

## ABAToolbox on Financial Education

ABA Members Only

### LEVEL 2

# Teaching a One-Time or Annual Event



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# Introduction

One-time events are a great way to begin reaching out to your community to help educate kids, teens and adults. Unlike financial education presented through your website, teaching a one-time program requires a greater time commitment and an active relationship between you and those in need of financial education — in short, it's a whole new level of involvement. This tool provides everything you need to put on an effective program, including ideas for building a successful program, how to work with schools, what you need to do to prepare for the session, and tips on how to present the material. To get you started, there are three detailed lesson plans that you can use right away: (1) Finding Money to Save; (2) Making a Budget or a Saving and Spending Plan; and (3) Understanding Your Credit Report.

If you're just beginning, there's no better place to start than to join the thousands of bankers who participate in the two annual events sponsored by the ABA: ***Teach Children to Save Day***, held every April and ***Get Smart About Credit Day***, held every October. These two national programs, which are explained more fully below, have built-in advantages: they have a proven record of success; are supported by the ABA with banker training, supplemental material and participant recognition; and are likely to generate press coverage for your bank.

Whether you join the national events or do other sessions throughout the year, it's very important to communicate what you're doing. The community will appreciate your interest in improving the financial skills of its citizens and it will help to enhance your standing as a community leader. The last tool in this Financial Education Toolbox — *Communicating About Financial Education* — provides everything you need to reach out to press and local media, and to involve your local and national elected leaders.

## Annual Event vs. Long-Term Program — What's the Difference?

Deciding on your bank's level of commitment to financial education is a critical step. If you are currently engaged in financial education of some kind, you may wish to discuss the expansion of your efforts with key bank employees. If you have not yet hosted a financial education event or embarked on a program, consider before you begin whether to establish an annual event or a long-term program.

## Senior Level Staff Support is Critical

CEO and senior management support is critical to program success! No program can be successful without support from the top. Resources — both financial and human — must be devoted to any successful endeavor. So many things are competing for your time and attention on a daily basis, if this is not a priority for senior management and the bank, it will not get done.

An annual activity or event requires some intense, short-term planning. A long-term program may feature an existing annual event, as well as some kind of periodic activity. Periodic activities could take the form of a monthly, bi-monthly, or quarterly event or a series. These don't have to be large-scale in nature, just simple and helpful.

Scheduling activities and dates a full year in advance can help bank employees focus the public's attention and generate excitement. Once the major planning is set (e.g., dates, nature of event, topics to be covered, and audience you wish to reach), small adjustments can be made after each event or activity to improve the next one.

## Financial Education is Part of Doing Business

To be successful, a consumer education program should become a normal part of doing business. Integrating the program into your business plan and your budget lets employees and Board members know that management views it as an important, long-term commitment.

Remember, true learning doesn't usually take place in one day or during one session. To truly make an impact and influence behavior, a long-term program will yield the best results.

The chart on the following page can help you determine which format best meets your bank's strategic needs. The next tool in this toolbox, *Level 3: Developing Long-Term Educational Programs*, provides information for an effective outreach program, building partnerships in the community, and resources — such as the ABA — that can help support your long-term financial education efforts. There are also four additional detailed lesson plans that you can use (in addition to the three lesson plans contained in this [book](#)).

## Involvement Comparison

	Annual Event	Long-Term Program
<b>Planning Time</b>	One planning cycle (three-to-five months)	Regular monthly, bi-monthly or quarterly planning cycle
<b>Partnering</b>	Single or multiple school or community group partners	Single or multiple school or community group partners
<b>Target Audience</b>	Single, specific age group or target audience  Multiple age groups or grade levels	Single, specific age group or target audience  Multiple age groups or grade levels
<b>Topic Focus</b>	Single, focused financial education topic	Series of lessons that are connected by a central theme
<b>Expenditures</b>	One-time financial expenditure	Budgeted financial expenditure
<b>Staff Commitment</b>	One-day commitment to staff time, not including planning	Year-round commitment of staff time
<b>Public Relations</b>	Annual, short-term media exposure	Continuous media presence

## ABA's National Programs

### Teach Children to Save | Program for Grades K–12

Connect with kids through the ABA Education Foundation's Teach Children to Save Day, held in April each year, to promote the importance of developing a savings habit early in life. Banker volunteers arrange and provide classroom lessons that focus on how to save, why to save and where to save. communicate how interest makes money grow, why budgeting helps reach savings goals and how to identify expenses, trade-offs and ways to cut spending. Students also explore the differences between needs and wants and learn why differentiating between these two is a lifelong lesson. Since its inception in 1997, nearly 130,500 bankers have entered classrooms to teach lessons about the importance of saving money to 6 million students nationwide.

For more information visit [aba.com/Teach](http://aba.com/Teach) or call 1-800-BANKERS.

Make plans to participate annually in ABA's Teach Children to Save Day held in April.

"The Teach a Child to Save program ... is fundamental, [and] ... we use it to engage staff from all lines of business in its delivery. Everyone has a role in its execution."

Patrick Lonergan, Senior Vice President  
Fifth Third Bank of Western Michigan, Grand Rapids, Michigan

## Get Smart About | Program for Grades 15–25

Give teens and young adults the tools they need to obtain, manage, and keep good credit. The ABA's Get Smart About Credit Day, held annually on the third Thursday of October, provides an opportunity for bankers to go into classrooms, speak with youth groups, and visit college campuses to help young people get smart about credit and achieve their financial goals. Good credit skills can put dreams within reach. More than 24,000 bankers have taught nearly one million students how to use credit responsibly with this program. The program is in its 11th year and growing!

Every October bankers teach the responsible use of credit during ABA's Get Smart About Credit Day.

For more information visit [aba.com/GetSmart](http://aba.com/GetSmart) or call 1-800-BANKERS.

“Get Smart About Credit Day is every banker’s opportunity to raise public awareness about the importance of using credit wisely. This is our chance to be seen as what we really are ... TRUSTED PARTNERS in helping young people establish a sound footing.”

Albert C. “Kell” Kelly, Jr.  
President and CEO,  
SpiritBank, Bristow, Oklahoma

## Lights, Camera, Save! Contest | Program for Students ages 13–18 years

Lights, Camera, Save! is a video contest that engages teens in educating themselves and their peers about the value of saving and using money wisely. Grand prize winners receive up to \$5,000 towards their savings goal, plus up to \$1,500 for their school. Registered banks promote the contest in their communities using co-brandable marketing collateral provided by ABA or their own marketing materials. Banks host the local or preliminary round of the contest, which will involve accepting entries and selecting a winner to compete in the national competition.

For more information visit [aba.com/LightsCameraSave](http://aba.com/LightsCameraSave) or call 1-800-BANKERS.

“The Lights, Camera, Save! contest has been a wonderful vehicle to carry the message that saving money has value. It has cemented our bank’s commitment to providing financial education to youth in the communities we serve.”

Sherry Paquette  
Customer Service Representative  
The First National Bank of Suffield, Suffield, Connecticut

# Tips for Effective Presentations

## Knowing Your Audience

The impression you leave with students is as important as the information you present. Positive feelings about bankers will go a long way toward achieving the goal of starting good financial management habits.

