



**MODULE 10:**  
**Building Your  
Financial Future**

**INSTRUCTOR GUIDE**



**MONEY SMART for Adults**

SEPTEMBER 2018





The Federal Deposit Insurance Corporation is an independent agency created by the Congress to maintain stability and public confidence in the nation's financial system. One way we do that is by providing free, non-biased financial education materials, including this Instructor Guide. For more information about our family of Money Smart products, visit **[www.fdic.gov/moneysmart](http://www.fdic.gov/moneysmart)**.



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# Background Information for Instructors

Welcome to the FDIC's Money Smart for Adults!

This is the Instructor Guide for **Module 10: Building Your Financial Future**. This module consists of three tools:

- **This Instructor Guide**
- **The Participant Guide**—for participants to use during training and refer to after training
- **The PowerPoint slides**—for you to use during the training

The curriculum also includes a *Guide to Presenting Money Smart for Adults*. This resource offers practical tips for marketing your training, setting up your training space, supporting participants with disabilities, and delivering the training. It also offers learning pathways to help you choose modules and perhaps sections within modules to include in the training. If you don't already have the *Guide to Presenting Money Smart for Adults*, download it at [www.fdic.gov/moneysmart](http://www.fdic.gov/moneysmart).

## Training Preparation Checklist

Use this checklist to prepare for training.

- ☐ **Review the Instructor Guide, Participant Guide, and PowerPoint slides** to learn how they work together.
- ☐ **Familiarize yourself with the topics.** The Instructor Guide includes scripting to help you explain core content. You can read the scripting as-is to participants. Or, you can present the information in your own style.
- ☐ **Review the *Try It* and *Apply It* activities in the Participant Guide.** Every module includes both types of activities. Many are designed to be included during the training session. Others are flagged with a Note to Instructor that gives you the option of reviewing, starting, or completing them during the training, or encouraging participants to complete them after training.

Activities make the training more engaging and help participants retain the material. It's generally better to cut content rather than activities if you are short on time.



- ☐ **Review the *Guide to Presenting Money Smart for Adults*** for tools and information that can help you plan and deliver training. This resource includes information on making your training accessible and welcoming to all participants, including participants with disabilities.
- ☐ **Select the materials that you plan to use.** Ideally, do so by considering the needs or goals of the participants. The *Module at a Glance Table* near the front of each Instructor Guide can help you decide whether to cover modules in their entirety or only certain sections of the modules.
- ☐ **Plan to make your training culturally appropriate.** This means communicating respectfully, and also presenting the material in a way that is relevant to the lives of participants.
  - For example, when you discuss ways to cut expenses, participants may not relate to cutting out a daily coffee purchase if they don't normally buy coffee every day. Use examples participants can relate to, which may be different from examples from your own experience.
- ☐ **Consider having each of your training sessions include:**
  - **An overview:** Welcome participants and explain the training purpose and objectives. Provide a quick orientation to materials.
  - **An introductory activity:** Energize participants with a fun activity to introduce them to one another and get them ready to learn. This can be an effective way to start training, especially if it is the first time the group has been together. See the *Guide to Presenting Money Smart for Adults* for optional introductory activity ideas.
  - **Pre- and post-training surveys:** Administer the pre-training survey before training starts and the post-training survey at the end of training. Using the surveys can help you evaluate training effectiveness and tailor your training approach for future sessions.
- ☐ **Give each participant a Participant Guide.** Consider making it available electronically if you cannot provide paper copies. Also, some participants may need it electronically as a reasonable accommodation. If you deliver only part of a module, you might want to provide only those sections of the Participant Guide. Hide the slides you won't be using. The *Guide to Presenting Money Smart for Adults* has more information on hiding slides.

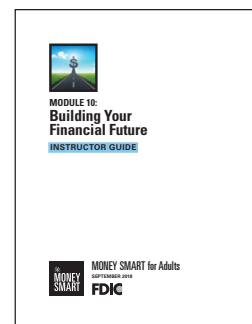


## Materials You May Need

- ☐ This Instructor Guide
- ☐ Copies of the Participant Guide
- ☐ The PowerPoint slides, and either:
  - Computer, projector, and screen for projecting the slides, or
  - Printed or electronic copies of the slides for participants
- ☐ Flip chart(s) and/or whiteboard(s)
- ☐ Markers for writing on flip chart(s) and/or whiteboard(s)
- ☐ Large self-adhesive notes (5" x 8"), card stock, or paper for making signs
- ☐ Tape that can be easily removed from the wall, such as painter's tape
- ☐ Pens or pencils for participants

### Optional Materials:

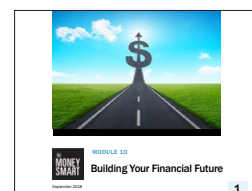
- ☐ Parking Lot for questions—Create one by writing “Parking Lot” on the top of a flip chart or whiteboard
- ☐ Supplies for the Optional Introductory Activity—Choose an activity from the *Guide to Presenting Money Smart for Adults* or use your own



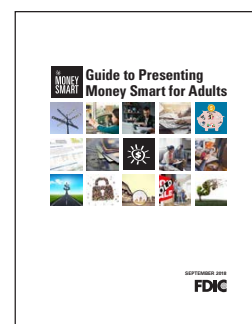
#### Instructor Guide



#### Participant Guide



#### PowerPoint slides












#### Guide to Presenting Money Smart for Adults



## Understanding the Icons

This Instructor Guide uses several icons to help you quickly navigate the training.

 <b>Do</b>	Actions you take as the instructor
 <b>Say</b>	Information you share verbally with participants
 <b>Ask</b>	Questions you pose to participants
 <b>Share Key Takeaway</b>	When you convey the primary message of a section
 <b>Lead Discussion</b>	When you facilitate discussions
 <b>Lead Activity</b>	When you facilitate activities
 <b>Present Information</b>	When you present information
 <b>Take Action and Closing</b>	When you help participants plan action steps to apply what they learned
 <b>Scenario</b>	When you use a short story to start a discussion or activity about a financial topic



## Module Purpose

This module helps participants create plans to build assets for a solid financial future.

This module also:

- Defines and explains assets, liabilities, equity, net worth, and their relationship to each other
- Discusses categories of assets: financial, physical, and productive
- Explains how specific assets, and asset-building in general, can provide financial stability and economic inclusion
- Describes ways to get (afford) assets
- Describes the relationships among credit, loans, and getting assets
- Explores the productive value of education and reliable transportation

## Module at a Glance Table

You can cover all or only part of this module.

We estimate you need **2 hour and 35 minutes** to cover the entire module, not including breaks or an optional introductory activity. You can use this table to select sections based on the time you have available and the needs of participants.

The *Guide to Presenting Money Smart for Adults* includes additional information on selecting sections for specific audiences.

Section	Key Takeaway	Purpose / Objectives	Time
Module Opening	N/A	<ul style="list-style-type: none"> <li>■ Welcome participants</li> <li>■ Administer the pre-training survey</li> <li>■ Lead an Optional Introductory Activity (extra 5 to 20 minutes)</li> </ul>	10 minutes

*continued on next page*



**Module at a Glance Table *continued***

Section	Key Takeaway	Purpose / Objectives	Time
Section 1: Assets and Asset- Building	Assets can lead to wealth and financial security.	Participants will be able to: <ul style="list-style-type: none"> <li>■ Explain what assets are, why they are beneficial, and how they help you build your financial future</li> <li>■ Develop a plan to build assets</li> </ul>	35 minutes
Section 2: How Assets Create a Financial Foundation	Net worth is a good measure of your financial stability. Calculate your net worth by subtracting your liabilities (money you owe others) from your assets.	Participants will be able to: <ul style="list-style-type: none"> <li>■ Define net worth and explain how it relates to financial security and the ability to meet financial goals</li> <li>■ Calculate net worth</li> <li>■ Identify strategies for changing net worth</li> </ul>	40 minutes
Section 3: Cars as Assets	A car can be a productive asset when it helps you get other assets. Plan ahead to get a car you can afford with as little debt as possible.	Participants will be able to: <ul style="list-style-type: none"> <li>■ Explain why a car can be a productive asset</li> <li>■ List things to consider when choosing whether to buy or lease a car</li> <li>■ Determine how much car is affordable</li> <li>■ List tips for getting a car loan</li> </ul>	30 minutes
Section 4: Training and Education as Assets	Training and education can be productive assets when they give you a strong chance of securing a better career or a higher paying job. Plan ahead to pay for them with as little debt as possible.	Participants will be able to: <ul style="list-style-type: none"> <li>■ Explain why training and education can be productive assets</li> <li>■ Explain ways of paying for training and education</li> </ul>	30 minutes
Module Closing	N/A	<ul style="list-style-type: none"> <li>■ Review the key takeaways</li> <li>■ Help participants think about how they will apply what they learned</li> <li>■ Administer the post-training survey</li> </ul>	10 minutes



# Module Opening

## Welcome Participants as They Arrive

Time Estimate for This Section: 10 minutes

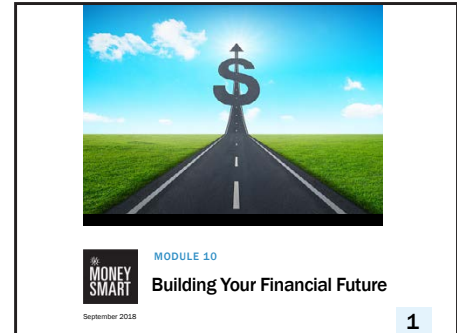
### SHOW SLIDE 1



#### DO

As participants arrive for the training, use this time to:

- Welcome them and introduce yourself
- Ask them to sign in for the training if you are using a sign-in sheet
- Ensure any requested reasonable accommodations are in place and make any necessary adjustments



### LEAD ACTIVITY

## Pre-Training Survey

See page 31 in the Participant Guide.

