

If you were immediately transferring a balance of \$1,776.00 from another card, how much would it cost you in fees? _____

What is the APR if you transfer a balance after you've had the card for six months? _____

What is the APR for cash advances? _____

Is there a grace period? If so, how long is it? _____

Is there a minimum interest charge? If so, how much? _____

What is the annual fee? _____

What is the cash advance fee? _____

What is the late fee? _____

Name at least one other fee: _____

How is the balance calculated? _____

Can the bank change your credit card terms at any time? _____

If you want to pay off higher APRs first (such as cash advances) should you make only the minimum payment or more than the minimum payment? _____

This a "prescreened" notice. How can you avoid getting prescreened notices in the future?

Great Bank of Banks Classic Credit Card Terms and Conditions - IMPORTANT DISCLOSURES

Eligibility for introductory rate(s), fees, and bonus rewards offers: You may not be eligible for introductory annual percentage rates, fees, and/or bonus rewards offers if you opened a Great Bank of Banks Credit Card within the last 15 months from the date of this application and you received the introductory APR(s), fees, and/or bonus rewards offers – even if that account is closed and has a \$0 balance.

You may not qualify for an additional Great Bank of Banks Credit Card if you have opened a Great Bank of Banks Credit Card in the last 6 months.

INTEREST RATES AND INTEREST CHARGES	
Annual Percentage Rate (APR) for Purchases	0% introductory APR for 15 months. After that your APR will be 22.75% . This APR will vary with the market based on the U.S. Prime Rate.
APR for Balance Transfers	0% introductory APR for 15 months. After that your APR will be 22.75% . This APR will vary with the market based on the U.S. Prime Rate. A balance transfer request must be made within 120 days from account opening to qualify for the introductory APR.
APR for Cash Advances and Overdraft Protection Advances	26.25% This APR will vary with the market based on the U.S. Prime Rate.
How to Avoid Paying Interest on Purchases	Your due date is at least 25 days after the close of each billing period. We will not charge you any interest on purchases if you pay your entire balance by the due date each month.
Minimum Interest Charge	If you are charged interest, the charge will be no less than \$1.00.
For Credit Card Tips from the Consumer Financial Protection Bureau	To learn more about factors to consider when applying for or using a credit card, visit the website of the Consumer Financial Protection Bureau at http://www.consumerfinance.gov/learnmore .

FEES	
Annual Fee	\$25
Transaction Fees	Introductory fee of either \$5 or 3% of the amount of each balance transfer, whichever is greater, for 120 days from account opening. After that, up to 5% for each balance transfer, with a minimum of \$5 .
<ul style="list-style-type: none"> Balance Transfers 	
<ul style="list-style-type: none"> Cash Advances 	Either \$10 or 5% of the amount of each advance, whichever is greater.
<ul style="list-style-type: none"> Overdraft Protection Advances 	\$11.50 if the total of overdraft protection advances for the day is \$50 or less. \$19.50 is the total of overdraft protection advances for the day is greater than \$50.
<ul style="list-style-type: none"> Foreign Currency Conversion Fee 	3% of each transaction converted to U.S. dollars.
Penalty Fees	
<ul style="list-style-type: none"> Late Payment 	Up to \$35 .
<ul style="list-style-type: none"> Returned Check or Returned Payment 	Up to \$35 .

How We Will Calculate Your Balance: We use a method called “average daily balance” (including new purchases).

How We Will Calculate Your Variable APRs:

- Unless an introductory or promotional APR is in effect, we will add a “Margin” to the U.S. Prime Rate to determine your standard variable rate. For each billing period, we will use the U.S. Prime Rate, or the average of the U.S. Prime Rates if there is more than one, published in the Money Rates column of The Wall Street Journal three business days prior to your billing statement closing date. If the U.S. Prime Rate is not published or is otherwise unavailable, whether temporarily or permanently, we will select a substitute index that we believe, in our sole discretion, to be similar to the U.S. Prime Rate.
- As of June 20, 2019, the U.S. Prime Rate is 5.50 percentage points.
- The Margin for purchases and balance transfers will be 17.25 percentage points.
- The Margin for cash advances and overdraft protection advances will be 20.75 percentage points.

Great Bank of Banks reserves the right to change terms, rates, and fees at its discretion in accordance with the Consumer Credit Card Customer Agreement and Disclosure Statement (“Agreement”) for your account and applicable law.

Application of Payments: Generally, we will apply your minimum payment first to lower APR balances (such as Purchases) before balances with higher APRs (such as Cash Advances). Payments made in excess of the minimum payment will generally be applied to balances with higher APRs first before balances with lower ones.

Overdraft Protection: If you choose to link your Account to your Great Bank of Banks checking account for Overdraft Protection, please note the following. If you have a joint checking account, you will be responsible for all advances including interest and charges from your credit card to cover overdrafts regardless of who writes the check, makes the debit card purchase, or engages in any other transaction that causes the overdraft. Depending on your account terms, an Overdraft Protection Advance Fee may be charged to your Account each day an Overdraft Protection Advance is made, and interest will accrue from the date each advance is made. Your credit card must be activated; if it is not activated, no money will transfer to cover the cost of the overdraft. Once your credit card has been activated, please allow up to 3 business days for your Overdraft Protection service to be fully enabled. Refer to the Consumer Credit Card Customer Agreement and Disclosure Statement for details. There may be other options available to protect against overdraft that may be less costly. This information about the cost of the credit card account described in this application is accurate as of June 2019. If you are reading this sentence in a workshop setting, please raise your hand and keep it raised in order to win a small prize. This information may have changed after that date. To find out what may have changed, call 1-800-555-6666.

PRESCREEN & OPT-OUT NOTICE:

This “prescreened” offer of credit is based on information in your credit report indicating that you meet certain criteria. This offer is not guaranteed if you do not meet our criteria. If you do not want to receive prescreened offers of credit from this and other companies, call the consumer credit reporting agencies toll-free at 1-888-567-8688; or write: Equifax Inc., P.O. Box 740123, Atlanta, GA 30374-0123; Experian Opt Out, P.O. Box 919, Allen, TX 75013; TransUnion Opt Out Request, P.O. Box 505, Woodlyn, PA 19094-0505.



UNIT 3: UNDERSTANDING CREDIT

ANSWERS FOR ACTIVITY - READ THE FINE PRINT

Review the sample “preapproved” credit card disclosure. Fill in the blanks below.

What is the introductory Annual Percentage Rate (APR) for purchases, and how long does it last?

0%, 15 months

What is the regular (nonintroductory) APR for purchases, and is it fixed or variable?

22.75%, Variable

How soon must you request a balance transfer in order to take advantage of the introductory APR for balance transfers? **Within 120 days**

If you were immediately transferring a balance of \$1,776.00 from another card, how much would it cost you in fees? **\$53.28 (Figured by multiplying the balance by the 3% introductory balance transfer fee)**

What is the APR if you transfer a balance after you’ve had the card for six months? **22.75%**

What is the APR for cash advances? **26.25%**

Is there a grace period? If so, how long is it? **1 month**

Is there a minimum interest charge? If so, how much? **No less than \$1**

What is the annual fee? **\$25**

What is the cash advance fee? **\$10 or 5% of the advance, whichever is greater**

What is the late fee? **Up to \$35**

Name at least one other fee: **Any of the following: overdraft protection advances, foreign currency conversion fee, returned check or returned payment**

How is the balance calculated? **Average daily balance method**

Can the bank change your credit card terms at any time? **Yes**

If you want to pay off higher APRs first (such as cash advances) should you make only the minimum payment or more than the minimum payment? **More than**

This a “prescreened” notice. How can you avoid getting prescreened notices in the future?

Call or write to the credit bureaus



UNIT 3: UNDERSTANDING CREDIT

ACTIVITY - CREDIT CHOICES

Scenario: You just moved into a new apartment. It is unfurnished, and you don't have any living room furniture. You found a living room set you like for \$1,500. Read the details of the four credit offers on the next page and compare the options. (Note: All offers assume you make no late payments.)

Which offer has the lowest total cost? _____

Which offer has the lowest total interest and fees? _____

Which offer has the lowest APR? _____

Which offer can be paid off in the fewest payments? _____

Which offer can be paid off in the least amount of time? _____

Which offer has the lowest monthly payment? _____

Which option would you choose to finance the purchase? _____

Why did you make this choice? _____



**Furniture Set
\$1,500**

Are there other options or ways to save money? _____

Option 1: Store Special Financing Offer

Offer details:

- 12 months, no interest, no money down!
- If not paid in full in 12 months, interest will be charged to your account from the purchase date. APR is 29.99%. Minimum interest charge is \$2.
- The minimum monthly payment is \$40.

What they didn't tell you:

- The minimum payment does not pay off the purchase by the end of the promotional period. Interest will be charged, and payoff will take 9 years and 5 months.

Calculating the cost:

113 payments X \$40/month = \$4,520 total
\$3,020 in total interest/fees

Option 2: Rent-to-Own

- Payment is \$54.10 semi-monthly for a total of 42 payments (about 1 year and 7 months).
- You will not own the merchandise until the total amount is paid in full.
- A 6 months same-as-cash offer is available.

What they didn't tell you:

- The monthly payment would be \$108.20.

Calculating the cost:

42 payments X \$54.10/payment = \$2,272.20 total
\$772.20 in total interest/fees



Furniture Set
\$1,500

Option 3: Credit Card

- Apply the purchase to a credit card you already have.
- No annual fee. The regular APR is 26.96%.
- The minimum monthly payment is \$48.70. (Minimum payment is the greater of \$25 or 1% of your balance plus new interest and late payment fees.)

What they didn't tell you:

- It will take 4 years and 6 months to pay off the total amount at this minimum payment rate.

Calculating the cost:

54 payments X \$48.70/payment = \$2,629.80 total
\$1,129.80 in total interest/fees

Option 4: Installment Loan (Bank or Online)

- 12% APR compounded daily
- 2-year term
- Monthly payment is \$70.65

Calculating the cost:

24 payments X \$70.65/payment = \$1,695.60 total
\$195.60 in total interest/fees



UNIT 3: UNDERSTANDING CREDIT

PROGRAM EVALUATION

Your help is needed in providing vital feedback on the program you have just completed. Please take a moment to complete this survey.

LEVEL OF UNDERSTANDING

For each of the topics listed below, in the MIDDLE column, circle the ONE number that best reflects your level of understanding or ability before the program. Then, in the RIGHT column, circle the ONE number that best reflects your level of understanding or ability after the program.

Poor=1, Average =2, Good=3, Excellent=4

Level of understanding or ability	BEFORE the Program	AFTER the Program
Three different types of credit	1 2 3 4	1 2 3 4
The factors that affect the cost of credit	1 2 3 4	1 2 3 4
How to read a contract or disclosure	1 2 3 4	1 2 3 4
Able to compare offers to get the best terms	1 2 3 4	1 2 3 4

INTENTIONS

Check whether you plan to change the following behaviors as a result of the program.

Behavior change	Yes	No
I plan to read contracts and forms before signing.		
I plan to use the Annual Percentage Rate (APR) to compare interest on credit offers.		

SATISFACTION

Check the box for each statement that best describes your thoughts concerning different aspects of the program.

Satisfaction	Strongly Disagree	Disagree	Agree	Strongly Agree
The speakers were effective.				
I found the information to be practical.				
Overall, this was a very educational program.				

What is the most significant thing from this program you will apply to your life (feel free to list more than one)?

Please list additional comments below or on the back of this page. Thank you for your time.



UNIT 3: UNDERSTANDING CREDIT

MARKETING TOOLS

SOCIAL MEDIA POST OR COMMUNITY CALENDAR

Learn how to identify credit costs and comparison shop for better offers with UK Cooperative Extension on **(INSERT DATE/TIME)**! Poor choices with credit can be financially devastating, and the effects can be long lasting. Having knowledge about better borrowing can help you improve your financial position. For more information about managing your money and recovering from substance use disorder, visit the **XXXX** County Extension Office. Building strong families. Building Kentucky. It starts with us. #UKFCSExt

MEDIA ADVISORY

Poor choices with credit can be financially devastating, and the effects can be long lasting. Having knowledge about better borrowing can help you improve your financial position.

Learn how to identify credit costs and comparison shop for better offers with the University of Kentucky Cooperative Extension at a free workshop on **(INSERT DATE/TIME)**. The program includes information and activities to help you learn more about the types of credit available, the costs, and how to read a contract to compare offers. If you are interested in learning more about this free program, please contact us at the **(insert contact information for local Extension office)**.

RADIO SCRIPTS

Recovering Your Finances: Understanding Credit - 60 seconds

This is **NAME** the **NAME of COUNTY** Extension Agent for Family and Consumer Sciences with the University of Kentucky, College of Agriculture, Food and Environment.

Poor choices with credit can be financially devastating, and the effects can be long lasting. Having knowledge about better borrowing can help you improve your financial position.

Credit is the ability to borrow money with the promise to pay it back, plus extra in finance charges. Debt is the money you owe. When you borrow, you will have to use your future income to pay it back.

The two biggest costs of credit are fees and interest. When comparing the interest on offers, use the annual percentage rate or APR. This percentage includes the effects of compounding, so it reflects the total cost of interest you could be charged in a year.

Sometimes you might see advertisements for loans offered with "no credit check." The trade-off is often higher interest rates and fees.

When borrowing, you are always better off to borrow the least amount you can afford, comparison shop for the lowest rates and fees, and pay it off as quickly as you can.

NEWSPAPER ARTICLE

Recovering Your Finances: Understanding Credit

Newspaper article

Credit can seem like a quick fix or easy answer when money issues loom. However, poor use of it can rapidly make a financial situation worse.

Credit is the ability to borrow money with the promise to pay it back, plus extra in finance charges, at an agreed-upon time. Debt is the money you owe. When you borrow, you will have to use your future income to pay it back.

The two biggest costs of credit are fees and interest. When comparing the interest on loan offers, use the annual percentage rate (APR). The APR is a percentage that includes the effects of compounding, so it reflects the total cost of interest you could be charged in a year.

The finance charge is the total amount the loan will cost. This number includes the interest, services, charges, and fees. If you add the finance charge to the amount borrowed, you get the total cost you will have paid by the end of the loan.

Sometimes you might see advertisements for loans offered with "no credit check." The trade-off is often higher interest rates and fees.

All this information must be disclosed in your credit or loan agreement paperwork. This contract outlines how and when you'll pay the money back and what happens if you don't pay on time or in full. Read the fine print and understand your responsibilities. If you don't agree with the terms, don't sign.

When borrowing, you are always better off to borrow the least amount you can afford, comparison shop for the lowest rates and fees, and pay it off as quickly as you can. Poor choices with credit can be financially devastating, and the effects can be long lasting. Having the knowledge and skills to identify different types of credit, understand the costs, and shop for better offers can put you in a better financial position.

For more information about managing your money and recovering from substance use disorder, visit the [XXXX](#) County Extension Office



UNIT 4: CREDIT REPORTS AND SCORES

“THE MOST IMPORTANT THING FOR A YOUNG MAN IS TO ESTABLISH A CREDIT - A REPUTATION, CHARACTER.” – JOHN D. ROCKEFELLER

IMPROVING YOUR CREDIT SCORE

Your credit score tells lenders and other businesses how likely you are to pay back debts on time. A higher score will improve your chances of getting a better offer on a loan, insurance, utilities, housing, and more. Your score is based on the information in your credit report. A credit report is like a report card of your credit activity, payment history, and the status of your accounts. Your report is free to access, but your score may not be. And you have more than one score. Scores for different purposes are calculated different ways.



Most credit scores range from 300 to 850, however many different scoring models may be used.

- If your score is under 600, your credit may be considered “poor” and you may not get approved for a loan or unsecured credit card.
- “Fair” and “good” scores can be anywhere in the 600s to mid-700s. These scores may be good enough to get you approved for credit, but you might not get the best terms. Still, you should be able to shop around and compare options between lenders.
- Generally, scores over 740 are considered “very good” and scores over 800 are considered “excellent.” These scores may lead to better rates and more options in repayment periods and other terms.

There is no magic number that guarantees better rates and terms. Each lender has different strategies to determine credit risk, interest rates, and terms. Some people have no credit history and therefore do not have enough data to produce a credit score. This is sometimes called “credit invisible.”

Your free annual report does not include your score. Some groups claim to offer a “free” credit score. However, it’s not truly free if you must sign up for a program or purchase a product. There are a few times when you may get your score for free. When you apply for new credit, the lender may disclose your score. Some credit card and loan companies will share your credit score with your monthly statement or online. Scores may be available to those seeing a nonprofit credit counselor. The Consumer Financial Protection Bureau published a list of organizations that may offer free credit scores at http://bit.ly/ukFCS_MWfreecreditscores.

If you want to improve your score, it may take time. Concentrate on paying bills on time, paying down balances, and avoiding new debt.

FICO, or Fair Isaac Corporation, is the largest company that provides software for calculating credit scores. FICO shares the relative weights of the five categories that make up a score at http://bit.ly/ukFCS_MWficofactors.

The biggest influence on a credit score is payment history (35 percent). Creditors want to know **if you're reliable**. They look to your report to see if you **pay your bills on time regularly**. They also look at public record and collection items on file, so it will help if you can **avoid bankruptcies, foreclosures, suits, and garnishments**. If you've had debt sent to collection, a foreclosure, or a bankruptcy, it may impact your credit score for several years.

The next biggest influence is the amount of money owed relative to your credit limit (30 percent). **Only use a small portion of your available credit** at a time. In other words, **don't "max out" your credit cards** or lines of credit. **Pay as much as you can on your debts** and **keep that credit available**. It also shows you can manage debt if you **pay down installment loans**.

Length of credit history (15 percent) looks at how long you've had accounts open. **Don't close accounts** unless there is a compelling reason to do so, such as fees for non-usage or being unable to control your spending.

On the other hand, **don't open accounts unless you truly need them**. Frequency of new credit (10 percent) looks at new accounts. If you open too many accounts in a short time, you may look like a riskier consumer. **Only apply for credit if you need it and believe you will get approved**, since a hard inquiry can stay on your report for two years. However, a window of time is allowed for rate shopping for a loan such as a mortgage, auto, or student loan, and multiple "hits" will be counted as a single inquiry.

Hard inquiries appear on your report when you begin a credit application. Hard inquiries have an impact on your score. Soft inquiries are initiated without your knowledge and have no impact on your score. Soft inquiries are usually used for account review by creditors you deal with or for promotional offers.

Types of credit used (10 percent) considers whether you have **various types of credit**, such as credit cards, installment loans, mortgage loans, or school loans. You don't have to have all these types of credit, but **successfully maintaining more than one type** helps your score. FICO reports that credit mix will be more important if your credit report doesn't have a lot of other information for basing a score.

If you have poor credit or no credit, it may help to become an authorized user on another person's account, or to have a co-signer on a new loan application. If the other person on the account is a responsible credit holder, it can help pull up your score. On the other hand, if you let someone else join your accounts, that person can lower your score if he or she makes poor credit choices.

REVIEWING YOUR REPORT

Your credit score is based on your credit report, so it is important to check and make sure all the information is correct. You can get one free credit report every 12 months from each of the three credit bureaus - Equifax, Experian, and TransUnion. Each one collects and compiles credit data about you that they receive from creditors. Creditors might only report to one of the bureaus, so your report from each bureau could be different. You can order all three at once or you can space the requests out over the course of a year.

Get your free credit reports from www.annualcreditreport.com or 877-322-8228. Beware of fake or for-profit sites. Check your spelling when typing the address. When you request your report, you must verify your identity by answering several detailed and personal credit questions.

Your report will contain your personal information, details on your credit accounts, collection items, and

public records such as liens, foreclosures, bankruptcies, and judgments. It also will include a list of inquiries by companies that have accessed your report. If accounts are sold by the financial institution, the first account may show "closed," and the debt will show up as a new entry for the other institution. If your account has been "charged-off," that means you are seriously delinquent, and the institution has declared your debt "uncollectable" for their business tax purposes. The lender is still entitled to full payment and may legally pursue it by suing you, hiring a collection agency, or selling your debt.

DISPUTING INCORRECT INFORMATION

If there is any information in your report that is incorrect, incomplete, or too old to be included, you can ask for a correction. To do this, you file a dispute with the credit reporting company as well as the business that provided the information.

You can submit a dispute online or by mail. Write a letter summarizing what is incorrect and list your proof. Circle the incorrect information on your credit report and send a copy of those pages with your letter. Include copies (never originals) of any other documents that prove there is an error.

If you dispute online, the bureau may have forms you can fill out to aid the process. If you are mailing the letters, you could choose to use certified mail with return receipt requested, which can act as your receipt. Keep copies of your dispute and the results in your personal files.

The credit reporting company generally has up to 30 calendar days to investigate. It has five business days to send you the results. If the error is corrected, you will receive a copy of your updated credit report. This copy does not count as your free annual report.

A similar letter also can be sent to the business that provided the information to the bureau. Get the address from the credit report. Include the same proof copies, but make sure to black out any personal information on the credit report pages that do not relate to the item in question.

There may be negative information on your report that is accurate. That will stay on your report for a set amount of time. Most negative information stays on for seven years, and some bankruptcy information stays on for 10 years. An unpaid judgement against you can be reported for seven years or until the statute of limitations runs out, whichever is longer. Positive information may stay on your report forever.

If you suspect identity theft, visit identitytheft.gov for more information and consider placing a fraud alert or security freeze with each credit bureau to prevent someone taking new credit out in your name. Both are free. A fraud alert lasts one year, and you can renew it. A credit freeze stays in place until you "unfreeze" it. Note that these only protect you from new credit fraud. Check your credit reports and account statements regularly for existing account fraud.

Free access to your credit reports can help you find out where you stand. Verifying your information and disputing any incorrect details are two of the ways you can monitor your credit. Knowing what factors make up your score can help you work to improve your score.

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September 2019

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UNIT 4: CREDIT REPORTS AND SCORES

FACILITATOR'S GUIDE

RATIONALE: Poor credit can make it a challenge to get loans, insurance, utilities, housing, and more. This lesson will cover the basics of credit reports and scores. This unit will provide information to help individuals in recovery recognize how to work toward a better credit score and maintain their credit report information.

GOAL: To help participants understand how to improve scores, how to pull a free credit report to verify information, and how to dispute incorrect information.

OBJECTIVES:

1. Understand credit scores and reports.
2. Be able to request free credit reports.
3. Know how to dispute incorrect information.

RESOURCES FOR LEADERS:

Publication

Facilitator's Guide

Activity—Improving Credit Scores

Activity - Credit Report Checklist

Activity - Writing a Dispute Letter

RESOURCES FOR PARTICIPANTS:

Publication

Activity—Improving Credit Scores

Activity - Credit Report Checklist

Activity - Writing a Dispute Letter

Evaluation

FACILITY/EQUIPMENT

* Reserve an informal space with tables and chairs for the anticipated number of attendees.

* Technology is optional for this unit. You might need equipment if you wish to complete the optional activity and one version of the Credit Report Checklist activity. If so, you will need Wi-Fi with a secure internet connection. You may also choose to have computers or other devices for those who do not have smartphones with internet. You may consider having a printer available as well.

PREPARATION

- * Plan on the program taking approximately 60 minutes to complete, depending on the activities selected and the number of participants.
- * Prepare copies of participant resources, including the publication, evaluation, and activity handouts.
NOTE: *If this presentation is given in a jail or prison facility, there may be rules such as no staples. Check for special instructions in advance.*
- * If you are using the optional activity under Objective 1, you will need computers or WIFI with a secure internet connection.
- * Consider whether you will simply review the Credit Report Checklist activity for objective 2 or whether you wish to have participants pull their actual credit reports. To pull personal reports, you will need a secure internet connection and a way for participants to access the internet. Participants may use a smartphone with internet if available. You may need to have a computer and printer available. As you consider this activity, please note whether you have the time, equipment, and secure internet. Please keep in mind that each person's credit report may contain confidential or personal information. Participants should secure whatever documents they print or download. You might consider sharing some internet safety tips before the workshop, such as those at <https://www.usa.gov/online-safety>.

NOTE: *If participants are pulling their personal information, be sure they can keep it private or discreet. They are not obligated to share any personal details. Remember that unless you are licensed or certified as a financial counselor or adviser, you should not be giving specific financial advice or counseling to participants regarding their personal situation.*

NOTE: *Unit 5 – Payments and Priorities contains additional information on collection agencies and negotiating payments. If you are hosting this curriculum as a series, consider postponing those questions until the next unit. If you are presenting this lesson as a standalone workshop, consider adding extra time to handle questions.*

INTRODUCTION

Introductory Learning Activity

Ask: Why is a credit score important?

Share: Your credit score tells lenders and other businesses how likely you are to pay back debts on time. A higher score will improve your chances of getting a better offer on a loan, insurance, utilities, housing, and more. Your score is based on the information in your credit report. A credit report is like a report card of your credit activity, payment history, and the status of your accounts. Your report is free to access, but your score may not be. And you have more than one score. Scores for different purposes are calculated different ways.

OBJECTIVE 1: UNDERSTAND CREDIT SCORES AND REPORTS.

OPTIONAL ACTIVITY

(Consider using this activity if there are computers on site or if participants can use secure Wi-Fi on their smartphones.)

Instructions to share: *Take about five minutes to have participants visit this link and use the MyFICO Credit Score Estimator to find out their estimated credit score: <http://bit.ly/ScoreEstimator>. After participants are finished, remind them this is just an estimated score. Their actual score may be different. Without sharing actual numbers, you might ask if anyone was surprised by their score estimate.*

Share: Your score is based on information in your credit report. There are three credit bureaus – Equifax, Experian, and TransUnion – that collect and compile your credit data from creditors.

Most credit scores range from 300 to 850, however many different scoring models may be used.

- If your score is **under 600**, your credit may be considered “poor” and you may not get approved for a loan or unsecured credit card.
- “Fair” and “good” scores can be anywhere in the **600s to mid-700s**. These scores may be good enough to get you approved for credit, but you might not get the best terms. Still, you should be able to shop around and compare options between lenders.
- Generally, scores **over 740** are considered “very good” and scores **over 800** are considered “excellent.” These scores may lead to better rates and more options in repayment periods and other terms.

However, there is no “magic number” that guarantees better rates and terms, and everyone’s situation is different. Each lender has different strategies to determine credit risk, interest rates, and terms. And remember, your score is calculated different ways when it is pulled for different reasons.

Some people have no credit history and therefore do not have enough data to produce a credit score. This is sometimes called “credit invisible.”

Your free annual report does not include your score. Some groups claim to offer a “free” credit score. However, it’s not truly free if you must sign up for a program or purchase a product.

There are a few times when you may get your score for free. When you apply for new credit, the lender may disclose your score. Some credit card and loan companies will share your credit score with your monthly statement or online. Scores may be available to those seeing a nonprofit credit counselor. The Consumer Finance Protection Bureau recently published a list of organizations that may offer free credit scores at http://bit.ly/ukFCS_MWfreecreditscores.

If you want to improve your score, it may take time. Concentrate on paying bills on time, paying down balances, and avoiding new debt.

ACTIVITY: IMPROVING CREDIT SCORES

Instructions to share: *Have participants review the pie chart on the “Improving Credit Scores” activity handout. Instruct participants to fill in some of the blanks on the worksheet with tips for improving that area of their credit score as they listen to the next part of the presentation. The “answers” are bolded in the discussion notes below.*

Share: FICO, or Fair Isaac Corporation, is the largest company that provides software for calculating credit scores. FICO has shared the relative weights of the five categories that make up a score at http://bit.ly/ukFCS_MWficofactors.

The biggest influence on a credit score is payment history (35 percent). Creditors want to know **if you’re reliable**. They look to your report to see if you **pay your bills on time regularly**. They also look at public record and collection items on file, so it will help if you can **avoid bankruptcies, foreclosures, suits, and garnishments**. If you’ve had debt sent to collection, a foreclosure, or a bankruptcy, it may impact your credit score for several years.

The next biggest influence is the amount of money owed relative to your credit limit (30 percent). **Only use a small portion of your available credit** at a time. In other words, **don’t “max out” your credit cards** or lines of credit. **Pay as much as you can on your debts** and **keep that credit available**. It also shows you can manage debt if you **pay down installment loans**.

Length of credit history (15 percent) looks at how long you've had accounts open. **Don't close accounts** unless there is a compelling reason to do so, such as fees for non-usage or being unable to control your spending.

On the other hand, **don't open accounts unless you truly need them**. Frequency of new credit (10 percent) looks at new accounts. If you open too many accounts in a short period of time you may look like a riskier consumer. **Only apply for credit if you need it and believe you will get approved**, since a hard inquiry can stay on your report for two years. However, a window of time is allowed for rate shopping for a loan such as a mortgage, auto, or student loan, and multiple "hits" will be counted as a single inquiry.

Hard inquiries appear on your report when you initiate a credit application. Hard inquiries have an impact on your score. Soft inquiries are initiated without your knowledge and have no impact on your score. Soft inquiries are usually used for account review by creditors you deal with or for promotional offers.

Types of credit used (10 percent) considers whether you have **various types of credit**, such as credit cards, installment loans, mortgage loans, or school loans. You don't have to have all these types of credit, but **successfully maintaining more than one type** helps your score. FICO reports that credit mix will be more important if your credit report doesn't have a lot of other information for basing a score.

If you have poor credit or no credit, it may help to become an authorized user on another person's account, or to have a co-signer on a new loan application. If the other person on the account is a responsible credit holder, it can help pull up your score. On the other hand, if you let someone else join your accounts, that person can lower your score if he or she makes poor credit choices.