To be effective in any presentation or educational lesson, you must know your audience. Your marketing department certainly has demographic and income statistics for your market area. Customer surveys and account profiles can help you select a group where a targeted presentation or class might be most effective, e.g., homeownership classes or planning for retirement courses.

Understanding the needs, worries and level of financial sophistication helps you to tailor classes to have the greatest impact. Near-retirees who have long-standing bank accounts with your institution have far different needs than those who have no or limited experience with banks. In the latter case, liquidity is often the number one priority, and this often means that check-cashing services play an important role. Even when teaching children and young adults, differences are immediately apparent. For example, young children love play money, but middle school children do not. The subject of money is very important to everyone, so don't allow teenagers' apparent boredom to discourage you. Moreover, people of all ages simply may be afraid to ask any questions.

If one of your goals is to increase business with immigrants, understanding the country of origin for each population, the preferred spoken language (and English proficiency), and familiarity with and perceptions of homeownership, credit, and financial institutions in the United States can be very helpful.

There are also other things to consider, such as what educational tools are the most effective (e.g., videos, workbooks, or brochures). The location of a class can be important, too. There may be events or organizations that regularly bring people in the community together. Tying your educational outreach to these meetings can be very effective. Developing partnerships with community leaders and organizations is also critical for lasting business relationships. The next page gives you some tips for how to build a strong partnership with community organizations.

### Identify Who You Want to Reach

- General population (adults)
- Children/students and their parents
- Seniors and retirees (guarding against financial abuse)
- Baby boomers (retirement needs, education expenses)
- Minorities
- Immigrants
- Low-income
- Unbanked (see Ongoing Multi Series Educational Programs section)
- Homeowners and prospective homeowners (renters)

## Ideas for a Successful Financial Education Event

### *Plan it — Market it!*

- Plan the sessions well in advance so that the date, site, and time can be well-publicized.
- Market the session in as many venues as possible (e.g., newsletter, flyers, e-mail, telephone calls).
- Send a reminder to potential participants the week of the session to encourage participation.

### *Tell the Community About it!*

- Contact a local official to see if he or she wants to participate.
- Send out a press release to the local media announcing your presentation.
- Invite local newspaper and television reporters to your presentation.

### *Making the Session Great!*

- Prepare for the session by practicing the presentation ahead of time.
- Prepare overheads, handouts, and activities. Bring originals to the session in case more copies are needed.
- Assemble all teaching materials the day before the presentation (including markers, pencils, calculators, flip chart and stand, tape, and overhead projector).
- Have a sign-in sheet with contact information.
- Involve participants in the session by using realistic examples and interactive games, activities, and discussions.

### *Wrap it Up and Take the Next Step!*

- Announce date and time of next session.
- Collect feedback at the end of each session and integrate suggestions into future classes.
- Follow up with participants before they leave to ensure that their questions were answered and to encourage attendance at future sessions you may offer.

## Ten Steps to Working with Schools

One of the biggest challenges facing banks that want to get involved teaching young people is reaching out to schools. While it sounds daunting, it doesn't have to be. Cover your bases with these easy-to-follow steps on getting started.

### 1. Identify the Preferred Age Group

Identify the specific age group or grade level of children you would like to reach. This will help you focus your resources and make it easier to identify potential partner schools and acquire or prepare materials.

### 2. Contact Partner Schools

Contact your local school board to identify potential school partners within your market area. You may consider starting with schools attended by your staff's children. The principal and teacher may be more willing to work with you. Be sure to include plenty of lead time (three months is preferred) when scheduling a presentation. (Use the "Sample Approach Letter" on page 10 to initiate a contact.)

### 3. Get to Know the Teacher

Getting to know the teacher will help you understand his or her needs and curriculum requirements, as well as the needs and ability levels of the students.

### 4. Clarify the Teacher's Role

Putting the teacher in a consultative role is key to a successful program. The presence of the teacher in the classroom will help the class stay focused. The teacher can also help connect your financial education program to the students' current curriculum and can answer any follow-up questions. The most effective learning will take place with the teacher's support during and after the presentation.

### 5. Tie Your Lesson to the Curriculum Standards

Teachers today are being held to strict curriculum standards and may be reluctant to introduce non-standardized curriculum to their classrooms. To overcome this, be sure to discuss how financial education complements and does not compete with curriculum standards.

## 6. Know Your Students

It's important to keep the age of students in mind when selecting and preparing materials. Also, clearly state the learning objectives for the program. Try to make the presentation as interactive as possible and engage the students. Think of ways to engage the students. For example, asking questions where they can respond with a show of hands or a thumbs up, makes them part of the teaching experience. Students today often work in teams. Providing opportunities for them to solve problems or to research and report on additional information as a team helps engage the students.

## 7. Use Prep Work to Establish Baseline Knowledge of Students

For older students (middle, high school and college), prep work such as quizzes to test their initial financial knowledge or recommended readings can help focus the class before you arrive. It will also give the students a common starting point from which to begin the learning process.

## 8. Use Teaching Aids and Simple Handouts

If you are using teaching aids such as pictures, graphs or games, keep them simple. If you plan to include handouts, avoid giving them to the students until the end of the presentation. Be sure the handouts reinforce what the students learned.

## 9. Allow Time for Questions and Answers

Always include time for the students to ask questions, but decide ahead of time if you want students to ask questions during the presentation or to hold them until the end. It's a matter of personal preference, but it helps to set the ground rules up front.

## 10. Track and Report Results

Requesting and collecting student and teacher evaluations (including any pre-quizzes) are critical to a successful, long-term program. As with any educational program, changes in delivery style, updating materials, and varying target audience will keep bankers engaged. Careful and continuous evaluation of your financial education program will also ensure a quality learning experience for the students.

Using supplemental teaching aides such as slides, videos, online elements or even overheads can enhance the presentation if they are used to complement, not overpower, your presentation. You don't want what you are saying to be overshadowed by what they are seeing.

## Sample Approach Letter to Educators for Teach Children to Save

**[Date]**

Dear **[Name of Teacher/Principal/School Board Superintendent]**:

Students of all ages are bombarded with the “spend it now — worry later” message. Seventeen years ago, a nationwide educational initiative was launched by the banking industry to counter this negative trend by introducing the concept of saving money and the importance of how this first step can lead toward a healthier financial future for today’s young people.

On [Date], elementary, middle and high school students across America will participate in Teach Children to Save Day to gain a better understanding of their financial ABCs. **[I/A representative from our bank]** would welcome the opportunity to make a savings presentation to your **[# grade students/class]** on that date.

**[I /She/He]** wants to work with you to ensure [my/her/his] presentation enhances your curriculum and benefits **[Name of school/your]** students as they develop their financial life skills. **[My/Her/His]** lesson plan is flexible so each activity can be completed in 25-45 minutes. Every presentation includes discussion as well as hands-on exercises that offer your students an opportunity to apply the concepts. In addition, Teach Children to Save lessons align with national business and personal finance educational standards and support existing requirements in a variety of other subject areas including math, English language arts, and social studies. Enclosed is a sample lesson for your review. If you wish, **[I/she/he]** can also discuss what a bank is, how a bank works, or other banking and economic-related information.

[Mention here other pertinent information you might send, such as resources for the teachers.]

**[Financial institution’s name/Our bank]** is excited to be part of this program, sponsored by the American Bankers Association.