**Note to Instructor:** Before training starts, you can ask participants to complete the pre-training survey in the back of their Participant Guide. You may want to give them “loose” copies so they don’t have to tear them out. The knowledge questions are the same as those in the post-training survey.

The answer key is at the end of this Instructor Guide, but don’t share the answers now.

You may decide to compare pre-training surveys to post-training surveys to estimate knowledge gains of the entire group or for each participant. If you want to estimate by participant, ask them to write their last name or some other unique identifier on both their pre- and their post-training surveys so you can compare them for a given participant.



**SHOW SLIDE 2****SAY**

- Thank you for coming to this Money Smart Training called **“Building Your Financial Future.”**
- Please complete the pre-training survey on page 31 of your Participant Guide to give me an idea of what you may already know about this topic.
  - It should take less than five minutes to complete.

**Pre-Training Survey**  
See page 31 in your Participant Guide

**Pre-Training Survey**  
Your instructor may ask you to complete this pre-training survey before the training begins.  
Please answer these questions:

1. Being financially secure is only possible if you have a high income.	True	False
2. Buying a car is always a bad financial choice because it means taking on debt.	True	False
3. Earning a four-year college degree is a guaranteed way to increase your net worth.	True	False
4. You can find your net worth by:		
a. Adding up the value of everything you own		
b. Subtracting the sum of your liabilities from the sum of your assets		
c. Adding up all of your equity		
d. Both b and c		

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**DO**

- Collect the completed surveys if you plan to review them or compare them to post-training surveys.

**PRESENT INFORMATION****Parking Lot and Participant Guide****SAY**

- I've created a Parking Lot to capture questions, concerns, ideas, and resources. You and I can add items anytime during the training, and I'll address them during breaks or at the end of training.
- You have a Participant Guide to use during and after this session. It's yours to keep, so you can take notes and write in it.

**LEAD ACTIVITY****Optional Introductory Activity**

**Adds an additional 5 to 20 minutes,** depending on the activity you select and the number of participants

**DO**

- Lead participants through an introductory activity.
- Time permitting, you may also want to show a short video related to the subject of this module or start with an “energizer” of your choice.

**Note to Instructor:**

If time permits, start the training with a fun activity from the *Guide to Presenting Money Smart for Adults* or use your own.

This is a great way to get participants energized and ready to learn!





## Section 1: Assets and Asset-Building

**Training Time Estimate for This Section:** 35 minutes

### Objectives

Participants will be able to:

- Explain what assets are, why they are beneficial, and how they can help build a financial future
- Develop a plan to build assets





PRESENT INFORMATION (1 MINUTE)

## Introduction to Section and Key Takeaway

See page 3 in the Participant Guide.

### SHOW SLIDE 3



SAY

- We will discuss what assets are, why assets are beneficial, how assets can help you build your financial future, and how you can develop a plan to build assets.

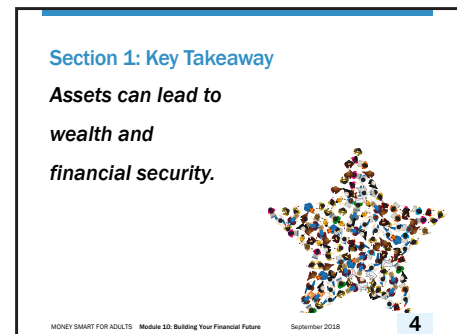


### SHOW SLIDE 4



SAY

- The key takeaway from this section is: **Assets can lead to wealth and financial security.**



PRESENT INFORMATION (5 MINUTES)

## What is an Asset?

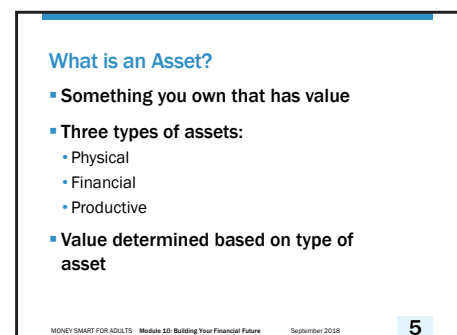
See page 3 in the Participant Guide.

### SHOW SLIDE 5



SAY

- An asset is something you own that has value.
  - For something to be an asset you must own it, be able to control it, and be able to make decisions about it.
  - For assets that are not money, you must be able to exchange them for money.





- As we talk about different types of assets, you can write down examples of each type on page 4 in your Participant Guide.
- You might be thinking of things like a car or baseball cards.
  - Some assets you can see and touch. These are called **physical assets**.
- But that's only one type of asset. Assets can also be **financial assets**.
  - Some examples of financial assets are cash, money in checking or savings accounts, and stocks and bonds.
- Some assets are intangible and called **productive assets**. They are not physical or financial but are still important.
  - They help you produce more assets, often by earning more money.
  - For example, investing in education and training to build your skills may help you find a higher paying job. With the additional earnings, you can save money.
  - Tools that you use to earn money, such as equipment for a lawn care business, are another example of a productive asset.
  - Skills can be productive assets. For example, being bilingual often opens up additional job opportunities.
  - Credit reports and scores can also be productive assets – because they can help you get other assets that require financing.
- An asset's value is determined based on the type of asset.
  - **Physical assets are valued based on their resale value** – what you could sell them for, such as:
    - » Appraisal value for a house
    - » Resale value for a car
    - » Garage sale value for household items
  - **Financial assets have an actual value**, such as the balance in a savings account or the amount of cash in your pocket.
  - **Productive assets offer benefits that are generally not reflected in dollars**. For example, a credit report that enables you to get favorable terms on a loan is a productive asset, but the value of that asset is not a defined amount of money.





LEAD ACTIVITY (10 MINUTES) – EXERCISE

## ***Try It: Is It an Asset?***

See page 5 in the Participant Guide.

### **SHOW SLIDE 6**



**DO**

- Ask participants to turn to *Try It: Is It an Asset?* on page 5 in their Participant Guide.



**SAY**

- Let's think together about different kinds of assets.
- Take a few minutes to look at the chart, and think about whether the items listed are assets.
- Check "yes," "no," or "it depends."
- We'll discuss them in about three minutes.



**DO**

- Give participants three minutes to complete the exercise.
- After three minutes, review the answers.



**ASK**

- Let's look at the first one. Is a new computer an asset?



**DO**

- Talk about each of the rows and ask for answers.
- Where participants disagree or give you an incorrect answer that is different from what is shown in the Answer Key on the next page, facilitate a short discussion on *why* they chose that answer. Offer some guidance based on the Answer Key.

**Try It: Is It an Asset?**  
See page 5 in your Participant Guide

Check "Yes," "No," or "It Depends" for each item.

Item	Yes It is an asset	No It is not an asset	It Depends	Notes from the Discussion
Computer				
Credit card				
Nursing degree				
Inventory in a business				
Your credit history and credit scores				
Lunch at a restaurant				

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## Try It: Is It an Asset?—Answer Key

Item	Yes It is an asset	No It is not an asset	It Depends
New computer	X		
Credit card			X <i>The plastic card itself is not an asset. However, it can be a productive asset if it helps you get other assets. Having available credit can be an asset.</i>
College degree			X <i>This is a productive asset if it helps you earn more money. It will depend on several factors, such as the reputation of the school granting the degree, the type of degree you earn, and your grades.</i>
Inventory in a business	X		
Your credit history and credit scores			X <i>These are productive assets if they help you get other assets.</i>
Lunch at a restaurant		X	
Renting an apartment		X <i>A rented apartment cannot be converted into cash.</i>	X <i>It is also correct to say it depends. If the alternative is you are homeless and unable to hold a job, an apartment can be considered an asset.</i>
On-the-job training			X <i>This is a productive asset if it helps you earn more money.</i>
Money in a savings account	X		
Cell phone	X		
House you own	X		
Cable television service		X	





PRESENT INFORMATION (1 MINUTE)

## ***Apply It: My Assets***

See page 6 in the Participant Guide.

### **SHOW SLIDE 7**



**SAY**

- Turn to *Apply It: My Assets* on page 6 in your Participant Guide.
- You can use this exercise after today's training to reflect on your assets.



**DO**

- Mention that the worksheet has spaces for physical, financial, and productive assets.
- If needed, refresh their memories by asking participants to name an example of a physical asset, a financial asset, and a productive asset.

**Note to Instructor:** Time permitting, consider reviewing this activity with participants during training using a copy from a Participant Guide. If possible, give them time now to start completing it. This can be very empowering. Consider asking participants to share what they are learning from it and provide time for questions.



PRESENT INFORMATION (7 MINUTES)

## **Benefits of Asset-Building**

See page 7 in the Participant Guide.

### **SHOW SLIDE 8**



**SAY**

- Asset-building refers to strategies that increase the financial, physical, and productive assets you own. The strategies may increase the value of assets you already have, or help you acquire new assets.
- Being financially secure means you can take care of yourself and your family even if unexpected things happen.