Ask: What tips can you start working on to improve your credit score?

OBJECTIVE 2: BE ABLE TO REQUEST FREE CREDIT REPORTS.

Share: Your credit score is based your credit report, so it is important to make sure all the information is correct. You can get one free credit report every 12 months from each of the three credit bureaus - Equifax, Experian, and TransUnion. Creditors might only report to one of the bureaus, so your report from each bureau could be different.

You can monitor your own credit by getting a free report every 12 months from each of the three bureaus from this website or phone number. You can order all three at once, or you can space the three reports out over the course of a year.

Get your free credit reports from the federally authorized source at www.annualcreditreport.com or 877-322-8228. Beware of fake or for-profit sites. Check your spelling when typing in the address. When you request your report, you must verify your identity by answering several detailed and personal credit questions. You can also mail a request for your report to:

Annual Credit Report Request Service
P.O. Box 105281
Atlanta, GA 30348-5281

Note to instructor: Refer to the free credit report contact information in the publication.

Share: Your report will contain your personal information, details on your credit accounts, collection items, and public records such as liens, foreclosures, bankruptcies, and judgments. It also will include a list of inquiries by companies that have accessed your report. Remember that hard inquiries are initiated by you and do affect your score. Soft inquiries are initiated without your knowledge and do not affect your score.

Sometimes financial institutions sell accounts. If that is the case, a loan or debt may show closed by the first institution, while the debt is still open and owed to a different institution. If your account has been “charged-off,” that means you are seriously delinquent in paying and the institution has declared your debt “uncollectable” for their business tax purposes. Even if the lender does this for accounting purposes, the lender is still entitled to full payment and may legally pursue it by suing you, hiring a collection agency, or selling your debt.

Common credit report errors include accounts that aren’t yours, incorrect account status or dates of delinquency, accounts listed multiple times, or incorrect information on balances due, credit limits, or closed accounts listed as “open.” If you do find an error, you can dispute it. Most negative information can be removed after seven years. Checking your credit report is a great way to guard against identity theft.

ACTIVITY: CREDIT REPORT CHECKLIST

Instructions to share: *Have participants review the credit report checklist and how to pull their free report. If facilities and time allow, have participants pull one of their credit bureau reports and review it using the checklist during the workshop. It may take 30 minutes or more to review one credit report using the checklist. Participants can use the internet on their smartphones, or you could set up a computer and printer. Allow ample time for attendees to fill out their checklists. Observe to see if anyone needs technical assistance. However, remember that you are an educator, not a counselor, and their personal money details should remain private. Please keep in mind that each person’s credit report may contain confidential or personal information. Remind participants to appropriately maintain the document, whether printed, saved, or handwritten, to keep their information safe.*

OBJECTIVE 3: KNOW HOW TO DISPUTE INCORRECT INFORMATION.

Share: If there is any information in your report that is incorrect, incomplete, or too old to be included, you can ask for a correction. To do this, you file a dispute with the credit reporting company as well as the business that provided the information.

You can submit a dispute online or by mail. Write a letter summarizing what is incorrect and list your proof. Circle the incorrect information on your credit report and send a copy of that portion of your report with your letter. Include copies (never originals) of any other documents that prove there is an error. For example, if your report says you made a late payment, you could send copies of the bill and proof that you paid on time, such as cleared checks or money order stubs.

If you dispute online, the bureau may have forms you can fill out to aid the process. If you are mailing letters, you could choose to use certified mail with return receipt requested, which can act as your receipt. Keep copies of your dispute and the results in your personal files.

The credit reporting company generally has up to 30 calendar days to investigate. It has five business days to send you the results. If the error is corrected, you will receive a copy of your updated credit report. This copy does not count as your free annual report.

A similar letter also can be sent to the business that provided the information to the bureau. Get the address from the credit report. Include the same proof copies, but make sure to black out any personal information on the credit report pages that do not relate to the item in question.

There may be negative information on your report that is accurate. That will stay on your report for a set amount of time. Most negative information stays on for seven years, and some bankruptcy information stays on for 10 years. An unpaid judgement against you can be reported for seven years or until the statute of limitations runs out, whichever is longer. Positive information may stay on your report forever.

If you suspect identity theft, visit identitytheft.gov for more information and consider placing a fraud alert or security freeze with each credit bureau to prevent new credit from being taken out in your name. Both are free. A fraud alert lasts one year and can be renewed. A credit freeze will stay in place until you “unfreeze” it. Note that either of these only protects you from new credit fraud. Check your credit reports and account statements regularly to watch for existing account fraud.

ACTIVITY: WRITING A DISPUTE LETTER

Instructions to share: *Have participants review the sample letter. Then ask them to write their own letter using the template, regarding an item on their own credit report. This activity can either be the start to a real dispute letter, or a practice activity.*

PROGRAM SUMMARY

It may take time to improve your credit, but you can do it. Thanks to free tools like annual access to your credit report, you can find out where you stand. Reviewing your free credit reports and ensuring all the information is correct is the first step to maintaining better credit.

Have participants complete the program evaluation.



UNIT 4: CREDIT REPORTS AND SCORES

ACTIVITY - IMPROVING CREDIT SCORES

FICO, or Fair Isaac Corporation, is the largest company that provides software for calculating credit scores. Your score is based on data found in your credit report. FICO has shared the five categories of data used to calculate your credit score: payment history (35%), amounts owed (30%), length of credit history (15%), new credit (10%), and credit mix (10%). On the blanks below each category, list some tips for improving that part of your score.

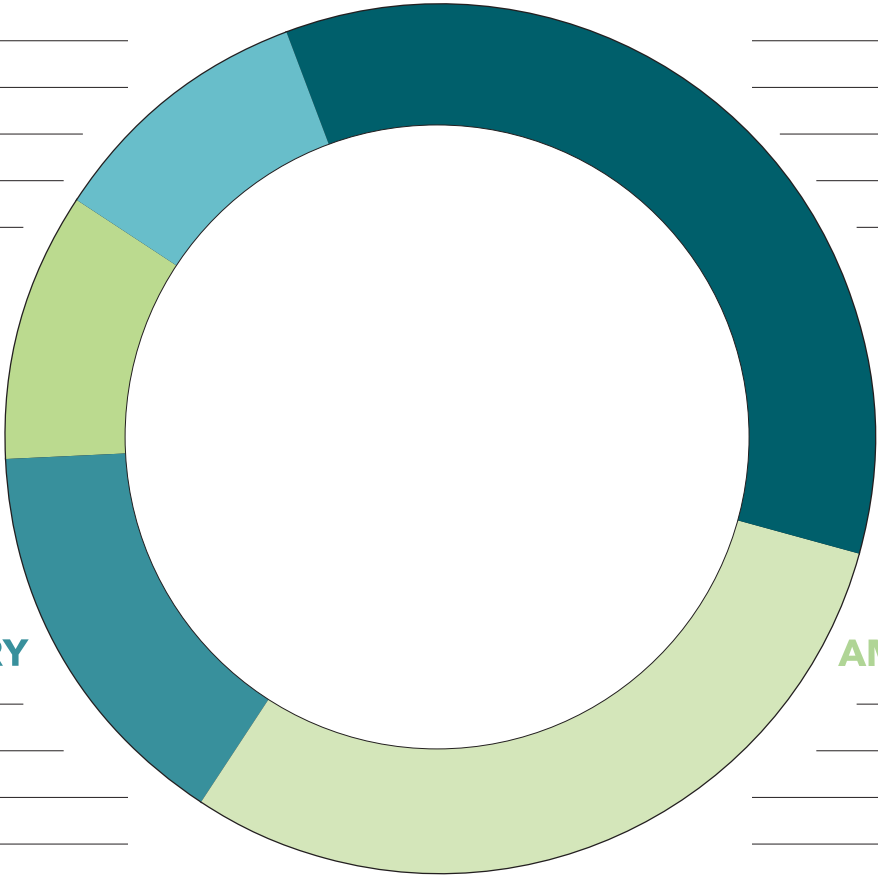
CREDIT MIX

PAYMENT HISTORY

NEW CREDIT

LENGTH OF CREDIT HISTORY

AMOUNTS OWED



I will start working on these tips now.

Percentages source:
http://bit.ly/ukFCS_MWficofactors



UNIT 4: CREDIT REPORTS AND SCORES

ACTIVITY - CREDIT REPORT CHECKLIST

Step 1: Order your free credit report from one of the three credit bureaus – Equifax, Experian, or TransUnion. You can request it free online at www.annualcreditreport.com – click on “request yours now.” You will enter your name, birthdate, social security number, address, and your previous address if you’ve been in your current residence less than two years. Next, you will choose which report you want to view. Then, you will have to answer a few security questions about the information in your credit report.

The website suggests printing your report so you can look back at it later. You can also choose to download or save your report. Please note that if you save your report, it’s a good idea to either password protect the file or save it on a removable device such as a flash drive, to keep the data secure if your device is ever hacked or stolen.

Step 2: Use the following checklist to review your information for accuracy on your credit report. This list covers all sections except the “credit accounts” or “trade accounts” section.

- Is your name spelled correctly (including nicknames)?
- Is your personal information correct, such as social security number, date of birth, or age?
- Is information about a spouse or co-applicant correct?
- Is your current address and telephone number correct?
- Are your previous addresses correct?
- Is everything listed in your employment history accurate?
- Is the information in the public record section (bankruptcies, judgments, liens) and collections section correct?
- In the inquiries section, review the “hard inquiries.” Are those all places where you’ve applied for credit?

Note anything to check on or follow up with a dispute letter.

Account Name or Provider	Account Type	Flagged as Negative?	Status	Date Opened	Date Closed	Date of Last Payment	Balance	Credit Limit	High Credit or High Balance

Note anything to check on or follow up with a dispute letter.

Step 4: Check for fraud or identity theft. Does the account belong to you? Are any co-signers or joint owners listed correctly?

- Are there any accounts you don't recognize? NOTE: If so, you may be a victim of identity theft.
- Are there duplicates of any account? NOTE: Each account should only be reported as "open" by one creditor.

Note anything to check on or follow up with a dispute letter.

Make sure to click "finish" and log out of the website.

If any information on your credit report is incorrect, take action. Contact the credit bureau and/or creditor about specific account details. If you suspect identity theft, visit identitytheft.gov for more information and consider placing a fraud alert or security freeze.



UNIT 4: CREDIT REPORTS AND SCORES

ACTIVITY - WRITING A DISPUTE LETTER

Sample letter:

Max Smith
555 City Drive
Lexington, KY 40506

August 8, 2019

Experian
P.O. Box 4500
Allen, TX 75013

Dear Sir or Madam:

I'm writing to dispute information that appears on my credit report. It is showing that my loan with XYZ Furniture, account number 123456, is still open and unpaid. I made my final payment in June and this account should now be settled and show closed. Enclosed are copies of my final payment and receipt from the store as proof.

I've enclosed a copy of my credit report with the incorrect information circled. Please correct this error as soon as possible and notify me when complete.

Sincerely,
Max Smith

Enclosed:
- Credit report copy
- Payment proof copies

Instructions: Review the sample letter. Write your own letter using the template below, regarding an item on your credit report. If there is nothing you wish to dispute at this time, simply practice writing a letter using information from your credit report. Include as much information as you can, including account numbers, dates, and explanations.

Dear Sir or Madam:

I'm writing to dispute information that appears on my credit report. It is showing that

_____.

This is inaccurate because _____

Enclosed are copies of _____

as proof.

I've enclosed a copy of my credit report with the incorrect information circled. Please correct this error as soon as possible and notify me when complete.

Sincerely,

Enclosed:

- Credit report copy
- _____
- _____



UNIT 4: CREDIT REPORTS AND SCORES

PROGRAM EVALUATION

Your help is needed in providing vital feedback on the program you have just completed. Please take a moment to complete this survey.

LEVEL OF UNDERSTANDING

For each of the topics listed below, in the MIDDLE column, circle the ONE number that best reflects your level of understanding or ability before the program. Then, in the RIGHT column, circle the ONE number that best reflects your level of understanding or ability after the program.

Poor=1, Average =2, Good=3, Excellent=4

Level of understanding or ability	BEFORE the Program	AFTER the Program
Understand credit scores and reports	1 2 3 4	1 2 3 4
Know at least three ways to improve a credit score	1 2 3 4	1 2 3 4
Know how to request free credit reports	1 2 3 4	1 2 3 4
Know how to dispute incorrect information	1 2 3 4	1 2 3 4

INTENTIONS

Check whether you plan to change the following behaviors as a result of the program.

Behavior change	Yes	No
I plan to request my free credit report annually and review it for accuracy.		
I plan to work on at least one way to improve my credit score.		

SATISFACTION

Check the box for each statement that best describes your thoughts concerning different aspects of the program.

Satisfaction	Strongly Disagree	Disagree	Agree	Strongly Agree
The speakers were effective.				
I found the information to be practical.				
Overall, this was a very educational program.				

What is the most significant thing from this program you will apply to your life (feel free to list more than one)?

Please list additional comments below or on the back of this page. Thank you for your time.

Educational programs of Kentucky Cooperative Extension serve all people regardless of economic or social status and will not discriminate on the basis of race, color, ethnic origin, national origin, creed, religion, political belief, sex, sexual orientation, gender identity, gender expression, pregnancy, marital status, genetic information, age, veteran status, or physical or mental disability.



UNIT 4: CREDIT REPORTS AND SCORES

MARKETING TOOLS

SOCIAL MEDIA POST OR COMMUNITY CALENDAR

Learn how to access your free credit report and check it for accuracy with UK Cooperative Extension on **(INSERT DATE/TIME)**! Reviewing your free credit reports and ensuring all the information is correct is the first step to maintaining better credit. If you want to improve your credit score, concentrate on paying bills on time, paying down balances, and avoiding new debt. For more information about managing your money and recovering from substance use disorder, visit the **XXXX** County Extension Office. Building strong families. Building Kentucky. It starts with us. #UKFCSExt

MEDIA ADVISORY

It may take time to build or improve credit, but it can be done. Poor credit can make it a challenge to get loans, insurance, utilities, housing, and more. Whether you are in or out of substance use recovery, you could be working toward a better credit score and can monitor your own credit report information for free. Learn how to access your free credit report and check it for accuracy with the University of Kentucky Cooperative Extension at a free workshop on **(INSERT DATE/TIME)**. The program includes information and activities to help you review your credit report for accuracy, dispute any errors, and learn tips for improving your credit score. If you are interested in learning more about this free program, please contact us at the **(insert contact information for local Extension office)**.

RADIO SCRIPTS

Recovering Your Finances: Credit Reports and Scores - 60 seconds

This is **NAME** the **NAME of COUNTY** Extension Agent for Family and Consumer Sciences with the University of Kentucky, College of Agriculture, Food and Environment.

It may take time to build or improve credit, but it can be done. Poor credit can make it a challenge to get loans, insurance, utilities, housing, and more. Whether you are in or out of substance use recovery, you could be working toward a better credit score and can monitor your own credit report information for free.

Your credit score tells lenders and other businesses how likely you are to pay back debts on time. Free access to your credit reports can help you find out where you stand. Check your credit report to make sure all information is correct. You can get one free report every 12 months from each of the three credit bureaus - Equifax, Experian, and TransUnion - at www.annualcreditreport.com or 877-322-8228.

Reviewing your free credit reports and ensuring the information is correct is the first step to maintaining better credit. If you want to improve your credit score, it may take time. Concentrate on paying bills on time, paying down balances, and avoiding new debt.

Recovering Your Finances: Credit Reports and Scores – 30 seconds

This is **NAME** the **NAME of COUNTY** Extension Agent for Family and Consumer Sciences with the University of Kentucky, College of Agriculture, Food and Environment.

Poor credit can make it a challenge to get loans, insurance, utilities, housing, and more. You can work toward a better credit score and monitor your own credit report information for free.

Your credit score tells lenders and other businesses how likely you are to pay back debts on time. Check your credit report to make sure all information is correct. You can get one free report every 12 months from each of the three credit bureaus – Equifax, Experian, and TransUnion – at www.annualcreditreport.com or 877-322-8228.

NEWSPAPER ARTICLE

Recovering Your Finances: Credit Reports and Scores

Newspaper Article

It may take time to build or improve credit, but you can do it. Poor credit can make it a challenge to get loans, insurance, utilities, housing, and more. Whether you are in or out of substance use recovery, you could be working toward a better credit score and can monitor your own credit report information for free.

Your credit score tells lenders and other businesses how likely you are to pay back debts on time. Your score is based on the information in your credit report, including your credit activity, payment history, and the status of your accounts. Your free annual report does not include your score. Some groups claim to offer a “free” credit score. However, it’s not truly free if you must pay to sign up for a program or purchase a product.

You can check your credit report to make sure all the information is correct. You can get one free report every 12 months from each of the three credit bureaus – Equifax, Experian, and TransUnion. Creditors might only report to one of the bureaus, so your report from each bureau could be different. Get your free credit reports from www.annualcreditreport.com or 877-322-8228. You can order all three at once, or you can space the three reports out over the course of a year.

Your report will contain your personal information, details on your credit accounts, collection items, and public records such as liens, foreclosures, bankruptcies, and judgments. It also will include a list of inquiries by companies that have accessed your report. If you find an error, you can dispute it. Most negative information can be removed after seven years. Checking your credit report is a great way to guard against identity theft. Free access to your credit reports can help you find out where you stand. Reviewing your free credit reports and ensuring all the information is correct is the first step to maintaining better credit. If you want to improve your credit score, it may take time. Concentrate on paying bills on time, paying down balances, and avoiding new debt.

For more information about managing your money and recovering from substance use disorder, visit the **XXXX** County Extension Office.



UNIT 5: PAYMENTS AND PRIORITIES

“THE BEST WE CAN DO IS PRIORITIZE OUR NEEDS AND MAKE CHOICES ACCORDINGLY.” - JANET EVANOVICH

Debts can pile up, and you can feel overwhelmed. Sometimes there are more debts than there is money to pay them. Other times you may have extra income you can use to pay down debts more quickly. Whether your debt is dragging you under or you are managing it well, there are strategies you can employ to reduce your debt over time.

PRIORITIZING

The first step in creating a payback plan is to evaluate your debts and prioritize them. Prioritizing is setting an order of importance for dealing with items or tasks.



Prioritizing is setting an order of importance for dealing with items or tasks.

Some expenses are smaller and easier to pay. Other expenses are larger and may have a greater effect on your overall financial health if you do not pay them. While you must pay all your bills and debts, it may help to review your expenses and prioritize the most important items. This also may reveal some nonpriority spending areas that you may be able to trim when you're reducing your expenses.

When prioritizing, it is important to think of the consequences of not paying a bill. The consequences may differ depending on the type of debt or the extent of the default, which is the failure to fulfill the obligation. If your payments are late, your interest or fees may increase. Lenders may send overdue bills to debt collection. Late rent payments or an eviction can make it difficult to find new housing. Negative reports to the credit bureau can make it more costly or difficult to get future credit, housing, or employment.

For some debts there is collateral, meaning that you have pledged something as security for repayment of a loan and the lender can take it if the loan goes into default. For example, usually the car is the collateral on an auto loan. For other debts, garnishment may be a concern. Garnishment is a court order directing that money or property, usually employee wages, be taken to satisfy a debt.

If you do not pay court or jail costs, fines, fees, or restitution, it could result in incarceration, loss of driver's license, garnishment, or debt collection.

You are responsible for all your debts and bills and should pay them on time. But if you must choose a payment to delay, consider the consequences and order them so that you pay those with highest priority first. At the same time, work to find solutions for the future, such as increasing income or decreasing expenses.

If you are struggling to make your payments, contact your lender for assistance.

NEGOTIATING

If you are struggling to make your payments, contact your lender for assistance, especially on traditional types of credit. Most lenders don't want to repossess your car or house and sell it for profit. They would rather have your payment money, even if they must wait longer to collect it.

Before you call or write, figure out what you will ask for. Maybe you need to change your payment due date so it lines up better with the dates you receive your paycheck. If you can't afford payments, maybe you need to negotiate the amount. The lender might reduce the monthly payment amount if you agree to a longer term. Just make sure you understand the full costs of the agreement. If you're under temporary hardship, such as being laid off, you might be able to have payments temporarily reduced or waived.

Before making the request, review your budget and know what you can afford to pay. Only agree to a new plan if you can afford it. Prepare a statement about why you need help. Tell the truth, but keep it factual and brief. Keep calm while on the phone. Take notes and ask questions. Keep copies of all mailed or emailed paperwork in a file. If you reach an agreement on a plan, get it in writing before paying.

Be aware that creditors may require financial statements as "proof" that you are having difficulty paying. Know that if you share information, the company could use it later if the debt goes into collections. Negotiations work best when you approach it with good intentions on which you are able to follow through.

SEEKING HELP

Sometimes just changing a payment isn't enough. You may want to ask a credit counselor for help. Find a reputable credit counselor that will provide your initial consultation for free.

It's often easier to deal with a debt before the item goes to collections. However, when dealing with collections use the same negotiation techniques. If a debt collector sues you, you may want to get an attorney through legal aid. Respond to court documents, as no response may lead the court to think you agree with what the creditor says and issue a money judgment against you. Debt collectors are not allowed to harass you, lie, or engage in unfair practices. For more information on debt collectors, visit <https://www.consumer.ftc.gov/articles/debt-collection-faqs>.

Debt may have a statute of limitations, or a period when you can be sued. In Kentucky, that period can be between five and 15 years. If you make a payment on an old debt that is past the statute of limitations, it may restart the clock for suing you on that debt or reporting negative information on your credit report. If this is a concern, you may want to talk to an attorney. Free legal help may be available if you qualify.

For larger debt troubles, it may help to seek assistance. A credit counselor can help you start a Debt Management Plan for certain types of credit. Under this plan, a credit counselor reaches agreements with your creditors, sometimes at a reduced interest rate. You make a monthly payment to the counselor, who disburses the money to your creditors. You may have to stop using your credit cards so you don't acquire new debt while on the plan. Understand all the fees for this service before you enroll.

There also are for-profit companies you can hire to arrange new payment plans or lump-sum settlements to close the debt. However, if any of your debt is “forgiven,” it may be considered income and taxable. Ask that it be reported to credit bureaus as “paid in full” rather than “settled.”

In debt consolidation, a new, larger loan is opened to combine and pay off multiple smaller debts. You owe the same amount of money, but there is one bill or statement instead of several. This can be helpful if the new loan has better terms. However, some consolidations could end up costing you more in the long run.

Not all debt settlement or debt consolidation companies are trustworthy. Beware those that ask for money up front or make unrealistic promises. Some companies charge for services that you can easily do for yourself, such as writing letters. Do not deal with companies that promise to stop all debt collection calls and lawsuits, or that tell you to stop communicating with your creditors.

STRATEGIES FOR REDUCING DEBT

If you have extra money at the end of the month, you can use it to pay down your debt more quickly. You can employ two different strategies. With either method, you select a debt to focus on first. For all your other debts, keep making your regular minimum payments. For the debt you choose to focus on, make the minimum payment and apply extra money toward the principal. Once you pay off that debt, work on paying off the next debt. Add the amount of the payment you eliminated to the extra you apply to that next debt.

Select a debt to focus on first. Keep making all your regular minimum payments, but apply extra money toward the principal of one debt. Once you pay off that debt, work on paying off the next debt.

HIGHEST-COST FIRST METHOD

You may save the most money in the long run if you pay extra on your highest-cost debt first. This is sometimes called the “avalanche method.” Compare the interest rates between your debts and consider the total cost of the credit. While continuing to make minimum payments on your other debts, target the costliest debt to pay down first until eventually you pay it off. Then move to the next one. Since larger interest rates add up more quickly over time, paying more off early will save you money throughout the life of the loan. The earlier you start applying extra, the more you will save.

LOWEST-COST FIRST METHOD

Some people prefer to start working toward paying off the lowest-cost debt first. This is called the “snowball method.” It may not save as much money in the long run, but it does provide the satisfaction of seeing a smaller debt get resolved faster. This method could more quickly get you to fewer payments to juggle each month. While continuing to make minimum payments on your other debts, target the lowest-cost debt to apply extra payments to first, until you pay it off. Then apply that payment, plus any extra, to the next debt in line.

Beware prepayment penalties, which are fees that some loans charge for early pay off. Depending on the size of the penalty, that may determine whether you should prioritize that debt higher or lower on your list. If you find some months to be challenging to come up with extra payments, revisit your budget. You could see if you could reduce expenses or increase income for that month.

MONEY MANAGEMENT TOOLS

Sometimes you create a budget that looks great on paper but, in practice, doesn’t work as well as you had hoped. Money management tools can help you overcome these challenges. These tools may include using the expense envelope system, determining income and expense timing, and tracking occasional expenses.

The **expense envelope system** is a simple cash budget. You can use envelopes to represent all your expenses. As you receive your income, put the designated amount of cash for the month inside. Take the envelope with you when shopping or paying bills. When the money runs out, you may not spend any more in that category for the rest of the month.

Some budgets add up as if they should work out fine, but the actual timing of bills doesn't match up with the timing of your income. Use a payment calendar to **determine income and expense timing**. Write in expected income on certain dates. Then write the due dates for each bill on the calendar. Total up all expenses between each income period and see if the income will cover the total expenses. If not, you will need to reserve income from the previous period to pay your bills. Schedule the expenses with no set due date (food, transportation, etc.) when you have the extra income to cover it.

Occasional expenses may require a larger amount of money, such as holiday gift shopping, back-to-school expenses, and property taxes. You can easily overlook these expenses in your monthly budget. Figure out the annual amount needed, then divide that total by 12 months, and make that a line item on your monthly budget.

Prioritizing debts can help you understand exactly where you are in the cycle of debt. It can help you determine which debts you can reduce more quickly, or which debts you may need to renegotiate. Having a plan based on priorities can help you pay debts off and get you back on firm financial footing.

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UNIT 5: PAYMENTS AND PRIORITIES

FACILITATOR'S GUIDE

RATIONALE: Debts can pile up, and you can feel overwhelmed. Sometimes there are more debts than there is money to pay them. Other times you may have extra income you can use to pay down debts more quickly. This unit will address how to evaluate debts owed and create a plan to pay them back, so you can gain firm financial footing. Using money management tools can ease financial stress and keep participants on the path to recovery.

GOAL: Help participants prioritize their debts, create a plan to negotiate repayment if needed, and actively work to reduce debt.

OBJECTIVES:

1. Be able to prioritize debt.
2. Know how to negotiate repayment.
3. Identify at least one strategy for reducing debt.
4. Explain how to use a money management tool.

RESOURCES FOR LEADERS:

Publication

Facilitator's Guide

Activity - Prioritizing Worksheet

Activity - Early Debt Repayment Method

Activity - Income and Expense Timing Worksheet

Activity - Occasional Expenses Worksheet

Evaluation

Marketing Tools

RESOURCES FOR PARTICIPANTS:

Publication

Activity - Prioritizing Worksheet

Activity - Early Debt Repayment Method

Activity - Income and Expense Timing Worksheet

Activity - Occasional Expenses Worksheet

Evaluation

FACILITY/EQUIPMENT

- * Reserve an informal space with tables and chairs for the anticipated number of attendees.
- * This unit requires no technology.

PREPARATION

- * Plan on the program taking approximately 60 minutes to complete, depending on the activities selected and the number of participants. Note that there are at least two possible activities in the Money Management Tools section. If your time is limited, you may choose to teach one or both as a group in class or give the worksheet(s) as handouts. Determine your approach ahead of time.
- * Prepare copies of participant resources, including the publication, evaluation, and activity handouts.

NOTE: *If this presentation is given in a jail or prison facility, there may be rules such as no staples. Check for special instructions in advance.*

- * Obtain flipchart and markers.
- * Secure paper, pens or markers, and tape suitable for using on the walls for the introductory activity.

INTRODUCTION

Introductory Activity: Prioritizing Icebreaker

Instructions to share: *Break the attendees into small groups of 2 to 4 people and give each group a blank sheet of paper and pens or markers. Each group must determine a “top three” list. The group may select any topic for their list. (Suggestions might be books, movies, songs, superheroes, snack foods, candy bars, soup flavors, vehicle models, breeds of dogs, etc.) They should NOT write the topic on their paper. The group must discuss each of their favorite items within the topic and prioritize a “top three” list, writing those three items on the paper. Once all groups are finished, hang the signs. The other groups must guess what topic each list is about. For example, a group could list rocky road, butter pecan, cookies and cream, and the other groups would have to guess the category is ice cream.*

Ask: Who in here would like to have less debt? *(Simple show of hands.)*

Share: Debts can pile up, and you can feel overwhelmed. Sometimes there are more debts than there is money to pay them. Other times you may have extra income you can use to pay down debts more quickly. This unit will address how to evaluate debts owed and create a plan to pay them back. Whether your debt is dragging you under or you are managing it well, there are strategies you can employ to reduce your debt over time.

OBJECTIVE 1: BE ABLE TO PRIORITIZE DEBT.

Ask: Let’s say you’re going to build a shed. You have all the materials for a roof, concrete slab, and walls. Does it matter what order you work on these items? (Yes) In what order should you work? (slab, walls, roof)

Share: This is prioritizing – setting an order of importance for dealing with items or tasks. Similarly, when tackling your finances, it is important to prioritize. In the introductory activity, you prioritized the most important items on your group’s list. Similarly, you can prioritize your payments.