Thank you very much for considering this offer. **[I/We]** look forward to discussing the possibility of scheduling a savings presentation for your students on **[Date]**, Teach Children to Save Day. **[I/We]** will follow up with you by telephone within the week.

Sincerely,

**[Banker Name]**

**[Bank Name]**

**[Telephone #, Fax #]**

**[E-mail address]**

## WORKSHEET

### Preparing for the Session

Have You:	Notes:
Talked with your school or community contact to arrange the session? Do any of the participants have special needs (e.g., translator, wheelchair access, child care)?	
Arranged for snacks for the session?	
Checked the facility to be sure it meets your needs? Are there tables and chairs? Are you going to have the space to yourselves during the session?	
Sent flyers to potential participants? Posted flyers in the community?	
Reminded registered participants about the session?	
Reviewed the sessions's lesson plan?	
Practiced your presentation?	
Found realistic examples from the community to use in your session?	
Prepared a participant sign-in sheet?	
Prepared an evaluation form for students to fill out at the end of the session?	
Collected all of your teaching materials? [Participant materials, extra pencils, tape, flip chart, flip chart stand, markers, calculators, overhead projector]	
Set the date, time, and place of the next session?	
Other:	

Source: American Bankers Association, Georgetown University, Development Training Institute: Reaching the Immigrant Market: Creating Homeownership Opportunities for New Neighbors.

## Tips for the Day of the Presentation

### Dress Appropriately

If you are presenting to a 12th-grade economics class, formal business attire may be appropriate. However, a suit may be intimidating to a junior high school class. Consider asking the teacher what would be an appropriate choice.

### Be Comfortable With Silence

Allow students time to think and form answers.

- Arrive early and set up the room. Remove barriers such as tables or podiums.
- Start on time.
- Smile and have fun!
- Introduce yourself, your position, and your bank.
- Ask questions about the group's interests to break the ice.
- Outline your presentation objectives and session content.
- Maintain eye contact with individual members of the audience.
- Encourage dialogue, questions, and a range of opinions.
- Draw on your own knowledge, experience, and background to illustrate points.
- Keep the discussion on topic.
- Relate session contents to the real world. Use timely, realistic examples to keep session contents relevant to your audience.
- Convey enthusiasm for your subject.
- Use teaching aids and handouts sparingly and keep them simple.
- If you don't know the answer to a question, admit it and report back with the answer.
- Summarize key points frequently.
- Close on an upbeat note.

### How did You Do?

Feedback from the session participants is very important. The success of the event is determined by the students and their learning experience.

An evaluation form is provided on the following page that you may copy and hand out at the end of your program. Based on responses from attendees — both verbal and written — experiment with changes in delivery style and updates to your materials.

# EVALUATION FORM

Name of Program: \_\_\_\_\_

Location: \_\_\_\_\_

Bank Presenter: \_\_\_\_\_

1. How did you learn about the program?

- From a banker
- From a friend or at work
- From a parent
- On the Internet
- From a publication (cite publication) \_\_\_\_\_
- From the radio or television (cite station) \_\_\_\_\_
- Other (please specify) \_\_\_\_\_

2. Please indicate whether you agree or disagree with the following statements:

	Strongly Agree	Agree	Disagree	Strongly Disagree
The program will help me achieve my financial goals.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The material was appropriate for my level of financial knowledge.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The material and presentation engaged me.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall, the presentation was beneficial for my needs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3. Would you recommend this program to a friend?

- Yes       No

4. Would you be interested in any other financial education programs?

- Yes       No

If "Yes," what topics would you like us to talk about?

\_\_\_\_\_

5. May we contact you about your responses?

- Yes       No

Your Name: [optional] \_\_\_\_\_

Contact Number: [optional] \_\_\_\_\_

E-mail Address: [optional] \_\_\_\_\_

Additional comments:

***Thank you for completing this evaluation form. Your feedback is very important to us.***

# First National Bank Texas

Kileen, Texas

\$1 billion in assets

Amanda Stephens

Vice President of Customer Experience and City Director of Lemonade Day Greater Killeen/Fort Hood

First National Bank Texas transformed lessons on entrepreneurship, goal setting, budgeting, savings and money management into a community-wide event, which brought together leaders from three surrounding cities, two school districts and Fort Hood, the United States' largest military installation. Lemonade Day, an experiential learning program focused on teaching youth how to start, own and operate their own business – a lemonade stand – provided the launch pad.

The Killeen/Fort Hood community received its initial taste of Lemonade Day on the first Sunday in May 2010 when First National Bank Texas and its sister bank, Fort Hood National Bank, launched the program. Young entrepreneurs set up shop throughout the community and peddled their refreshing beverages. The program grew from just 700 that first year to 1,490 registered participants in 2011, to almost 2,000 in 2012 and in May 2013, 2,984 youth registered to participate.

“This practical financial education experience takes youth in our community from dream to business plan, from budgeting to banking basics like opening a savings account all while teaching them the same principles required to start any company,” explains Amanda Stephens, First National

Bank Texas vice president of customer experience and City Director of Lemonade Day for Greater Killeen/Fort Hood. “It is great training for our community’s future business owners and bank customers.”

Bank contributions included staff time to plan, coordinate and implement the annual event; senior management’s efforts to engage community leaders; and the cost of licensing materials from Prepared 4 Life, the non-profit that created the Lemonade Day model. In addition, each student participant received a bright yellow backpack containing an entrepreneur workbook with lessons and guidance on starting their first business. The lessons culminated on the first Sunday in May or “opening day of business.” On this date participants were encouraged to setup their lemonade stands throughout the community.

The bank’s strategic efforts paid off in the form of broad community support, media coverage and student action. The program was highlighted in local periodicals including a front page spread in the Killeen Daily Herald. In the years following its launch, local T.V. stations have aired special news segments highlighting the success of the program and served as media sponsors. In 2013, over 30 teachers incorporated Lemonade Day into their



classroom activities, utilizing this experiential learning tool to emphasize the skills already being taught.

Following the program, 19% of Lemonade Day participants who reported their business results opened a new savings account with their profits; 53% already had savings accounts from prior years. “Lemonade Day is the perfect segue to introducing young children to the importance of money management with an emphasis on savings,” said Stephens.

The American Bankers Association recognized First National Bank Texas, with a 2012 Community Bank Award, for its creative approach to improving financial literacy. The program could be adopted and scaled to

fit a community of any size or region. While the Greater Killeen/Fort Hood model took shape because the bank championed the program, the typical Lemonade Day model has been led by a local non-profits, who organize the event and solicit outside sponsorships, perhaps from a local bank. A financial institution can choose to participate in the model that suits them best.

Amanda Stephens sums up one of the bank’s strongest motivations. It’s rewarding to witness this “popular pastime become the lesson of a lifetime... Money management suddenly becomes very exciting [because] these budding entrepreneurs aren’t discussing impersonal textbook examples, but their own hard-earned dollars.”

## Lessons Learned

### Why provide financial education programs?

Hands-on learning gives students the opportunity to practice the financial education taught

### What are the key aspects of your program?

- Entrepreneurship
- Goal setting, budgeting, saving and money management
- Introduction to small business ownership

### What advice would you give to bankers?

Cultivate municipal partnerships. Having your city government, health department and school district on board contributes to your event’s success. For more details visit [FortHood.LemonadeDay.org](http://FortHood.LemonadeDay.org) or e-mail Amanda at [amanda.stephens@1stnb.com](mailto:amanda.stephens@1stnb.com).