■ **Financial security requires both income and assets.**

- Job losses, an accident or illness, the breakdown of your car, or needing to take an extended time off from work are examples of potentially unexpected events that may require money.
- Assets provide a financial cushion to help you manage unexpected events.

■ **You can think of your assets as the foundation for your financial future.**

■ **Assets are essential to achieving long-term financial stability and growing wealth.**

**SHOW SLIDE 9**



**SAY**

■ **Owning assets:**

- **Creates a “buffer” to help you and your family handle emergencies and hardships**
  - » A reduction in hours at work or a job loss are examples of how your income could suddenly go down. A major illness or broken furnace can result in unexpected expenses. Assets can help you make it through these periods of financial need.
- **Helps you reach your goals**
  - » It is easier to further your education, buy a house, have income in retirement, or start a business when you have assets.
- **Increases your options**
  - » Assets provide you with options – more choices – for education, for health care, for where you will live, for the size of a television, and for many other things in life.
- **Helps you earn more income and succeed in the job market**
  - » Owning a physical asset like a car can increase your income and job prospects. For example, you could accept a higher-paying job even if it is farther away, or a job that is not accessible by public transit.
  - » Productive assets like education and skills can help you earn more income.
- **Inspires you to look to the future and make long-term plans**
  - » Having assets and a plan to build more assets can encourage you to meet your goals.
  - » Thinking about the future can motivate you to plan for it.

**Owning Assets**

- Creates a “buffer” to handle emergencies
- Helps you reach your goals
- Increases your options
- Helps you earn more income
- Inspires you to look to the future
- Reduces stress

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- **Reduces stress for you and your family**

- » Households with at least \$2,000 in assets that can easily be converted to cash are less likely to forgo doctor visits or miss making utility payments, compared to those with fewer or no assets.<sup>1</sup>
- » Families who have assets feel less stress over financial issues. Knowing you have assets you can “fall back on” can give you peace of mind.
- » Many people pass their assets on to other family members, spreading the peace of mind.

<sup>1</sup> Why Assets Matter: An overview of research on assets and their effect on financial stability and economic opportunity (Washington, DC: Prosperity Now, 2013).



LEAD ACTIVITY (10 MINUTES) – EXERCISE

## ***Apply It: Developing My Plan to Build More Assets***

See page 8 in the Participant Guide.

### **SHOW SLIDE 10**



#### **SAY**

- Turn to *Apply It: Developing My Plan to Build More Assets* on page 8 in your Participant Guide.
- Having a strategy to build assets in all three areas – physical, financial, and productive – is an important part of strengthening your foundation for financial security.
- This activity can help you start to develop a plan to build more assets. It asks a series of questions:
  - What additional assets would help me meet my goals?
  - What resources do I need to get those assets?
  - What specific steps could I take to get those resources?
  - What are some obstacles that may get in the way as I build assets?
  - How will I manage those obstacles?
- Your strategy will be very personal to you – think practically and in steps.
- For example, if part of your plan is to buy a house, think about the assets that will help you get a house – good credit reports and scores, savings for a down payment – and plan for getting those assets as well.



**ASK**

- What additional assets—financial, physical, and productive—would help you meet the goals you have for the future?

**DO**

- If participants are not ready to share an idea, give these examples:
  - A person who wants to start a gutter cleaning business might write down an extension ladder as an additional asset.
  - A person who wants to become a nurse might write down a nursing degree.
  - A person who wants to have money available for an emergency might write down a specific dollar amount, such as saving \$400.

**SAY**

- The answers to the questions in this *Apply It* will be different for different people. For example:
  - The person who needs the ladder will need to think about ways to buy or borrow one.
  - The person who wants to become a nurse will need to think about financial costs of a degree, but also taking the required coursework, passing tests, and other considerations.
  - The person who wants to start their emergency fund will need to think about how they can save money and set it aside.

**DO**

- Give participants five minutes to start thinking about their plans for building more assets by answering the questions in the *Apply It*.

**ASK**

- Would anyone like to share their plan to build more assets?

**Note to Instructor:** The *Apply It* is shown on the next page. In the Participant Guides, the boxes for each answer are larger than shown here.



## Apply It: Developing My Plan to Build More Assets

You can start to develop your plan by answering these questions.

**What additional assets – financial, physical, and productive – would help me meet the goals I have for my future?**

**What resources do I need to get those assets?**

**What specific steps could I take to get those resources?**

**What are some obstacles that may get in the way as I build assets?**

**How will I manage those obstacles?**



PRESENT INFORMATION (1 MINUTE)

## Section Closing

See page 9 in the Participant Guide.

### SHOW SLIDE 11



**SAY**

- Remember the key takeaway from this section: **Assets can lead to wealth and financial security.**

### Section 1: Remember the Key Takeaway

*Assets can lead to  
wealth and  
financial security.*



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## Section 2: How Assets Create a Financial Foundation

**Training Time Estimate for This Section:** 40 minutes

### Objectives

Participants will be able to:

- Define net worth and explain how it relates to financial security and the ability to meet financial goals
- Calculate net worth
- Identify strategies for changing net worth





PRESENT INFORMATION (1 MINUTE)

## Introduction to Section and Key Takeaway

See page 10 in the Participant Guide.

### SHOW SLIDE 12



SAY

- We will discuss the relationship among assets, liabilities, equity, and net worth.

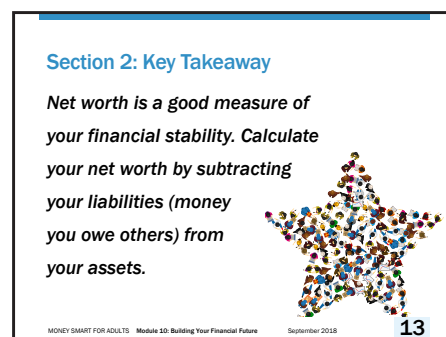


### SHOW SLIDE 13



SAY

- The key takeaway from this section is: **Net worth is a good measure of your financial stability. Calculate your net worth by subtracting your liabilities (money you owe others) from your assets.**



PRESENT INFORMATION (4 MINUTES)

## Assets, Liabilities, and Equity

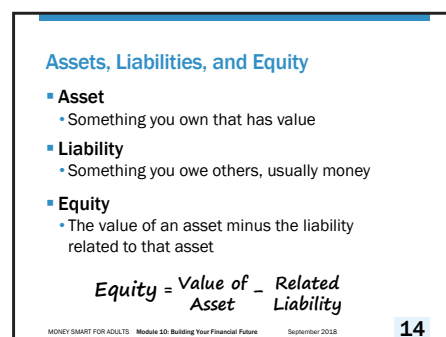
See page 10 in the Participant Guide.

### SHOW SLIDE 14



SAY

- To understand how assets create wealth, you need to understand how assets are related to liability and equity.
- **An asset is something you own that has value.**
  - To get assets, you sometimes need to borrow money.
  - For example, to buy a house or go to college, most people borrow money.
- **A liability is something you owe others, usually money.**
  - Once you borrow money, you have a liability until you pay it back in full.





- Many assets—especially financial assets—do not create a liability.
  - You don't have to borrow money to:
    - » Build a savings account
    - » Set aside money for goals
    - » Create an emergency fund
    - » Contribute to a retirement fund
    - » Save in an educational fund and/or an ABL account (for people with disabilities)
- Assets and liabilities are also related to equity.
- **Equity is the value of an asset minus the liability related to that asset.**
  - It's the part of the asset that you own outright.



LEAD ACTIVITY (5 MINUTES) – SCENARIO

## ***Try It: Calculating Liability and Equity***

See page 11 in the Participant Guide.

### **SHOW SLIDE 15**



#### **DO**

- Ask participants to turn to *Try It: Calculating Liability and Equity* on page 11 in their Participant Guide.
- Read the scenario to participants or ask for a volunteer to do so.

**Try It: Calculating Liability and Equity**  
See page 11 in your Participant Guide

**Try It: Calculating Liability and Equity**  
Read the scenario and then answer the questions.

**Scenario: Ezra's Car Purchase**  
Ezra needs a car to get to work and to school. He finds a used car at the dealership that's worth \$5,000. He has been saving \$25 a week for the past six months. He now has \$600 to use as a down payment.

What is the car's value?

Ezra decides to take out a loan to buy the car. How much money does he need to borrow?

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### **SCENARIO: Ezra's Car Purchase**

Ezra needs a car to get to work and to school. He finds a used car at the dealership that's worth \$5,000. He has been saving \$25 a week for the past six months. He now has \$600 to use as a down payment.



#### **SAY**

- Who can tell me the car's value?
  - **Answer:** \$5,000





- Ezra decides to take out a loan to buy the car. How much money does he need to borrow?
  - **Answer:** \$4,400 (\$5,000 - \$600)
- What is Ezra's liability for the car?
  - Remember, a liability is what you owe.
  - **Answer:** \$4,400 (the amount of money he borrows)
- What is Ezra's equity in the car when he drives it off the lot?
  - Equity equals the value of the asset minus the liability related to that asset.
  - **Answer:** \$600 (\$5,000 - \$4,400 = \$600)
  - However, cars depreciate in value. The value of Ezra's car likely went down the moment he drove it off the lot. So his equity probably isn't \$600; it's likely less than \$600. We use this example to show how to calculate equity, not to comment on the value of cars.