Some expenses are smaller and easier to pay. Other expenses are larger and may have a greater effect on your overall financial health if you do not pay them. While you must pay all your bills and debts, it may help to review your expenses and prioritize the most important items. This also may reveal some nonpriority spending areas that you may be able to trim when you’re reducing your expenses.

When prioritizing, it is important to think of the consequences of not paying a bill. The consequences may differ depending on the type of debt or the extent of the default, which is failure to fulfill the obligation. If your payments are late, your interest or fees may increase. Lenders may send overdue bills to debt collection. Late rent payments or an eviction can make it difficult to find new housing. Negative reports to the credit bureau can make it more costly or difficult to get future credit, housing, or employment.

For some debts there is collateral, meaning you have pledged something as security for repayment of a loan and the lender will take it if the loan goes into default. For example, usually the car is the collateral on an auto loan. For other debts, garnishment may be a concern. Garnishment is a court order directing that money or property, usually employee wages, be taken to satisfy a debt.

Ask: At the bare minimum, which expenses do you need in order to have a safe and secure lifestyle? (*rent or mortgage, utilities, food, transportation to get to work*)

Ask: What are the consequences of not paying your rent or mortgage or an auto loan? (*Write responses on flip chart in one big list of consequences. May include getting kicked out, harder to find a new place to live, foreclosure, repossession - you lose the privilege or collateral, negative report to credit bureau.*)

Ask: What are the consequences of not paying health or medical bills? (*Write responses on flip chart in one big list of consequences. May include debt collection, negative report to credit bureau.*)

Ask: What are the consequences of not paying on your student loan? (*Write responses on flip chart in one big list of consequences. May include negative report to credit bureau, affects eligibility for future school loans or grants, cannot be resolved through bankruptcy.*)

Ask: What are the consequences of not paying rehabilitation costs and court or jail costs, fines, fees, or restitution? (*Write responses on flip chart in one big list of consequences. May include reincarceration, loss of driver's license, garnishment, debt collection, possible negative report to credit bureau.*)

Share: There are additional consequences to making late payments or missing payments. Fees can increase the cost owed. Your interest rates could rise on credit cards if you pay more than 60 days late. Late mortgage or rent payments or an eviction can make it difficult to find new housing. Negative reports to the credit bureau can make it more costly or difficult to get future credit, housing, or employment.

In the long run, you are responsible for all your debts and bills and should pay them on time. But if you must choose a payment to delay, consider the consequences and order them so that you pay those with the highest priority first. At the same time, work to find solutions for the future, such as increasing income or decreasing expenses.

ACTIVITY: PRIORITIZING WORKSHEET - PART 1

Instructions to share: *Look back at your budget for expenses that you filled out during the Unit 1 lesson. Also reflect on the discussion of priorities and consequences. Identify at least three of your expenses that you struggle to pay. List those expenses and amounts in the first two columns on the Prioritizing Worksheet. Next, consider the consequences, or what happens if the expense is not paid on time or in full. Finally, review the list and assign a priority ranking to each in the fourth column.*

OBJECTIVE 2: KNOW HOW TO NEGOTIATE REPAYMENT.

Share: If you are struggling to make your payments, it's a good idea to ask for assistance, especially on traditional types of credit. Most lenders don't want to repossess your car or house and liquidate, or sell, it for profit. They would rather have your payment money, even if they must wait a bit longer to collect all of it.

If you are struggling, contact your lender. Before you call or write, figure out what you will ask for. Maybe you need to change your payment due date so it lines up better with the dates you receive your paycheck. If you just can't afford payments, maybe you need to negotiate the amount. The lender might reduce the monthly payment amount if you agree to a longer term. Just make sure you understand the full costs of such an agreement. If you're under temporary hardship, such as being laid off, you might be able to have payments temporarily reduced or waived until you get back on your feet.

Before making the request, review your budget and know what you can afford to pay. Don't agree to a new plan unless you can afford it. Prepare a statement about why you need help. Tell the truth, but keep it factual and brief. Keep calm while on the phone. Take notes and ask questions. Keep copies of all mailed or emailed paperwork in a file. If you reach an agreement on a plan, get it in writing before paying.

Be aware that creditors may require financial statements as "proof" that you are having difficulty paying. Know that if you share information, the company could use it if the debt later goes into collections. Negotiations work best when you approach it with good intentions on which you are able to follow through.

ACTIVITY: PRIORITIZING WORKSHEET - PART 2

Instructions to share: *Consider the expenses you prioritized. Could you contact the creditor to negotiate the amount? If so, you could use this worksheet at home to contact creditors for negotiating a repayment plan.*

Consider your personal situation and the debt you might negotiate. Take a few minutes to come up with your situation statement. Remember to keep it honest, factual, and brief. The following is an example statement you might share: "I have been unable to work for medical reasons. However, I just got a new job, and I have a plan to get back on track with my payments. Please change my due date to the 5th day of the month so it lines up with my new paycheck."

Once everyone has drafted a situation statement, pair up and practice saying it out loud as if you are on a phone call.

At home, you may use the spots provided in part 2 of the priority chart on page 1 to note whether you negotiated a new plan, due date, or amount.

Share: Sometimes just changing a payment isn't enough. You may want to seek help from a credit counselor. Find a reputable credit counselor that will provide your initial consultation for free.

It's often easier to deal with a creditor before the item goes to collections. However, when dealing with collections, use the same negotiation techniques. If a debt collector sues you, you may want to get an attorney through legal aid. Respond to court documents, as no response may lead the court to think you agree with what the creditor says and issue a money judgment against you. Debt collectors are not allowed to harass you, lie, or engage in unfair practices. For more information on debt collectors, visit <https://www.consumer.ftc.gov/articles/debt-collection-faqs>.

Debt may have a statute of limitations, or a period when you can be sued. In Kentucky that period can be between five and 15 years. If you make a payment on an old debt that is past the statute of limitations, it may restart the clock for suing you on that debt or reporting negative information on your credit report. If this is a concern, you may want to talk to an attorney. Free legal help may be available if you qualify.

For larger debt troubles, it may help to seek assistance. A credit counselor can help you start a Debt Management Plan for certain types of credit. Under this plan, a credit counselor reaches agreements with your creditors, sometimes at a reduced interest rate. You make a monthly payment to the counselor, who then disburses the money to your creditors. You may have to stop using your credit cards so you don't acquire new debt while on the plan. Understand all fees for this service before you enroll.

There also are for-profit companies you can hire to arrange new payment plans or lump-sum settlements to close the debt. However, if any of your debt is “forgiven,” it may be considered income and taxable. Ask that it be reported as “paid in full” rather than “settled.”

In debt consolidation, a new, larger loan is opened to combine and pay off multiple smaller debts. You owe the same amount of money, but there is one bill or statement instead of several. This can be helpful if the new loan has better terms. However, some consolidations could end up costing you more in the long run.

However, not all debt settlement or debt consolidation companies are trustworthy. Beware those that ask for money up front or make unrealistic promises. Some companies charge for services that you can easily do for yourself, such as writing letters. Do not deal with companies that promise to stop all debt collection calls and lawsuits, or that tell you to stop communicating with your creditors.

Some settlements and other arrangements may show on your credit report. However, working to resolve the issues will likely reflect better on you in the long run.

OBJECTIVE 3: IDENTIFY AT LEAST ONE STRATEGY FOR REDUCING DEBT.

Share: If you have extra money at the end of the month, you can use it to pay down your debt more quickly. You can use two different strategies. No matter which method you choose, you will select a debt to focus on first. For all your other debts, keep making your regular minimum payments. For the debt you choose to focus on, make the minimum payment and apply extra money toward the principal. Once that debt is paid off, work on paying off the next debt. Add the amount of the payment you eliminated to the extra you apply.

HIGHEST-COST FIRST METHOD

You may save the most money in the long run if you pay extra on your highest-cost debt first. This is sometimes called the “avalanche method.” Compare the interest rates between your debts and consider the total cost of the credit. While continuing to make minimum payments on your other debts, target the costliest debt to pay down first until eventually it is paid off. Then move to the next one.

Since larger interest rates add up more quickly over time, paying more off early will save you money throughout the life of the loan. The earlier you start applying extra, the more you will save.

LOWEST-COST FIRST METHOD

Some people prefer to start paying off the lowest-cost debt first. This is called the “snowball method.” It may not save as much money in the long run, but it does provide the satisfaction of seeing a smaller debt get resolved faster. This method could more quickly get you to fewer payments to juggle each month. While continuing to make minimum payments on your other debts, target the lowest-cost debt to apply extra payments to first, until it is eventually paid off. Then apply that payment, plus any extra, to the next debt in line.

A note of caution: Beware of prepayment penalties. These penalties are fees that some loans charge for paying off the debt early. Depending on the size of the penalty, that may determine whether that debt should be prioritized higher or lower on your list. If you find some months to be challenging to come up with extra payments, revisit your budget. You could see if you could reduce expenses or increase income for that month.

ACTIVITY: EARLY DEBT REPAYMENT METHOD

Instructions to share: Consider the two options for repayment. Check the one that resonates with you. In the chart, record your current debts along with information about the cost. Based on your chosen repayment method, prioritize which debt you will work to pay off first, and rank the rest in order.

OBJECTIVE 4: EXPLAIN HOW TO USE A MONEY MANAGEMENT TOOL.

Share: Sometimes you can create a budget that looks great on paper but doesn't work as well as you had hoped in practice. There are a few things that can throw off a well-planned budget. The following are some money management tools that can help you overcome these challenges.

EXPENSE ENVELOPE SYSTEM

This tool may help you get strict with your spending. The expense envelope system is a simple cash budget. You can use envelopes to represent all your expenses, or you can use envelopes just for the expenses that tend to blow your budget. Make an envelope for each expense category you want to limit. As you receive your income, put the designated amount of cash for the month inside. Take the envelope with you when shopping or paying bills. If your finances are mostly handled online, use play money in the envelopes to represent the actual online account balances and payments.

When the money in an envelope runs out, you may not spend any more in that category for the rest of the month. Do not shift money from other envelopes - make do with what you already have on hand to get through the month. This system takes discipline.

ACTIVITY - INCOME AND EXPENSE TIMING WORKSHEET

Share: Some budgets add up as if they should work out fine. But the actual timing of bills doesn't match up with the timing of your paycheck or other income you receive. It can help to fill out a payment calendar to identify if there are times during the month where you may need to hold money in reserve for a coming bill. Or perhaps you can contact the company and request to have your payment date changed.

Instructions: *Distribute the worksheet. This can be done as an activity during the workshop or used as a take-home activity as time permits. Participants will label the calendar and record all bills and income on the dates they are due for one month. Then they can total bills between pay periods to see if the income matches what is due.*

ACTIVITY - OCCASIONAL EXPENSES WORKSHEET

Share: Some expenses only happen once a year and require a larger amount of money, such as holiday gift shopping, back-to-school expenses, and property taxes. These expenses can be easily overlooked in your monthly budget, and it can throw off your plan when they come up. Planning ahead and setting spending limits can help you understand the amount needed. You can then divide that total by 12 months and make that a line item on your monthly budget. Then these larger expenses will no longer catch you by surprise.

Instructions: *Distribute the worksheet. This can be done as an activity during the workshop or used as a take-home activity as time permits. Participants will record their occasional expenses and divide the total by 12 months to find out how much they should save monthly for these costs.*

PROGRAM SUMMARY

Share: Prioritizing debts can help you understand exactly where you are in the cycle of debt. It can help you determine which debts you can reduce more quickly or which debts you may need to renegotiate. Having a plan based on priorities can help you pay debts off and get you back on firm financial footing.

Have participants complete the program evaluation.



UNIT 5: PAYMENTS AND PRIORITIES

ACTIVITY - PRIORITIZING WORKSHEET

Sometimes there are more debts than there is money to pay. In the long run, you are responsible for all your debts and bills and should pay them on time. But if you must choose a payment to delay, consider the consequences and order them so that you pay the highest priority first.

Part 1: Identify at least three of your expenses that can be a challenge to pay. List those expenses and amounts in the first two columns. Next, consider the consequences, or what happens if the expense is not paid on time or in full. Review the list and assign a priority rank to each item.

Part 1				Part 2	
What is the expense?	How much do you owe, total?	What will happen if you don't pay on time or in full?	Rank in order of priority (1 = most important)	Contacted creditor to ask for help?	Payment plan or new amount negotiated?

Part 2: Consider the expenses you prioritized. Could you contact the creditor to negotiate the due date or amount?

Before making the request, review your budget and know what you can afford to pay. Only agree to a new plan if you can afford it. Prepare a statement about why you need help. Tell the truth, but keep it factual and brief. Keep calm while on the phone. Take notes and ask questions. Keep copies of all mailed or emailed paperwork in a file. If you reach an agreement on a plan, get it in writing before paying.

My situation statement:

At home, use the spots provided in part 2 of the priority chart on page 1 to note if you asked for help and whether you negotiated a new plan or amount.



UNIT 5: PAYMENTS AND PRIORITIES

ACTIVITY - EARLY DEBT REPAYMENT METHOD

If you have extra money at the end of the month, you can use it to pay down your debt more quickly. There are two different strategies you could use.

Consider the two options for repayment, and select one:

- I want to save the most money in the long run. Pay highest-cost debts first.
- I want to reduce my number of debts more quickly. Pay the lowest-cost debts first.

Record your current debts along with information about the cost. Based on your chosen repayment method, prioritize which debt you will work to pay off first, and rank the rest in order.

Debt - Who do you owe and how much is the total debt?	Annual percentage rate and/or cost	Is there a prepayment penalty?	Assign priority for extra payments

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UNIT 5: PAYMENTS AND PRIORITIES

ACTIVITY - INCOME AND EXPENSE TIMING WORKSHEET

Some weeks it may feel like you have more money than others, because your bills may be due at different times than when you receive your income. Use this calendar worksheet to compare due dates for your expenses to the dates you receive your income.

MONTH: _____

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY

1. Choose the month you want to plan for and label the calendar.
2. Write the amount in the dates you expect to receive income.
3. Consider your budget and make a list of your monthly bills. Write the due dates for each bill on the calendar.
4. Total up all expenses between each income period and see if the income will cover the total expenses, or if you will need to reserve income from the previous period to pay your bills.
5. Plan for the expenses with no set due date (food, transportation, etc.). Purchase/spend on these when you have the extra income to cover it.

Tip: It's a good idea to pay bills ahead of the due date to avoid late fees. If you are paying online, add at least two days. If you are paying by mail, add at least seven days.

Tip: Pin this calendar up as a reminder of when your bills are due and when you need to hold back money to pay them.

Educational programs of Kentucky Cooperative Extension serve all people regardless of economic or social status and will not discriminate on the basis of race, color, ethnic origin, national origin, creed, religion, political belief, sex, sexual orientation, gender identity, gender expression, pregnancy, marital status, genetic information, age, veteran status, or physical or mental disability.



UNIT 5: PAYMENTS AND PRIORITIES

ACTIVITY - ACTIVITY - OCCASIONAL EXPENSES WORKSHEET

How many months of the year do you face occasional expenses? Consider the items listed here. Check each box that will be an expense for you this year. List the months that the expense will come up and the dollar amount you expect to spend.

<p>Holidays Month(s) _____ \$ _____</p>	<p>Birthdays Month(s) _____ \$ _____</p>	<p>Taxes Month(s) _____ \$ _____</p>
<p>Vehicle license and registration Month(s) _____ \$ _____</p>	<p>Auto insurance Month(s) _____ \$ _____</p>	<p>Other insurance Month(s) _____ \$ _____</p>
<p>Membership dues Month(s) _____ \$ _____</p>	<p>Subscriptions/ Services Month(s) _____ \$ _____</p>	<p>Home repairs/ maintenance Month(s) _____ \$ _____</p>
<p>School Month(s) _____ \$ _____</p>	<p>Clothing Month(s) _____ \$ _____</p>	<p>Vacation Month(s) _____ \$ _____</p>
<p>Other: _____ Month(s) _____ \$ _____</p>		

If you want to budget for these expenses throughout the year, find the total and divide by 12 months. Save that amount monthly to cover these expenses.

$$\frac{\text{Total Expenses}}{\text{12 Months/Year}} = \text{Amount to Save Monthly}$$



UNIT 5: PAYMENTS AND PRIORITIES

PROGRAM EVALUATION

Your help is needed in providing vital feedback on the program you have just completed. Please take a moment to complete this survey.

LEVEL OF UNDERSTANDING

For each of the topics listed below, in the MIDDLE column, circle the ONE number that best reflects your level of understanding or ability before the program. Then, in the RIGHT column, circle the ONE number that best reflects your level of understanding or ability after the program.

Poor=1, Average =2, Good=3, Excellent=4

Level of understanding or ability	BEFORE the Program	AFTER the Program
Be able to prioritize debt	1 2 3 4	1 2 3 4
Know how to negotiate repayment	1 2 3 4	1 2 3 4
Identify at least one strategy for reducing debt	1 2 3 4	1 2 3 4
Explain how to use a money management tool	1 2 3 4	1 2 3 4

INTENTIONS

Check whether you plan to change the following behaviors as a result of the program.

Behavior change	Yes	No
I will create a plan to negotiate repayment.		
I plan to actively work to reduce my debt.		

SATISFACTION

Check the box for each statement that best describes your thoughts concerning different aspects of the program.

Satisfaction	Strongly Disagree	Disagree	Agree	Strongly Agree
The speakers were effective.				
I found the information to be practical.				
Overall, this was a very educational program.				

What is the most significant thing from this program you will apply to your life (feel free to list more than one)?

Please list additional comments below or on the back of this page. Thank you for your time.



UNIT 5: PAYMENTS AND PRIORITIES

MARKETING TOOLS

SOCIAL MEDIA POST OR COMMUNITY CALENDAR

Learn how to prioritize and reduce debt with UK Cooperative Extension on (INSERT DATE/TIME)! Debts can pile up and feel overwhelming. Whether your debt is dragging you under or you are managing it well, there are strategies you can use to reduce your debt over time. For more information about managing your money and recovering from substance use disorder, visit the XXXX County Extension Office. Building strong families. Building Kentucky. It starts with us. #UKFCSExt

MEDIA ADVISORY

Debts can pile up and feel overwhelming. Whether your debt is dragging you under or you are managing it well, there are strategies you can use to reduce your debt over time.

Learn how to prioritize and reduce debt with the University of Kentucky Cooperative Extension at a free workshop on (INSERT DATE/TIME). The program includes information and activities to help you prioritize debt, negotiate repayment if needed, and identify strategies for reducing debt. If you are interested in learning more about this free program, please contact us at the (insert contact information for local Extension office).

RADIO SCRIPTS

Recovering Your Finances: Payments and Priorities - 60 seconds

This is NAME the NAME of COUNTY Extension Agent for Family and Consumer Sciences with the University of Kentucky, College of Agriculture, Food and Environment.

Debts can pile up and feel overwhelming. Whether your debt is dragging you under or you are managing it well, there are strategies you can use to reduce your debt over time.

You are responsible for paying all your bills on time. But if you must choose a payment to delay, consider the consequences and order them so that you pay the highest priority first. If you are struggling to make your payments, contact your lender. You may be able to change the due date or negotiate the amount or terms. If you have extra money, you can use it to pay down your debt more quickly. Choose a debt to focus on first. Keep making all your regular minimum payments, but apply extra money toward the principal of the selected debt. Once that one is paid off, work on paying off the next one.

Prioritizing can help you determine which debts you can reduce more quickly, or which may need to be negotiated. Having a plan based on priorities can help you pay debts off and get back on firm financial footing.

Recovering Your Finances: Payments and Priorities - 30 seconds

This is **NAME** the **NAME of COUNTY** Extension Agent for Family and Consumer Sciences with the University of Kentucky, College of Agriculture, Food and Environment.

You are responsible for paying all your bills on time. But if you must choose a payment to delay, consider the consequences. Order your debts so you pay the highest priority first. If you are struggling to make your payments, contact your lender to change the due date or negotiate terms.

Use any extra money to pay down your debt more quickly. While making all your minimum payments, choose one debt to focus on. Apply extra money until it is paid off. Then move on to the next debt.

Having a plan based on priorities can help you pay debts off and get back on firm financial footing.

NEWSPAPER ARTICLE

Recovering Your Finances: Payments and Priorities

Newspaper Article

Debts can pile up and feel overwhelming. Whether your debt is dragging you under or you are managing it well, there are strategies you can use to reduce your debt over time.

You are responsible for all your debts and bills and should pay them on time. But if you must choose a payment to delay, consider the consequences and order them so that you pay the highest priority first. At the same time, work to find solutions for the future, such as increasing income or decreasing expenses.

If you are struggling to make your payments, contact your lender. It may help to change your payment due date so it lines up better with the dates you receive your paycheck. If you can't afford your payments, maybe you need to negotiate the amount. The lender might reduce the monthly payment amount if you agree to a longer term. Just make sure you understand the full costs of any agreement.

Sometimes just changing a payment isn't enough. You may want to seek help from a credit counselor. If a debt collector sues you, you may want to get an attorney through legal aid. Respond to court documents, as no response may lead the court to think you agree with what the creditor says and issue a money judgment against you.

If you have extra money at the end of the month, you can use it to pay down your debt more quickly. Select a debt to focus on first. Keep making all your regular minimum payments, but apply extra money toward the principal of one debt. Once that debt is paid off, work on paying off the next debt. Add the amount of the payment you no longer must pay to the extra you apply.

Sometimes you can create a budget that looks great on paper but, in practice, doesn't work as well as you had hoped. Money management tools can help you overcome these challenges. These tools may include using the expense envelope system, determining income and expense timing, and tracking occasional expenses.

Prioritizing debts can help you understand exactly where you are in the cycle of debt. It can help you determine which debts you can reduce more quickly, or which debts may need to be renegotiated. Having a plan based on priorities can help you pay debts off and get you back on firm financial footing.

For more information about managing your money and recovering from substance use disorder, visit the **XXXX** County Extension Office.



UNIT 6: UNDERSTANDING BANKING

“THE AMOUNT OF MONEY CURRENTLY IN YOUR BANK ACCOUNT IS A FACT. THE AMOUNT YOU SPEND TODAY IS A CHOICE. AND THE WAY YOU RECONCILE BOTH IS THROUGH CLARITY.” – SARAH BAN BREATHNACH

Utilizing a bank or credit union account can improve financial stability. Bank accounts can help you deposit earnings securely, pay bills efficiently and save for emergencies and the future, according to a report titled “The Present and Future of Bank On Account Data.” They also can lead to getting affordable credit and achieving other financial goals.

However, 6.5% of U.S. households are “unbanked,” meaning no one in the household had a checking or savings account, according to an FDIC national survey. Respondents said they didn’t have an account because they didn’t have enough money to keep in an account, don’t trust banks, or thought account fees are too high or unpredictable. An additional 18.7% of U.S. households are “underbanked,” or had an account, but also used “alternative financial services” such as money orders, check cashing, and payday loans.



Some avoid banks out of fear of garnishment. Garnishment happens when a creditor takes a portion of your paycheck or money from your bank account or prepaid card to collect a debt. This cannot occur without a court judgment, and the creditor must send you a notice. There are caps on how much can be taken at once and protections on some federal benefits. If you have questions about garnishment, consider seeking legal help. Find out more at http://bit.ly/garnishment_info.

Both banks and credit unions offer accounts. A bank is a for-profit organization with customers, while a credit union is not-for-profit with members. Both can provide checking and savings accounts, loans, and other financial services. There may be costs to having an account, but in the long run, it may save you money over check-cashing fees and purchasing money orders.

BENEFITS OF BANKING

Anyone can open an account, regardless of cash flow. While checking accounts may have a higher minimum balance requirement to cover transactions, savings accounts usually have very low minimums. Those who have had trouble with past accounts may show up in screening services, such as ChexSystems or Early Warning. If you are denied an account, ask why, and request a copy of your screening report using the contact information at http://bit.ly/Reporting_Companies. You can dispute incorrect information with the reporting company.

Even if you've had trouble with accounts in the past, there may be a type of account for you, such as a second-chance account or secured account. A second-chance account is like a regular checking account but with some limits or higher fees. A secured account is set up with a prepaid amount that is put in reserve. Essentially, you fund your own account until you can establish yourself as a good customer.

Even if you've had trouble with accounts in the past, there may be a type of account for you.

Some institutions may offer accounts with special features that may fit your situation. For example, True Link Financial provides the reloadable True Link Card, which they created specifically for people in recovery. It has features designed to help you avoid relapse, such as setting the card to prevent use at liquor stores or to limit access to cash.

Banks and credit unions are a safe place to keep your money. Prepaid cards or cash could be lost or stolen. Banks and credit unions supply deposit insurance of up to \$250,000 on accounts. This insurance protects your funds if anything happens to the institution. Government agencies examine both banks and credit unions for safety and soundness and consumer protection.

The banking system offers several conveniences. Direct deposit may allow funds to be available sooner, and it can save time and avoid check-cashing fees. Other conveniences may include online bill pay, mobile banking, and the use of a debit card.

Many banks and credit unions offer branch locations where you can bank in person. You can find some institutions only online, and they may offer better rates because of low operating costs. Services can vary. Make sure the financial institution carries deposit insurance.

FEES AND COSTS

While fees can vary widely between accounts and institutions, fees should not be unpredictable. Institutions must provide customers with a disclosure that explains all fees, and bank employees should be able to answer questions. You can avoid many of the fees associated with an account if you understand the costs and the rules. This way you can make use of financial institutions in a positive way that saves you money.

The most common fee is a **monthly maintenance or service fee**. Some banks and credit unions offer "free checking," which will not have this fee. Sometimes you can reduce or completely avoid monthly maintenance fees if you keep a minimum balance, have direct deposit, make a certain number of debit card transactions, sign up for online statements, or have an automatic bill pay set up. Ask your banker about options to reduce or waive this fee.

Institutions charge **overdraft fees** when you've spent more money than you have in the account. Sometimes overdraft fees are called non-sufficient funds (NSF) charges. This can happen if you write a check and it clears when there is not enough money in the account to cover it. This is commonly called "bouncing a check." In some cases, it also can happen with a debit card purchase, an automatic bill payment, or an ATM withdrawal for more than you have in the account.

The best way to avoid overdraft fees is to keep enough money in your account to cover all your expenses. It is a good idea to keep extra money in the account as a buffer, so that you never get close to a zero balance. You may be able to set up text or email alerts for your balance, so you know when to put more money in the account.

Even if you've had trouble with accounts in the past, there may be a type of account for you.

Your account may come with a choice to make regarding overdrafts. Whether you “opt in” or “opt out” for overdraft protection, overdrafts could still cost you. If you “opt in,” the bank will advance you cash to pay the item, and you must pay the advance back with interest and fees. If you “opt out,” the item will be declined at a debit card terminal or ATM, which will help you avoid fees. However, even if you “opt out,” you could still owe fees on a written check or recurring bill payment that is for more than your account balance.

Banks charge **returned item fees** if you deposit a check from someone else that bounces. This also could trigger overdraft-related fees if you assume the money is in the account and write checks against the deposit. When you deposit a check, the institution might place a “hold” on some of the funds. It may take up to three days for it to “clear” and the money to be fully available in your account.

Online banking can give you a false sense of security in your balance. There may be transactions that haven't cleared yet that won't show online, making you think you have more money than you really do. For example, you write a check to pay a bill. Later, you are at a store and want to make a purchase. You check your balance online and it seems you have enough money, so you buy the item. The previous check comes through after the purchase and there is not enough money to pay the bill, so the check bounces. Keeping a paper check register can be more helpful than online statements because it will show items that are outstanding and haven't cleared yet.

An alternative to a bank account may be a prepaid card, such as a payroll card. A prepaid card is not linked to any account and only carries the money that has been loaded onto the card. However, like bank accounts, prepaid cards often may charge fees for services. The cardholder agreement will outline fees. Most prepaid cards do not allow you to overspend like you might with a bank account overdraft. You must activate the card to begin using it. Also, register the card in order to activate all the card's benefits.

SELECTING AN ACCOUNT

Even if you have had trouble with accounts in the past, there may be a type of account for you, such as a second-chance account or secured account. A second-chance checking account is like a regular account but with some limits in place and other differences. A secured account is set up with a prepaid amount put in reserve. Essentially, you fund your own account until you can establish yourself as a good customer.

When choosing an account, there may be many options for you to consider. Comparison shop for accounts so you can be sure to get an account that meets your needs for less cost. Check out your options at both banks and credit unions, to see which has a better offer for you.

Comparison shop for accounts so you can be sure to get an account that meets your needs for less cost.

First, consider what type of account you're looking for. Compare the same type of account offered by at least three different financial institutions. Next, consider which conveniences you find important, such as branch and ATM locations, hours of operation, whether it offers online banking, bill pay, and mobile banking. Finally, take a close look at the costs, including fees that might be charged.

When opening an account, you need to bring a government-issued picture ID as proof of your identity.

You may need a second proof of identity or address, such as a Social Security card, birth certificate, or a bill that was mailed to you and shows your name and address. Bring your first deposit, which should meet the minimum requirements to open the account. If you are opening an account that earns interest, you may need to show your Social Security number or Individual Taxpayer Identification number.

Once you have established your account, review your statements every month to ensure they are correct. If you find an error, report it immediately. Pay attention to any changes in your account terms, such as required minimum balance or fees.

No matter your past banking experience, you may be able to successfully use the banking system to obtain more effective financial products and services. Bank or credit union accounts may save you money on services like check cashing and paying bills. All financial services have costs, and if you understand the rules, you can get the most services while paying the least money.