## United Bank

Atmore, Alabama  
\$466 million in assets

Marina Simpson  
AVP, Marketing & Business Development Officer

United Bank has provided financial education for decades. The commitment to customers' and consumers' fiscal well-being starts at the top with President and Chief Executive Officer Robert R. (Bob) Jones, III. "It's critical to the economic vitality of the communities we serve," he states simply. Bank employees are equally committed.

As longtime participants in the ABA's Teach Children to Save program, employees look for fresh ways to share lessons. "Engaging children in activities that both teach them, but also excite them is important, says Marketing and Business Development Officer Marina Simpson. "Our CEO, Bob Jones, shared this fun idea that would combine teaching the concept of saving with raising money for schools. So the marketing department created a contest and United Bank employees have improved on it since."

United Bank's Rocking Chair Contest Decorating combines financial education, fun and fundraising. The bank supplies chairs and prize money. Students supply artistic talent and the auction provides money for local Parent Teacher Organizations (PTOs). Rocking chairs are delivered to student groups at local elementary schools in early March. Students dream up ideas for decorating their chair based on the theme "saving money" then get to work. These plain wooden rockers transform into works of art as beautiful illustrations and everyday items are added to chairs in an effort to carry out the savings theme. In late April chairs are put on display and judged during MayFest, a local festival well attended by families and community leaders. The colorful display provides perfect pictures for the bank's 22-month-old Facebook page.



Once market area winners are selected and participating PTOs receive the \$250 prize, a grand prize winner is chosen. That PTO gets an additional \$500. Following the Mayfest competition, chairs return to their original bank location, go on display and are auctioned off. Proceeds are donated to school PTOs.

Why a rocking chair? “The rocking chair embodies our bank’s character,” explains Assistant Vice President Marina Simpson.” Every United Bank location is furnished with rocking chairs either in the lobby or on the front porch.” These inviting places to rest communicate southern hospitality: Come visit. Share the company of friends and neighbors.



## Lessons Learned

### Why provide financial education programs?

- Financially literate consumers are imperative to for a secure financial future
- Positive public relations

### What advice would you give to bankers that wish to take on a financial education effort or enhance existing activities?

- Be creative. Meet your audience where they are and you will see the benefits it can bring!
- Adults need help with money management skills too, and that can bring them back to banking. Efforts to help credit-challenged consumers improve their skills turned into a “Second-chance Checking” program. This effort, which assists people in qualifying for a bank account again.

# Finding Money to Save

**Overview:** Saving money and keeping it safe are important steps to financial security. People often say they don't have any extra money to save, but everyone spends money on things they don't always need or want. By putting some money in a savings account in a bank, your money will be protected and it will earn interest.

**Objectives:** Students will be able to:

- Identify reasons to save.
- Find simple ways to save money.
- See how savings adds up over time.
- Calculate savings through alternative behaviors.

**Time Needed:** 1.25 hours (75 minutes)

**Concepts Taught:**

- Cut back on spending, helps you to save
- Choosing alternatives to help save money
- Keeping money in a safe place is important
- Saving will help cover emergencies, reach goals, and provide for the extras

**Materials:**

- Why Save worksheet
- Find Money to Save — Looking for Alternatives worksheet
- Chalk board or flip chart
- Calculators
- Pens/pencils

10 minutes

## Opening

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**Cues:** Start the class by asking:  
***“If I gave you \$100 today, what would you do with it?”***

***Allow participants time to respond.***

Write their suggestions on the board. Ideas could be to pay off bills, to get the car repaired, to buy something needed, to use toward a child’s education, etc.

If participants need help, note a few ideas and ask them to add to the list.

**Content:**

- Needs versus wants.
- By saving money, we will have it to use later when we need it.

20 minutes

## Reasons for Saving Group Activity: Part 1 of the Why Save worksheet

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**Cues:** **Start a discussion about reasons to save money.**  
Participants will list the reasons to save money.

**Distribute the savings worksheet.**

Form teams of two to work together.

**Review the worksheet.**

Give teams an example of how to fill out the savings worksheet (e.g., to pay for emergencies such as getting a tire repaired or to buy medicine if you’re sick).

**Allow the teams to work for five minutes to fill in the first column.**

**Ask several teams to report two or three ideas.**

Group their ideas into categories such as to cover unanticipated events, to use if you’re sick or unemployed, for retirement, to pay off bills, to give yourself a financial cushion, etc. Once you have about six or eight ideas, ask for any others that may not be on the list.

**Discuss what happens if you don’t have money saved and need it.**

For example, having to borrow, can’t feed your family, lose your apartment or home, can’t do special things like a vacation, can’t reach important goals like paying for college.

**Content:**

- We all have important reasons to save.
- There are benefits of saving such as peace of mind, security, emergencies, goals (e.g., buying a house), puts you in control, reduces stress.
- Money can help us have fun.

- Everyone needs to have some amount of money saved for emergencies. One rule of thumb is to have three to six months living expenses in savings. Depending on your situation, you may need more or less.
- Once you have money saved for emergencies, start to put money away for the long term (e.g., your child's college years or your retirement).
- Start saving NOW for tomorrow. The earlier you start, the longer you have to make your money work for you.

15 minutes

## How Much do You Need to Save? Group Activity: Parts 2, 3 and 4 of the Why Save worksheet

**Cues:** *Explore goals and ways to save money to meet the costs of these goals.*

**Allow teams time to work on parts 2, 3, and 4 of the worksheet.**

They should take two things on their list (e.g., you want to save to pay for daughter's camp). Figure out the amount, mark the amount of money needed (e.g., camp registration may be \$500, with craft or activity expenses of \$75, for a total of \$575).

**Participants must decide how many months they have to save this amount and write it in the third column.** (e.g., if it is now January and payment of camp fees are due in July, they have seven months to save).

**In the fourth column, they need to find something to do to save this money.**

**Ask groups to share their ideas.**

As the participants respond, jot their ideas on the board. The activity will teach the concept of long- and short-term goals and saving over the long run.

- Content:**
- You need to determine your goals and then plan to have enough money to reach them.
  - Sometimes we need money right away — this is called a short-term goal. Sometimes we want to have money put away for the future (e.g., retirement or college education). This is a long-term goal.
  - We must do things differently in our lives to save money, and we must plan how to do this.

15 minutes

## Finding Money to Save Group Activity: Looking for Alternatives Worksheet

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**Cues:** *Explain that one way to save money is to not spend.*

There are many simple ways to find money to save.

*Distribute “Looking for Alternatives” worksheet to participants.*

Ask them to work with their partner again to find alternatives to spending on the items listed in the first column.

*Do the first one together as a class.*

If you go to the movies on a Saturday night, you'll pay about \$8–\$12 for an adult ticket. What could you do differently? What are your alternatives and what would you save? Allow participants time to respond.

**Help participants to see that choices can make a big difference in the amount they save and spend.**

Alternatives could be to go to a matinee for a less expensive price, to use a senior discount, to rent a video, to go during the week, etc. Allow 10 minutes for this activity and then discuss the findings with the group.

- Content:**
- Not spending is saving.
  - There are simple ways to save.
  - Alternatives or substitutes provide choices that lead to savings.