PRESENT INFORMATION (10 MINUTES)

## Net Worth

See page 12 in the Participant Guide.

### SHOW SLIDE 16



#### SAY

- **Net worth is a measure of someone's financial wealth.**
- **Net worth is your assets minus your liabilities.** It is what you have left over after you pay all of your liabilities.
- Another way you can think of your net worth is the equity from all of your assets added together.

### SHOW SLIDE 17

- Your net worth can be a positive number, zero, or a negative number.
  - A positive net worth means the value of your assets covers all your liabilities, and there is still some left over. This means you have a cushion for financial emergencies. It's good to have a positive net worth.
  - Zero net worth means your assets equal your liabilities. You do not have a financial cushion.

#### Net Worth

- Measure of financial wealth
- Equals assets minus liabilities
- Also equals equity from all your assets added together

$$\text{Net Worth} = \text{Assets} - \text{Liabilities}$$

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#### Value of Net Worth

- Positive net worth = a financial cushion
- Zero or negative net worth = no financial cushion

#### Calculating Net Worth:

- Step 1: List assets and calculate Total Assets
- Step 2: List liabilities and calculate Total Liabilities
- Step 3: Calculate Total Assets minus Total Liabilities

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- A negative net worth means your liabilities are greater than your assets. You do not have a financial cushion.

**ASK**

- Do you think you can determine if someone is economically secure just by knowing their income? Why or why not?

**DO**

- Invite participants to share and explain their answers.

**SAY**

- Income alone is not enough to determine if someone has economic security.
  - That income could be disrupted by the loss of a job or reduction in hours of work.
  - Plus, you can't tell from income how much debt someone has.
  - And, you can't tell from income how much money someone has in savings or other assets.
- Net worth is a better indicator of financial health.
- There are three steps to calculating net worth.
  - **Step 1:** List financial and physical assets and their values. Then add up those values to get Total Assets.
    - » Productive assets are intangible and we do not include them when calculating net worth.
  - **Step 2:** List liabilities and the amounts owed on them. Then add up those amounts to get Total Liabilities.
  - **Step 3:** Calculate Total Assets minus Total Liabilities to find Net Worth.
- Now, let's try calculating net worth in our small groups.

**LEAD ACTIVITY (12 MINUTES) – SCENARIO*****Try It: Calculating Net Worth***

See page 12 in the Participant Guide.

**SHOW SLIDE 18****DO**

- Ask participants to turn to *Try It: Calculating Net Worth* on page 12 in their Participant Guide.
- Read the scenario to participants or ask for a volunteer to do so.

**Try It: Calculating Net Worth**  
See page 12 in your Participant Guide

**Try It: Calculating Net Worth**  
Read the scenario and then calculate Justine's net worth using the Net Worth Calculation table on page 14.

**Scenario: Justine Calculates Her Net Worth**  
Justine bought her home seven years ago. The current value of her home is \$150,000, and she still owes \$100,000 on her mortgage. She has \$1,500 in a checking account and \$500 in a savings account, which she uses for emergencies.

She has a truck that she bought used a few years ago. She could sell it for \$2,000. She still owes \$3,000 on the loan for the truck.

She has one credit card with a balance of \$1,000 and has a student loan balance of \$15,000. She has a lot of furniture and heirlooms handed down from her grandmother, including some genuine antiques. Their value was recently estimated at \$7,000.

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**SCENARIO: Justine Calculates Her Net Worth**

Justine bought her home seven years ago. The current value of her home is \$130,000, and she still owes \$100,000 on her mortgage. She has \$1,500 in a checking account and \$500 in a savings account, which she uses for emergencies.

She has a truck that she bought used a few years ago. She could sell it for \$2,000. She still owes \$3,000 on the loan for the truck.

She has one credit card with a balance of \$1,000 and has a student loan balance of \$15,000. She has a lot of furniture and heirlooms handed down from her grandmother, including some genuine antiques. Their value was recently estimated at \$7,000.

**SAY**

- In your small group, take three minutes to use the information in the scenario to figure out Justine's net worth.
- Information about Justine's assets and liabilities has been entered into the *Assets* table and *Liabilities* table for you.
- Your task is to complete the *Net Worth Calculation* table.

**DO**

- Give participants about three minutes to figure out Justine's net worth.
- After three minutes, invite a few participants to share their answers.

**ASK**

- Who would like to share their answer in the net worth line of the *Net Worth Calculation* table?

**SHOW SLIDE 19****SAY**

- The answer is **\$22,000**.
- Did anyone come up with a different answer?
  - If a group came up with a different answer, work through the calculations as a large group using the Answer Key.
- What did you learn from this activity?
  - Call on participants.

Justine's Net Worth	
Items	Value
Total Assets (from bottom row of the Assets table)	\$141,000
Total Liabilities (from bottom row of the Liabilities table)	\$119,000
Net Worth (Total Assets minus Total Liabilities)	<b>\$22,000</b>
The answer is \$22,000	
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## Try It: Calculating Net Worth—Answer Key

### Assets

Item	Value
Cash	
Checking and savings accounts (current balance)	\$2,000
Matched savings account	
Savings bonds (current value)	
Stocks or mutual funds	
Certificates of deposit (CDs)	
Investment accounts (college savings plan, ABLE account, 401(k), IRA, other investments)	
Life insurance policy (cash value, if any)	
Car(s) or Truck(s) (trade-in or resale value)	\$2,000
Other vehicles (motorcycle, motor home, boat, etc.)	
Home she owns (use the market value)	\$130,000
Personal possessions (jewelry, antiques, electronics, furniture, appliances, other items she could sell)	\$7,000
Other:	
Other:	
Other:	
<b>Total Assets</b> (Add up the rows above)	<b>\$141,000</b>

### Liabilities

Item	Amount
Credit card balances	\$1,000
Balance owed on store purchases (layaway or other store credit)	
Bills due for services (medical, dental, electrical, gas, phone, and other services)	
Mortgages (principal balance)	\$100,000
Vehicle loans (principal balance)	\$3,000
Student loans (principal balance)	\$15,000
Other installment loans (principal balance)	
Home equity loan or line of credit (principal balance)	



**Liabilities *continued***

Item	Amount
Cash loans owed to friends, family, or employers (principal balance)	
Other:	
Other:	
Other:	
<b>Total Liabilities</b> (Add up the rows above)	<b>\$119,000</b>

**Net Worth Calculation**

Items	Value
<b>Total Assets</b> (from bottom row of the Assets table) <b>(Participants fill in this number)</b>	<b>\$141,000</b>
<b>Total Liabilities</b> (from bottom row of the Liabilities table) <b>(Participants fill in this number)</b>	<b>\$119,000</b>
<b>Net Worth</b> (Total Assets minus Total Liabilities) <b>(Participants calculate this number)</b>	<b>\$22,000</b>

PRESENT INFORMATION (1 MINUTE)

***Apply It: Calculating My Net Worth***

See page 15 in the Participant Guide.

**SHOW SLIDE 20****SAY**

- Turn to *Apply It: Calculating My Net Worth* on page 15 in your Participant Guide.
- You can use this exercise after today's training to calculate your net worth.

**Apply It: Calculating My Net Worth**  
See page 15 in your Participant Guide

**Apply It: Calculating My Net Worth**  
Fill out the table below to calculate your net worth to the best of your ability. Just leave blank any rows that do not apply to you.

Here are some tips to help you find information on the value of your assets and liabilities:

**Finding Information on Your Assets**  
Your records have information on your assets.

- Your statements from financial institutions will show your account balances for checking accounts and savings accounts.
- Your investment account statements will show the balances in your college savings plan, ABLE account, employer sponsored 401(k) retirement account, individual retirement account (IRA), or other kinds of investments.
- Your car title or car registration will show the make, model, and year of your car. Using that information, you can look up the trade-in or resale value through multiple sites on the internet.
- Public records or a recent appraisal can help you estimate the value of your house.

**Finding Information on Your Liabilities**  
Your records have information on your liabilities. Use the most current balances—what you owe now. Look at:

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**Note to Instructor:** Time permitting, consider reviewing this activity with participants during training using a copy from a Participant Guide. If possible, give them time now to start completing it. This can be very empowering. Consider asking participants to share what they are learning from it and provide time for questions.





LEAD DISCUSSION (5 MINUTES)

## Increasing Your Net Worth

See page 18 in the Participant Guide.

### SHOW SLIDE 21

**SAY**

- You can increase your net worth by increasing your assets or decreasing your liabilities or both.
- As we talk about how, you can take notes on page 18 in your Participant Guide.
- After this discussion, you will have an opportunity to choose some ideas that you want to apply to your own life.

**Changing Your Net Worth**

↑ Increase Your Assets

↓ Decrease Your Liabilities

**OR.....Do Both**

What are some specific ways people can increase their net worth?

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**ASK**

- What are some specific ways people can increase their net worth?

**DO**

- Write participant responses on a flip chart or whiteboard.