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UNIT 6: UNDERSTANDING BANKING

FACILITATOR'S GUIDE

RATIONALE: People recovering from substance use disorder may have had a bad past experience with financial institutions, may have had past troubles that make opening new accounts difficult, or may have fears and biases about using the financial services industry. Overcoming these challenges to successfully use the banking system may help these people obtain more effective financial products and services.

GOAL: Help workshop participants understand the benefits of a banking relationship as well as the costs of using non-bank services.

OBJECTIVES:

1. Identify the benefits of using a bank or credit union.
2. Be able to list at least three costs of having an account and one way to avoid fees.
3. Understand how to comparison shop for an account that suits your needs.

RESOURCES FOR LEADERS:

Publication

Facilitator's Guide

Activity - Banking Benefits

Activity - Avoiding Fees

Activity - Cost of Alternative Services

Activity - Comparing Accounts

RESOURCES FOR PARTICIPANTS:

Publication

Activity - Banking Benefits

Activity - Avoiding Fees

Activity - Cost of Alternative Services

Activity - Comparing Accounts

Evaluation

FACILITY/EQUIPMENT

* Reserve an informal space with tables and chairs for the anticipated number of attendees.

* This unit requires no technology. However, if you choose to use Option 3 for the Comparing Accounts Activity, you may want to have Wi-Fi internet and/or devices available for participants.

PREPARATION

- * Plan on the program taking approximately 60 to 90 minutes to complete, depending on the activities selected and the number of participants.
- * Prepare copies of participant resources, including the publication, evaluation, and activity handouts.
NOTE: If you give this presentation in a jail or prison facility, there may be rules such as no staples. Check for special instructions in advance.
- * Secure flipchart and markers.
- * Gather supplies and prep for an activity called Game Rules. Supplies: Painter's tape and at least six or eight random plastic or foam sporting goods from a dollar store or other discount shop, such as small foam footballs or basketballs, playground cones, Wiffle Balls®, Frisbees®, etc. Prep: In an open area of the room or hallway, mark a game "field" on the floor with three lines of painter's tape. Mark two "end zones" and a "center court," each at least 10 feet apart, or as space allows.
- * Review the Comparing Accounts Activity under objective three. Determine which option you plan to present. Options 2 or 3 will make the presentation extend beyond 60 minutes. If presenting Option 3, verify the Internet capabilities on site and/or gather brochures or website printouts needed to complete the worksheet.

INTRODUCTION

Introductory Learning Activity

Ask: How many of you currently have a bank or credit union account (checking or savings)? *(raise hands)*
What services do you use instead of or in addition to a bank account? *(Write responses on flip chart.)*

Share: If you don't currently have an account, we want you to understand the benefits you may be missing out on. If you do have an account, we hope you will learn some tips to make the most of your account. Also, we want everyone to understand the costs of the various financial services you may be using.

OBJECTIVE 1: IDENTIFY THE BENEFITS OF USING A BANK OR CREDIT UNION.

Share: Using a bank or credit union account can improve financial stability. According to a report titled "The Present and Future of Bank On Account Data," bank accounts can help you deposit earnings securely, pay bills efficiently, and save for emergencies and the future. They also can lead to getting affordable credit and achieving other financial goals.

CONCERNS

Ask: Of those of you who did not have a bank account, what is the reason you don't? *(Write responses on flip chart.)*

Share: The 2017 FDIC National Survey of Unbanked and Underbanked Households reports that 6.5% of U.S. households are "unbanked," meaning no one in the household had a checking or savings account.

Respondents were asked why they didn't have a bank account, and top reasons included not enough money to keep in an account, don't trust banks, and account fees are too high or unpredictable. An additional 18.7% of U.S. households are "underbanked," or had an account, but also utilized "alternative financial services" such as money orders, check cashing, payday loans, rent-to-own services, etc.

Let's address some of these concerns.

Not enough money to keep in an account.

Anyone can open an account, regardless of how much cash flow they have. Savings accounts will likely have no

minimum balance or a very low minimum balance. There may be a small minimum deposit to start the account. A checking account may have a higher minimum deposit and balance requirement so that there is enough money for transactions, such as check writing or ATM withdrawal.

I can just use prepaid cards or carry cash instead.

Prepaid cards can have high fees, which might include activation fees, ATM fees, annual fees, per-transaction fees, or others. Both prepaid cards and cash could be lost or stolen. Only some prepaid cards offer protections for loss, theft, or use without permission, and you must register those cards. Cash use does not help your credit history, and only some prepaid cards will report to the credit bureaus, so they may not help you build your credit either. Also, ready cash on hand or on a card may lead to a greater temptation to spend.

Account fees are too high or unpredictable.

Fees can vary widely across types of accounts and institutions. However, fees should not be unpredictable. Banks and credit unions must provide all customers with a disclosure that explains the fees. Also, any employee should be able to answer questions about fees.

Can't open an account because of past history.

Institutions can deny customers a regular bank account because of past banking history. Banks use screening services, such as ChexSystems or Early Warning, that provide information on what type of customer you've been. However, there are steps you can take to address this issue.

Ask a bank employee why the bank denied your account. They're required to tell you under the Fair Credit Reporting Act. You also can request a copy of your ChexSystems report, and you have the right to dispute incorrect information. Find out more at <http://bit.ly/ChexSystemsInfo>. Request other screening reports using the contact information at http://bit.ly/Reporting_Companies.

Distrust of banks.

Government agencies examine banks and credit unions for safety, soundness, and consumer protection. The Federal Deposit Insurance Corporation insures bank depositors up to \$250,000. The National Credit Union Administration ensures credit union depositors up to \$250,000.

Afraid of garnishment or other collections.

Garnishment happens when a creditor takes a portion of your paycheck or money from your bank account or prepaid card to collect a debt. There is a process for this to occur. A debt collector sues you for the debt owed. If the court issues a judgment, the creditor can get a court order for the bank or credit union to turn over money from your account. Before this happens, you must receive a notice of garnishment, which may explain the court procedures for claiming exemptions and getting your money released.

There are caps on how much can be taken at once. A U.S. Department of Treasury rule protects two months' worth of certain federal benefits, such as Social Security and Veterans' benefits, from being frozen or garnished if they are direct deposited into your account. If your account is garnished or you have questions, consider seeking legal help. There may be state or federal laws that could help exempt or protect your assets from garnishment. Find out more at http://bit.ly/garnishment_info.

BENEFITS

Share: As we stated earlier, there are many benefits to using a bank account. We provided a list on your activity worksheet.

ACTIVITY: BANKING BENEFITS

Instructions to share: Have participants fill out the worksheet. Answer any questions the group may have. If there is time, lead a group discussion about the responses and/or quickly review the benefits.

OBJECTIVE 2: BE ABLE TO LIST AT LEAST THREE COSTS OF HAVING AN ACCOUNT AND ONE WAY TO AVOID FEES.

ACTIVITY: GAME RULES

Instructions: *Divide participants into two equal teams and lead them over to the “field” you’ve marked with painter’s tape. Distribute the sporting goods evenly between the teams. Don’t give any instructions, other than to say, “whoever gets the most points wins.” Step back and tell them to “play ball!” (Without instructions or rules, they won’t know what to do. Give them a few minutes to discuss or guess how to “play.” Note their reactions. When time is up, let them sit back down.)*

Share: How many of you felt frustrated by that activity? (show of hands) This activity was meant to illustrate that you can’t play a game without knowing the rules. And while banking is not a “game,” it certainly does have rules. If you know the rules and play by them, you can make use of financial institutions in a positive way that saves you money.

Both banks and credit unions offer accounts. A bank is a for-profit organization with customers, while a credit union is not-for-profit with members. Both can provide checking and savings accounts, loans, and other financial services. Check out your options at both to see which has the better offer for you. There are many types of accounts, whether it’s your first time, you want to switch, or even if you’ve had past troubles with banking.

Many banks and credit unions offer branch locations where you can bank in-person. Some institutions are only found online and may offer better rates because of low operating costs. Services can vary. Make sure the financial institution carries deposit insurance.

There may be costs to having an account, but in the long run, it may save you money over check-cashing service fees and purchasing money orders. Once you have established a bank or credit union account, you can write and cash checks for free at your own bank. You can avoid many of the fees for having a bank account if you understand the costs and the rules.

An alternative to a bank account may be a prepaid card, such as a payroll card. A prepaid card is not linked to any account and only carries the money that has been loaded onto the card. However, like bank accounts, prepaid cards often may charge fees for services. The cardholder agreement will outline the fees. Most prepaid cards do not allow you to overspend like you might with a bank account overdraft. You must activate the card to begin using it. It also is advisable to register the card in order to activate all the card’s benefits, such as possible protections against loss or theft if the card offers them.

(Note to instructor: Apps such as PayPal, Venmo, and Zelle are used for payments or money transfers. These are not substitutes for a bank account, as their purpose is to send money, not hold it. Many of these apps require a bank account to be linked in order to use the service. Transfers may be instant and irreversible, so only use trusted services.)

ACTIVITY: AVOIDING FEES

Instructions to share: *Have participants fill out the worksheet, then lead a group discussion about the responses. Was anyone surprised by the number of fees possible? Do prepaid cards have similar fees to bank accounts?*

Share and review: The following are a few of the most common fees:

MONTHLY MAINTENANCE OR SERVICE FEES

The most common fee is a **monthly maintenance or service fee**. Some banks and credit unions offer “free checking,” which will not have this fee. Many accounts charge this fee in exchange for offering you the checking account service. Sometimes banks will reduce or waive monthly maintenance fees if you keep a

minimum balance, have direct deposit, make a certain number of debit card transactions, sign up for online statements, or have an automatic bill pay set up. Ask your banker about options to reduce or waive this fee.

OVERDRAFT FEES

A bank charges **overdraft fees** when you've spent more money than you have in the account. Sometimes overdraft fees are called non-sufficient funds (NSF) charges. This can happen if you write a check and it clears when there is not enough money in the account to cover it. This is commonly called "bouncing a check." In some cases, it also can happen when you make a debit card purchase, have an automatic bill payment, or withdraw more from the ATM than you have in the account.

The best way to avoid overdraft fees is to keep enough money in your account to cover all your expenses. In fact, it's a good idea to keep extra money in the account as a buffer, so that you never get close to a zero balance. With some accounts, you can set up text or email alerts when your balance reaches a certain level, so you know to put more money in the account.

Your account may come with a choice to make regarding overdrafts - whether to "opt in" for a service called overdraft protection. Whether you "opt in" or "opt out," overdrafts could still cost you. If you "opt in," the bank will advance you cash to pay the item, and you must pay the advance back with interest. If you "opt out," the item will be declined at a debit card terminal or ATM, which will help you avoid fees. However, even if you "opt out," you could still owe fees on a written check or recurring bill payment that is for more than your account balance.

RETURNED ITEM FEES

An institution charges **returned item fees** if you deposit a check from someone else that bounces. This also could trigger overdraft-related fees if you assume the money is in the account and write checks against the deposit. When you deposit a check, the bank might place a "hold" on some of the funds. It may take up to three days for it to "clear" and the money to be fully available in your account.

Technology can help or hinder your overdraft situation. Online banking can give you a false sense of security. There may be transactions that haven't cleared yet that won't show online, making you think you have more money than you actually have. For example, you write a check to pay a bill or pay back a friend. Later, you are at a store and want to make a purchase. You check your balance online and it seems you have enough money, so you buy the item. The previous check comes through after the purchase and there is not enough money to pay the check, so the check bounces. Keeping a paper check register can be more helpful than online statements because it will show items that are outstanding and haven't cleared yet.

If it is the first time or if it has been a very long time since you've been charged a fee, you could ask if the bank would waive it. Sometimes bank policies will allow them to waive your first fee in some categories.

Ask: Does anyone have questions about any of the other fees?

Share: Even with fees, a bank account can cost much less than using alternative financial services such as a check casher. Another advantage to having a bank account is the ability to use direct deposit. Many employers will directly deposit your paycheck into your account for you. There is no fee and you may get your money sooner. Also, you can often split money into multiple accounts through direct deposit, which would allow you to automatically build savings.

ACTIVITY: COST OF ALTERNATIVE SERVICES

Instructions to share: *Have participants fill out the worksheet individually or in pairs. When they are finished, provide the answers below and encourage discussion. Ask the group: Which option is the better deal? Which would you choose? Is there anything you can do to make this scenario even more affordable? (Such as, change to a free checking account or find a way to have the monthly fee waived.)*

- *Scenario 1 Answers: \$84 and None, if you use direct deposit and either mail checks to pay bills or use your debit card online/mobile.*
- *Scenario 2 Answers: \$204 and At least an hour per month or more, depending on how far away the check casher is and whether you could purchase money orders at the same store. Even a 15-minute drive adds up when you make the trip four times per month.*

OBJECTIVE 3: UNDERSTAND HOW TO COMPARISON SHOP FOR AN ACCOUNT THAT SUITS YOUR NEEDS.

Share: When choosing an account, there may be many options for you to consider. Comparison shop for accounts so you can be sure to get an account that meets your needs for less cost.

Even if you've had trouble with accounts in the past, there may be a type of account for you, such as a second-chance account or secured account.

- A second-chance checking account is like a regular checking account but with some limits in place. For example, the account may limit the number of checks you can write and may offer an ATM card, but no debit card. These accounts may have higher fees or require a larger initial deposit.
- A secured account is set up with a prepaid amount that is put in reserve. Essentially, you fund your own account until you can establish yourself as a good customer. At that point, you can move into a regular account and get your deposit back.

Some institutions may offer accounts with special features that may fit your situation. True Link Financial provides the reloadable True Link Card, which was created specifically for people in recovery. It has features designed to help avoid relapse, such as setting the card to prevent use at liquor stores or to limit access to cash.

ACTIVITY: COMPARING ACCOUNTS

Facilitator Notes: *You can use this activity in a variety of ways. Option 1 - Provide the worksheet as an informational piece for participants to take home and use if they choose. Review the information contained on the sheet. Option 2 - Provide the worksheet as a homework assignment and ask participants to visit or look up online two banks or credit unions and fill out the chart prior to the next meeting. Option 3 - Utilize on-site Internet access or gather printed materials (bank brochures or website printouts) in advance. Have participants review information for at least two financial institutions and fill out the chart.*

Share: When shopping for an account, first consider what type of account you're looking for. Compare the same type of account offered by at least three different financial institutions. Next, consider which conveniences you feel are important, such as the location of branches and ATMs, hours of operation, whether it offers online banking, bill pay, and mobile banking. Then take a close look at the costs, including all types of fees that might be charged. Finally, consider some other questions you might have.

When it comes time to open the account, you'll need to bring a few things with you. First, you'll need a government-issued picture ID as proof of your identity. The bank or credit union may ask for a second proof of identity or proof of address, such as a Social Security card, birth certificate, or a bill you received in the mail and shows your name and address. Finally, you'll need to bring your first deposit. Make sure it meets the minimum requirements to open the account. If you are opening an account that earns interest, you may need to show your Social Security number or Individual Taxpayer Identification number.

Once you have an account, review your statements every month to ensure they are correct. If you find an error, report it immediately. Pay attention to any changes in your account terms, such as minimum balance or fees.

PROGRAM SUMMARY

Bank or credit union accounts are worth looking into as they may save you money on services like check

cashing and paying bills. All financial services have costs, and if you understand the rules, you can get the most services while paying the least money. No matter your past banking experience, you may be able to successfully use the banking system to obtain more effective financial products and services. Hopefully, this workshop has helped you learn more about the benefits of banking, some ways to avoid fees, and how to comparison shop for the best account to suit your needs.

Have participants complete the program evaluation.

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NOTE: *Use of the terms Wiffle Ball® and Frisbee® does not constitute endorsement.*



UNIT 6: UNDERSTANDING BANKING

ACTIVITY - BANKING BENEFITS

What concerns do you have about opening a bank or credit union account?

Which of these benefits might outweigh those concerns? (Check all that apply)

SAFETY AND SECURITY

Banks and credit unions supply deposit insurance for your accounts. This insurance protects your funds if anything happens to the institution. Keeping money at home or in your wallet does not protect it from loss, theft, or damage.

DIRECT DEPOSIT CONVENIENCE

Funds that are direct deposited may be available sooner than if you deposited a check. It also saves you time if you don't have to make a trip to the bank or check casher.

PAYING BILLS EFFICIENTLY

A checking account may allow you to pay bills by check or online. This can be faster and cheaper than purchasing money orders. Your statements also give you a record of past payments, and canceled checks offer you proof, if needed.

SAVINGS

A savings account is a great way to put aside money for an emergency fund or other goal. It is accessible, but withdrawals may be limited, which encourages you to keep the money in the account. Most savings accounts offer a modest amount of interest income. Some savings accounts can be set up for automatic deposits so you can build your savings over time.

CONTROLLED ACCESS TO MONEY

Banks and credit unions can be beneficial to individuals in recovery through controlled access to money. True Link conducted a survey of friends and family members of people with a substance use disorder about financial challenges and found that 77% of respondents felt that their loved one having access to cash could result in relapse. Using accounts rather than carrying cash can help prevent a relapse into previous habits.

PAYING LESS FOR SERVICES

Using a bank or credit union account may cost less than using other businesses for check cashing and banking services.

ACCESS TO AFFORDABLE CREDIT

Establishing your reputation as a good customer of a bank or credit union could lead to more accessible credit opportunities later.



UNIT 6: UNDERSTANDING BANKING

ACTIVITY - AVOIDING FEES

Review the chart. Not all accounts or prepaid cards will have every type of fee. Circle the fees you are currently paying. Can you avoid paying those fees in the future?

BANK AND CREDIT UNION ACCOUNTS ONLY			
Fee	Description	Can it be avoided?	How to avoid it
Overdraft fees	Fee to cover a check, debit purchase, or ATM transaction when there isn't enough money in the account	Yes	Keep enough money in your account to cover all withdrawals. Keep a "buffer" of extra money so your account never nears zero.
Returned item fees	Charged if you deposit a check from someone else that bounces	Yes	Maintain enough balance to cover your transactions. Allow checks up to three days to "clear."
Minimum balance fee	Charged if you keep less than the set amount in the account	Yes	Keep at least the required minimum in your account.
Check fees	Cost of ordering checks	Maybe	Some accounts come with a free first box of checks. If not, you might save money by using a trusted private supplier of checks rather than ordering through the bank or credit union. Shop to compare.
Debit card transaction fees	Some charge for debit transactions that are out of their network	Yes	Use the "credit" option at checkout to avoid the fee, but know that an authorization hold may tie up extra cash in your account for a few days. An authorization hold may lead to overdraft fees if you run your account close to zero.
Fee for cash back on debit card transaction	Sometimes there is a fee to receive cash back with your debit transaction	Maybe	You can cancel the cash back to avoid the fee and get your cash from a branch, ATM, or other store instead.
Stop payment fee	If you ask the bank to cancel a check or payment that has not yet been processed	Yes	Write checks carefully to avoid mistakes and make sure the person receives the payment directly.

PREPAID CARDS ONLY

Fee	Description	Can it be avoided?	How to avoid it
Decline fee	If your prepaid card purchase is declined because it cost more than was available on the card balance	No	If your card has a decline fee, keep aware of your balance to avoid being declined.
Card reload fee	For adding money to your prepaid card at a retail store	Yes	See if there are other options for loading money, such as direct deposit.
Balance inquiry fee	To check your prepaid card balance by ATM or phone	Maybe	There may be a free way to check your balance. Check your cardholder agreement.
Bill payment fee	May be charged each time you use a prepaid card to pay a bill	Yes	Use another method to pay bills.
Transfer fees	To transfer money from one prepaid card to another or between two people (not all prepaid cards allow transfer between people)	No	Compare the cost to use other wire transfer services instead.

BOTH ACCOUNTS AND PREPAID CARDS

Fee	Description	Can it be avoided?	How to avoid it
Monthly maintenance or service fee	Fee in exchange for offering you the checking account service or prepaid card	Maybe	Open a "free checking" account or see if the fee can be waived with a set minimum balance, direct deposit, required number of debit card transactions, online statements, or automatic bill pay.
Transaction fees	Charged if the account or prepaid card has a limit on the number of monthly checks/withdrawals or deposits/loading money and you go over the limit. Savings accounts are limited to six withdrawals per month.	Yes	Get an account with no limits, or stay within limits.
Paper statement fees	Sometimes charged for printed and mailed statements	Maybe	Online statements may be free.
ATM fees	Charged for using ATMs outside the network for that account or prepaid card	Yes	Use only your own bank or credit union's network ATMs. Some banks offer reimbursement for a set number of out-of-network ATM fees per month.

BOTH ACCOUNTS AND PREPAID CARDS continued...

Fee	Description	Can it be avoided?	How to avoid it
Lost/ Replacement card or additional card fees	If you need a new debit card or prepaid card, or if you request a second prepaid card for an "authorized user"	Yes	Don't make foreign transactions or exchanges.
Foreign transaction fees	For foreign banks or currency exchanges	Yes	Don't lose your debit card or prepaid card and/or consider carefully before adding an "authorized user" to your prepaid card.
Inactivity fees	If you don't use your account or prepaid card for an extended time	Yes	Use the account, or close it if you no longer need it.
Account closing or card cancellation fees	For closing a bank account right away or to get a check for the remaining balance on a prepaid card (there is usually not a fee to close the prepaid card)	Yes	Keep accounts open the minimum required time. Don't open an account temporarily. Spend all the money on a prepaid card before closing it to avoid a fee for payout.

With an account, should I "opt in" to overdraft protection?

Which is more important to you:

- Making sure the item (check, debit transaction, ATM withdrawal) gets paid, even if you have to pay fees (Opt In)
- Trying to reduce or avoid fees, even if the item gets declined or goes unpaid (Opt Out)



UNIT 6: UNDERSTANDING BANKING

ACTIVITY - COST OF ALTERNATIVE SERVICES

THE SITUATION

You get paid weekly and cash four checks per month. You pay at least five bills each month.

YOUR OPTIONS

Bank account: \$6 monthly fee; one-time cost of \$12 to order 250 checks. The account includes unlimited check writing, a debit card, and online and mobile banking. You could set up direct deposit if you wished.

Check casher: \$3 per check cashed

Money order: \$1 per money order

SCENARIO 1

If you open the bank account, what is your annual cost? _____

(Hint: Multiply the monthly fee by 12 months and add the cost of the checks.)

How much time would you spend visiting places to take care of your monthly business?

SCENARIO 2

If you avoid the bank account, what is your annual cost in check-cashing fees and money orders?

(Hint: Multiply four checks per month by the check casher fee. Multiply five bills per month by the money order fee. Add those totals together and multiply that number by 12 months.)

How much time would you spend visiting places to take care of your monthly business?



UNIT 6: UNDERSTANDING BANKING

ACTIVITY - COMPARING ACCOUNTS

Consider which type of account you want to open: checking; second-chance, lower-risk, or secured account; or savings. Compare at least three accounts from three different financial institutions. Research online, in the branch, or talk to an employee. Compare your answers, and choose the account that best meets your needs.

	Financial Institution: <hr/> Account type: <hr/>	Financial Institution: <hr/> Account type: <hr/>	Financial Institution: <hr/> Account type: <hr/>
Institution Information - Convenience			
Number of branches and ATMs nearby			
Hours of operation			
Does it offer online banking, online bill pay, mobile banking?			
Fees - Costs			
Minimum deposit to open			
Monthly maintenance or service fees			
How can monthly maintenance or service fees be reduced or waived?			
Minimum balance fee - what happens if account goes below?			

Transaction fees - are there limits on withdrawals, checks, and/or deposits per month?			
Statement fees			
ATM fees - in-network and out-of-network			
Debit card transaction fees			
Lost/replacement card fees			
Cost of ordering checks			
Foreign transaction fees			
Inactivity fees			
Account closing fees			
Overdraft/NSF fees			

Can I opt out of overdraft protection?			
Cost for telephone banking			
Cost for mobile banking and bill pay access			
Cost for online banking and bill pay access			
Any other fees?			
Other Questions?			
How easy is it to access and use the website and/or phone app?			
If the account earns interest, what is the APY?			
Can I set alerts when my balance gets low?			
When will funds I deposit become available?			
What happens if I spend or withdraw more money than I have in my account (overdraft)?			

<p>Can I link checking and savings to avoid paying overdraft fees? (Is there a cost?)</p>			
<p>Security - what happens if someone uses account without my permission (identity theft)?</p>			

What you need in order to open an account:

- Proof of identity (government-issued picture ID)
- Proof of address (Social Security card, birth certificate, bill with name and address on it)
- Minimum deposit (money to open the account)
- Possibly a Social Security number or Individual Taxpayer Identification number if opening a savings account with taxable interest income



UNIT 6: UNDERSTANDING BANKING

PROGRAM EVALUATION

Your help is needed in providing vital feedback on the program you have just completed. Please take a moment to complete this survey.

LEVEL OF UNDERSTANDING

For each of the topics listed below, in the MIDDLE column, circle the ONE number that best reflects your level of understanding or ability before the program. Then, in the RIGHT column, circle the ONE number that best reflects your level of understanding or ability after the program.

Poor=1, Average =2, Good=3, Excellent=4

Level of understanding or ability	BEFORE the Program	AFTER the Program
Identify the benefits of using a bank or credit union	1 2 3 4	1 2 3 4
List at least three costs of having an account	1 2 3 4	1 2 3 4
List at least one way to avoid account fees	1 2 3 4	1 2 3 4
Understand how to comparison shop for an account that suits your needs	1 2 3 4	1 2 3 4

INTENTIONS

Check whether you plan to change the following behaviors as a result of the program.

Behavior change	Yes	No
I plan to open a new bank or credit union account or review the terms of my existing account.		
I plan to look for ways to avoid fees or reduce the cost of bank services.		

SATISFACTION

Check the box for each statement that best describes your thoughts concerning different aspects of the program.

Satisfaction	Strongly Disagree	Disagree	Agree	Strongly Agree
The speakers were effective.				
I found the information to be practical.				
Overall, this was a very educational program.				

What is the most significant thing from this program you will apply to your life (feel free to list more than one)?

Please list additional comments below or on the back of this page. Thank you for your time.



UNIT 6: UNDERSTANDING BANKING

MARKETING TOOLS

SOCIAL MEDIA POST OR COMMUNITY CALENDAR

Learn how to make the most of bank accounts with UK Cooperative Extension on (INSERT DATE/TIME)! There may be costs to having a bank or credit union account, but in the long run, it could save you money over check-cashing fees and purchasing money orders. Know the costs, and understand the rules so that you can make use of financial institutions in a positive way that saves you money. For more information about managing your money and recovering from substance use disorder, visit the XXXX County Extension Office. Building strong families. Building Kentucky. It starts with us. #UKFCSExt

MEDIA ADVISORY

No matter your past banking experience, you may be able to successfully use the banking system to obtain more effective financial products and services. Bank or credit union accounts may save you money on services like check cashing and paying bills. All financial services have costs, and if you understand the rules you can get the most services while paying the least money.

Learn how to make the most of bank accounts with the University of Kentucky Cooperative Extension at a free workshop on (INSERT DATE/TIME). The program includes information and activities to help you identify the benefits of banking, understand costs, avoid fees, and comparison shop for accounts. If you are interested in learning more about this free program, please contact us at the (insert contact information for local Extension office).

RADIO SCRIPTS

Recovering Your Finances: Understanding Banking - 60 seconds

This is NAME the NAME of COUNTY Extension Agent for Family and Consumer Sciences with the University of Kentucky, College of Agriculture, Food and Environment.

No matter your past banking experience, you may be able to successfully use the banking system to get more services for less money. Banks and credit unions offer several conveniences, such as direct deposit, online bill pay, and mobile banking. This can save time as well as fees for check cashing and money orders.

Many of the fees for having an account can be avoided if you understand the costs and the rules. Monthly maintenance fees might be reduced or waived if you meet specific account requirements. Avoid overdraft fees by keeping enough money in your account to cover all your expenses.

When choosing an account, comparison shop so you get an account that meets your needs for less cost. Check out your options at both banks and credit unions, to see which has a better offer for you.

You are responsible for paying all your bills on time. But if you must choose a payment to delay, consider the

consequences and order them so that you pay the highest priority first. If you are struggling to make your payments, contact your lender. You may be able to change the due date or negotiate the amount or terms. If you have extra money, you can use it to pay down your debt more quickly. Choose a debt to focus on first. Keep making all your regular minimum payments, but apply extra money toward the principal of the selected debt. Once that one is paid off, work on paying off the next one.

Prioritizing can help you determine which debts you can reduce more quickly, or which may need to be negotiated. Having a plan based on priorities can help you pay debts off and get back on firm financial footing.

Recovering Your Finances: Understanding Bankin - 30 seconds

This is **NAME** the **NAME of COUNTY** Extension Agent for Family and Consumer Sciences with the University of Kentucky, College of Agriculture, Food and Environment.

No matter your past banking experience, you may be able to successfully use the banking system to get more services for less money. Banks and credit unions offer several conveniences, such as direct deposit, online bill pay, and mobile banking. This can save time as well as fees for check cashing and money orders.

Avoid account fees by understanding the costs and the rules. Monthly maintenance fees might be reduced or waived if you meet account requirements. Avoid overdraft fees by keeping enough money in your account to cover all your expenses.