10 Minutes

## Q & A

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5 minutes

## Summary and Close

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## Presentation Suggestions

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1. Find realistic saving and spending situations that the participants can relate to and use these as examples in your discussion. For example, car pooling may be appropriate for a suburban or rural audience but less appropriate for an urban area.
2. Allow participants the opportunity to share ideas and strategies that work for them while not focusing on specific personal information.
3. Ask them to apply the information to situations they encounter. For example, on the Alternatives to Spending worksheet, ask them to come up with two examples in which they or other members of the class can save money. This helps all participants to apply the information they learned.
4. You can wrap up the discussion by asking each person to share one thing they will do in the near future to help themselves save money. It may be as simple as to not buy lunch out one day a week.
5. Tailor the savings situations to your audience. For example, saving for retirement may be of interest to older adults but not those just entering the workforce.
6. Relate concepts in class to current events (e.g., floods, natural disaster, accident, etc.) to show why saving is important to a family's financial security.



# Finding Money to Save

## LOOKING FOR ALTERNATIVES

Item	Cost to Buy	Alt. #1 Cost	Alt. #2 Cost	SAVINGS
Movie tickets for an evening show				
Tuna sandwich at the deli				
Dinner at a restaurant				
New hardcover book				
New car				
Other				
Other				
<b>TOTAL</b>				

# Making a Budget or a Saving & Spending Plan

**Overview:** Recognizing and determining monthly income, and controlling spending are key steps to a sound financial future. By identifying needs and wants you can cut expenses, pay your bills on time, and free up money for savings. Part of making a budget (also called a Saving & Spending Plan) is to see savings as a regular expense that you pay first. Using a fictitious person, participants will prepare a budget and then find ways to cut expenses, increase income, and find ways to save.

**Objectives:** Students will be able to:

- Understand short- and long-term goals
- Identify income and expenses
- Distinguish needs and wants and priorities
- Make a realistic savings and spending plan (e.g., budget)
- Find ways to save money by paying themselves first

**Time Needed:** 1.5 hours (90 minutes)

**Concepts Taught:**

- A saving and spending plan (e.g., budget) will help you reach your personal and family goals.
- Think of saving as a bill — you pay yourself first each month.
- In order to save you must increase your income or decrease your expenses.

**Materials:**

- Savings and Spending Plan/Budget Worksheets
- Information Sheet on Sara (an imaginary person)
- Calculators
- Pencils
- Index cards
- Chalk board or flip chart

5 minutes

## Opening: Viewing Money as a Tool

---

- Cues:** ***Discuss that making money takes time and energy and using it wisely also takes time, energy and planning.***  
During the session, the group will talk about ways to plan for spending and saving.
- Explain that money is a tool.***
- Ask: ***“What other tools do we use and why are they helpful?”***  
For example, a hammer helps us complete a construction or repair project. If a hammer just sits in a tool box, we’re not putting it to good work.
- Ask: ***“Why do we keep our tools in a tool box?”***  
A tool box keep tools in good condition, so we know where they are when we need them, and to keep track of them.
- Discuss money in the same way.***  
It must be kept safe and we must be aware of where it is.

- Content:**
- Figuring out what to do with your money and making sure you can reach your goals is what money management is all about.
  - Money is a tool to help us take care of ourselves and our families and helps us reach our goals and achieve our dreams.
  - Just like other tools, we want to know where our money is and keep it safe.

10 minutes

## Group Activity: Needs or Wants?

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- Cues:** **Distribute 5 blank index cards to each participant.**  
Ask participants to write down 5 things they spent money on last week.
- Have participants separate the card into 2 categories: need and wants.***  
Note that all of the cards may end up in one pile and that’s okay.
- Write two columns on a chalk board or flip chart and label them NEEDS and WANTS.***  
For, example: We must have something to drink. Water is a need, but a soft drink is a want. Go through all their wants and needs this way.
- Note that some people will disagree as to what is a need or want. For example, some may see cable TV as a need while others will see it as a want.
- Content:**
- Needs are those things we must have.
  - Wants are those things we would like to have.
  - We must first meet our needs and then we can fulfill our wants.

**Cues:** Ask: ***“Is saving money a need or a want?”***  
Discuss this with the participants. Allow time for responses.

***Money helps us to reach our dreams.***

Discuss dreams as where we want to go in life. Dreams are important because they’ll help us know what we want to do with our lives.

***Talk about goals.***

Dreams become goals or what we are striving to achieve. For example, a goal may be to purchase a home or open a business. You may want to provide a college education for yourself or your children. Or you may want to take classes in art or dance.

***Discuss the role of values.***

Values are our guides on how we choose to reach our goals.

Values are the inner most thoughts and commitments that make us who we are. Think about a dream. Now think about what you would do or NOT do to get there.

- Content:**
- What we spend money on is a personal choice. The key is to make it a conscious choice and to not spend more than you earn.
  - To save, you must spend ***less*** that you earn. It’s what we chose that makes all the difference.
  - Our wants will always exceed our needs.
  - Every person needs dreams — they are the view of what your best future looks like.
  - Each person has values. Our values determine what’s important and how we approach life. Values influence who we are and who we will become.

## Goals are Long-Term and Short-Term

---

**Cues:** ***Talk about dreams and that they can be reached one step at a time.***  
Use examples such as Marie has a dream of taking a nice vacation and she must take some short steps and some long steps to reach that dream.

***Steps to dreams are called goals.***  
It is easier to reach specific goals. Stress that if we don't know what our goal is, we won't know if we've reached it.

***Some goals are long term.***  
If you want to get a college education, you may not reach your goal for two to five years.

***Long-term goals are reached by meeting short-term goals.***  
For example, you will need to complete your high school credits first before taking college classes. Or you may need to save \$200 to cover the first class you'll take.

**Content:**

- The more specific a goal is, the better.
- Specific goals can be broken into steps that can be reached more easily.

## A Spending and Saving Plan

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**Cues:** ***A saving and spending plan (e.g., a budget) is a road map to keeping track of money each month.*** (Note that some people dislike the term "budget").

***Making and following a plan is not difficult, but it does take time and commitment.***

***Review the key part of a budget or saving and spending plan.***

- Income
- Expenses
- Savings

***You must know your income and your expenses.***  
That is, the money you have coming in — and going out.

***Discuss saving as the third part of the plan.***  
Saving will not happen unless you plan for it.

***Use net income when figuring your plan.***  
The total of your earnings is called GROSS income. The amount left after taxes and other deductions is called NET income.

***Suggest the budget be set by the month.***  
Analyze, compute, and track a budget/plan on a monthly basis. For annual expenses (like insurance), take a monthly average.

- Content:**
- You can't save money unless you know what you make and what you spend. You may THINK you know, but you need to sit down with pencil and paper and do some planning.
  - Plans can change based on circumstances. A plan must be flexible.
  - Income is money that comes to you through a job, Social Security, tips, alimony, child support or gifts.
  - Not all income is regular. If you work a part time job, your hours could increase or decrease. Or your employer may decide to reduce the number of employees and you could lose your job. Or you could get sick and not be able to work. If you are divorced or receive support from another person, recognize that these payments could stop or be delayed.
  - Income must be tracked and adjusted in your budget/plan just like expenses.
  - Expenses fall into two categories — essential (rent) and non-essential (going to the movies).
  - Some expenses occur once a year or once every six months. Others are monthly expenses. View savings as a regular expense that you MUST pay just as you would your rent or utilities.