### SHOW SLIDE 22

**DO**

- Add the following if not contributed:
  - **Spend less than you make**
    - » This sounds simple, but it's tough. There are so many pressures to spend. People also refer to this as "live within your means."
    - » If you spend less than you make, you can save money.
  - **Buy less than you can afford**
    - » When buying homes, cars, furniture, computers, and other things, buy less than you can afford.
    - » This provides flexibility and prevents you from becoming overstretched financially.
  - **Save money**
    - » Building savings is building an asset.
    - » Save for emergencies and for your goals. Saving even small amounts of money on a regular basis can make a difference.
  - **Pay down your debts**
  - **Explore public benefits**
  - **Claim tax credits**
  - **Shop around**
  - **Build more assets**

**Ways to Increase Your Net Worth**

- Spend less than you make
- Buy less than you can afford
- Save money
- Use employer programs
- Use debt responsibly
- Pay down your debts
- Explore public benefits
- Claim tax credits
- Shop around
- Build more assets

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- **Participate in retirement savings programs**
  - » Money you save in taxes may mean that your take-home pay does not drop much.
  - » If your employer matches some of your contributions, try to save enough so you get the full match. Not taking advantage of the match is like leaving money on the table.
  - » Self-employed people also have options to save for retirement.
- **Use debt responsibly**
  - » Remember, using a credit card creates a liability. As your liabilities increase, your net worth decreases.
- **Pay down your debts**
  - » As you pay down debts, your total liabilities go down.
  - » As your liabilities decrease, your net worth increases.
- **Explore public benefits you may be eligible to receive**
  - » **Benefits.gov** is a good place to start.
  - » Using public benefits you are eligible for can increase the total amount of resources flowing into your household.
- **Claim tax credits**
  - » You may qualify for tax credits and a refund, even if you do not owe taxes.
  - » You can contact the IRS at 1-800-906-9887 to find a volunteer income tax assistance (VITA) center to get free assistance in filing your taxes.
  - » Save any refunds you receive to build your assets.
- **Shop around**
  - » Shopping wisely can help you save money on products and services.
  - » That includes shopping for financial services.
- **Build more assets**
  - » Economic security comes from assets and net worth.
  - » You have already started on an asset-building path by attending this training.
  - » Think about your next steps and plan how you will build assets.





PRESENT INFORMATION (1 MINUTE)

## ***Apply It: Increasing My Net Worth***

See page 19 in the Participant Guide.

### SHOW SLIDE 23



SAY

- Turn to *Apply It: Increasing My Net Worth* on page 19 in your Participant Guide.
- You can use this exercise after today's training to identify ways to increase your net worth by increasing your assets and/or reducing your liabilities.

**Apply It: Increasing My Net Worth**  
See page 19 in your Participant Guide

**Apply It: Increasing My Net Worth**  
Explore ways to change your net worth by answering these questions.

How can I increase my net worth?  
Think about increasing assets, decreasing liabilities, or both.

How would these changes affect my financial future?

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**Note to Instructor:** Time permitting, consider reviewing this activity with participants during training using a copy from a Participant Guide. If possible, give them time now to start completing it. This can be very empowering. Consider asking participants to share what they are learning from it and provide time for questions.



PRESENT INFORMATION (1 MINUTE)

## **Section Closing**

See page 19 in the Participant Guide.

### SHOW SLIDE 24



SAY

- Remember the key takeaway from this section: **Net worth is a good measure of your financial stability. Calculate your net worth by subtracting your liabilities (money you owe others) from your assets.**

**Section 2: Remember the Key Takeaway**

*Net worth is a good measure of your financial stability. Calculate your net worth by subtracting your liabilities (money you owe others) from your assets.*

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## Section 3: Cars as Assets

**Training Time Estimate for This Section:** 30 minutes

### Objectives

Participants will be able to:

- Explain why a car can be a productive asset
- List things to consider when choosing whether to buy or lease a car
- Determine how much they can afford to pay for a car
- List tips for getting a car loan





PRESENT INFORMATION (1 MINUTE)

## Introduction to Section and Key Takeaway

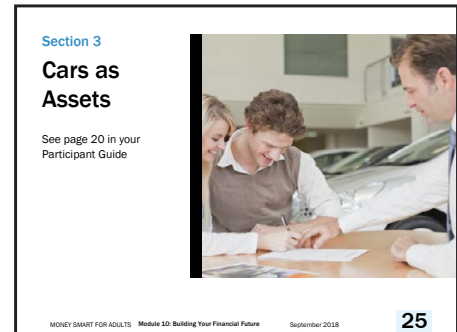
See page 20 in the Participant Guide.

### SHOW SLIDE 25



#### SAY

- We will discuss how a car can be a productive asset and look at some key considerations when getting a car.

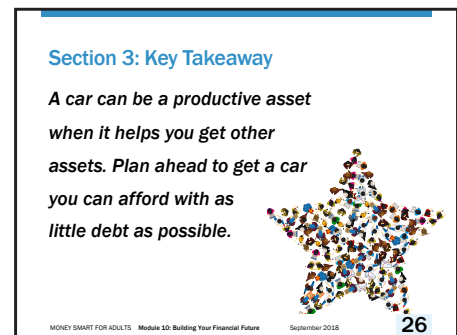


### SHOW SLIDE 26



#### SAY

- The key takeaway from this section is:  
**A car can be a productive asset when it helps you get other assets. Plan ahead to get a car you can afford with as little debt as possible.**



PRESENT INFORMATION (5 MINUTES)

## Cars Can Be Productive Assets

See page 20 in the Participant Guide.



#### SAY

- We will be talking about cars, but this information applies to trucks, vans, and other vehicles as well.
- A car is a physical asset, but it can also be a productive asset if it can help you get other assets.



#### ASK

- How can having a car help you get other assets?



#### DO

- Let participants know they can take notes on page 21 in their Participant Guide.
- Invite participants to share and explain their answers.



- Add the following if not contributed:
  - Earn income by delivering food or driving for a ride-sharing or taxi service
  - Have more employment options
    - » Take a job that requires driving or is not close to public transit
    - » Increase hours worked and earnings
    - » Shorten periods of unemployment
  - Expand discount shopping opportunities
    - » More easily reach stores where prices are lower and save money

**SHOW SLIDE 27****SAY**

- Having safe and reliable transportation is an important part of financial security. It's also a key part of asset-building strategies for many people.
- People often think of owning a vehicle as the only form of transportation.
- A vehicle might not be necessary for some people, especially for people who live in areas that have good public transit options or can use a bicycle or other forms of transportation.
- However, for many people, not having a car or other vehicle can limit their options to earn income by limiting their choice of jobs and limiting their access to medical services, education, child care, or elder care.

**Cars Can Be Productive Assets**

- Safe and reliable transportation is part of financial security
- May increase choice of jobs or access to medical services, education, child care or elder care

Does owning a car always make you better off financially?

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**ASK**

- Does owning a car always make you better off financially? Why or why not?

**DO**

- Let participants know they can take notes on page 21 in their Participant Guide.
- Invite participants to share and explain their answers.
- Add the following if not contributed:
  - If the costs of buying and maintaining a car outweigh the benefits, you are not better off financially.
  - Cars depreciate. The amount you can sell them for goes down over time.





LEAD DISCUSSION(10 MINUTES)

## ***Try It: Should You Buy or Lease a Car?***

See page 22 in the Participant Guide.

### SHOW SLIDE 28



#### SAY

- If getting a car makes sense for you, you could buy one or lease one.
- If you buy a car with cash you have saved, you avoid the extra costs associated with taking out an auto loan or leasing.
- If saving money to buy a car is not an option for you right now, consider some key factors related to buying a car by borrowing money with a loan versus leasing a car. This can help you to decide which option to pursue.
- Turn to *Try It: Should You Buy or Lease a Car?* on page 22 in your Participant Guide and feel free to take notes there as we discuss this.



#### DO

- Start with **Ownership potential**. Ask participants what they think and add ideas from the table below. Consider each factor one-by-one, ending with **Cost**.

## ***Try It: Should You Buy or Lease a Car?—Possible Ideas***

Factors	Buying a Car with a Loan	Leasing a Car
<b>Ownership potential</b>	<ul style="list-style-type: none"> <li>■ The car belongs to the lender until you have paid off the loan.</li> <li>■ Then, the car becomes yours.</li> </ul>	<ul style="list-style-type: none"> <li>■ You are essentially renting the car from the dealership. The lease is like a rental agreement. You make monthly payments to the dealership for a set number of months.</li> <li>■ The car does not belong to you. When the lease ends, you must return the car to the dealership.</li> <li>■ You may decide to purchase the car at the end of the lease. However, the total cost often ends up being more than it would have been if you had initially bought the car.</li> </ul>



**Try It: Should You Buy or Lease a Car?—Possible Ideas continued**

Factors	Buying a Car with a Loan	Leasing a Car
<b>Wear and tear</b>	<ul style="list-style-type: none"> <li>You don't have to pay for wear and tear directly, but the value of your car will decrease if you have excessive wear and tear.</li> </ul>	<ul style="list-style-type: none"> <li>Most leases charge you extra money for any damage found at the end of the lease that goes beyond normal wear and tear.</li> </ul>
<b>Monthly payments</b>	<ul style="list-style-type: none"> <li>Payments may be higher than a lease payment, but you only pay them for a set term. Then, you own the car.</li> </ul>	<ul style="list-style-type: none"> <li>Payments may be lower than a loan payment.</li> <li>You must continue to make monthly payments until the lease term ends.</li> </ul>
<b>Mileage limitations</b>	<ul style="list-style-type: none"> <li>There are no mileage restrictions.</li> </ul>	<ul style="list-style-type: none"> <li>Some leases restrict the number of miles you can drive the car each year.</li> <li>If you exceed the mileage allowed, you pay the dealer more money according to your lease.</li> </ul>
<b>Auto insurance</b>	<ul style="list-style-type: none"> <li>It is usually less expensive than auto insurance for leased cars.</li> <li>Insurance may cost more during the loan than it will after the loan is repaid because the lender may require you to have more coverage.</li> </ul>	<ul style="list-style-type: none"> <li>It usually costs more than auto insurance for a car you own.</li> <li>Most car leases require you to carry higher levels of coverage than if you purchased the car.</li> </ul>
<b>Cost</b>	<ul style="list-style-type: none"> <li>Purchasing a car is usually more cost-effective if you plan to keep the car for a long time.</li> <li>However, in the short term, the costs will probably be greater than a car lease because your total loan amount and monthly payments are likely to be higher.</li> <li>You are responsible for repairs and maintenance not covered by the warranty.</li> </ul>	<ul style="list-style-type: none"> <li>A lease will probably cost less than a loan in the short term because your monthly payments are likely lower.</li> <li>However, if you exceed the mileage on a leased car and/or decide to buy it once your lease has expired, it can end up costing you more.</li> <li>Generally, you are responsible for repairs and maintenance not covered by the warranty.</li> </ul>





PRESENT INFORMATION (3 MINUTES)

## How Much Car Can You Afford?

See page 23 in the Participant Guide.