NEWSPAPER ARTICLE

Recovering Your Finances: Understanding Banking

Newspaper Article

There may be costs to having a bank account, but in the long run, it may save you money over check-cashing fees and purchasing money orders. Know the costs, and understand the rules so you can make use of financial institutions in a positive way that saves you money.

Utilizing a bank or credit union account can improve financial stability. Studies have found that accounts offer benefits, including secure deposits, efficient bill paying, savings, and achieving financial goals. Yet there are many households that are still "unbanked" or "underbanked."

Anyone can open a bank or credit union account, regardless of cash flow. While checking accounts may have a higher minimum balance requirement to cover transactions, savings accounts usually have very low minimums. Even if you've had trouble with accounts in the past, there may be a type of account for you.

The banking system is secure and regulated. Direct deposit may allow funds to be available sooner, and it can save time and avoid check-cashing fees. Other conveniences may include online bill pay, mobile banking, and the use of a debit card.

Many of the fees can be avoided if you understand the costs and the rules. The most common fee is a monthly maintenance or service fee. This might be reduced or waived if you meet specific account requirements. Avoid overdraft fees by keeping enough money in your account to cover all your expenses. Know that when you deposit a check, a "hold" may be placed on some of the funds. It may take up to three days for it to "clear" and the money to be fully available.

When choosing an account, there may be many options for you to consider. Comparison shop for accounts so you can be sure to get an account that meets your needs for less cost. Check out your options at both banks and credit unions.

Once you have established your account, review your statements every month to ensure they are correct. If you find an error, report it immediately. Pay attention to any changes in your account terms, such as the required minimum balance or fees.

For more information about managing your money and recovering from substance use disorder, visit the [XXXX](#) County Extension Office.



UNIT 7: EARNINGS AND WAGES

“A JOB PROVIDES SO MUCH MORE THAN A PAYCHECK. IT PROVIDES A SENSE OF DIGNITY AND BELONGING. IT GIVES YOU THE OPPORTUNITY TO LEARN, GROW, AND BE PART OF A TEAM.” – ARNEL PINEDA

Whether you are satisfied with your current job or you want to look for new employment, it can help if you understand the taxes and benefits that impact your take-home pay. It is important to fill out your tax forms correctly so that you can maximize your earnings potential. If you are seeking a new job, it may help to know your rights and to have a plan to address addiction and recovery with potential employers if needed.

As you progress through recovery, you may be looking for a new job or wish to find a better job. You may be concerned about a previous gap in employment or absenteeism. Federal laws protect people with substance use disorder from discrimination in the workplace. If you have been through a treatment program, you are not obligated to disclose that fact to anyone.

However, if you have been incarcerated, that may show on your background report. Your background report cannot be obtained by your employer unless you give written permission. If you choose to decline, the employer may reject your application. If the information in the report is the reason you did not get hired or promoted, the employer must tell you and provide you a copy of the report and a chance to dispute it. For a list of some background screening providers, visit http://bit.ly/Reporting_Companies.

Know what might be on your record and be prepared to address it with a potential employer. It may help to come up with a short summary of your situation, so you are prepared to answer questions.



Know what might be on your record and be prepared to address it with a potential employer. It may help to come up with a short summary of your situation.

JOB SEEKING

Look for a job that has aspects you would enjoy. This may help you get through the less attractive tasks that come with any job. Also, finding a job that isn't too stressful to perform may help you stay on track with your

recovery, as stress can lead to relapse. The U.S. Department of Labor offers links to resources for job seekers at <https://www.dol.gov/general/audience/aud-unemployed>.

On a job application or resume, include any jobs, education and training, or volunteer activities. Be sure to list skills and training beyond your prior jobs. Employers often look for life skills or soft skills, such as communications, problem-solving, ability to learn, and teamwork. In the interview, be confident in yourself. Present a positive attitude; dress and act professionally. Show empathy – the ability to understand the situation from the other person’s point of view.

When you meet with a potential employer, focus on the positive aspects you can contribute to the workplace, rather than on your personal story. If negative information comes up, keep it to the middle of the interview, so that you can present a good first and last impression. If necessary, bring the conversation back around to your skills and future plans. Note how those apply to the job, to emphasize that you would be a good fit for the role. Be confident and let your body language show it, through good posture, a smile, and a firm handshake. Consider sending a thank you note by mail or email after the interview.

YOUR EARNINGS STATEMENT

Income is money you receive. Most people earn the majority of their income through a paycheck, or earnings for doing a job. You may be salaried or earn an hourly wage. Your pay stub or earnings statement shows what you earned and how much came out in taxes and benefits.

Not all stubs and statements look the same, but they typically show the following information:

- Personal information may include your name, address, identification number, etc.
- Pay period is the amount of time between paychecks. The stub or statement will show all activity for that pay period.
- Pay date is the date you received the net pay. There may be a delay between the end of the pay period and the pay date.
- Gross pay is the total amount earned during the pay period, before deductions.
- Deductions may be subtracted from your gross pay for taxes and benefits.
- Net pay is your take-home pay – the amount you receive after the deductions are taken out.
- Employer contributions is money the employer may pay toward your benefits.
- Leave balances is how much vacation or sick time you have earned or used. Holiday time may also show.

Read your stub or statement thoroughly so you can have realistic expectations about what the job will provide to you in income and benefits. The amount you earn may not be the same as the amount you receive because of deductions.

An alternative to a bank account may be a prepaid card, such as a payroll card. A prepaid card is not linked to any account and only carries the money that has been loaded onto the card. However, like bank accounts, prepaid cards often may charge fees for services. The cardholder agreement will outline fees. Most prepaid cards do not allow you to overspend like you might with a bank account overdraft. You must activate the card to begin using it. Also, register the card in order to activate all the card’s benefits.

Read your stub or statement thoroughly so you can have realistic expectations about what the job will provide to you in income and benefits.

Some deductions are required under the Federal Insurance Contributions Act (FICA). FICA taxes include Social Security and Medicare deductions, which come out in percentages set by law. Additional taxes that may be taken out include federal, state, and local income taxes.

You also may choose to sign up for some voluntary deductions. These may include insurance premiums, flexible spending accounts, union dues, and/or charitable contributions. Depending on the employer, retirement contributions may be required or voluntary. If your employer offers a “match” on a retirement plan, then your employer will put in money equal to a percentage that you contribute up to a specified amount.

Your employer may offer you benefits you don’t have to pay for. Worker’s compensation helps pay medical expenses if you are injured on the job. Unemployment insurance may be paid to you if you lose your job without fault. You may receive sick time, personal time, or holidays. Your employer also makes contributions to some taxes or benefits on your behalf.

There are several ways you might receive your earnings. Many employers offer direct deposit. You provide your employer with your bank or credit union account information, and your employer deposits your earnings directly into your account for you. Other ways you might receive your income are through cash, paper check, payroll card, or electronic benefits transfer. No matter which method you use, make sure you understand any fees involved and find out if there is a way to avoid fees.

There is an extra benefit to having a paycheck if you are under parole or supervision in Kentucky. With documentation, you can get one day off supervision for every 40 hours worked. Bring in a pay stub or other verification and have it logged into the system.

INCOME AND PAYROLL TAXES

Taxes are paid to the government to support facilities and services and to pay for common interests for the people. Taxes are collected at the federal, state, and local level.

Income and payroll taxes are taken out of wages earned. Earned income taxes come out of your wages. You also may pay unearned income tax on nonemployment sources of income, such as savings accounts, investments, prize winnings, inheritances, and more. Payroll taxes, also known as FICA, support Social Security and Medicare. Payroll taxes are paid by both the employer and the employee.

When you start a new job, you will likely fill out an Internal Revenue Service (IRS) Form W-4. You can update this form at any time. This form records your withholding allowances for taxes, as well as any exemptions from withholding. It includes a worksheet to help you figure out how many allowances you should claim. Claiming allowances for yourself, your spouse, or your dependents will reduce the amount of tax withheld from your paycheck. The IRS provides a Tax Withholding Estimator at <http://www.irs.gov/W4App> to help you figure out more accurately how much to have withheld.

IRS Form W-4 records your withholding allowances for taxes and includes a worksheet to figure out how many allowances you should claim. An online estimator tool is available at www.irs.gov/W4App.

The more allowances you claim, the less tax money your employer will withhold. This means you will get more money on each paycheck, but at tax time your return will be small, or you might owe money. If you have too little withheld, you may have to pay a penalty for underpayment. If you claim fewer allowances, more money will be withheld each paycheck.

Once a year, you will receive an IRS Form W-2 from your employer. This form summarizes your income and deductions at that job for the prior year. If you have more than one job, you should receive a separate W-2 from each employer. This form must be sent to you by Jan. 31 of the next year, so you can use it to prepare your tax return.

At tax time, you should compare your W-2 to your earnings statements from the past year. Once you have confirmed that your W-2 is correct, you can shred and recycle paper pay stubs for that year.

If you are paid in cash and your employer does not take out taxes, you are responsible for tracking your own income and paying required taxes. If you receive tips, those tips are income and subject to federal income tax. Keep a daily log to record all tips, even those split or pooled with others. The IRS offers additional information on reporting tip income here <https://www.irs.gov/pub/irs-pdf/p531.pdf>.

If you were classified as an independent contractor or self-employed, you may not have had income tax withheld. If so, you may receive a Form 1099 instead of a W-2. The form will show the total income received from each employer or client who paid you. You may have to pay self-employment tax if you meet filing requirements listed on the Form 1040 instructions.

Each spring, you should reconcile the taxes you actually paid with what you should have paid. Every taxpayer files the Form 1040 or U.S. Individual Income Tax Return. Some people will need to file additional forms, or schedules. Gather all 1099 and W-2 forms, or other documents that show interest income received. Fill out the forms to determine if you paid too much or too little. If you paid too much, you may receive a refund. If you paid too little, you may have to pay the difference.

If you have tax questions, use the IRS' Interactive Tax Assistant (ITA) tool at <https://www.irs.gov/help/ita>. Consult a tax professional if you are unsure of how much you owe. The IRS coordinates Volunteer Income Tax Assistance (VITA) sites that can provide free income tax assistance and e-filing for those who qualify. Call 800-906-9887 or use the locator tool at <https://www.irs.gov/individuals/free-tax-return-preparation-for-you-by-volunteers>.

If you don't pay the taxes you owe, the IRS can take action to collect. If you owe a great deal on your taxes and are having trouble paying, you might want to consider a payment plan. This plan is an agreement with the IRS to pay it over an extended time. There may be fees. Find out more at <https://www.irs.gov/payments/payment-plans-installment-agreements>. In some cases, the IRS may agree to an Offer in Compromise, which settles the tax liability for less than the full amount. For more information, visit <https://www.irs.gov/taxtopics/tc204>.

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September 2019

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UNIT 7: EARNINGS AND WAGES

FACILITATOR'S GUIDE

RATIONALE: Those in recovery may already have a job or may be seeking a new job. It may help to know your rights and have a plan for addressing your addiction and recovery with potential employers if needed. You can make better choices when selecting a job if you understand the benefits and the taxes that affect your take-home pay. It is important to fill out tax forms correctly so you can maximize your earnings potential.

GOAL: To be able to read a paycheck stub and understand income and deductions, such as taxes.

OBJECTIVES:

1. Know your rights related to recovery and prepare yourself to find new employment.
2. Identify the components of an earnings statement or pay stub.
3. Understand income and payroll taxes and know how to complete a Form W-4.

RESOURCES FOR LEADERS:

Publication

Facilitator's Guide

Activity - "Acceptance" Speech

Activity - Earnings Statement - Worksheet

Activity - Earnings Statement - Answers

Activity - Earnings Statement - Cards

Activity - Earnings Statement - Poster

RESOURCES FOR PARTICIPANTS:

Publication

Activity - "Acceptance" Speech

Activity - Earnings Statement - Worksheet

Evaluation

FACILITY/EQUIPMENT

* Reserve an informal space with tables and chairs for the anticipated number of attendees.

* This unit requires no technology.

PREPARATION

- * Plan on the program taking approximately 60 minutes to complete, depending on the activities selected and the number of participants.
- * Prepare copies of participant resources, including the publication, evaluation, and activity handouts.
NOTE: *If you give this presentation in a jail or prison facility, there may be rules such as no staples. Check for special instructions in advance.*
- * Decide which method you will use to conduct the Earnings Statement Activity and secure supplies as needed. Acquire blank circle or “dot” stickers such as might be used in a yard sale. Each participant will need eight stickers. Secure tape appropriate for walls. Print the poster-sized earnings statement and affix to the wall. Print and cut apart the cards and shuffle them. Have additional tape handy during the activity.
- * Print samples of the current year W-4 and Personal Allowances Worksheet from <https://www.irs.gov/forms-instructions> to be used for the Complete a W-4 Form Activity. Also, print W-2 forms for participants to review.

INTRODUCTION

Share: Whether you are satisfied with your current job or you want to look for new employment, it can help if you understand the taxes and benefits that impact your take-home pay. It is important to fill out your tax forms correctly so you can maximize your earnings potential. If you are seeking a new job, it may help to know your rights and to have a plan to address your addiction and recovery with potential employers if needed.

Ask: Who in here expects to need a new or different job sometime in the near future?

OBJECTIVE 1: KNOW YOUR RIGHTS RELATED TO RECOVERY AND PREPARE YOURSELF TO FIND NEW EMPLOYMENT.

Share: As you progress through recovery, you may be looking for a new job or wish to find a better job. You may be concerned about a previous gap in employment or absenteeism. Look for a job that has aspects you would enjoy. This may help you get through the less attractive tasks that come with any job. Also, finding a job that isn't too stressful to perform may help you stay on track with your recovery, as stress can lead to relapse. On a job application or resume, include any jobs, education and training, or volunteer activities you have participated in since your sobriety. Be sure to list skills and training beyond your prior jobs. Employers often look for life skills or soft skills, such as communications, problem-solving, ability to learn, and teamwork. In the interview, be confident in yourself. Present a positive attitude; dress and act professionally. Show empathy – the ability to understand the situation from the other person's point of view.

Federal laws protect people with substance use disorder from discrimination in the workplace. Those in a rehabilitation program are protected by the Americans with Disabilities Act and cannot be fired because of the addiction or treatment process. Qualified employees can take up to 12 weeks of medical leave for addiction disorders or other issues under the Family and Medical Leave Act. This leave protects your job and requires your employer to maintain confidentiality. Also, the Health Insurance Portability and Accountability Act (HIPAA) privacy rules may apply to substance abuse programs, including a stay in a rehabilitation center.

If you have been through a treatment program, you are not obligated to disclose that fact to anyone. However, if you have been incarcerated, that may show on your background report. Know what might be on your record, and be prepared to address it with a potential employer.

A background screening report is covered under the Fair Credit Reporting Act. Before getting the report, the employer must inform you and ask for written permission. You are not required to give permission, but the employer may reject your application if you decline. If the information in the report is the reason you did not get hired or promoted, the employer must tell you and provide you a copy of the report and a chance to

dispute it. For a list of some background screening providers, visit http://bit.ly/Reporting_Companies.

In some cases, an arrest, charge, or conviction could be removed from your record through expungement. Find out more about expungement rules and eligibility in Kentucky at www.cleanslatekentucky.com.

ACTIVITY: "ACCEPTANCE" SPEECH

Instructions to share: *This worksheet may help if your background check leads to questions or you want to proactively address the fact that you've been through addiction treatment. This form will help you come up with a short summary of your situation. Please be honest, factual, and brief. Consider the suggestions, and compose a speech "accepting" who you are and who you plan to be.*

On the back, you can fill in information to help you build your resume and prepare for future job interviews.

Share: In person during your job search and interviews, focus on the positive aspects you have to contribute to the workplace, rather than on your personal story. If negative information comes up, keep it to the middle of the interview, so that you can present a good first and last impression. If necessary, bring the conversation back around to your skills and future plans. Note how those apply to the job, to emphasize that you would be a good fit for the role. Be confident and let your body language show it, through good posture, a smile, and a firm handshake. Consider sending a thank you note by mail or email after the interview.

The U.S. Department of Labor offers links to resources for job seekers at <https://www.dol.gov/general/audience/aud-unemployed>.

OBJECTIVE 2: IDENTIFY THE COMPONENTS OF AN EARNINGS STATEMENT OR PAY STUB.

Ask: Has anyone here ever been surprised that their actual pay wasn't exactly as promised when hired? :
(Employer probably quoted an amount that didn't include deductions for taxes and benefits.)

Share: Income is money you receive. Most people earn the majority of their income through a paycheck, or earnings for doing a job. You may be salaried or earn an hourly wage. Your pay stub or earnings statement shows what you earned and how much came out in taxes and benefits.

ACTIVITY - EARNINGS STATEMENT

Instructions to share: *Locate the following items on the sample earnings statement and label them.*

NOTE: *This activity can be done several ways. Option 1: Pass out the label stickers and have each participant number a set from 1 to 8. Have participants complete individually or in pairs by marking their worksheet with the correct number stickers. Option 2: Complete as a group using the poster and information cards. One participant at a time should come draw a card and read it aloud. The group should direct the reader where on the poster to place the card, using wall-safe tape. Option 3: Complete as a group activity with the poster and cards, while all participants follow-along by labeling their individual worksheet with stickers.*

Share: Not all stubs and statements look the same, but they typically show the following information:

- Personal information may include your name, address, identification number, etc.
- Pay period is the amount of time between paychecks. The stub or statement will show all activity for that pay period.
- Pay date is the date you received the net pay. There may be a delay between the end of the pay period and the pay date.
- Gross pay is the total amount earned during the pay period, before deductions.
- Deductions may be subtracted from your gross pay for taxes and benefits.
- Net pay is your take-home pay - the amount you receive after the deductions are taken out.
- Employer contributions is money the employer may pay toward your benefits.
- Leave balances is how much vacation or sick time you have earned or used. Holiday time may also show.

Read your stub or statement thoroughly so you can have realistic expectations about what the job will provide to you in income and benefits. The amount you earn may not be the same as the amount you receive because of deductions.

Some deductions are required under the Federal Insurance Contributions Act (FICA). FICA taxes include Social Security and Medicare deductions, which come out in percentages set by law. Additional taxes that may be taken out include federal, state, and local income taxes.

There also are voluntary deductions that you may choose to sign up for, including your benefits. These may include insurance premiums, flexible spending accounts, union dues, and/or charitable contributions. Depending on the employer, retirement contributions may be required or voluntary. If an employer offers you a “match” on a retirement plan, your employer will put in money equal to a percentage that you contribute up to a specified amount.

Your employer may offer you benefits you don’t have to pay for. Worker’s compensation helps pay medical expenses if you are injured on the job. Unemployment insurance may be paid to you if you lose your job without fault. Paid or unpaid days off are a benefit. You may receive sick time, personal time, or holidays. Your employer also makes contributions to some taxes or benefits on your behalf. These benefits could be worth a lot of money. If you are comparing two job offers, make sure to compare benefits as well as pay.

Another cost that could come out of your paycheck is a wage garnishment. Garnishment could be ordered by the court if a creditor sues you for unpaid debts and wins. Your employer should not garnish your wages without an order from the court. The order would include contact information and describe the debt. Child support garnishments may be through administrative proceeding rather than court order. The law includes limits and protections for some of your income. If you have questions about garnishment, contact an attorney. Legal aid may be able to help.

There are several ways you might receive your earnings. Direct deposit is a service that many employers offer. You provide your employer with your bank or credit union account information, and your employer will deposit your earnings directly into your account for you. This way you receive your money sooner, save time by avoiding a trip to a bank or store, and avoid fees for cashing your check. Also, you may be able to split the direct deposit into multiple accounts, which can help you build savings.

Other ways you might receive your income are through cash, paper check, payroll card, or electronic benefits transfer. No matter which method you use, make sure you understand any fees involved, such as account fees, check-cashing fees, or card fees, and find out if there are ways you can avoid fees.

There is an extra benefit to having a paycheck if you are under parole or supervision in Kentucky. With documentation, you can get one day off supervision for every 40 hours worked. Bring in a pay stub or other verification and have it logged into the system.

OBJECTIVE 3: UNDERSTAND INCOME AND PAYROLL TAXES AND KNOW HOW TO COMPLETE A FORM W-4.

Ask: How do you benefit from paying taxes? What would you do without the services or benefits funded by taxes?

Share: Taxes are paid to the government to support facilities and services and to pay for common interests for the people. Taxes are collected at the federal, state, and local level. Taxes pay for services such as roads, libraries, public schools, police and fire departments, military or security, recreation, and more.

Income and payroll taxes are taken out of wages earned. Other taxes – property, sales, and excise taxes – are paid at the time of purchase. Earned income taxes come out of your employment wages. You also may pay

unearned income tax on nonemployment sources of income, such as savings accounts, investments, prize winnings, inheritances, and more. Payroll taxes, also known as FICA, support Social Security and Medicare. Both are federal programs. Social Security provides benefits for retired workers, the disabled, and minors who experience the death of a parent. Medicare provides health insurance for senior citizens or the disabled. Payroll taxes are paid by both the employer and the employee.

When you start a new job, you will probably have to fill out an Internal Revenue Service (IRS) Form W-4. You can update your copy of this form at any time. This form records your withholding allowances for taxes, and it is where you would claim any exemptions from withholding. The form includes a worksheet to help you figure out how many allowances you should claim. Allowances let you reduce the amount of tax withheld from your paycheck based on tax credits you expect to claim at tax time. You can claim an allowance for yourself, your spouse, or your dependents, such as a child. The IRS provides a Tax Withholding Estimator at <http://www.irs.gov/W4App> that can help you figure out more accurately how much you should have withheld.

The more allowances you claim, the less tax money your employer will withhold. This means you will get more of your money on each paycheck, but at tax time your return will be small, or you might even owe money. If you have too little withheld, you may have to pay a penalty for underpayment. If you claim fewer allowances, more money will be withheld each paycheck.

ACTIVITY: COMPLETE A W-4 FORM

Instructions to share: Use the *Personal Allowances Worksheet* to figure out what allowances you might claim. Fill out the W-4 as if you received it from an employer today. **NOTE:** Use the current year W-4 form at <https://www.irs.gov/forms-instructions>.

Share: Once a year, you will receive an IRS Form W-2 from your employer. This form summarizes your income and deductions at that job for the prior year. If you have more than one job, you should receive a separate W-2 from each employer. This form must be sent to you by Jan. 31 of the next year, so you can use it to prepare your tax return.

If you receive paper pay stubs, file them at home for a year. You should compare your W-2 to your paper pay stubs or online earnings statements. Once you have confirmed that your W-2 is correct, you can shred and recycle your paper pay stubs for that year. (Note to instructor: Refer to blank W-2 printed from IRS.gov.) If you are paid in cash, that can be difficult to track for budgeting and tax records. If your employer does not take out taxes, you are responsible for tracking your own income and paying required taxes. You may need to put some of the money aside to pay taxes yourself at tax time.

If you receive tips, those tips are income and subject to federal income tax. Keep a daily log to record all tips, even those split or pooled with others. Report cash tips over \$20 in a month to your employer, and report tips on your income tax return. The IRS offers additional information on reporting tip income here <https://www.irs.gov/pub/irs-pdf/p531.pdf>.

If you were classified as an independent contractor or self-employed, you may not have had income tax withheld. If so, you may receive a Form 1099 instead of a W-2. The form will show the total income received from each employer or client who paid you. You usually must pay self-employment tax if your net earnings were \$400 or more, or you meet other filing requirements listed on the Form 1040 instructions. On or before Tax Day each spring, you should reconcile what you actually paid with what you should have paid in taxes. Every taxpayer will file the Form 1040 or U.S. Individual Income Tax Return. Some people will need to file additional forms, or schedules. Gather your 1099 and/or W-2 forms and any documents that show interest income received. Fill out the paperwork following the instructions, or use the IRS' fillable online forms. At the end of the form, you reconcile what you paid with the estimate to determine if you paid too much or too little. If you paid too much, you may receive a refund. If you paid too little, you may have to pay the difference.

If you have tax questions, use the IRS' Interactive Tax Assistant (ITA) tool at <https://www.irs.gov/help/ita>. Consult a tax professional if you are unsure of how much you owe. The IRS coordinates Volunteer Income Tax Assistance (VITA) sites that can provide free income tax assistance and e-filing for those who qualify. Find VITA sites by calling 800-906-9887 or using the locator tool at <https://www.irs.gov/individuals/free-tax-return-preparation-for-you-by-volunteers>.

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PROGRAM SUMMARY

Hopefully, you now understand the benefits and taxes that affect your take-home pay. How you fill out your W-4 form can change how much you receive or have withheld from each paycheck. Adjust this to maximize your earnings potential. If you are seeking a new job, know your rights and have a plan.

Have participants complete the program evaluation.

REFERENCES:

American Addiction Centers Editorial Staff. (October 17, 2019) *Going to an Addiction Treatment Center with a Job*. Retrieved from <https://americanaddictioncenters.org/rehab-guide/with-a-job>. Accessed Oct. 25, 2019.

Career One Stop by the U.S Department of Labor. *Get Interview-Ready*. Retrieved from <https://www.careeronestop.org/ExOffender/FindAJob/GetInterviewReady/your-conviction.aspx>. Accessed Oct. 25, 2019.



UNIT 7: EARNINGS AND WAGES

ACTIVITY - "ACCEPTANCE" SPEECH

At some point, you may need to address the fact that you've been through treatment. This form will help you come up with a short summary of your situation. Please be honest, factual, and brief. Consider the suggestions below, and compose a speech "accepting" who you are and who you plan to be.

Acknowledgement - Choose one:

I am currently in recovery / I have been through substance use treatment.

Reason - Choose one:

- Substance use was a mistake I made long ago.
- It is all in the past.
- I was young and made some poor choices.
- I'm still paying for those actions.
- Other: _____

Moving on - Choose one:

- I have worked very hard to leave that lifestyle behind.
- I have become a stronger and better person because of my experience.
- I have changed my way of thinking and acting.
- I have been substance free for ____ years, and I plan to stay on this path.
- I take responsibility for the consequences of my actions.
- Other: _____

If you give me the opportunity, I promise to:

Choose two or three:

- | | |
|---|--|
| <input type="checkbox"/> Work hard. | <input type="checkbox"/> Contribute to the best of my ability. |
| <input type="checkbox"/> Work responsibly. | <input type="checkbox"/> Stay on track. |
| <input type="checkbox"/> Continue on a better path. | <input type="checkbox"/> Take this opportunity seriously. |

Your acceptance speech:

Use the writing prompts below to help you start building or improving your resume and to prepare for job interviews.

List your previous employment: _____

List education or training you have received: _____

List volunteer activities you have participated in: _____

List skills and training beyond your prior jobs: _____

Share a time when you excelled at communication with others: _____

Share a time when you excelled at problem-solving: _____

Share an example of your ability to learn and take criticism: _____

Share an example of a time when you worked successfully on a team: _____



UNIT 7: EARNINGS AND WAGES

ACTIVITY - EARNINGS STATEMENT - WORKSHEET

Locate the following items on the sample earnings statement.

1. **Personal information** may include your name, address, identification number, etc.
2. **Pay period** is the amount of time between paychecks. The stub or statement will show all activity for that pay period.
3. **Pay date** is the date you received the net pay. There may be a delay between the end of the pay period and the pay date.
4. **Gross pay** is the total amount earned during the pay period, before deductions.
5. **Deductions** may be subtracted from your gross pay for taxes and benefits.
6. **Net pay** is your take-home pay – the amount you receive after the deductions are taken out.
7. **Employer contributions** shows money the employer may pay toward your benefits.
8. **Leave balances** indicate how much vacation or sick time you have earned or used. Holiday time may also show.

Employee Information				Pay Date: 7/11/19
Name	Identification Number	Address	Pay Rate	Pay Period
Brenda Harris	553377112	1802 Lexington Road	\$12.00	6/1 - 6/30/19
Summary				
	Gross Income	Total Personal Deductions	Net Income	
Current	\$1,920.00	\$688.48	\$1,231.52	
YTD	\$11,520.00	\$4,130.88	\$7,389.12	
Earnings				
Type	Rate	Hours	Current	YTD
Regular	\$12.00	160	\$1,920.00	\$11,520.00
Overtime	0	0	0	0
Deductions				
Type	Personal Deduction	Employer Contribution		
Federal Income Tax	\$230.40	0		
State Income Tax	\$96.00	0		
Social Security and Medicare (FICA)	\$146.88	\$146.88		
Retirement Plan*	\$115.20	\$57.60		
Health Insurance	\$100.00	\$400.00		
Worker's Compensation	0	\$11.04		
Unemployment Insurance	0	\$4.92		
Employee Leave Balances				
Type	Beginning Balance YTD	Used Current	Used YTD	Ending Balance
Personal	15	0	5	10
Sick	5	0	1	4

***NOTE:** This individual's retirement plan is a 401(k). The employer offers a match of up to \$.50 on the dollar for up to 6 percent of pay contributed.

Educational programs of Kentucky Cooperative Extension serve all people regardless of economic or social status and will not discriminate on the basis of race, color, ethnic origin, national origin, creed, religion, political belief, sex, sexual orientation, gender identity, gender expression, pregnancy, marital status, genetic information, age, veteran status, or physical or mental disability.