20 minutes

## Group Activity Sara's Saving & Spending Plan

**Cues:** *Distribute Budget/Saving & Spending Plan Worksheets and information sheet on Sara, a hypothetical person.*

Explain that you are using Sara's situation as a way to learn. Each person's situation will be different, but the steps are the same.

Encourage participants to use this same process when they develop their own plan.

**Lead group through the activity.**

Start with income. Participants can fill in the sheets as you go.

Help participants determine Sara's expenses. Note that some expenses have been left out to simplify the exercise. Some daily expenses must be calculated to determine weekly and monthly amounts. Assume there are four weeks in every month.

**Discuss the reality that income is not always reliable.**

What happens when you expect income (e.g., bonuses, tax refunds, overtime, child support) that does not come in?

- Content:**
- Record your anticipated monthly income and anticipated expenses.
  - Use information from checkbook, online statements, ATM receipts, cash expenses, etc., to prepare an accurate budget. Adjust your expenses if income that is anticipated is not received.

10 minutes

## Group Activity: Review the Budget and Adjust

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**Cues:** *How can Sara save \$150 a month?*

Have the participants work with a partner to find things Sara can do to reduce her expenses (e.g., get videos from the library rather than renting them; buying only one lottery ticket a week, car pooling, bringing her lunch from home, etc). Discuss these behavior changes with the class. Focus on behavior change and knowing what you really spend.

**Notice that in this activity savings is the first thing on the expense list.**

Discuss that you must plan to put money into savings. You can't just wait to save any left over money.

- Content:**
- If expenses exceed income, find alternatives to spending money.
  - A budget will help you see where your money goes.
  - Savings will not just happen. You must plan for it. Income can be variable and sudden expenses (e.g., car repairs) can arise.
  - Getting into debt can become a bigger problem over time.
  - Focus on what you and your family really need. Meet needs first. Many times we confuse needs with wants. Talk with your family about money.
  - Review your spending, income and savings each month and make adjustments.

5 minutes

## Q & A

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**Cues:** *Answer questions participants may have.*

**Encourage participants to use the process at home.**

**Review the key issues raised in the class:**

1. Make a budget or saving and spending plan and track and adjust it each month.
2. If you don't know where your money goes, who will?
3. Make saving a regular expense.
4. Find ways to cut back on expenses. These can be simple changes in spending.

- Content:**
- By looking at savings as your most important expense, you are paying yourself first. Don't wait to save what you have left over. In most cases, we have nothing left over.
  - Wants will ALWAYS exceed the amount of money we have to spend.
  - Wait before you buy. If we buy on impulse, we usually make poor choices. Sometimes, by waiting, the price may go down or a different or better option comes up.
  - Do things differently. Shop around and look for alternatives. You may also decide that there is a better option that is less expensive. Do you really need a new car? Could you buy a used car? Or take the bus or car pool?
  - You can change the way you save and the way you spend by taking simple steps.

5 minutes

## Summary and Close

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**Cues:** *Remind participants that as a banker, you work with people everyday to help them reach their personal and family goals.*

*Discuss that banks offer accounts and services to help people of all backgrounds and situations meet their financial needs.*

- Content:**
- Make savings part of your monthly financial plan by paying yourself first.
  - Talk to a banker near you to find ways to keep your savings safe.

## Presentation Suggestions

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1. Be aware that people dislike the term “budget.” By using “saving and spending plan,” the focus moves toward planning and saving rather than spending.
2. Recognize that adults are cautious about talking about their specific financial situation. By using scenarios, you can build skills that participants can apply to their own situation.
3. Help participants realize that changing their financial situation will require a change in behaviors such as tracking their expenses, doing without, working more, or dealing with inconveniences. Frame these changes in a positive light and focus on the long-term benefits.
4. Allow ample time for participants to do the activities. Be aware that some may have difficulty working with calculators, filling in forms, or doing math. Shorten the activities as needed to fit the skills of the group.
5. To save time, you may want to fill in some of the numbers on the expense and income forms. Leave some spaces empty so participants can do part of the activity.
6. When the participants have completed filling out the income and expense forms for Sara, they will find that she has some money to save. But she never seems to have money left over. This means that she is spending on little things. Discuss ways that Sara can cut back on expenses. The common action is to cut savings. Focus more on what Sara can do to reduce her expenses (e.g., bringing lunch from home, cutting back on fancy coffees, getting videos from the library rather than renting them, etc). Talk about unexpected expenses (car repairs, items for the kids) where money already saved becomes critical.
7. Keep the discussion relevant to the participants and their income levels, family situations, etc. If the group is primarily single mothers, include child care expenses or child support income. If the group is primarily comprised of retired adults, focus on income from Social Security, retirement plans, reverse mortgages.
8. Encourage the participants to share ideas and financial tips that work for them. Adults learn well from other adults.
9. When doing the spending and savings plan, many people will want to subtract expenses from income and put that into savings. Stress that savings must be done first or there will be none left over. Savings should be a planned expense.
10. Explain how values play a part in budgeting. For example, some people value donations to their religious organizations as a high priority and will not cut back on these. Others will not cut back on money sent to other family members.

## Ancillary Activities

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1. Make copies of the worksheets for participants to use at home.
2. Demonstrate various inexpensive software packages that track income, spending and saving.

# Make a Saving and Spending Plan for Sara

Sara is a single mom with two children (seven years old and 10). The children are in school during the day. She pays her sister \$40 a week to mind the children after school. Sara is a full-time teacher's assistant and brings home about \$520 each week; several of her neighbors work at the same school. Her employer provides health insurance and life insurance.

Sara usually receives \$450 each month in child support, but the children's father doesn't always pay on time. On some weekends, she works at a restaurant and makes about \$85. Her mother sends her \$75 a month to help out.

She rents a small apartment for \$750 per month. Utilities cost her about \$65 per month. She has a cell and land-line phone which cost \$60 per month. Her special multi-station cable TV service is \$85 a month. She uses the laundry room in the apartment and pays about \$15 a week. Her credit card minimum payment is \$95 a month and she tries to donate \$10 a week to her religious group.

Sara drives 5 miles to work each day instead of taking the bus. Her car loan is \$150 a month and she pays \$875 per year for car insurance. Gasoline is about \$40 per week. Her parking permit is \$65 per year.

Since she works, Sara does her grocery shopping on her way home from work around 5 p.m. and spends \$145 on average each week. She packs the children lunches for school but buys her own lunch every day for \$7; she works five days a week.

Her children are active in school programs which cost about \$30 per month. Clothing for the family run about \$60 per month.

Sara loves coffee at the local coffee house and stops there on the way to work and during lunch to buy a latte for \$3 each. She loves to send cards and gifts to friends and spends \$20 per month on cards. Sending gifts and mailing her bills cost about \$15 for postage.

On weekends, Sara takes her children to the movies and spends \$30 for tickets and snacks.