### SHOW SLIDE 29



SAY

- There's no precise formula for determining how much money you can afford to pay for a car, but some guidelines and questions can help you estimate affordability.
- Start with your monthly spending and saving plan. Determine how much you can realistically afford to pay every month.
- Remember that the monthly car payment will not be your only expense related to getting a car. Be sure to also include the costs for insurance, maintenance and repairs, gas or other fuel, and title and registration fees. These additional costs may depend on whether you will buy or lease a car, as we just discussed.
- Once you know how much you can afford to pay each month, you can use that dollar amount to get a good idea of your price range for a car.
- For a more detailed, step-by-step process for figuring out how much car you can afford, visit [www.consumerfinance.gov](http://www.consumerfinance.gov) and search for "afford car."

#### How Much Car Can You Afford?

- No precise formula
- Guidelines and questions can help
- Start with your spending and saving plan
- Remember to include costs for:
  - Insurance
  - Maintenance and repairs
  - Gas/Other fuel
  - Title and registration fees

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PRESENT INFORMATION (10 MINUTES)

## Tips for Getting A Car Loan

See page 23 in the Participant Guide.

### SHOW SLIDE 30



SAY

- If you have determined that you want to finance your car purchase, here are tips on financing:
  - **Review your credit reports well before you purchase a car.**
    - » Correcting inaccuracies, such as an erroneous history of late payments, can help you get favorable loan terms.

#### Tips for Getting a Car Loan

- Review your credit reports in advance at [Annualcreditreport.com](http://Annualcreditreport.com)
- Get pre-approved for a loan
- Shop around
- Keep good records of your loan quotes
- Leave car at dealership until loan is final



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- » Fixing mistakes may also save you money on car insurance.
- » To request free copies of your credit reports, go to **www.annualcreditreport.com** or call 1-877-322-8228. This is the official website to fill orders for the free annual credit reports you are entitled to every 12 months under the law from the three nationwide credit reporting agencies.
- **Get pre-approved for a loan** from at least one financial institution before you go to the dealership
  - » A financial institution, such as a bank or credit union where you already have an account, may offer you a better interest rate than what you get offered through the dealership.
  - » Consumer advocates suggest that you do not tell the dealer whether you've already been pre-approved for a loan until after you've negotiated the purchase price. That's because some dealers may be less flexible on the price of the vehicle if they know they won't make money by providing the financing.
  - » Also wait to share interest rates you were already offered until after the dealer offers you financing. That way, if you want to explore loan options at the showroom, you are in a better position to negotiate on the financing.
- **Shop around**
  - » You may be surprised by how comparison shopping for an auto loan can save you money.
  - » Interest rates matter, but so do other things like the term of the loan. The longer your loan, the more you pay in interest.
- **Keep good records of your loan quotes**
  - » Before signing on the dotted line, review the loan agreement (the contract) and make sure any potential fees, the interest rate, and other key terms match what you were told they would be.
- **Leave the car at the dealership until your loan terms are finalized**
  - » If a dealer offers you a "contingent" or "conditional" loan agreement and lets you drive the car home, the loan terms may change and be less advantageous for you when you return to finalize the purchase.
- If you have a problem with your lender or its debt collection practices that you can't fix on your own, help is available. Consider filing a complaint at **www.consumerfinance.gov**.





PRESENT INFORMATION (1 MINUTE)

## Section Closing

See page 23 in the Participant Guide.

### SHOW SLIDE 31



#### SAY

- Remember the key takeaway from this section: **A car can be a productive asset when it helps you get other assets. Plan ahead to get a car you can afford with as little debt as possible.**

#### Section 3: Remember the Key Takeaway

*A car can be a productive asset when it helps you get other assets. Plan ahead to get a car you can afford with as little debt as possible.*

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## Section 4: Training and Education as Assets

**Training Time Estimate for This Section:** 30 minutes

### Objectives

Participants will be able to:

- Explain why training and education can be productive assets
- Explain ways of paying for training and education





PRESENT INFORMATION (1 MINUTE)

## Introduction to Section and Key Takeaway

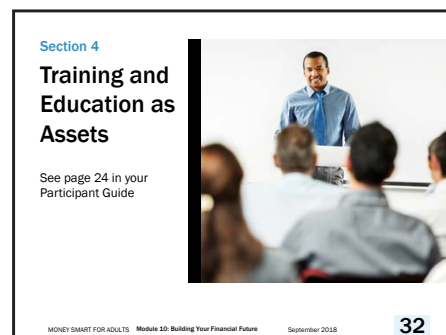
See page 24 in the Participant Guide.

### SHOW SLIDE 32



#### SAY

- We will discuss how training and education can be productive assets. We will also explore some key considerations for getting and paying for training and education.

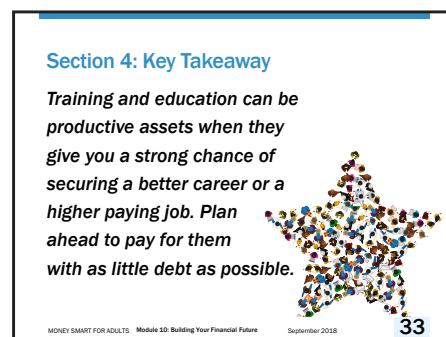


### SHOW SLIDE 33



#### SAY

- The key takeaway from this section is: **Training and education can be productive assets when they give you a strong chance of securing a better career or a higher paying job. Plan ahead to pay for them with as little debt as possible.**



PRESENT INFORMATION (4 MINUTES)

## Training and Education Can Be Productive Assets

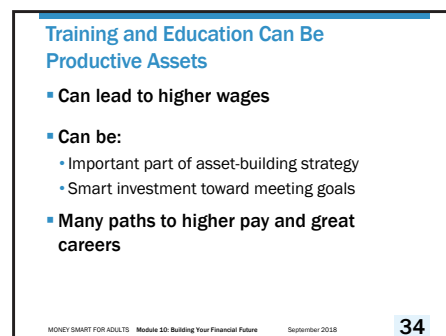
See page 24 in the Participant Guide.

### SHOW SLIDE 34



#### SAY

- Training equips you to perform a particular job or task. It has the potential to prepare you for a better career or higher paying job.
- Many types and levels of education can prepare you for a better career or higher paying job, such as:
  - High school degree or general equivalency diploma (GED)
  - Associate's degree from a two-year college
  - Bachelor's degree from a four-year college
  - Higher education





- Training and education can be productive assets – assets that help you get other assets.
  - **Getting an education leads to higher wages.** (See data from the Bureau of Labor Statistics at [www.bls.gov/emp/ep\\_chart\\_001.htm](http://www.bls.gov/emp/ep_chart_001.htm).)
  - This is a significant economic advantage over many years.
- **Pursuing education and training can be a very important part of your asset-building strategy and a smart investment toward meeting your goals.**
- **There are many paths to higher paying jobs and great careers.**

**ASK**

- What are some types of educational experiences and educational institutions that could help you get a new job or career? .

**DO**

- Let participants know they can take notes on page 24 in their Participant Guide.
- Write participant responses on a flip chart or whiteboard.
- Add the following if not contributed:

**SHOW SLIDE 35****SAY**

- On-the-job training
- Apprenticeships
- Vocational or career and technical schools
- Community colleges
- Four-year colleges
- The military
- Job Corps, AmeriCorps, and Peace Corps

#### Types of Educational Experiences and Institutions

- On-the-job training
- Apprenticeships
- Vocational or career and technical schools
- Community colleges
- Four-year colleges
- Military
- Job Corps, AmeriCorps, Peace Corps

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**35****SHOW SLIDE 36****SAY**

- Like many assets, pursuing education and training requires upfront and ongoing investments.
  - You may need to invest your own resources, such as time and money.
  - Many people also need to take on student loans.

#### Pursuing Education and Training

- May need to invest your own resources, such as time and money
- May need student loans
- Opportunity cost:
  - Time spent in school may be time not spent earning money

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- There is also an opportunity cost to pursuing training and education, because time spent in school may be time not spent earning money.