UNIT 7: EARNINGS AND WAGES

ACTIVITY - EARNINGS STATEMENT - ANSWERS

Employee Information				Pay Date: 7/11/19
Name	Identification	Address	Pay Rate	Pay Period
Brenda Harris	5533771	1802 Lexington Road	\$12.00	6/1 - 6/30/19
Summary				
	Gross Income	Total Personal Deductions	Net Income	
Current	\$1,920.00	\$688.48	\$1,231.52	
YTD	\$11,520.00	\$4,130.88	\$7,389.12	
Earnings				
Type	Rate	Hours	Current	YTD
Regular	\$12.00	160	\$1,920.00	\$11,520.00
Overtime	0	0	0	0
Deductions				
Type	Personal Deduction	Employer Contribution		
Federal Income Tax	\$230.40	0		
State Income Tax	\$96.00	0		
Social Security and Medicare (FICA)	\$146.88	\$146.88		
Retirement Plan*	\$115.20	\$57.60		
Health Insurance	\$100.00	\$400.00		
Worker's Compensation	0	\$11.04		
Unemployment Insurance	0	\$4.92		
Employee Leave Balances				
Type	Beginning Balance YTD	Used Current	Used YTD	Ending Balance
Personal	15	0	5	10
Sick	5	0	1	4

***NOTE:** This individual's retirement plan is a 401(k). The employer offers a match of up to \$.50 on the dollar for up to 6 percent of pay contributed.



UNIT 7: EARNINGS AND WAGES

ACTIVITY - EARNINGS STATEMENT - CARDS

<p>1. PERSONAL INFORMATION</p> <p>may include your name, address, identification number, etc.</p>	<p>2. PAY PERIOD</p> <p>is the amount of time between paychecks. The stub or statement will show all activity for that pay period.</p>
<p>3. PAY DATE</p> <p>is the date you received the net pay. There may be a delay between the end of the pay period and the pay date.</p>	<p>4. GROSS PAY</p> <p>is the total amount earned during the pay period, before deductions.</p>
<p>5. DEDUCTIONS</p> <p>may be subtracted from your gross pay for taxes and benefits.</p>	<p>6. NET PAY</p> <p>is your take-home pay - the amount you receive after the deductions are taken out.</p>
<p>7. EMPLOYER CONTRIBUTIONS</p> <p>shows money the employer may pay toward your benefits.</p>	<p>8. LEAVE BALANCES</p> <p>indicate how much vacation or sick time you have earned or used. Holiday time may also show.</p>



UNIT 7: EARNINGS AND WAGES

ACTIVITY - EARNINGS STATEMENT - POSTER

Employee Information				Pay Date: 7/11/19
Name	Identification Number	Address	Pay Rate	Pay Period
Brenda Harris	553377112	1802 Lexington Road	\$12.00	6/1 - 6/30/19
Summary				
	Gross Income	Total Personal Deductions	Net Income	
Current	\$1,920.00	\$688.48	\$1,231.52	
YTD	\$11,520.00	\$4,130.88	\$7,389.12	
Earnings				
Type	Rate	Hours	Current	YTD
Regular	\$12.00	160	\$1,920.00	\$11,520.00
Overtime	0	0	0	0
Deductions				
Type	Personal Deduction	Employer Contribution		
Federal Income Tax	\$230.40	0		
State Income Tax	\$96.00	0		
Social Security and Medicare (FICA)	\$146.88	\$146.88		
Retirement Plan*	\$115.20	\$57.60		
Health Insurance	\$100.00	\$400.00		
Worker's Compensation	0	\$11.04		
Unemployment Insurance	0	\$4.92		
Employee Leave Balances				
Type	Beginning Balance YTD	Used Current	Used YTD	Ending Balance
Personal	15	0	5	10
Sick	5	0	1	4

***NOTE:** This individual's retirement plan is a 401(k). The employer offers a match of up to \$.50 on the dollar for up to 6 percent of pay contributed.



UNIT 7: EARNINGS AND WAGES

PROGRAM EVALUATION

Your help is needed in providing vital feedback on the program you have just completed. Please take a moment to complete this survey.

LEVEL OF UNDERSTANDING

For each of the topics listed below, in the MIDDLE column, circle the ONE number that best reflects your level of understanding or ability before the program. Then, in the RIGHT column, circle the ONE number that best reflects your level of understanding or ability after the program.

Poor=1, Average =2, Good=3, Excellent=4

Level of understanding or ability	BEFORE the Program	AFTER the Program
Prepare yourself to find new employment	1 2 3 4	1 2 3 4
Identify the components of an earnings statement or pay stub	1 2 3 4	1 2 3 4
Understand income and payroll taxes	1 2 3 4	1 2 3 4
Know how to complete a Form W-4	1 2 3 4	1 2 3 4

INTENTIONS

Check whether you plan to change the following behaviors as a result of the program.

Behavior change	Yes	No
I plan to review my pay stub and note what taxes are withheld.		
I plan to review my Form W-4 for accuracy and update as needed.		

SATISFACTION

Check the box for each statement that best describes your thoughts concerning different aspects of the program.

Satisfaction	Strongly Disagree	Disagree	Agree	Strongly Agree
The speakers were effective.				
I found the information to be practical.				
Overall, this was a very educational program.				

What is the most significant thing from this program you will apply to your life (feel free to list more than one)?

Please list additional comments below or on the back of this page. Thank you for your time.

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UNIT 7: EARNINGS AND WAGES

MARKETING TOOLS

SOCIAL MEDIA POST OR COMMUNITY CALENDAR

Learn about the benefits and deductions that affect your take-home pay with UK Cooperative Extension on **(INSERT DATE/TIME)**! How you fill out tax forms with your employer can change how much you receive or have withheld from each paycheck. Adjust this to maximize your earnings potential. For more information about managing your money and recovering from substance use disorder, visit the **XXXX** County Extension Office. Building strong families. Building Kentucky. It starts with us. #UKFCSExt

MEDIA ADVISORY

Whether you are satisfied with your current job or you want to look for new employment, it is important to fill out your tax forms correctly so that you can maximize your earnings potential. If you are seeking a new job, it may help to know your rights and to have a plan to address addiction and recovery with potential employers if needed.

Learn about the benefits and deductions that affect your take-home pay with the University of Kentucky Cooperative Extension at a free workshop on **(INSERT DATE/TIME)**. The program includes information and activities to help you prepare to find new employment post-rehabilitation, identify the components of a pay stub, and understand income and payroll taxes. If you are interested in learning more about this free program, please contact us at the **(insert contact information for local Extension office)**.

RADIO SCRIPTS

Recovering Your Finances: Earnings and Wages - 60 seconds

This is **NAME** the **NAME of COUNTY** Extension Agent for Family and Consumer Sciences with the University of Kentucky, College of Agriculture, Food and Environment.

Whether you are satisfied with your current job or you want to look for new employment, it can help if you understand the taxes and benefits that affect your take-home pay. It is important to fill out your tax forms correctly so you can maximize your earnings potential. If you are seeking a new job, it may help to know your rights and to have a plan to address addiction and recovery with potential employers if needed.

Read your stub or statement thoroughly so you can have realistic expectations about what the job will provide to you in income and benefits. The amount you earn may not be the same as the amount you receive because of deductions.

IRS Form W-4 records your withholding allowances for taxes and includes a worksheet to figure out how many allowances you should claim. An online estimator tool is available at www.irs.gov/W4App. How you fill out your W-4 form can change how much you receive or have withheld from each paycheck. Once a year, you will receive an IRS Form W-2 from your employer. Use this and other records to reconcile the taxes you actually paid with what you should have paid.

Recovering Your Finances: Earnings and Wages - 30 seconds

This is **NAME** the **NAME of COUNTY** Extension Agent for Family and Consumer Sciences with the University of Kentucky, College of Agriculture, Food and Environment.

Taxes and benefits can have a big effect on your take-home pay. It is important to fill out your tax forms correctly so you can maximize your earnings potential. IRS Form W-4 records your withholding allowances for taxes. How you fill out your W-4 form can change how much you receive or have withheld from each paycheck. An online estimator tool is available at www.irs.gov/W4App.

If you are seeking a new job, it may help to know your rights and to have a plan to address addiction and recovery with potential employers if needed. Read your stub or statement thoroughly so you can have realistic expectations about what the job will provide to you in income and benefits.

NEWSPAPER ARTICLE

Recovering Your Finances: Earnings and Wages

Newspaper Article

Whether you are satisfied with your current job or you want to look for new employment, it can help if you understand the taxes and benefits that affect your take-home pay. It is important to fill out your tax forms correctly so you can maximize your earnings potential.

If you are seeking a new job, it may help to know your rights and to have a plan to address addiction and recovery with potential employers if needed. Know what might be on your record and be prepared to address it with a potential employer. It may help to come up with a short summary of your situation.

Read your stub or statement thoroughly so you can have realistic expectations about what the job will provide to you in income and benefits. The amount you earn may not be the same as the amount you receive because of deductions.

IRS Form W-4 records your withholding allowances for taxes and includes a worksheet to figure out how many allowances you should claim. An online estimator tool is available at www.irs.gov/W4App and can help you figure out more accurately how much to have withheld. How you fill out your W-4 form can change how much you receive or have withheld from each paycheck. Once a year, you will receive an IRS Form W-2 from your employer. Use this and other records to reconcile the taxes you actually paid with what you should have paid. For more information about managing your money and recovering from substance use disorder, visit the **XXXX** County Extension Office.



UNIT 8: STARTING TO SAVE

“DO NOT SAVE WHAT IS LEFT AFTER SPENDING, BUT SPEND WHAT IS LEFT AFTER SAVING.” – WARREN BUFFETT

Saving for emergencies and for the future is a critical part of establishing a financially stable household. Saving can provide a financial safety net for sudden issues that could otherwise derail a monthly budget. Saving also can bring personal satisfaction and peace of mind that may help reduce financial stress.

When you save, you put aside some of your income for later use. Savings could come from your wages, gifts, tax refunds, or other income sources. It could be earmarked for a specific use later, it could be for your emergency fund, or it could just be extra money. Savings can start very small. If you set aside just \$10 per week, you would have \$520 by the end of the year.



When you save, you set aside some of your income for a later use.

One benefit of saving is the satisfaction of seeing your money grow and the peace of mind of knowing you have money available for emergencies or to meet goals. Having money saved also gives you more options. If you know you have enough money to cover your expenses for several months, you could have more time to look for a new job. If you find your neighborhood growing unsafe, you can move to a safer area if you have saved enough for a deposit or down payment on a better apartment or house.

EARNING INTEREST

Another potential benefit of saving money is the possibility of earning interest. Financial institutions pay interest on some accounts in return for you keeping your money deposited with them. Interest compounds, which means you could earn interest on the interest you've already earned, as well as on your savings principal. The more often the account compounds – daily, monthly, or annually – the more interest you could earn. If you earn enough interest, you might have to pay taxes on your earnings.

When you're shopping for savings accounts, use the Annual Percentage Yield (APY) to compare. The APY is a percentage that reflects the interest you could earn in a year, including the effects of compounding. Also, when shopping for a savings account, compare fees and limitations to make sure the overall account matches your needs.

One well-known savings strategy is to “pay yourself first.” This means to set aside a set amount of money for your savings fund from every paycheck. This can easily be done automatically through direct deposit. Regularly

saving money, even small amounts, can add up over time.

Let’s say you deposited \$5 in your savings account to open it. You decide to “pay yourself first” \$5 each month automatically through direct deposit into savings. Here is how your money would grow if you keep contributing that same amount every month.

TABLE 1

	Without interest	With interest (0.5% compounded monthly)
Month 1	\$10.00	\$10.00
Month 2	\$15.00	\$15.01
Month 3	\$20.00	\$20.02
Month 4	\$25.00	\$25.03
Month 5	\$30.00	\$30.04
Month 6	\$35.00	\$35.06
1 Year		
1 Year	\$65.00	\$65.19
2 Years		
2 Years	\$125.00	\$125.68
3 Years		
3 Years	\$185.00	\$186.47
4 Years		
4 Years	\$245.00	\$247.57
5 Years		
5 Years	\$305.00	\$308.97

While you won’t get rich from savings account interest, that extra change is still free money and a nice bonus. The real value of keeping your money in a savings account at a bank or credit union is the security of knowing your money is safe and available when you need it. At the same time, there is an extra step to get to your money and withdraw it, so you’re less likely to spend it. Be aware that some accounts require a minimum balance to avoid fees.

These numbers would grow even faster if you contributed more money, you earned more interest, or if it compounded more often. Here is the example with the same \$5 deposit to start and the same interest rate and compounding. But in this example, you “pay yourself first” \$10 per month.

TABLE 2

	Without interest	With interest (0.5% compounded monthly)
Month 1	\$15.00	\$15.01
Month 2	\$25.00	\$25.02
Month 3	\$35.00	\$35.03
Month 4	\$45.00	\$45.05
Month 5	\$55.00	\$55.07
Month 6	\$65.00	\$65.10
1 Year		
1 Year	\$125.00	\$125.35
2 Years		
2 Years	\$245.00	\$246.30
3 Years		
3 Years	\$365.00	\$367.86
4 Years		
4 Years	\$485.00	\$490.03
5 Years		
5 Years	\$605.00	\$612.81

By “paying yourself first,” you’re putting that deposit on autopilot. When you divert part of your paycheck into savings, it will be there for you in case you ever need it. You won’t miss that money in your checking account, because you don’t miss what you never see.

**One savings strategy is to “pay yourself first.”
This means to set aside money from every paycheck.**

ESTABLISHING AN EMERGENCY FUND

An emergency fund is money that you set aside in case you ever need to cover unexpected expenses. “Emergencies” could be a wide range of things, such as loss of job, an illness, medical emergency, or an unexpected car or home repair. This fund creates a “safety net” of money that can be used to pay for these expenses. It also keeps you from needing to use high-cost credit.

Consider opening a separate savings account for your emergency fund. You may need to start small. Saving just \$500 or \$1,000 can help in many emergencies. It may take time to build up the recommended emergency fund of between three and six months’ worth of living expenses.

Make the commitment to save, and build your funds slowly over time. Decide what types of emergencies the fund will cover, but don’t be afraid to use it if something else comes up. Just remember that if you dip into your emergency savings, you’ll need to build it up again later.

Note that savings may impact public benefits you receive. Many public benefit programs are based on income and other resources. Those same benefits may limit assets. Some of those limits are around \$2,000 or \$3,000 depending on the program and other factors. If you receive public benefits, make sure to research any limits on income or assets at <https://www.usa.gov/benefits-grants-loans>.

SETTING SMART GOALS

Setting goals is like reading a road map. You figure out your starting point (what you have) and your destination (your goal). Then you can more clearly define the route between the two.

Goals provide purpose and direction. Writing them down increases your chance of success.

Goals can be short-term (less than one year), medium-term (one to five years), or long-term (more than five years). You also may have separate retirement goals. You may have several goals at once. When you achieve a savings goal, you should set a new one, so you’re always working on improving yourself and your situation.

**It’s important to set exciting and concrete goals -
something specific that is worth working toward.**

It’s important to set exciting and concrete goals – something specific that is worth working toward. Vague goals such as “financial security” will lead to disappointment. It’s too difficult to track when you have achieved this goal, as well as how to work on it step-by-step.

A specific goal can be broken down into exact cost, which leads to a measurable plan you can execute. Break down a larger goal into steps and then you can see when and how to reach each step of the project.

One example of a specific goal is finding a new apartment. After comparison shopping, you choose a one-bedroom apartment that costs \$470 per month. The landlord requires a security deposit, which is equal to one

month's rent. So, the total needed in the first month is \$940. Utility deposits would add about \$350, for a total of \$1,290 needed that first month. That is your goal.

Now think about how soon you need to reach your goal. If you're planning to move within four months, you can figure out that the total cost divided by four months equals \$322.50 that you should set aside each month.

Think about that monthly saving strategy. Is that attainable for you? Is it realistic that you should put the effort into saving for this? Do you have the resources to reach this goal? If so, then you can use this timeline to work toward your goal.

Think about how you will come up with the money to save for this goal. Can you do something to earn extra income during your timeline? Or will you cut expenses elsewhere in your budget and save the difference? You may have to make a trade-off in order to reach your goals. There is probably not enough money to fund everything you would like to have at once. You may need to prioritize one or two financial goals at a time.

Writing your goals down makes you more likely to work toward them. It also may help to share with others in your family or household. It's easier to work on goals when everyone is on board with the plan. Post your goals so that you can see a reminder daily. It may help keep you on task.

By exploring ways to save, you're on your way to a more financially stable household. Create your financial safety net by building an emergency fund. And establish SMART goals to save for the future. Start saving today, and get the satisfaction of watching your money grow, along with peace of mind that may help reduce financial stress.

Financial capability is not a one-step process. Building your savings, balancing your budget, repairing your credit, and more are steps that can be taken over time. Keep working to improve yourself, step-by-step. Personal financial improvement is a long-term journey and every stop along the way makes you stronger.

Kelly May, BA
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September 2019

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UNIT 8: STARTING TO SAVE

FACILITATOR'S GUIDE

RATIONALE: Saving for emergencies and for the future is a critical part of establishing a financially stable household. Taking action to save can help individuals in recovery avoid relapse by providing a financial safety net for sudden issues that could otherwise derail a monthly budget. Saving also can bring personal satisfaction and peace of mind that may help reduce financial stress.

GOAL: To help participants establish an emergency fund relative to their personal budget and establish SMART goals for saving.

OBJECTIVES:

1. Explain why saving is important, and list ways to save.
2. Know how much money should be in your emergency fund.
3. Establish SMART goals for saving.

RESOURCES FOR LEADERS:

Publication

Facilitator's Guide

Activity - Savings Tips Worksheet

Activity - Emergency Fund Worksheet

Activity - SMART Goals Worksheet

Activity - Monitoring My Finances Over Time Worksheet

RESOURCES FOR PARTICIPANTS:

Publication

Activity - Savings Tips Worksheet

Activity - Emergency Fund Worksheet

Activity - SMART Goals Worksheet

Activity - Monitoring My Finances Over Time Worksheet

Evaluation

FACILITY/EQUIPMENT

- * Reserve an informal space with tables and chairs for the anticipated number of attendees.
- * This unit requires no technology.

PREPARATION

- * Plan on the program taking approximately 60 minutes to complete, depending on the activities selected and the number of participants.
- * Prepare copies of participant resources, including the publication, evaluation, and activity handouts.
NOTE: *If you give this presentation in a jail or prison facility, there may be rules such as no staples. Check for special instructions in advance.*
- * Consider printing extra copies of the SMART Goals Worksheet in case anyone wants to outline more than one goal.
- * Secure flipchart and markers.

INTRODUCTION

Ask: What does it mean to save money? (Optional: write responses on flip chart)

OBJECTIVE 1: EXPLAIN WHY SAVING IS IMPORTANT AND LIST WAYS TO SAVE.

Share: When you save, you set aside some of your income for later use. Savings could come from your wages, gifts, tax refund, or other income sources. It could be earmarked for a specific use later, it could be for your emergency fund, or it could just be extra money. Savings can start very small. If you set aside just \$10 per week, you would have \$520 by the end of the year.

Here are some reasons people save money:

- For specific goals
- For emergencies
- For security or stability
- To pay down debt
- To build wealth
- For retirement
- To improve your quality of life

Ask: Can you think of other reasons to save?

Share: One benefit of saving is the satisfaction of seeing your money grow and the peace of mind of knowing you have that money available for emergencies or to meet goals. Having money saved also gives you more options. If you know you have enough money to cover your expenses for several months, you could have more time to look for a new job. If you find your neighborhood growing unsafe, you can move to a safer area because you'll have enough for a deposit or down payment on a better apartment or house.

Another potential benefit of saving money is the possibility of earning interest. Financial institutions pay interest on some accounts in return for you keeping your money deposited with them. Interest compounds, which means you could earn interest on the interest you've already earned as well as on your savings principal. The more often the account compounds - daily, monthly, or annually - the more interest you could earn. If you earn enough interest, you might have to pay taxes on your earnings.

When you're shopping for accounts, you may want the savings account that provides the most interest. Use the Annual Percentage Yield (APY) to compare. The APY is a percentage that reflects the interest you could earn in a year, and it includes the effects of compounding. Also, when shopping for a savings account, keep in mind fees and limitations to make sure the overall account matches your needs and situation. (It may help to use the Comparing Accounts Worksheet from Unit 6 - Understanding Banking.)

One well-known savings strategy is to "pay yourself first." This means to set aside a set amount of money for your savings fund from every paycheck. This can easily be done automatically through direct deposit. Regularly saving money, even small amounts, can add up over time.

Note to instructor: Refer to Table 1 in the publication.

Share: Let's say you had to put \$5 in your savings account to open it. You decide to "pay yourself first" \$5 each month automatically through direct deposit into savings. Here is how your money would grow if you keep contributing that same amount every month.

	Without interest	With interest (0.5% compounded monthly)
Month 1	\$10.00	\$10.00
Month 2	\$15.00	\$15.01
Month 3	\$20.00	\$20.02
Month 4	\$25.00	\$25.03
Month 5	\$30.00	\$30.04
Month 6	\$35.00	\$35.06
1 Year		
1 Year	\$65.00	\$65.19
2 Years		
2 Years	\$125.00	\$125.68
3 Years		
3 Years	\$185.00	\$186.47
4 Years		
4 Years	\$245.00	\$247.57
5 Years		
5 Years	\$305.00	\$308.97

While you won't get rich from savings account interest, that extra change is still free money and a nice bonus. The real value of keeping your money in a savings account at a bank or credit union is the security of knowing your money is safe and available when you need it. At the same time, there is an extra step to get to your money and withdraw it, so you're less likely to spend it. Be aware that some accounts require a minimum balance to avoid fees.

Note to instructor: Refer to Table 2 in the publication.

Share: These numbers would grow even faster if you contributed more money, you earned more interest, or if it compounded more often. Here is the example with the same \$5 deposit to start and the same interest rate and compounding. But in this example, you "pay yourself first" \$10 per month.

	Without interest	With interest (0.5% compounded monthly)
Month 1	\$15.00	\$15.01
Month 2	\$25.00	\$25.02
Month 3	\$35.00	\$35.03
Month 4	\$45.00	\$45.05
Month 5	\$55.00	\$55.07
Month 6	\$65.00	\$65.10
1 Year		
1 Year	\$125.00	\$125.35
2 Years		
2 Years	\$245.00	\$246.30
3 Years		
3 Years	\$365.00	\$367.86
4 Years		
4 Years	\$485.00	\$490.03
5 Years		
5 Years	\$605.00	\$612.81

By “paying yourself first,” you’re putting that deposit on autopilot. When you divert part of your paycheck into savings, it will be there for you in case you need it. You won’t miss that money in your checking account, because you don’t miss what you never see.

Sometimes when we get a deal on a purchase, we say we “saved” money. But you aren’t actually building your savings unless you put that extra money into your savings account.

OBJECTIVE 2: KNOW HOW MUCH MONEY SHOULD BE IN YOUR EMERGENCY FUND.

Ask: What do you think an emergency fund might help with? (Optional: write responses on flip chart)

Share: An emergency fund is money that you set aside in case you ever need to cover unexpected expenses. “Emergencies” could be a wide range of things, such as loss of job, an illness, medical emergency, or an unexpected car or home repair. This fund creates a “safety net” of money that can be used to pay for these expenses. It also keeps you from needing to use high-cost credit.

Consider opening a separate savings account for your emergency fund. You may need to start small, and it may take time to build up the recommended emergency fund of between three and six months’ worth of living expenses. Any amount of money set aside will be useful to you when bad things happen. Saving just \$500 or \$1,000 can help in many emergencies. Make the commitment to save, and build your funds slowly over time. Decide what types of emergencies the fund will cover, but don’t be afraid to use it if something else comes up. Just remember that if you dip into your emergency savings, you’ll need to build it up again later.

One thing to keep in mind is that savings may impact public benefits you receive. Many public benefit programs are based on income and other resources. Those same benefits may limit assets – or how much cash you have on hand. Some of those limits are around \$2,000 or \$3,000 depending on the program and other factors. If you receive public benefits, make sure to research any limits on income or assets at <https://www.usa.gov/benefits-grants-loans>.

ACTIVITY: EMERGENCY FUND WORKSHEET

Instructions to share: Use this worksheet to figure out how much money should be in your emergency fund. Then determine how long it might take you to save that amount and “bite-size” it into monthly amounts.

OBJECTIVE 3: ESTABLISH SMART GOALS FOR SAVING.

Share: Baseball player Yogi Berra once said, “If you don’t know where you are going, you might wind up someplace else.” Setting goals is like reading a road map. You figure out your starting point (what you have) and your destination (your goal). Then you can more clearly define the route between the two.

Goals provide purpose and direction. Writing them down increases your chance of success. Goals can be short-term (less than one year), medium-term (one to five years), or long-term (more than five years). You also may have separate retirement goals. You may have several goals at once. When you achieve a savings goal, you should set a new one, so you’re always working on improving yourself and your situation.

It’s important to set exciting and concrete goals – something specific that is worth it to you to work toward. Vague goals such as “financial security” will lead to disappointment. It’s too difficult to track when you have achieved this goal, as well as how to work on it step-by-step.

A **specific** goal can be broken down into exact cost, which leads to a **measurable** plan you can execute. Break down that larger goal into steps and then you can see when and how to reach each step of the project.

One example of a specific goal might be to find new apartment housing. After comparison shopping, you settle on a one-bedroom apartment that costs \$470 per month in rent. The landlord may require a security deposit, which is often equal to one month's rent. So, the total needed in the first month to rent this apartment would be \$940. Utility deposits would add about \$350, for a total of \$1,290 needed that first month. That is your goal and the total cost.

Now think about how soon you need to reach your goal. If you're planning to move within four months, you can figure out that the total cost divided by four months equals \$322.50 that you should set aside each month.

Think about that monthly saving strategy. Is that **attainable** for you? Is it **realistic** that you should put the effort into saving for this? Do you have the **resources** to reach this goal? If so, then you can use this **timeline** to work toward your goal.

Think about specifically how you will come up with those extra funds each month for savings. Can you do something to earn extra income during your timeline? Or will you cut expenses elsewhere in your budget? Decide how you will achieve this savings. You may have to make a trade-off in order to reach your goals.

There is probably not enough money to fund everything you would like to have at once. You may need to prioritize one or two financial goals at a time.

Writing your goals down makes you more likely to work toward them. It also may help to share with others in your family or household. It's easier to work on goals when everyone is on board with the plan. Post your goals so that you can see a reminder daily. It may help keep you on task.

ACTIVITY: SMART GOALS WORKSHEET

Instructions to share: *For the next five minutes, fill in the SMART Goals Worksheet. First, identify a few financial goals you would like to work toward. Next, consider the items on the list, to see if any of those would be additional financial goals for you to consider. On the back, choose one goal to achieve and complete the SMART goals worksheet with the details to help you achieve your goal.*

After everyone has developed at least one goal, ask if anyone would like to share with the group and lead a group discussion. Encourage participants to hang these signs up at home and work toward these goals.

PROGRAM SUMMARY

Share: Now that you've explored ways to save, you're on your way to a more financially stable household. Take action to create a financial safety net through building an emergency fund. And explore your wishes for the future through establishing SMART goals for saving. Start saving today, and get the satisfaction of watching your money grow, along with peace of mind that may help reduce financial stress.

ACTIVITY - MONITORING YOUR FINANCES OVER TIME WORKSHEET

Instructions to share: *Distribute the worksheet and have each attendee select at least one, and up to three, financial behaviors to work on and monitor. Have attendees note next steps and set a date six months from now to follow up on changes made. At that time, they should select new goals and changes to track to continue progress into the future.*

Share: Financial capability is not a one-step process. Building your savings, balancing your budget, repairing your credit, and more are steps that you should take over time. Keep working to improve yourself, step-by-step. Personal financial improvement is a long-term journey, and every stop along the way makes you stronger.

Have participants complete the program evaluation.

Remember, for any strategy that helps you cut spending, you'll need to put that extra money into your savings account in order to build savings.

Additional ways to save

- Pay yourself first. Set up direct deposit or other automatic savings, such as a regular transfer from checking to savings.
- Earn interest on your account. Comparison shop for the account with the highest APY and lowest fees.
- Save daily pocket change. Deposit it into the bank weekly or monthly.
- Save extra income. Deposit your tax refund, raise or bonus at work, birthday gifts, etc.
- Scale back "wants." Cut out restaurants, snacks, soda, coffee, candy, cigarettes, etc. Also consider cutting services and subscriptions you may no longer need or use.
- Decrease utility use. Turn off lights, unplug electronics, turn down the thermostat 2 degrees, cut back optional services like cable TV or cell phone.
- Curb spending or shop for deals. Shop for store brands rather than name brands. Use coupons and rebates. Shop at thrift stores. Put what you don't spend in savings.
- Find free entertainment. Use libraries, parks, and festivals, and save the money you would have spent on other entertainments.
- Set gift-giving limits for holidays, birthdays, and special occasions.
- Pay bills on time. Avoid fees and extra finance charges. Save the money you've been paying in late fees.
- Avoid paying finance charges on items that don't last as long as the loan or billing cycle, such as restaurants and vacations. Only borrow for items that help build long-term financial security, such as for education, a home, or a car to get to work.
- Once you pay off a loan, continue that "payment" to yourself into savings.
- Join your work retirement plan, especially if they offer a match.

Which of these tips will YOU use to save?



UNIT 8: STARTING TO SAVE

ACTIVITY - EMERGENCY FUND WORKSHEET

Use this worksheet to figure out how much money should be in your emergency fund. Then determine how long it might take you to save that amount and “bite-size” it into monthly amounts.