**Sara wants to save \$150 a month. She never has any money left over.**

**What can she do?**

# Make a Saving and Spending Plan

*These charts include a column for anticipated income and expenses and real income and expenses. This is to show that what we think we have coming in or are spending will usually be higher or lower. This means we have to adjust an expense in another category. Some expenses, such as car insurance, come due every few months or once a year. Divide these major expenses into an amount for these expenses every month.*

Figure the total monthly income and total monthly expenses. If expenses are higher than income, cut expenses.

## Figure Your Monthly Income

	<b>Monthly Income ANTICIPATED</b>	<b>Monthly Income REALITY</b>
Job (Full-time)		
Job (Part-time)		
Scholarships/Stipends		
Social Security/Disability		
Alimony		
Gifts		
Child Support		
Other		
<b>TOTAL INCOME</b>		

# Make a Saving and Spending Plan

## Figure Your Monthly Expenses

	Monthly Expenses ANTICIPATED	Monthly Expenses REALITY
<b>MONEY TO SAVINGS</b>		
Savings		
Retirement		
Other		
<b>HOUSING</b>		
Rent/Mortgage		
Utilities (gas, electric, oil)		
Renter/Homeowners Insurance		
Household Items/Furniture		
Repairs/Maintenance		
<b>HOUSEHOLD</b>		
Phone		
Cable TV		
Equipment/Appliances		
Pet Expenses		
<b>FOOD</b>		
Groceries		
Food eaten out (lunch, snacks, etc.)		
<b>FAMILY</b>		
Child/Family Care		
Medical expenses/Health insurance		
Laundry/Dry cleaning		
Clothing		
School expenses/Tuition/Sports		
Vacation/Travel		
Pet expenses		

# Make a Saving and Spending Plan

## Figure Your Monthly Expenses — Continued

	Monthly Expenses ANTICIPATED	Monthly Expenses REALITY
<b>LOANS/FINANCIALS</b>		
Personal loans		
Credit cards		
Bank fees		
Life insurance		
<b>PERSONAL</b>		
Grooming/hair cuts, nails, etc.		
Gifts/Cards		
Donations/Tithing		
Lotteries, bingo, raffles		
Entertainment/Rentals		
Money sent to other family members		
Health clubs/Memberships		
Books, magazine, newspapers, hobbies		
Habits (e.g., cigarettes, wine, etc.)		
<b>TRANSPORTATION</b>		
Car loan or Lease		
Gas, oil, maintenance		
Insurance		
Tolls/Parking		
Public transportation		
<b>OTHER</b>		
<b>OTHER</b>		
<b>OTHER</b>		
<b>TOTAL LIVING EXPENSES</b>		

# Understanding Your Credit Report and Score

**Overview:** A person's credit history will impact the amount, type, limit and fees offered. Participants will learn what a credit report is, why it is important, and how it will affect their financial lives. They will learn how to obtain a free credit report and what to do if their credit report is not accurate. The aspects of a credit score will also be discussed.

**Objectives:** Students will be able to:

- Understand the premise of credit history.
- Identify how a credit report is used by creditors, employers and insurers.
- Obtain their free credit report.
- Correct errors on their credit report.
- Find ways to improve their credit score.

**Time Needed:** 1.25 hours (75 minutes)

**Concepts Taught:**

- Credit and bill paying history are used to determine the amount, type and costs of future credit.
- By maintaining a good credit history, you can improve your credit score making you a better credit risk.
- Your credit report is used by creditors, employers and insurance companies.
- You should get a copy of your credit report every year and review it to ensure it contains accurate information.

**Materials:**

- Sample credit report
- Chalk board or flip chart
- Information sheet on how to get your credit report and score

5 minutes

## What is Credit?

---

**Cues:** *Lead a discussion about credit.*

Select one person from the group. Ask them if they would lend you \$1,000. The person would probably say no.

Ask: *“Would you lend money to someone you don’t know? What would you expect from the borrower?”*

*List the responses on a chalkboard or flip chart to come back to later.*

- Content:**
- Credit cards have become very popular in our marketplace today. Credit is available everywhere.
  - To use credit wisely, we must first understand what credit is. Credit is basically using someone else’s money TODAY. You are promising to pay it back in the future.

5 minutes

## Credit is an Obligation to Pay Money Back

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**Cues:** *Discuss credit as an obligation.*

When you use credit, you have an obligation to pay the money back.

*Review the different types of credit.*

In some cases, such as a car loan, you will pay a specific amount each month for a designated period of time, such as 36 months. For other types of credit, you may pay it all back at once. For example, if you use a credit card, you could pay off the amount due in full every month. Or you pay a piece of what you owe.

*Credit is not free.*

- Content:**
- The creditor is the company or person lending you money. They make money by charging you interest and fees for services.
  - Interest is charged as a percentage of the amount borrowed. For example, if your creditor charges you 15%, this means, you are paying 15 cents to borrow a dollar. You’ll want to get a credit card with a low interest rate.
  - Understanding the terms of your loan is critical. Creditors charge various fees such as the annual percentage rate (APR), an annual fee to get the card, and fees for being late with payments or charging more than your credit limit.

5 minutes

## Responsibilities When Using Credit

---

**Cues:** Ask: *“Is credit a right or a privilege?”*  
Allow time for responses.

***Explain that creditors will decide to lend you money based on your creditworthiness.***

**Content:**

- Getting and using credit is a privilege with responsibilities. Credit is not a right.
- You earn the right to use credit when you show you can handle the responsibility.
- Responsibilities include paying the money back.
- No one is guaranteed credit.

5 minutes

## Being Creditworthy — The Three C’s of Credit

---

**Cues:** Refer back to the list of why the class participant would not lend you \$1,000.

***Review the key points.***

If you lend someone money, you want to be sure you’ll get your money back.  
Creditors do the same thing.

***Discuss creditworthiness.***

Put the list into categories of character, capacity and collateral.

**Content:** Lenders use the three C’s of credit when deciding to loan you money:

- Character — reliability and stability (e.g., employment history, credit history, record of repayment and outstanding debt).
- Capacity — ability to repay (e.g., steady job).
- Collateral — value of personal property such as a car or a house.

## What Is a Credit Report?

---

**Cues:** *Discuss the concept of a credit report.*

How does a creditor find out about your credit history? They do this by accessing your credit report.

A credit report includes information on where you live, how you pay your bills, and whether you've been sued, arrested or have filed for bankruptcy.

Who would want to know this information?

- Creditors and lenders
- Landlords
- Potential employers
- Insurance companies
- Potential spouses
- Business partners

**Content:** A credit report contains:

- Basic identifying information about you — name, Social Security number, address
- Credit history
- Collection agency actions
- Courthouse records such as information on divorce, name change, bankruptcy
- Employers
- Inquiries by potential credit grantor

Nationwide consumer reporting companies sell the information in your report to creditors, insurers, employers and other businesses that use it to evaluate your applications for credit, insurance, employment or renting a home.

## Order and Review Your Credit Report

---

**Cues:** *Discuss the importance of getting and reviewing your credit report each year.*

Distribute a sample credit report. Explain that a credit report has information that affects whether you can get a loan and how much you will have to pay to borrow money. Review the information in the report.

Explain that it is important to check your credit report before making any large financial commitments, such as buying a home or a new car, buying insurance or applying for a job.

Discuss the prevalence of identity theft and explain that identity thieves may use your information to open a new credit card account in your name. When they don't pay the bills, the delinquent account is reported on your credit report.