**SHOW SLIDE 37****SAY**

- **Sometimes training or education is not a smart investment.** Research any school you are considering attending, its training program, its record of job placement for graduates, and the cost before you agree to attend.
- **This does not mean you shouldn't pursue training or education!**
- It just means you should **make informed choices**.

**Training or Education is Not Always a Smart Investment**

- It depends on the school, training program, record of job placement, cost, and related items
- This doesn't mean you shouldn't pursue training or education
- Make informed choices

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PRESENT INFORMATION (6 MINUTES)

## ***Apply It: My Key Considerations in Paying for Training or Education***

See page 25 in the Participant Guide.

**SHOW SLIDE 38****SAY**

- Turn to *Apply It: My Key Considerations in Paying for Training or Education* on page 25 in your Participant Guide.
- You can complete this activity after today's training to help you explore some key considerations in paying for training or education. We will go over it briefly now.
- Let's say you identify a career that you are interested in. How would you fill out this worksheet?
  - Think about where you could expect to work. For example, if you pick a career related to health care, you might think about potentially working in places such as hospitals, laboratories, and doctors' offices.
- The first question of the worksheet asks: **What is the future earnings potential, job security, and market demand of the career or job I am planning to pursue?**

**Apply It: My Key Considerations in Paying for Training or Education**  
See page 25 in your Participant Guide

**Apply It: My Key Considerations in Paying for Training or Education**

If you're thinking about pursuing training or education, ask yourself the following questions. These questions are just a start. Consider contacting a trusted organization in your community for additional help weighing the costs and potential benefits.

What is the future earnings potential, job security and market demand of the career or job I am planning to pursue?

How much does the school or training cost? Will I be able to pay my bills and keep a positive cash flow?

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- To answer this question, you might want to research this career online. The Occupational Outlook Handbook from the Bureau of Labor Statistics is one place to start. Search for “BLS OOH” in a web browser.
- Next, the worksheet asks: **How much does the school or training cost? Will I be able to pay my bills and keep a positive cash flow?**
  - Research how much it will cost. Then it helps to be realistic. While you take the required training, you still need to be able to cover your expenses, including the occasional unexpected expense. Think about whether that will be possible. It helps to look at your spending and saving plan to see if you need to make any changes.

**Note to Instructor:** If your participants are interested in monthly spending and saving plans, consider incorporating portions of *Module 3: Your Income and Expenses* and *Module 4: Your Spending and Saving Plan* into your training.

- The next question asks: **What is my timeline for completing the school program or training?**
  - Your online research can help with this question. You can also call schools that offer this training to ask about the timing of their training programs.
- The next question asks: **Will my employer pay for some or all of the cost and what will my employer require in return? Do I expect to receive grants or scholarships?**
  - We will talk about these potential sources of support later in this training.
- The next two sets of questions start with “If applicable.”  
**When will I have to start repaying loan(s)?**  
**How long will I have to repay them? and**  
**What will be the minimum monthly payment for my loan(s)?**
  - They only apply if you are going to get one or more student loans to help pay for the training you need. You’ll be in a better position to answer these questions after you figure out how much money you need to borrow and explore your borrowing options.
- The worksheet then asks: **What are my job prospects immediately after I graduate? What is the starting salary? How often do graduates from this school get this type of job (job placement rate)?**
  - Your research can help with this question. For example, the Bureau of Labor Statistics’ Occupational Outlook Handbook provides information about how much growth economists expect in specific professions.



- The next question asks: **How will my long-term net worth be affected?**
  - Think about your previous answers. How much money would you spend to be trained in the career you're interested in? Also think about how much more money you might earn once you are working in that profession. Based on your best estimates, will this new career increase your net worth in the long-term? Money is not the only consideration.
- The last question is: **Given the above answers, is pursuing this path likely a good investment for me?**
  - You can answer yes, no, or "I'm not sure. I need to give this more thought." It's okay if you need to give this more thought. The questions in this activity are just a start. Explore getting help from a trusted organization in your community on weighing the costs and potential benefits of training or education.



PRESENT INFORMATION (2 MINUTES)

## Ways to Pay

See page 27 in the Participant Guide.

### SHOW SLIDE 39



#### SAY

- The price of pursuing training or education varies greatly.
- There is usually an advertised "sticker" price that assumes no financial aid or scholarships. This is not what many students actually pay.
- Options to pay for training and education can include:
  - Asking for help from friends and family
  - Saving money now or using saved money
  - Working while attending school
  - Applying for scholarships and grants
  - Asking your employer to cover some or all of the cost
    - » It's worth checking with your employer to see if you have this option and what your employer may require of you in return.
  - Borrowing the money using student loans
- Many people pay for training and education with a combination of the above strategies.

**Ways to Pay**

- Ask for help from friends and family
- Save money now or use saved money
- Work while attending school
- Apply for scholarships and grants
- Ask for help from your employer
- Borrow money using student loans
- Combination of above

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PRESENT INFORMATION (3 MINUTES)

## Scholarships and Grants

See page 27 in the Participant Guide.



ASK

- Can someone tell me how a grant and a scholarship are different?



DO

- Write participant responses on a flip chart or whiteboard.
- Add the following if not contributed:



SHOW SLIDE 40

SAY

- **Most scholarships are merit-based.** This means they are awarded to students with certain qualities, such as proven academic or athletic ability.
  - Many scholarships have rules you must follow— applying by a certain date or maintaining a certain grade point average or GPA, for example. Follow the rules to maximize your chances of being selected.
  - You compete for scholarships with others who have applied for them.
- **Most grants are need-based.**
  - This means they are usually awarded based on financial need, although they can still be competitive.

### Scholarships and Grants

#### ■ Scholarships: Most are merit-based

- Awarded to students with certain qualities, such as academic or athletic ability
- Usually competitive

#### ■ Grants: Most are need-based

- Usually awarded based on financial situation
- May be competitive

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PRESENT INFORMATION (4 MINUTES)

## Saving Money for Training or Education

See page 27 in the Participant Guide.



SHOW SLIDE 41

SAY

- Some people choose to save money for education.

### Saving Money for Training or Education

#### ■ 529 Plans

- Help save money for future education costs
- Rules vary by state

#### ■ ABLE Accounts (529A Plans)

- For individuals of any age with significant disabilities that began before 26<sup>th</sup> birthday
- Can use funds for education

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- There are special savings accounts and programs to help you save money for education:
  - 529 Plans:
    - » These plans are designed to help families save money for future education costs.
    - » Contributions to a 529 savings plan go into an investment account managed by your plan's fund manager.
    - » Funds from a 529 savings plan can be used to pay for qualified education expenses. The rules vary by state.
  - ABLE Accounts (529A Plans):
    - » These are tax-advantaged savings accounts for individuals of any age with significant disabilities that began before their 26<sup>th</sup> birthday.
    - » Individuals with ABLE accounts can use the funds for qualified disability expenses, one of which is education.
  - For both, start by looking at 529 and 529A plans sponsored by your state (typically with cost and tax benefits for residents) and compare them to plan options from other states.

**Note to Instructor:** If your participants are interested in additional information on ABLE accounts, consider including training on Section 5 of *Module 5: Your Savings*.



PRESENT INFORMATION (5 MINUTES)

## Student Loans

See page 27 in the Participant Guide.

### SHOW SLIDE 42



#### SAY

- There are two major categories of student loans – federal and private loans.
  - We will discuss federal student loans.
  - Private student loans are nonfederal loans offered by a lender such as a bank, credit union, state agency, or a school.
- Wondering how much to borrow?
  - Remember that you don't have to borrow the maximum amount offered just because you are able to obtain the loans.

**Student Loans**

- Two kinds: federal and private
- You don't have to borrow maximum amount offered to you
- Only borrow what you need

*Total student debt* < *Starting annual salary*

Source: Bureau of Consumer Financial Protection

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- Try to limit your borrowing to only the money you need for expenses while completing the educational program.
- As a rough estimate, try not to accumulate more total student debt than you expect to earn as a starting annual salary when you leave school. That's what the Bureau of Consumer Financial Protection recommends.

**SHOW SLIDE 43****SAY**

- Federal student loans are offered by the federal government. A company under contract with the federal government may service the loans.
- Federal student loans allow students and their parents to borrow money to help pay for college, career or vocational schools, and graduate school.
  - They usually have lower interest rates and offer more flexible repayment terms and options than private loans.
  - Generally, repayment of a federal loan does not begin until after the student leaves school.
  - Federal student loans can be used to pay school expenses, such as tuition and fees, room and board, books, computers and tablets, other supplies, and transportation.
  - Loan funds are provided to you through your school.

**Federal Student Loans**

- Offered by federal government
- Usually have lower interest rates and offer better repayment terms, benefits, and options than private student loans
- Generally, repayment starts after student leaves school

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**SHOW SLIDE 44****SAY**

- To be considered for federal loans, federal work study programs, or grants, you must complete the Free Application for Federal Student Aid (FAFSA) at **[www.fafsa.gov](http://www.fafsa.gov)** or on the FAFSA mobile app.
  - Check deadlines carefully and apply early.
  - Carefully review your Student Aid Report that you will receive after you apply. Be sure it is accurate.
  - Respond immediately to all legitimate requests for additional information. However, be wary of unsolicited calls or emails that request your social security number or other personal information.