Step 1: Look back at your budget from Unit 1. Review the “Expenses” page. What were your total monthly expenses? _____

Step 2: Figure out the range your emergency fund might cover. It is recommended that you maintain an emergency fund that would cover three to six months’ worth of expenses.

_____ X 3 months = _____
 Monthly expenses Minimum emergency fund

_____ X 6 months = _____
 Monthly expenses Maximum emergency fund

My range:	
_____	- _____
Minimum	Maximum

Step 3: Determine the goal number within your range that seems like enough emergency fund for you and that you feel you can eventually achieve. If your recommended range sounds too high, remember that saving just \$500 or \$1,000 can help in many “emergencies.” If you save small amounts over time, how long will it take you to reach this goal? Set yourself a deadline for reaching the goal, and then figure out how much you should save each month in order to meet this deadline. If your deadline is more than a year, that’s OK. Just figure out how many months that would be.

_____ ÷ _____ months = _____
 Goal Emergency Fund How much you should save each month

Step 4: Work toward your goal! But don’t get discouraged along the way. Make the commitment to save, and build your funds slowly over time. And remember that if you dip into your emergency savings, you’ll need to build it up again later.



UNIT 8: STARTING TO SAVE

ACTIVITY - SMART GOALS WORKSHEET

We all have multiple goals for the future. Think about where you want to be and what you want to have accomplished in the short term (less than 1 year), medium term (1 to 5 years), and long term (more than 5 years), as well as retirement goals. Write down your goals.

Savings Goals

Having specific goals can make you more successful in achieving them. Studies have found that reviewing lists of possible goals can help you identify goals that really matter. Review the following list to see if there are additional goals you might add to your list.

- | | |
|---|---|
| <input type="checkbox"/> Pay for addiction treatment | <input type="checkbox"/> Invest in the markets |
| <input type="checkbox"/> Pay for medical expenses | <input type="checkbox"/> Save for retirement |
| <input type="checkbox"/> Pay off a debt | <input type="checkbox"/> Go on vacation or travel |
| <input type="checkbox"/> Buy a car or car repair | <input type="checkbox"/> Relocate or move |
| <input type="checkbox"/> Buy a house or home repair | <input type="checkbox"/> Give to charity |
| <input type="checkbox"/> Go to school or learn a new skill | <input type="checkbox"/> Care for an aging relative |
| <input type="checkbox"/> Save for child's college education | <input type="checkbox"/> Support myself in aging to not be a burden |
| <input type="checkbox"/> Start a business | <input type="checkbox"/> Build an inheritance to leave behind |

References

Sin, R., Murphy, R.O., Lamas, S. (2019) "Goals-Based Financial Planning: How Simple Lists Can Overcome Cognitive Blind Spots." *Journal of Financial Planning* 32 (7): 34-43.

Sin, R., Murphy, R.O., Lamas, S. (2019) "Mining for Goals: How Behavioral Nudges Can Help Investors Discover More-Meaningful Goals." Morningstar Investor Success Project. <https://www.morningstar.com/company/investor-success>

Making Your Goal SMART:

Write down one savings goal you want to achieve and check whether it is short-term, medium-term, or long-term. Complete the worksheet with the details to help you achieve your goal.

Goal: _____

Short-term
(Less than 1 year)

Medium-term
(1 to 5 years)

Long-term
(More than 5 years)

Retirement

Specific: What is the total cost to achieve this goal? What other resources might be needed?

Measurable: How much money should you set aside each week or each month?

Attainable: Is it possible to reach this goal within your budget?

Realistic or Resources: Is this a need or a want? Is it worth putting in the effort to save for this? Where will the money or other needed resources come from?

Timeline: When do you need to reach this goal? Do you have enough time to accomplish your goal?

Account: Where are you going to keep the money while saving for this goal?

Date prepared: _____

Post this worksheet where it can be a reminder of the goals you're working toward and how you will achieve them.



UNIT 8: STARTING TO SAVE

ACTIVITY - MONITORING MY FINANCES OVER TIME WORKSHEET

Track Progress

Select up to three behavior changes to improve upon and monitor.

- | | |
|--|---|
| <ul style="list-style-type: none"> <input type="checkbox"/> Consider whether purchases are “wants” or “needs” before spending. <input type="checkbox"/> Track spending for _____.
(Length of time, at least a week) <input type="checkbox"/> Prepare a written personal budget. <input type="checkbox"/> Look for ways to increase income. <input type="checkbox"/> Find at least one monthly expense to decrease.

(List specific expense.) <input type="checkbox"/> Read contracts and forms before signing. <input type="checkbox"/> Use the Annual Percentage Rate (APR) to compare interest on credit offers. <input type="checkbox"/> Request my free credit report, and review it for accuracy. <input type="checkbox"/> Work on at least one way to improve my credit score. _____

(List specific action step.) <input type="checkbox"/> Dispute incorrect information on my credit report. | <ul style="list-style-type: none"> <input type="checkbox"/> Create a plan to negotiate repayment of a debt. <input type="checkbox"/> Actively work to reduce my debt. _____

(List specific action step.) <input type="checkbox"/> Use a money management tool. <input type="checkbox"/> Open a bank or credit union account, OR review the terms of my existing account. <input type="checkbox"/> Look for ways to avoid fees or reduce the cost of bank services. <input type="checkbox"/> Review my pay stub, and note what taxes are withheld. <input type="checkbox"/> Review my Form W-4 for accuracy, and update as needed. <input type="checkbox"/> Set up automatic savings. <input type="checkbox"/> Set a SMART goal, and start saving toward that goal. _____

(List specific goal.) |
|--|---|

Next steps: _____

Self Check-In Date: _____ (6 months from workshop end)

Next Self Check-In

Reassess goals

As time passes and you work to improve your circumstance, you may find your goals changing. For example, you may complete a goal and need to set a new one. Or time and circumstance may cause you to change your focus. Then you may find a new goal should take priority.

SMART Goal: _____

Track Progress

Select up to three behavior changes to improve upon and monitor.

- | | |
|--|---|
| <input type="checkbox"/> Consider whether purchases are “wants” or “needs” before spending. | <input type="checkbox"/> Create a plan to negotiate repayment of a debt. |
| <input type="checkbox"/> Track spending for _____.
(Length of time, at least a week) | <input type="checkbox"/> Actively work to reduce my debt. _____

(List specific action step.) |
| <input type="checkbox"/> Prepare a written personal budget. | <input type="checkbox"/> Use a money management tool. |
| <input type="checkbox"/> Look for ways to increase income. | <input type="checkbox"/> Open a bank or credit union account, OR review the terms of my existing account. |
| <input type="checkbox"/> Find at least one monthly expense to decrease.

(List specific expense.) | <input type="checkbox"/> Look for ways to avoid fees or reduce the cost of bank services. |
| <input type="checkbox"/> Read contracts and forms before signing. | <input type="checkbox"/> Review my pay stub, and note what taxes are withheld. |
| <input type="checkbox"/> Use the Annual Percentage Rate (APR) to compare interest on credit offers. | <input type="checkbox"/> Review my Form W-4 for accuracy, and update as needed. |
| <input type="checkbox"/> Request my free credit report, and review it for accuracy. | <input type="checkbox"/> Set up automatic savings. |
| <input type="checkbox"/> Work on at least one way to improve my credit score. _____

(List specific action step.) | <input type="checkbox"/> Set a SMART goal, and start saving toward that goal. _____

(List specific goal.) |
| <input type="checkbox"/> Dispute incorrect information on my credit report. | |

Next steps: _____

Self Check-In Date: _____ 6 months from last check-in date)

Repeat process as needed. Remember that personal financial improvement is a long-term journey, and every stop along the way makes you stronger!



UNIT 8: STARTING TO SAVE

PROGRAM EVALUATION

Your help is needed in providing vital feedback on the program you have just completed. Please take a moment to complete this survey.

LEVEL OF UNDERSTANDING

For each of the topics listed below, in the MIDDLE column, circle the ONE number that best reflects your level of understanding or ability before the program. Then, in the RIGHT column, circle the ONE number that best reflects your level of understanding or ability after the program.

Poor=1, Average =2, Good=3, Excellent=4

Level of understanding or ability	BEFORE the Program	AFTER the Program
Explain why saving is important	1 2 3 4	1 2 3 4
List at least three ways to save money	1 2 3 4	1 2 3 4
Know how much money should be in your emergency fund	1 2 3 4	1 2 3 4
Establish SMART goals for saving	1 2 3 4	1 2 3 4

INTENTIONS

Check whether you plan to change the following behaviors as a result of the program.

Behavior change	Yes	No
I plan to set up automatic savings.		
I plan to set a SMART goal and start saving toward that goal.		

SATISFACTION

Check the box for each statement that best describes your thoughts concerning different aspects of the program.

Satisfaction	Strongly Disagree	Disagree	Agree	Strongly Agree
The speakers were effective.				
I found the information to be practical.				
Overall, this was a very educational program.				

What is the most significant thing from this program you will apply to your life (feel free to list more than one)?

Please list additional comments below or on the back of this page. Thank you for your time.



UNIT 8: STARTING TO SAVE

MARKETING TOOLS

SOCIAL MEDIA POST OR COMMUNITY CALENDAR

Learn how to save your money with UK Cooperative Extension on (INSERT DATE/TIME)! When you save, you set aside some of your income for later use. Put your savings on autopilot by “paying yourself first.” Create a financial safety net by building an emergency fund. And establish SMART goals to save for the future. For more information about managing your money and recovering from substance use disorder, visit the XXXX County Extension Office. Building strong families. Building Kentucky. It starts with us. #UKFCSExt

MEDIA ADVISORY

Saving for emergencies and for the future is a critical part of establishing a financially stable household. Saving can provide a financial safety net for sudden issues that could otherwise derail a monthly budget. Saving also can bring personal satisfaction and peace of mind that may help reduce financial stress.

Learn how to save your money with the University of Kentucky Cooperative Extension at a free workshop on (INSERT DATE/TIME). The program includes information and activities to help you find ways to save, figure out how much money should be in your emergency fund, and establish SMART goals for saving. If you are interested in learning more about this free program, please contact us at the (insert contact information for local Extension office).

RADIO SCRIPTS

Recovering Your Finances: Starting to Save - 60 seconds

This is NAME the NAME of COUNTY Extension Agent for Family and Consumer Sciences with the University of Kentucky, College of Agriculture, Food and Environment.

Saving money for emergencies and for the future is a critical part of establishing a financially stable household. When you save, you set aside some of your income for later use. Put your savings on autopilot by “paying yourself first.”

Create a financial safety net for the unexpected by building an emergency fund. It may take time to build up the recommended emergency fund of between three and six months’ worth of living expenses. Saving just \$500 or \$1,000 could help in many emergencies.

Establish SMART goals to save for the future. It’s important to set exciting and concrete goals - something specific that is worth working toward. Write down your goals and post them in your house so that you can see a reminder daily.

Start saving today, and get the satisfaction of watching your money grow, along with peace of mind that may help reduce financial stress.

Recovering Your Finances: Starting to Save - 30 seconds

This is **NAME** the **NAME of COUNTY** Extension Agent for Family and Consumer Sciences with the University of Kentucky, College of Agriculture, Food and Environment.

Saving money for emergencies and for the future is a critical part of establishing a financially stable household. When you save, you set aside some of your income for later use. Put your savings on autopilot by “paying yourself first.”

Create a financial safety net for the unexpected by building an emergency fund. And establish SMART goals to save for the future. Saving also can bring personal satisfaction and peace of mind that may help reduce financial stress.

NEWSPAPER ARTICLE

Recovering Your Finances: Starting to Save

Newspaper Article

Saving for emergencies and for the future is a critical part of establishing a financially stable household. Saving can provide a financial safety net for sudden issues that could otherwise derail a monthly budget. Saving also can bring personal satisfaction and peace of mind that may help reduce financial stress.

When you save, you set aside some of your income for later use. Savings could come from your wages, gifts, tax refunds, or other income sources. Savings can start very small.

One benefit of saving is the satisfaction of seeing your money grow and the peace of mind of knowing you have money available for emergencies or for meeting goals. Another potential benefit of saving money is the possibility of earning interest. When you’re shopping for savings accounts, use the Annual Percentage Yield (APY) to compare.

One well-known savings strategy is to “pay yourself first.” This means to set aside a set amount of money for your savings fund from every paycheck. By “paying yourself first,” you’re putting that deposit on autopilot. An emergency fund is money that you set aside in case you need to cover unexpected expenses. This fund creates a “safety net” of money that can be used to pay for these expenses. It also keeps you from needing to use high-cost credit. It may take time to build up the recommended emergency fund of between three and six months’ worth of living expenses.

Goals provide purpose and direction. Writing them down increases your chance of success. Setting goals is like reading a road map. You figure out your starting point (what you have) and your destination (your goal). Then you can more clearly define the route between the two.

It’s important to set exciting and concrete goals – something specific that is worth working toward. Write down your goals and post them in your house so that you can see a reminder daily. It may help keep you on task. For more information about managing your money and recovering from substance use disorder, visit the **XXXX** County Extension Office.



CERTIFICATE OF COMPLETION

This certificate is awarded to

For successfully completing the Recovering Your Finances Program,
an eight-unit workshop series designed to build financial capability
for substance use recovery.

This certificate is presented

Congratulations on your achievement!



University of Kentucky
College of Agriculture,
Food and Environment
Cooperative Extension Service



FOLLOW-UP EVALUATION FORM

We need your help in providing vital feedback on the Recovering Your Finances (RYF) program that you completed on **DATE**. Please answer the following questions.

Name: _____ Date: _____

Gender: _____ Age: _____ Race: _____ Ethnic Group: _____

- Please indicate whether you agree with the following statements regarding your **knowledge** level. Please indicate your level of agreement or disagreement with each of the following statements **BOTH before and after the training**. As a result of participating in the Recovering Your Finances training:

Poor=1, Average =2, Good=3, Excellent=4

Level of Understanding/Ability	<u>BEFORE</u> the Program	<u>AFTER</u> the Program
I understand how to prepare a personal budget.	1 2 3 4	1 2 3 4
I can identify at least two factors that affect the cost of credit.	1 2 3 4	1 2 3 4
I can identify at least two ways to improve my credit score over time.	1 2 3 4	1 2 3 4
I can prioritize my debts.	1 2 3 4	1 2 3 4
I can identify two ways to avoid fees when utilizing a bank account.	1 2 3 4	1 2 3 4

As a result of participating in the Recovering Your Finances program:

- Has your way of thinking about your personal finances changed?
 Yes No

Please give an example:

3. Since the program completion, have you changed anything about how you deal with your personal finances that you consider an improvement?

Yes No

Please give an example:

4. I have a better understanding of the financial resources that I may need to sustain recovery.

Yes No

5. I have a better understanding of the financial consequences of substance use.

Yes No

6. What did you like best about the Recovering Your Finances program?

7. What was the most significant piece of information that you applied to your life after completing the program? (Feel free to list more than one.)

8. Do you have any suggestions for improving the program?

Please provide any additional information on the back.

Thank you very much for your time!



IMPACT STATEMENT

Financial stress can put individuals in recovery from substance use disorder at risk for relapse, particularly during early stages of recovery. This increased risk is due, in part, to financial stress that people in recovery from substance use disorder often encounter. Through comprehensive financial education training we can expand the capacity of recovery centers and other partners in the community that work with individuals in recovery thereby reducing the likelihood of relapse.

To address this concern, the (INSERT COUNTY) Cooperative Extension Service utilized the Recovering Your Finances curriculum to help build financial capability for those in recovery and thereby improve the efficacy of substance use recovery programs. Topics presented include budgeting, credit, banking, savings, and more. (INSERT details about the number of participants and the time period and circumstances under which the curriculum was presented.)

Participants were asked to complete an evaluation survey following the class(es). Over the series, there was an average response rate of ## per class. Of each class' survey respondents, XX percent indicated they increased understanding of how to prepare a personal budget; XX percent indicated they learned to identify factors that affect the cost of credit; XX percent better know how to improve a credit score over time; XX percent are now better able to prioritize debts; and XX percent had increased confidence in avoiding fees when utilizing a bank account.

Survey results indicate respondents were receptive to behavior change. Of each class' respondents, XX percent plan to consider wants and needs before spending; XX percent plan to actively work to reduce their debt; XX percent plan to review their Form W-4 for accuracy; and XX percent plan to set a SMART goal and start saving toward that goal.

Of the survey respondents, XX percent indicated they understand the financial resources that may be needed to sustain recovery; and XX percent feel they have a better understanding of the financial consequences of substance use.

The most significant things this group plans to apply as a result of this workshop, include:

Xxx

INSERT ANY PERSONAL TESTIMONY FROM PARTICIPANTS AS CONCLUSION.

Please report PAC CODE:

2022 - Substance Use Prevention and Recovery General

2022.5) Number of program participants in Recovering Your Finances

2022.7) Number of students indicating that they developed a better understanding of the consequences of substance use (legal, health, emotional, and financial)

2022.1) Number of community partners that have gained awareness of the problem and impacts of substance use in the community as a result of Extension efforts

Educational Curriculum Package Award

Recovering Your Finances Educational Curriculum

Program Outline

Introduction

Recovering Your Finances is an eight-unit curriculum designed to build financial capability for individuals in recovery from substance use disorder (SUD). For people in recovery from SUD, the highest risk of relapse is in the earliest stages of recovery. This increased risk is due, in part, to financial stress that people in recovery from substance use disorder often encounter. The educational curriculum Recovering Your Finances was developed to expand the capacity to build financial skills for recovery centers and other partners in the community that work with individuals in recovery, and thereby reduce the likelihood of relapse. The projected outcomes of the curriculum include a more employable workforce, a stronger rural economy, and an improved quality of life for all residents.

University of Kentucky Cooperative Extension's substance use prevention and recovery content experts often posit that building recovery assets is one of the most critical steps in recovery. Research shows that building financial knowledge is critical to ameliorate financial stress and help individuals along in that process. However, prior to creation of this curriculum, no existing curricula have specifically been tailored to the needs of people in recovery from SUD.

The Recovering Your Finances curriculum includes a workshop series of eight units designed to build financial capability for those in recovery. Unit topics are money style, budgeting, credit, credit reports, priorities, banking, earnings, and savings. This objective-based and interactive curriculum includes materials for both the instructor and participant. Each unit includes a facilitator's guide for the presenter, a publication for the attendee, various activities and activity worksheets to reinforce learning, an evaluation, and marketing tools including newsletters, radio scripts, and social media posts.*

**See attached supporting materials for examples of these resources.*

Target Audience

The Kentucky Cooperative Extension Service's new Recovering Your Finances curriculum is designed to specifically address the needs of individuals in substance use recovery for building financial capability.

The USDA Rural Community Development Initiative (RCDI) grant, which funded the development of this curriculum, focused initial efforts on distributing the new curriculum via train-the-trainer workshops targeting four rural counties in Kentucky: Knox County, Leslie County, Bourbon County, and Boyd County. The training was for individuals in those counties who work with the substance use community, primarily treatment or recovery center staff, healthcare staff, and substance use treatment professionals, as well as FCS Extension agents. The Kentucky Board of Alcohol and Drug Counselors approved four hours of continuing education credits to these professionals trained.

The project was further expanded with funding from a SAMHSA Rural Opioid Technical Assistance (ROTA) grant, which ensured the curriculum and train-the-trainer materials could be provided to Family and Consumer Sciences Extension agents across Kentucky.

Program Use and Numbers Reached

Recovering Your Finances curriculum development was funded in late 2018. The curriculum was piloted in September-November 2019 with a group of 7 women from a recovery shelter Mercer County, KY. After subsequent peer-review and revision of the materials, the completed curriculum was presented via train-the-trainer workshops to substance use recovery professionals and FCS Extension agents in August 2020, October 2020, and January 2021. Due to the impact of COVID-19 on training requirements, all train-the-trainer workshops were conducted in an interactive, online format.

The first train-the-trainer workshop focused specifically on community professionals in Knox, Leslie, Bourbon, and Boyd counties. Three instructors presented to 27 attendees online over a two-day span in August 2020. The second and third train-the-trainer workshops trained Kentucky FCS Extension agents statewide. Led by four instructors, the October 2020 training had 58 attendees, and the January 2021 training had 24 attendees. To date, a total of 109 professionals have received training on how to use the Recovering Your Finances curriculum.

The curriculum is beginning to be implemented at the local level. The first reported local-level use of the curriculum took place in Calloway County, KY, between November 2020 and January 2021 with 8 participants that completed the entire program, although some sessions had up to 12 attendees. Additional counties are currently hosting the workshop series locally. In total so far, this new curriculum has directly reached 19 known individuals in recovery in the six months since program implementation began. This is a notable number of people reached given the face-to-face program restrictions placed on Extension and other professionals as a result of the COVID-19 pandemic.

Evidence of Impact

Pilot Study Evaluation. Participants in the pilot study reported high acceptability for the Recovering Your Finances curriculum. In an after-program assessment, participants noted that finances are a potential barrier and source of stress during the recovery process. They said the curriculum focused on rebuilding skills and that the activities/exercises offered an element of fun. Anecdotally, one participant said the curriculum motivated her to open a bank account and establish bills in her name. Another planned to dispute an incorrect item on her credit report and said she was motivated to improve her credit score.

Train-the-Trainer Evaluation. The voluntary evaluation instrument from the August train-the-trainer workshop assessed perceived pre/post capacity to deliver the curriculum to substance use recovery audiences. Of the 27 attendees, 14 completed the post-training online evaluation. Results showed 64% currently deliver financial literacy programming to addiction/recovery audiences. Of those who did not, all but one plan to do so in the future. Respondents said they plan to use the curriculum in a face-to-face/online group, 71.4% planned to use the full curriculum and 57.1% planned to use the units as stand-alone modules. Others will use it as a reference guide, share with colleagues, or use individually.

Respondents all indicated the training was relevant. All agreed or strongly agreed with statements such as the following: The training will help me perform my job more effectively; I increased my understanding of financial education concepts; I understand how the embedded activities reinforce learning; and I recognize curriculum elements that are specific to substance use/recovery audiences.

When asked why they signed up for the training, one respondent remarked, *“Financial literacy/financial education presents as a huge need for the population we serve. This is something that is a vital element in supporting ongoing recovery and quality of life.”* Another expressed a desire to *“be able to provide a pathway for persons to learn the basics and importance of budgeting/priorities/credit knowledge etc. We hope to equip our people to be able to address their financial recovery.”*

The Recovering Your Finances team is preparing a longitudinal follow-up evaluation instrument (six months) to be distributed in February 2021 to this same group, with subsequent qualitative interviews for any participant who has implemented the curriculum in any way. Additionally, evaluation data was collected after the second and third train-the-trainer events; however, that data has not yet been assessed.

Participant Evaluation. The first reported program evaluation feedback was obtained from Calloway County. In the Recovering Your Finances curriculum, participants have the opportunity to provide feedback through an evaluation at the end of each unit. Over the 8-session series, there was an average response rate of 8 participants per session. Of the respondents, 64% indicated they increased understanding of how to prepare a personal budget; 80% indicated they learned to identify factors that affect the cost of credit; 100% better know how to improve a credit score over time; 100% are now better able to prioritize debts; and 75% had increased confidence in avoiding fees when utilizing a bank account. Results indicate respondents were receptive to behavior change: 100% plan to consider wants and needs before spending; 100% plan to actively work to reduce their debt; 100% plan to review their Form W-4 for accuracy; and 100% plan to set a SMART goal and start saving toward that goal.

Resources Used and Preparation Percentages

This curriculum development was funded by a USDA RCDI grant. Kelly May was hired (partially funded) under this grant with the purpose of developing this curriculum. Approximately 60% of the \$229,000 over two years covered the cost of creating the new curriculum and providing training. Additional deployment of the curriculum to FCS Extension agents is funded by a SAMHSA ROTA grant. University of Kentucky Cooperative Extension provided in-kind support for staffing, supplies, and other

expenses. CEDIK (Community and Economic Development Initiative of Kentucky) also was involved in portions of the RCDI grant on this project.

The curriculum development team prepared 100% of the content. Of the curriculum components, at least 96% was original content drafted by Kelly May, excluding the Money Habitudes curriculum that was used in one of the 25 objectives.**

***For a list of references, see supporting materials.*

The curriculum was edited and peer-reviewed by substance use content experts, Dr. Alex Elswick and Katherine Jury. The program also was edited and peer-reviewed by finance content experts, Drs. Jennifer Hunter and Bruce Ross. Evaluation metrics and assessments were prepared by Drs. Omolola Adedokun and Nichole Huff. Other members of the RCDI grant team include Dr. Alison Davis, Mercedes Maness, and Melody Nall.

All materials produced for the challenge were branded to emphasize the connection to the University of Kentucky Family and Consumer Sciences Extension Service. All components of the curriculum have a cohesive design and incorporate UK FCS logos and UK CES branding. UK FCS was identified as the hosting entity on all training and promotions pieces.

Conclusion

The Recovering Your Finances curriculum is a new and unique approach to providing resources to aid those in recovery from SUD. Building financial capability can help reduce the risk of relapse in the earliest stages of recovery. Early evaluation assessments indicate that the curriculum has been successful so far in educating participants on financial concepts and that the train-the-trainer workshops are successful in building capability for professionals to present the curriculum at the local level.

Train-the-Trainer: Day 1

Kelly May, Senior Extension Associate
Family Finance & Resource Management

Dr. Alex Elswick, Assistant Extension Professor
Substance Use Prevention & Recovery

Dr. Nichole Huff, Assistant Extension Professor
Family Finance and Resource Management

Katherine Hahn Jury, Senior Extension Associate
Substance Use Prevention & Recovery



Objectives

- Know how to utilize the curriculum with the intended audience to improve financial capability
- Understand how the included activities reinforce learning concepts
- Recognize elements of the curriculum that are specific to the substance use recovery audience
- Use destigmatizing language when working with the recovery community

Curriculum Summary

- Financial stress can put individuals in recovery from substance use disorder at risk for relapse.
- The Recovering Your Finances curriculum includes:
 - Workshop series of eight units, designed to build financial capability for those in recovery.
 - Topics such as budgeting, credit, banking, savings, and more.
 - Objective-based and interactive materials for both the instructor and participant.



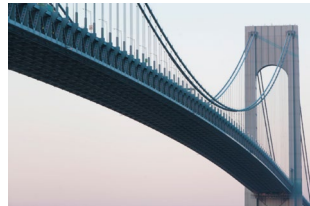
What Makes It Unique?

- Substance Use Disorder (SUD) audience focus
- Destigmatizing language



German

- "Key" = der Schlüssel
 - Masculine article
 - Described as "jagged, rough, hard, heavy, metal"
- "Bridge" = die Brücke
 - Feminine article
 - Described as "beautiful, elegant, fragile, peaceful, pretty"



Spanish

- "Key" = la clave
 - Feminine article
 - Described as "golden, intricate, little, shiny, tiny, lovely"
- "Bridge" = el puente
 - Masculine article
 - Described as "big, dangerous, long, strong, sturdy, towering"

- Substance abuser vs. **person** with a substance use disorder



Changing the Language of Addiction

Terms that stigmatize addiction can affect the perspective and behavior of patients, clients, scientists, and clinicians. Clinicians especially need to be aware of person-first language and avoid more stigmatizing terms.

Terms Not to Use

- addict, abuser, user, junkie, druggie
- alcoholic, drunk
- oxy-addict, meth-head
- ex-addict, former alcoholic
- clean/dirty (drug test)
- addictions, addictive disorders

Terms to Use

- person with a substance use disorder
- person with an alcohol use disorder
- person with an opioid use disorder
- person in recovery
- negative/positive result(s)
- addiction, substance use disorder

Unit 1: Know Your Money Style



Unit 1: Know Your Money Style


- *The primary goal of this unit is for participants to explore their financial style and understand how it applies to the spending and saving choices they make.*
- In our time together, we will:
 - Overview the content in this Unit
 - Discuss WHY this content is important to individuals in recovery
 - Explain all supporting activities
 - Complete the Wants, Needs, and Opportunities Activity

Unit 1: Know Your Money Style

Objective 1: Understand your financial values, habits, and attitudes

Activities: My Money ID Cards
(Optional Personal Values List)
Money Habitudes Game

MY MONEY ID

 Name: _____
My values: _____

My mission: _____

My dominant habitude: _____
My habitude message: _____



Unit 1: Know Your Money Style

Objective 2: Differentiate between wants and needs

Activity: Needs, Wants, and Opportunities Game



UNIT 1: KNOW YOUR MONEY STYLE

ACTIVITY - NEEDS, WANTS, AND OPPORTUNITIES GAME

Print and cut apart the cards, preferably on cardstock. Distribute the cards randomly to each participant. The number of cards players receive depends on the size of the group. If you have 10 or fewer people, distribute 6 cards to each person. If you have 10 to 20 people, they can each receive 4 cards. If you have 20 to 30 people, they can each receive 3 cards. If you have 30 to 45 people, they can each receive 2 cards.

In the first round, go around the room asking participants if the words on their cards are "wants" or "needs." Encourage group discussion, noting that what is a "need" for one person may only be a "want" for someone else. (Example: "Boots" may be a necessary piece of work gear for a construction worker, but might be simply an off-work fashion accessory for a nurse.)

In the second round, have each person choose only one of the cards to "purchase." The rest of their cards are their "opportunity cost." Have each person share what they purchased, what they gave up, and how they made that choice.