Emphasize the importance of having the information in your report be correct because inaccurate information can affect your ability to get credit, insurance or a job.

- Content:**
- Get and review your credit report each year.
  - Make sure the information is accurate, complete and up-to-date.
  - Check to see that actions taken that may affect your credit profile, such as closing an account, are reflected. Generally, review your report 60 to 90 days after you think the action was to take place.
  - Guard against identify theft by checking for new accounts not opened by you or unusual inquiries about your credit history.

10 minutes

## How to Get a Free Copy of Your Credit Report

**Cues:** *Review how to get a free copy of a credit report.*  
Everyone in the U.S. can get a free copy of his/her credit report once every 12 months.

*The ONLY authorized online source for you to get a **free** credit report under federal law is [annualcreditreport.com](http://annualcreditreport.com).*

- Phone: 1-877-322-8228
- Mail: complete the Annual Credit Report Request Form and mail it to:  
Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281.

*Some other sites claim to offer “free” credit reports, but may charge you for another product if you accept a “free” report.*

*Explain the information needed to get your report.*

Name, address, Social Security number, and date of birth. If you have moved in the last two years, you may have to provide your previous address.

- Content:**
- Write the website on the board or distribute a sheet with the it and the contact information of the three major credit reporting agencies.
  - For those that want a credit report more often than once a year, the three credit bureaus also sell copies. To buy a copy of your report, contact:
 

— Equifax	1-800-685-1111	equifax.com
— Experian	1-888-397-3742	experian.com
— TransUnion	1-800-916-8800	transunion.com
  - Under federal law, you’re entitled to a free report if a company takes adverse action against you such as denying your application for credit, insurance or employment and you ask for your report within 60 days of receiving notice of the action.
  - To maintain the security of your file, each nationwide consumer reporting company may ask you for some information that only you would know, like the amount of your monthly mortgage payment. Each company may ask you for different information because the information each has in your file may come from different sources.

## What Is a Credit Score?

**Cues:** *Explain that credit scoring is what lenders use to help determine whether to give you a loan and the price (or interest rate) on it.*

It is a guide to future risk based solely on credit report data.  
The higher the score, the lower the risk.

*A credit scoring system awards points for each factor that helps predict who is most likely to repay a debt.*

Payment history, amounts owed, length of your credit history, new credit and types of credit all play a role.

*Discuss how you can raise or lower your score over three months.*

Concentrate on paying your bills on time, paying down outstanding balances, and not taking on new debt.

*Don't believe ads that promise they can improve your credit score quickly.*

Improving your score significantly will take time.

**Content:**

- How do people score?

### FICO Scoring System

Above 780	20%
740 to 780	20%
690 to 740	20%
620 to 690	20%
Below 620	20%

### VantageScore System

901 - 990	A
801 - 900	B
701 - 800	C
601 - 700	D
501 - 600	F

- A FICO credit score is figured on:
  - 35% Payment history** — Paying bills late, having an account referred to collections, or declaring bankruptcy will have a negative impact on credit score.
  - 30% Amounts owed** — The amount of debt you have compared to your credit limits.
  - 15% Length of your credit history** — An insufficient credit history may have an effect on your score, but can be offset by timely payments and low balances.
  - 10% New credit** — If you have applied for too many new accounts recently that may negatively affect your score.
  - 10% Types of credit** — Too many credit card accounts may have a negative effect on your score. Loans from finance companies may negatively affect your credit score.
- Review that participants can purchase their credit score by calling one of the three major credit reporting bureaus. It takes about 10-15 days to receive a report.
- Note: You may wish to review the VantageScore system. For more information, please visit [vantagescore.com](http://vantagescore.com).

5 minutes

## Correcting Information in Your Credit Report

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**Cues:**

Ask: ***“What if there is an error in my credit report? How can I correct it?”***

***Explain that the law allows you to dispute information in your credit report.***

The Fair Credit Reporting Act requires that information in your credit report be accurate and complete. You can also get a free copy if you are denied credit.

***Describe the process for correcting an error.***

The credit reporting bureau normally offers a dispute form to complete if you find anything in the report inaccurate. On the form, you must explain why you think the information is incorrect. For example, you may feel that some credit activities do not belong to your account. Or you may have paid a debt that the lender says you have not paid.

**Content:**

- The credit bureau must finish their investigation of your claim within 30 days of receiving it. Keep a copy.
- If the credit bureau finds your credit report is accurate after you've disputed parts of it, you can still write a letter (maximum of 100 words) presenting your case. This will become part of your record. Future lenders that see your credit record will then get your side of the story and have evidence that you are concerned about your credit record.

5 minutes

## Dangers of Using Credit / Repairing Your Credit

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**Cues:**

***Explain that credit is not for everyone.***

How do you know if you are experiencing financial problems? Ask for ideas.

***Review the danger signs of credit problems:***

- Paying bills late
- Maxising out on your credit lines
- Fees and penalties on bills
- Creditors calling
- Checks bouncing
- Avoiding or postponing problems

***Discuss credit repair.***

You can repair your credit by paying down your debt and paying on time. Do not fall prey to fraudulent operators who charge you to correct your credit history — only your behavior can change your credit history.

**Content:**

- Take action to deal with financial issues.
- A budget or spending and savings plan will help avoid financial problems.
- Make it a GOAL to repair your credit and improve your credit report and score.
- Consistently pay bills on time.
- Pay more than the minimum due on credit cards.
- Seek assistance and counseling from legitimate financial counselors or agencies.

**Cues:****Summarize key points:**

- Credit is a privilege that must be earned.
- The more creditworthy you are, the better credit terms you will get.
- Your credit report is an important record of how you pay your bills.
- You can get a free copy of your credit report once a year. Check it for accuracy and to avoid identity theft.
- The more creditworthy you are, the higher your credit score.
- Beware of the danger signs of misusing credit.
- Repair your credit by paying down your debt and paying on time.

**Content:**

- Bankers can help answer your questions about your credit report and your credit needs.
- Visit a bank near you.

## Presentation Suggestions

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1. Recognize that some people do not use credit and may think they have no credit report. Utility bills, doctor bills, rent and other types of payments can become part of a person's credit history.
2. Some people may raise specific situations they have encountered. Use these to bridge to more general information. For example, if a person gets into details about their divorce settlement, focus on how a divorce can impact your credit score or how spouses can be responsible for each other's debts.
3. Use a sample credit report with the class. Explain that each person's report is different.
4. Remind people to get a copy of their credit report each year and to check it thoroughly. They may also want to purchase their credit score so they have some idea of how creditworthy they are.
5. Be open to discussions about financial frauds and abuses. People who have problems with credit are generally prey for predatory loans and other financial frauds.
6. Distribute a reference sheet showing the website and phone numbers for ordering a free credit report. Encourage participants to do this once they get home.
7. Financial issues are a major cause of stress in personal relationships. Participants may ask about the credit report of a spouse or a significant other in their lives. Explain that a spouse's credit history can impact your ability to get a mortgage or loan in some states.
8. Be open to discussing financial frauds and ways to prevent becoming a victim.

## Ancillary Activities

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1. Set up a time when participants can visit the bank and actually review their credit report and discuss what they can do to improve their credit score.
2. Use current events such as articles in newspapers about identity theft victims, sting operations, etc., to stimulate discussion.