**Free Application for Federal Student Aid (FAFSA)**

- Complete FAFSA to be considered for federal loans, work study, and grants
- Use [www.fafsa.gov](http://www.fafsa.gov) or FAFSA mobile app
- Check deadlines and apply early
- Carefully review Student Aid Report
- Respond immediately to legitimate requests for information

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PRESENT INFORMATION (4 MINUTES)

## Paying Back Student Loans

See page 28 in the Participant Guide.

### SHOW SLIDE 45



#### SAY

- It is important to pay back your student loans on time.
- Unlike some other loans, federal student loans are not automatically discharged due to bankruptcy.
- Borrowers who fail to pay their student loans could be referred to debt collection agencies, experience a drop in their credit scores (which will make credit more expensive and perhaps make it harder to find a job), and have a portion of their wages withheld (called garnishment).
- Before taking a student loan, make sure you understand the terms of the loan, including your options for repayment.

#### Paying Back Student Loans

- Important to pay them back on time
- Federal student loans are not automatically discharged by bankruptcy
- Non-payment can possibly result in:
  - Referral to debt collection agency, drop in credit scores, wages withheld (garnishment)
  - Before getting a student loan, understand its terms and your options for repayment

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### SHOW SLIDE 46



#### SAY

- If you find that you can't repay your federal student loans on the original terms that you agreed to, contact your loan servicer right away.
- You may have some options.
  - For example, you may be able to restructure your monthly payments to be more in line with your current income.
- For more information on federal student loans, including options for repayment, visit **[www.studentaid.gov](http://www.studentaid.gov)**.

#### Contact Your Loan Servicer

- You may be able to restructure your payments to be more affordable
- For more information, including options for repayment of federal student loans, visit: [www.studentaid.gov](http://www.studentaid.gov)

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**Note to Instructor:** Consider adding content from *Section 5: Dealing with Student Loan Debt* from *Module 8: Managing Debt*, depending on the needs and interests of participants.





PRESENT INFORMATION (1 MINUTE)

## Section Closing

See page 28 in the Participant Guide.

### SHOW SLIDE 47



#### SAY

- Remember the key takeaway from this section: **Training and education can be productive assets when they give you a strong chance of securing a better career or a higher paying job. Plan ahead to pay for them with as little debt as possible.**

#### Section 4: Remember the Key Takeaway

*Training and education can be productive assets when they give you a strong chance of securing a better career or a higher paying job. Plan ahead to pay for them with as little debt as possible.*

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# Module Closing

**Training Time Estimate:** 10 minutes



LEAD ACTIVITY (5 MINUTES)

## Remember the Key Takeaways

See page 29 in the Participant Guide.

**Note to Instructor:** Only mention key takeaways for sections you included in the training.



**SAY**

- Remember the key takeaways. These are also listed on page 29 in your Participant Guide. Let me know if you have questions about any of them.

Section	Key Takeaway
1: Assets and Asset-Building	Assets can lead to wealth and financial security.
2: How Assets Create a Financial Foundation	Net worth is a good measure of your financial stability. Calculate your net worth by subtracting your liabilities (money you owe others) from your assets.
3: Cars as Assets	A car can be a productive asset when it helps you get other assets. Plan ahead to get a car you can afford with as little debt as possible.
4: Training and Education as Assets	Training and education can be productive assets when they give you a strong chance of securing a better career or a higher paying job. Plan ahead to pay for them with as little debt as possible.



## Take Action

See page 29 in the Participant Guide.

**SHOW SLIDE 48**



**SAY**

- You are more likely to take action if you commit to taking action now.

**Take Action**  
See page 29 in your Participant Guide

- What will I do?
- How will I do it?
- Will I share my plans with anyone? If so, who?

Visit [fdic.gov/education](https://fdic.gov/education) to learn more

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- Consider writing down what you intend to do because of what was covered during this training session.
- Take a few minutes now to answer the questions under *Take Action* on page 29 in your Participant Guide:
  - What will I do?
  - How will I do it?
  - Will I share my plans with anyone? If so, who?

**DO**

- Time permitting, ask participants if they want to share what they are going to do or how they are going to do it.
- Remind participants about the activities in their Participant Guide they can complete after today's training.
- Refer participants to *Where to Get More Information or Help* on page 30 in their Participant Guide for a list of online resources.
- If this is the end of your training, thank participants for attending and administer the post-training survey.

**LEAD ACTIVITY (5 MINUTES)****Post-Training Survey**

See page 33 in the Participant Guide.

**Note to Instructor:** After training ends, you can ask participants to complete the post-training survey in the back of their Participant Guide. You may want to give them “loose” copies so they don’t have to tear them out. The knowledge questions are the same as those in the pre-training survey.

The answer key is at the end of this Instructor Guide.

You may decide to compare post-training surveys to pre-training surveys to estimate knowledge gains of the entire group or for each participant. If you want to estimate by participant, ask them to write their last name or some other unique identifier on both their pre- and their post-training surveys so you can compare them for a given participant.



**SHOW SLIDE 49****SAY**

- Thank you for attending this Money Smart Training called **“Building Your Financial Future.”**
- Before you leave, please take a few minutes to complete the Post-Training Survey on page 33 of your Participant Guide.
- I can look at the surveys to tell if I helped you add to your knowledge and to make changes and improvements to future trainings.
  - It should take less than five minutes to complete.
  - Let me know if you have any questions.

**DO**

- Collect the completed surveys if you plan to review them or compare them to pre-training surveys.
- Review the answers to the knowledge questions using the Answer Key on the next page.

**Post-Training Survey**  
See page 33 in your Participant Guide

**THANK YOU**

**Post-Training Survey**  
Your instructor may ask you to complete this post-training survey ends.

Please answer these questions:

1. Being financially secure is only possible if you have a high income.	True	False
2. Buying a car is always a bad financial choice because it means taking on debt.	True	False
3. Earning a four-year college degree is a guaranteed way to increase your net worth.	True	False
4. You can find your net worth by: a. Adding up the value of everything you own b. Subtracting the sum of your liabilities from the sum of your assets c. Adding up all of your equity d. Both b and c		

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## Answer Key for Both the Pre- and Post-Training Surveys

1. Being financially secure is only possible if you have a high income.  
The answer is **false**.
2. Buying a car is always a bad financial choice because it means taking on debt.  
The answer is **false**.
3. Earning a four-year college degree is a guaranteed way to increase your net worth.  
The answer is **false**.
4. You can find your net worth by:  
The answer is **d**.
  - a. Adding up the value of everything you own
  - b. Subtracting the sum of your liabilities from the sum of your assets
  - c. Adding up all of your equity
  - d. **Both b & c**

**Note to Instructor:** There are no “right” or “wrong” answers to the remaining questions, which appear in the post-training survey and not in the pre-training survey.

### About the Training

Check the box that best describes your agreement or disagreement with each of these statements.

	Completely agree	Somewhat agree	Somewhat disagree	Completely disagree
5. I would recommend this training to others.				
6. I plan to apply what was discussed in this training to my life.				
7. The instructor used engaging training activities that kept me interested.				
8. The instructor was knowledgeable and well prepared.				
9. The Participant Guide is clear and helpful.				



## Money Smart for Adults Modules

Thank you for presenting this module. Consider providing training on other Money Smart for Adults modules, as shown below. Visit [www.FDIC.gov/moneysmart](http://www.FDIC.gov/moneysmart).

Module Number	Module Name	Module Focus
1	<b>Your Money Values and Influences</b>	Internal values and goals, external influences, and their relationships to financial decisions
2	<b>You Can Bank On It</b>	Financial products, services, and providers
3	<b>Your Income and Expenses</b>	How to track income and expenses
4	<b>Your Spending and Saving Plan</b>	How to develop a spending and saving plan, and how to prioritize spending when money is short
5	<b>Your Savings</b>	Saving money for expenses, goals, and emergencies
6	<b>Credit Reports and Scores</b>	Credit reports and scores, building productive credit histories, and repairing and improving credit
7	<b>Borrowing Basics</b>	Options for borrowing money and the costs
8	<b>Managing Debt</b>	Different kinds of debt and ways to manage it
9	<b>Using Credit Cards</b>	How credit cards work and how to manage them
10	<b>Building Your Financial Future</b>	Ways to build assets, including buying a car and getting training and education
11	<b>Protecting Your Identity and Other Assets</b>	Ways to recognize, respond to, and reduce the risks of identity theft, along with strategies for protecting other assets
12	<b>Making Housing Decisions</b>	Different types of safe and affordable housing, including specific information on renting
13	<b>Buying a Home</b>	The home buying process, including mortgages
14	<b>Disasters—Financial Preparation and Recovery</b>	How to financially prepare for, and recover from, disasters



Visit the FDIC's website at **[www.fdic.gov/education](http://www.fdic.gov/education)** for more information and resources on banking-related issues. For example, FDIC Consumer News provides practical hints and guidance on how to become a smarter, safer user of financial services. Also, the FDIC's Consumer Response Center is responsible for:

- Investigating all types of consumer complaints about FDIC-supervised institutions
- Responding to consumer inquiries about consumer laws and regulations and banking practices

**You can also call the FDIC for information and assistance at  
877-ASK-FDIC (877-275-3342).**



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**INSTRUCTOR GUIDE**  
**Module 10: Building Your Financial Future**

September 2018  
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