WANT?	NEED?	WANT?	NEED?
CAR INSURANCE		CEREAL	
NEED?	WANT?	NEED?	WANT?
COFFEE BEANS/ GROUNDS		SUIT/DRESS CLOTHES	
NEED?	WANT?	NEED?	WANT?

Cooperative Extension Service | Agriculture and Natural Resources | Family and Consumer Sciences | 4-H Youth Development | Community and Economic Development



Unit 1: Know Your Money Style

Objective 3: Know how to track spending

Activity: Spending Leaks Estimator

Optional "Homework" Assignment:
Daily Spending Diary

Evaluation



UNIT 1: KNOW YOUR MONEY STYLE

ACTIVITY - SPENDING LEAKS ESTIMATOR

How often do you spend money on the small stuff? Consider the items listed here. Check each box that you regularly buy (at least once per week). In your head or in the margin, multiply how many times per week you purchase it by the price. Write the **weekly** total for that item in the box.

Candy/chocolate \$ _____	Chips/cookies \$ _____	Breakfast snacks \$ _____	Fast food \$ _____
Dinner out \$ _____	Coffee \$ _____	Soft drinks or bottled beverages \$ _____	Cigarettes \$ _____
Movie rental or music download \$ _____	Magazines \$ _____	Lottery tickets \$ _____	Late fees \$ _____
Beauty supplies or services \$ _____	Toys \$ _____	Hobby supplies \$ _____	Clothing and accessories \$ _____
	Pets \$ _____	Other item: \$ _____	

To find out the annual cost, add all the weekly costs and multiply that total by 52 weeks.

$$\frac{\text{Total Weekly Costs}}{\text{Total Weekly Costs}} \times \frac{52}{\text{Weeks per year}} = \text{Total Annual Cost}$$

If these expenses don't reflect your values, then perhaps they are expenses you can do without. Could you cut back on any of these? How could you save money by spending differently?

Educational programs of Kentucky Cooperative Extension serve all people regardless of economic or social status and will not discriminate on the basis of race, color, ethnic origin, national origin, creed, religion, political belief, sex, sexual orientation, gender identity, gender expression, pregnancy, marital status, genetic information, age, veteran status, or physical or mental disability.
Cooperative Extension Service | Agriculture and Natural Resources | Family and Consumer Sciences | 4-H Youth Development | Community and Economic Development



Unit 1: Know Your Money Style



Unit 2: Getting Started with a Budget



Unit 2: Getting Started with a Budget

- *The primary goal of this unit is to walk participants through the process of determining their personal financial situation and creating a personal balanced budget.*
- In our time together, we will:
 - Overview the content in this unit
 - Discuss WHY this content is important to individuals in recovery
 - Explain all supporting activities
 - Complete the Establish Your Baseline Checklist Activity

Unit 2: Getting Started with a Budget

Objective 1: Establish a baseline starting point of your personal financial situation

Activity: Establish Your Baseline Checklist



UNIT 2: GETTING STARTED WITH A BUDGET

ACTIVITY: ESTABLISH YOUR BASELINE CHECKLIST

Check all that apply

ASSETS - Do you have:

- Shelter (home, apartment, or other)
- A steady income (job, benefits, or other)
- Other income
- A written balanced budget
- Checking account
- Savings account - emergency fund
- Other savings (CDs, investments, retirement funds, or pension)
- Other accounts (mobile payments such as PayPal, Venmo, Zelle, etc., prepaid cards, or other)
- Public benefits
- Physical health
- Emotional health
- Education and life skills
- Time and energy to make positive changes
- Willingness to improve
- Support network (friends, family, other)
- Other: _____

LIABILITIES - Do you owe:

- Auto loans or leases
- Auto insurance
- Auto fuel and repairs
- Public transportation
- Home loan, mortgage, rental, or lease
- Homeowner's or renter's insurance
- Property taxes
- Student loans
- Personal loans
- Credit card debt
- Other debt
- Back taxes owed
- Bail owed, jail fees, or incarceration costs
- Restitution
- Court costs
- Health insurance
- Health-care bills or medical costs
- Rehabilitation costs
- Child care, elder care, and/or pet care
- Child support, alimony, or other (owed)

Other expenses most people regularly pay

- Food and supplies
- Utility bills - water, electric, gas, trash, phone, internet, television services

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Unit 2: Getting Started with a Budget

Objective 2: Prepare a personal budget

Activity: Build Your Budget Worksheet

Additional Information:

- Identify Income
- Identify Expenses



UNIT 2: GETTING STARTED WITH A BUDGET

ACTIVITY: BUILD YOUR BUDGET WORKSHEET

Month: _____ Year: _____

List all money that you receive. This will determine your total income. Note whether each is a monthly (M), yearly (Y) or one-time (O) income. Then use the fourth column to write down what that income would be if paid monthly over the course of a year*.

*Use the chart to find out how to calculate the monthly amount.

Income Source	Amount Received	Frequency Circle: Monthly, Yearly, or One-time	*Convert to Monthly Income
Employee wages - Net or take-home pay		M Y O	
Other earnings - Net self-employment income		M Y O	
Public benefits		M Y O	
Social Security		M Y O	
Child support		M Y O	
Alimony		M Y O	
Interest		M Y O	
Dividends		M Y O	
Gifts		M Y O	
Other:		M Y O	
Other:		M Y O	

TOTAL _____

Note:
Gross = Total
Net = Gross minus deductions (social security, taxes, etc.)

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Unit 2: Getting Started with a Budget

Objective 3: Recognize ways to increase income and decrease expenses

Activity: Build Your Budget Worksheet (continued)

Evaluation

ADJUSTMENTS

$$\text{Total income} - \text{Total expenses} =$$

If income is more than expenses, you have money left to save or spend.

If expenses are more than income, you may need to make changes in your budget. Find ways to cut expenses or increase income.

To improve my personal budget, I will ...

List ways you could increase income

List ways you could decrease expenses

Unit 2: Getting Started with a Budget



Unit 3: Understanding Credit



Unit 3: Understanding Credit

- *The primary goal of this unit is for participants to understand the cost of credit and be able to compare offers to get the best terms.*
- In our time together, we will:
 - Overview the content in this unit
 - Discuss WHY this content is important to individuals in recovery
 - Explain all supporting activities
 - Complete the Credit Choices Activity in small groups

Unit 3: Understanding Credit

Objective 1: Identify three different types of credit

Activity: Types of Credit

Additional information:

- Collateral

Installment Credit

Revolving Credit

Alternative Credit

Unit 3: Understanding Credit

Objective 2: Understand the cost of credit

Activity: Read the Fine Print

Additional information:

- APR handout



UNIT 3: UNDERSTANDING CREDIT

ACTIVITY - READ THE FINE PRINT

Review the sample "preapproved" credit card disclosure. Fill in the blanks below.

What is the introductory Annual Percentage Rate (APR) for purchases, and how long does it last?

What is the regular (nonintroductory) APR for purchases, and is it fixed or variable?

How soon must you request a balance transfer in order to take advantage of the introductory APR for balance transfers? _____

If you were immediately transferring a balance of \$1,776.00 from another card, how much would it cost you in fees? _____

What is the APR if you transfer a balance after you've had the card for six months? _____

What is the APR for cash advances? _____

Is there a grace period? If so, how long is it? _____

Is there a minimum interest charge? If so, how much? _____

What is the annual fee? _____

What is the cash advance fee? _____

What is the late fee? _____

Name at least one other fee: _____

How is the balance calculated? _____

Can the bank change your credit card terms at any time? _____

If you want to pay off higher APRs first (such as cash advances) should you make only the minimum payment or more than the minimum payment? _____

This a "prescreened" notice. How can you avoid getting prescreened notices in the future?

Objective 3: Be able to compare offers to get the best terms

Activity: Credit Choices

Evaluation



UNIT 3: UNDERSTANDING CREDIT

ACTIVITY - CREDIT CHOICES

Scenario: You just moved into a new apartment. It is unfurnished, and you don't have any living room furniture. You found a living room set you like for \$1,500. Read the details of the four credit offers on the next page and compare the options. (Note: All offers assume you make no late payments.)

- Which offer has the lowest total cost? _____
- Which offer has the lowest total interest and fees? _____
- Which offer has the lowest APR? _____
- Which offer can be paid off in the fewest payments? _____
- Which offer can be paid off in the least amount of time? _____
- Which offer has the lowest monthly payment? _____
- Which option would you choose to finance the purchase? _____
- Why did you make this choice? _____



Are there other options or ways to save money? _____

Unit 3: Understanding Credit



Unit 4: Credit Reports and Scores



Unit 4: Credit Reports and Scores

- *The primary goal of this unit is for participants to understand how to improve scores, how to pull a free credit report to verify information, and how to dispute incorrect information.*
- In our time together, we will:
 - Overview the content in this unit
 - Discuss WHY this content is important to individuals in recovery
 - Explain all supporting activities
 - Complete the Improving Credit Scores Activity as a group

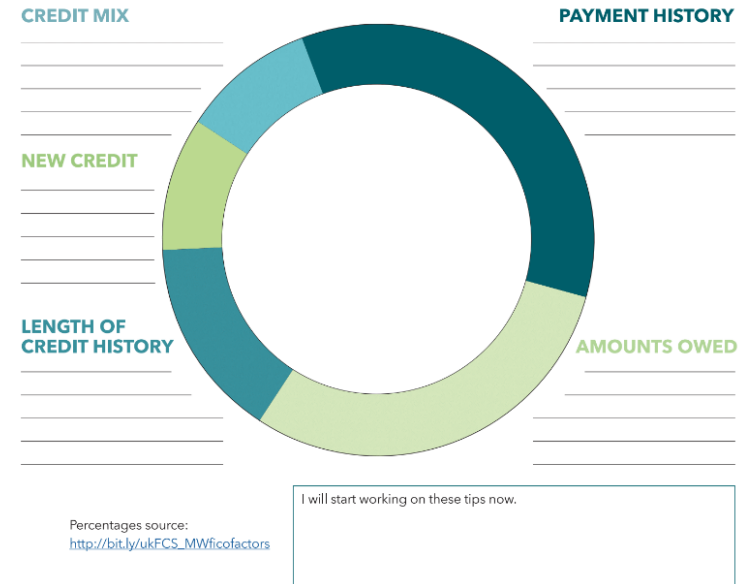
Unit 4: Credit Reports and Scores

Objective 1: Understand credit scores and reports

Activity: Improving Credit Scores

ACTIVITY - IMPROVING CREDIT SCORES

FICO, or Fair Isaac Corporation, is the largest company that provides software for calculating credit scores. Your score is based on data found in your credit report. FICO has shared the five categories of data used to calculate your credit score: payment history (35%), amounts owed (30%), length of credit history (15%), new credit (10%), and credit mix (10%). On the blanks below each category, list some tips for improving that part of your score.



CREDIT MIX

NEW CREDIT

LENGTH OF CREDIT HISTORY

PAYMENT HISTORY

AMOUNTS OWED

Percentages source:
http://bit.ly/ukFCS_MWficofactors

I will start working on these tips now.

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Objective 2: Be able to request free credit reports

Activity: Credit Report Checklist



UNIT 4: CREDIT REPORTS AND SCORES

ACTIVITY - CREDIT REPORT CHECKLIST

Step 1: Order your free credit report from one of the three credit bureaus - Equifax, Experian, or TransUnion. You can request it free online at www.annualcreditreport.com - click on "request yours now." You will enter your name, birthdate, social security number, address, and your previous address if you've been in your current residence less than two years. Next, you will choose which report you want to view. Then, you will have to answer a few security questions about the information in your credit report.

The website suggests printing your report so you can look back at it later. You can also choose to download or save your report. Please note that if you save your report, it's a good idea to either password protect the file or save it on a removable device such as a flash drive, to keep the data secure if your device is ever hacked or stolen.

Step 2: Use the following checklist to review your information for accuracy on your credit report. This list covers all sections except the "credit accounts" or "trade accounts" section.

- Is your name spelled correctly (including nicknames)?
- Is your personal information correct, such as social security number, date of birth, or age?
- Is information about a spouse or co-applicant correct?
- Is your current address and telephone number correct?
- Are your previous addresses correct?
- Is everything listed in your employment history accurate?
- Is the information in the public record section (bankruptcies, judgments, liens) and collections section correct?
- In the inquiries section, review the "hard inquiries." Are those all places where you've applied for credit?

Note anything to check on or follow up with a dispute letter.

Objective 3: Know how to dispute incorrect information

Activity: Writing a Dispute Letter

Evaluation



ACTIVITY - WRITING A DISPUTE LETTER

Sample letter:

Max Smith
555 City Drive
Lexington, KY 40506

August 8, 2019

Experian
P.O. Box 4500
Allen, TX 75013

Dear Sir or Madam:

I'm writing to dispute information that appears on my credit report. It is showing that my loan with XYZ Furniture, account number 123456, is still open and unpaid. I made my final payment in June and this account should now be settled and show closed. Enclosed are copies of my final payment and receipt from the store as proof.

I've enclosed a copy of my credit report with the incorrect information circled. Please correct this error as soon as possible and notify me when complete.

Sincerely,
Max Smith

Enclosed:
- Credit report copy
- Payment proof copies

Unit 4: Credit Reports and Scores



Photos: 123rf and Pixabay

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July 2020

Homework!

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Train-the-Trainer: Day 2

Kelly May, Senior Extension Associate
Family Finance & Resource Management

Katherine Hahn Jury, Senior Extension Associate
Substance Use Prevention & Recovery

Dr. Nichole Huff, Assistant Extension Professor
Family Finance and Resource Management



Unit 5: Payments and Priorities



Unit 5: Payments and Priorities

- *The primary goal of this unit is to help participants prioritize their debts, create a plan to negotiate repayment if needed, and actively work to reduce debt.*
- In our time together, we will:
 - Overview the content in this unit
 - Discuss WHY this content is important to individuals in recovery
 - Explain all supporting activities
 - Demonstrate the Prioritizing Worksheet

Objective 1: Prioritizing Debt

Activity: Prioritizing Worksheet (part one)

Additional information:

- Debt related to recovery



UNIT 5: PAYMENTS AND PRIORITIES

ACTIVITY - PRIORITIZING WORKSHEET

Sometimes there are more debts than there is money to pay. In the long run, you are responsible for all your debts and bills and should pay them on time. But if you must choose a payment to delay, consider the consequences and order them so that you pay the highest priority first.

Part 1: Identify at least three of your expenses that can be a challenge to pay. List those expenses and amounts in the first two columns. Next, consider the consequences, or what happens if the expense is not paid on time or in full. Review the list and assign a priority rank to each item.

Part 1				Part 2	
What is the expense?	How much do you owe, total?	What will happen if you don't pay on time or in full?	Rank in order of priority (1 = most important)	Contacted creditor to ask for help?	Payment plan or new amount negotiated?

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Unit 5: Payments and Priorities

Objective 2: Knowing how to negotiate repayment

Activity: Prioritizing Worksheet (part two)

Additional information:

- Debt Management Plan

Part 2: Consider the expenses you prioritized. Could you contact the creditor to negotiate the due date or amount?

Before making the request, review your budget and know what you can afford to pay. Only agree to a new plan if you can afford it. Prepare a statement about why you need help. Tell the truth, but keep it factual and brief. Keep calm while on the phone. Take notes and ask questions. Keep copies of all mailed or emailed paperwork in a file. If you reach an agreement on a plan, get it in writing before paying.

My situation statement:

At home, use the spots provided in part 2 of the priority chart on page 1 to note if you asked for help and whether you negotiated a new plan or amount.

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Unit 5: Payments and Priorities

Objective 3: Identifying at least one strategy for reducing debt

Activity: Early Debt Repayment Method Worksheet



UNIT 5: PAYMENTS AND PRIORITIES

ACTIVITY - EARLY DEBT REPAYMENT METHOD

If you have extra money at the end of the month, you can use it to pay down your debt more quickly. There are two different strategies you could use.

Consider the two options for repayment, and select one:

- I want to save the most money in the long run. Pay highest-cost debts first.
- I want to reduce my number of debts more quickly. Pay the lowest-cost debts first.

Record your current debts along with information about the cost. Based on your chosen repayment method, prioritize which debt you will work to pay off first, and rank the rest in order.

Debt - Who do you owe and how much is the total debt?	Annual percentage rate and/or cost	Is there a prepayment penalty?	Assign priority for extra payments

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Unit 5: Payments and Priorities

Objective 4: Explaining how to use a money management tool

Activities:

Income and Expense Timing Worksheet

Occasional Expenses Worksheet

Evaluation



UNIT 5: PAYMENTS AND PRIORITIES

ACTIVITY - INCOME AND EXPENSE TIMING WORKSHEET

Some weeks it may feel like you have more money than others, because your bills may be due at different times than when you receive your income. Use this calendar worksheet to compare due dates for your expenses to the dates you receive your income.

MONTH: _____

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY

1. Choose the month you want to plan for and label the calendar.
2. Write the amount in the dates you expect to receive income.
3. Consider your budget and make a list of your monthly bills. Write the due dates for each bill on the calendar.
4. Total up all expenses between each income period and see if the income will cover the total expenses, or if you will need to reserve income from the previous period to pay your bills.
5. Plan for the expenses with no set due date (food, transportation, etc.). Purchase/spend on these when you have the extra income to cover it.

Tip: It's a good idea to pay bills ahead of the due date to avoid late fees. If you are paying online, add at least two days. If you are paying by mail, add at least seven days.

Tip: Pin this calendar up as a reminder of when your bills are due and when you need to hold back money to pay them.

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Unit 5: Payments and Priorities



Unit 6: Understanding Banking



Unit 6: Understanding Banking

- *The primary goal of this unit is for participants to understand the benefits of a banking relationship as well as the costs of using non-bank services.*
- In our time together, we will:
 - Overview the content in this unit
 - Discuss WHY this content is important to individuals in recovery
 - Explain all supporting activities
 - Complete part of the Avoiding Fees Activity individually

Unit 6: Understanding Banking

Objective 1: Identify the benefits of using a bank or credit union

Activity: Banking Benefits



UNIT 6: UNDERSTANDING BANKING

ACTIVITY - BANKING BENEFITS

What concerns do you have about opening a bank or credit union account?

Which of these benefits might outweigh those concerns? (Check all that apply)

SAFETY AND SECURITY

Banks and credit unions supply deposit insurance for your accounts. This insurance protects your funds if anything happens to the institution. Keeping money at home or in your wallet does not protect it from loss, theft, or damage.

DIRECT DEPOSIT CONVENIENCE

Funds that are direct deposited may be available sooner than if you deposited a check. It also saves you time if you don't have to make a trip to the bank or check casher.

PAYING BILLS EFFICIENTLY

A checking account may allow you to pay bills by check or online. This can be faster and cheaper than purchasing money orders. Your statements also give you a record of past payments, and canceled checks offer you proof, if needed.

SAVINGS

A savings account is a great way to put aside money for an emergency fund or other goal. It is accessible, but withdrawals may be limited, which encourages you to keep the money in the account. Most savings accounts offer a modest amount of interest income. Some savings accounts can be set up for automatic deposits so you can build your savings over time.

CONTROLLED ACCESS TO MONEY

Banks and credit unions can be beneficial to individuals in recovery through controlled access to money. True Link conducted a survey of friends and family members of people with a substance use disorder about financial challenges and found that 77% of respondents felt that their loved one having access to cash could result in relapse. Using accounts rather than carrying cash can help prevent a relapse into previous habits.

Unit 6: Understanding Banking

Objective 2: Be able to list at least three costs of having an account and one way to avoid fees

Activities:

Game Rules

Avoiding Fees

Cost of Alternative Services



UNIT 6: UNDERSTANDING BANKING

ACTIVITY - AVOIDING FEES

Review the chart. Not all accounts or prepaid cards will have every type of fee. Circle the fees you are currently paying. Can you avoid paying those fees in the future?

BANK AND CREDIT UNION ACCOUNTS ONLY			
Fee	Description	Can it be avoided?	How to avoid it
Overdraft fees	Fee to cover a check, debit purchase, or ATM transaction when there isn't enough money in the account	Yes	Keep enough money in your account to cover all withdrawals. Keep a "buffer" of extra money so your account never nears zero.
Returned item fees	Charged if you deposit a check from someone else that bounces	Yes	Maintain enough balance to cover your transactions. Allow checks up to three days to "clear."
Minimum balance fee	Charged if you keep less than the set amount in the account	Yes	Keep at least the required minimum in your account.
Check fees	Cost of ordering checks	Maybe	Some accounts come with a free first box of checks. If not, you might save money by using a trusted private supplier of checks rather than ordering through the bank or credit union. Shop to compare.
Debit card transaction fees	Some charge for debit transactions that are out of their network	Yes	Use the "credit" option at checkout to avoid the fee, but know that an authorization hold may tie up extra cash in your account for a few days. An authorization hold may lead to overdraft fees if you run your account close to zero.
Fee for cash back on debit card transaction	Sometimes there is a fee to receive cash back with your debit transaction	Maybe	You can cancel the cash back to avoid the fee and get your cash from a branch, ATM, or other store instead.
Stop payment fee	If you ask the bank to cancel a check or payment that has not yet been processed	Yes	Write checks carefully to avoid mistakes and make sure the person receives the payment directly.

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Unit 6: Understanding Banking

Objective 3: Understand how to comparison shop for an account that suits your needs

Activity: Comparing Accounts

Evaluation



UNIT 6: UNDERSTANDING BANKING

ACTIVITY - COMPARING ACCOUNTS

Consider which type of account you want to open: checking; second-chance, lower-risk, or secured account; or savings. Compare at least three accounts from three different financial institutions. Research online, in the branch, or talk to an employee. Compare your answers, and choose the account that best meets your needs.

	Financial Institution: Account type:	Financial Institution: Account type:	Financial Institution: Account type:
Institution Information - Convenience			
Number of branches and ATMs nearby			
Hours of operation			
Does it offer online banking, online bill pay, mobile banking?			
Fees - Costs			
Minimum deposit to open			
Monthly maintenance or service fees			
How can monthly maintenance or service fees be reduced or waived?			
Minimum balance fee - what happens if account goes below?			

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Unit 6: Understanding Banking



Unit 7: Earnings and Wages



Unit 7: Earnings and Wages

- *The primary goal of this unit is for participants to be able to read a paycheck stub and understand income and deductions, such as taxes.*
- In our time together, we will:
 - Overview the content in this unit
 - Discuss WHY this content is important to individuals in recovery
 - Explain all supporting activities
 - Complete the Earnings Statement Activity

Unit 7: Earnings and Wages

Objective 1: Know your rights related to recovery and prepare yourself to find new employment

Activity: “Acceptance” Speech



UNIT 7: EARNINGS AND WAGES

ACTIVITY - “ACCEPTANCE” SPEECH

At some point, you may need to address the fact that you’ve been through treatment. This form will help you come up with a short summary of your situation. Please be honest, factual, and brief. Consider the suggestions below, and compose a speech “accepting” who you are and who you plan to be.

Acknowledgement - Choose one:

I am currently in recovery / I have been through substance use treatment.

Reason - Choose one:

- Substance use was a mistake I made long ago.
- It is all in the past.
- I was young and made some poor choices.
- I’m still paying for those actions.
- Other: _____

Moving on - Choose one:

- I have worked very hard to leave that lifestyle behind.
- I have become a stronger and better person because of my experience.
- I have changed my way of thinking and acting.
- I have been substance free for ____ years, and I plan to stay on this path.
- I take responsibility for the consequences of my actions.
- Other: _____

If you give me the opportunity, I promise to:

Choose two or three:

- Work hard.
- Work responsibly.
- Continue on a better path.
- Contribute to the best of my ability.
- Stay on track.
- Take this opportunity seriously.

Your acceptance speech:

Unit 7: Earnings and Wages

Objective 2: Identify the components of an earnings statement or pay stub

Activity: Earnings Statement

Employee Information				Pay Date: 7/11/19
Name	Identification Number	Address	Pay Rate	Pay Period
Brenda Harris	553377112	1802 Lexington Road	\$12.00	6/1 - 6/30/19
Summary				
	Gross Income	Total Personal Deductions	Net Income	
Current	\$1,920.00	\$688.48	\$1,231.52	
YTD	\$11,520.00	\$4,130.88	\$7,389.12	
Earnings				
Type	Rate	Hours	Current	YTD
Regular	\$12.00	160	\$1,920.00	\$11,520.00
Overtime	0	0	0	0
Deductions				
Type	Personal Deduction	Employer Contribution		
Federal Income Tax	\$230.40	0		
State Income Tax	\$96.00	0		
Social Security and Medicare (FICA)	\$146.88	\$146.88		
Retirement Plan*	\$115.20	\$57.60		
Health Insurance	\$100.00	\$400.00		
Worker's Compensation	0	\$11.04		
Unemployment Insurance	0	\$4.92		
Employee Leave Balances				
Type	Beginning Balance YTD	Used Current	Used YTD	Ending Balance
Personal	15	0	5	10
Sick	5	0	1	4

*NOTE: This individual's retirement plan is a 401(k). The employer offers a match of up to \$.50 on the dollar for up to 6 percent of pay contributed.

Unit 7: Earnings and Wages

Objective 3: Understand income and payroll taxes and know how to complete a Form W-4

Activity: Complete a W-4 Form

Evaluation



Unit 7: Earnings and Wages



Unit 8: Starting to Save



Unit 8: Starting to Save

- *The primary goal of this unit is to help participants establish an emergency fund relative to their personal budget and establish SMART goals for saving.*
- In our time together, we will:
 - Overview the content in this unit
 - Discuss WHY this content is important to individuals in recovery
 - Explain all supporting activities
 - Demonstrate the SMART Goals Worksheet

Objective 1: Explain why saving is important, and list ways to save

Activity: Saving Tips Worksheet



UNIT 8: STARTING TO SAVE

ACTIVITY - SAVINGS TIPS WORKSHEET

As a group, brainstorm ways to save money. Write down the suggestions here. Check off or circle tips that you can implement now to start saving.

- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____

Unit 8: Starting to Save

Objective 2: Know how much money should be in your emergency fund

Activity: Emergency Fund Worksheet



UNIT 8: STARTING TO SAVE

ACTIVITY - EMERGENCY FUND WORKSHEET

Use this worksheet to figure out how much money should be in your emergency fund. Then determine how long it might take you to save that amount and "bite-size" it into monthly amounts.

Step 1: Look back at your budget from Unit 1. Review the "Expenses" page. What were your total monthly expenses? _____

Step 2: Figure out the range your emergency fund might cover. It is recommended that you maintain an emergency fund that would cover three to six months' worth of expenses.

_____ X 3 months = _____
Monthly expenses Minimum emergency fund

_____ X 6 months = _____
Monthly expenses Maximum emergency fund

My range:
_____ - _____
Minimum Maximum

Step 3: Determine the goal number within your range that seems like enough emergency fund for you and that you feel you can eventually achieve. If your recommended range sounds too high, remember that saving just \$500 or \$1,000 can help in many "emergencies." If you save small amounts over time, how long will it take you to reach this goal? Set yourself a deadline for reaching the goal, and then figure out how much you should save each month in order to meet this deadline. If your deadline is more than a year, that's OK. Just figure out how many months that would be.

_____ ÷ _____ months = _____
Goal Emergency Fund How much you should save each month

Step 4: Work toward your goal! But don't get discouraged along the way. Make the commitment to save, and build your funds slowly over time. And remember that if you dip into your emergency savings, you'll need to build it up again later.

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Objective 3: Establish SMART goals for saving

Activity: SMART Goals Worksheet

Additional information:

- Monitoring Your Finances Over Time Worksheet

Evaluation

ACTIVITY - SMART GOALS WORKSHEET

We all have multiple goals for the future. Think about where you want to be and what you want to have accomplished in the short term (less than 1 year), medium term (1 to 5 years), and long term (more than 5 years), as well as retirement goals. Write down your goals.

Savings Goals

Having specific goals can make you more successful in achieving them. Studies have found that reviewing lists of possible goals can help you identify goals that really matter. Review the following list to see if there are additional goals you might add to your list.

- | | |
|---|---|
| <input type="checkbox"/> Pay for addiction treatment | <input type="checkbox"/> Invest in the markets |
| <input type="checkbox"/> Pay for medical expenses | <input type="checkbox"/> Save for retirement |
| <input type="checkbox"/> Pay off a debt | <input type="checkbox"/> Go on vacation or travel |
| <input type="checkbox"/> Buy a car or car repair | <input type="checkbox"/> Relocate or move |
| <input type="checkbox"/> Buy a house or home repair | <input type="checkbox"/> Give to charity |
| <input type="checkbox"/> Go to school or learn a new skill | <input type="checkbox"/> Care for an aging relative |
| <input type="checkbox"/> Save for child's college education | <input type="checkbox"/> Support myself in aging to not be a burden |
| <input type="checkbox"/> Start a business | <input type="checkbox"/> Build an inheritance to leave behind |

References

Sin, R., Murphy, R.O., Lamas, S. (2019) "Goals-Based Financial Planning: How Simple Lists Can Overcome Cognitive Blind Spots." *Journal of Financial Planning* 32(7): 34-43.

Sin, R., Murphy, R.O., Lamas, S. (2019) "Mining for Goals: How Behavioral Nudges Can Help Investors Discover More-Meaningful Goals." Morningstar Investor Success Project. <https://www.morningstar.com/company/investor-success>

Unit 8: Starting to Save



Curriculum Materials

You will receive:

- 8 units, packaged by unit
- Flash drive
- Money Habitudes cards and instructor handbook

Delivered to your county
Extension Office



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