*Trainer Manual*

# 360 Degrees Financial Literacy for Credit Unions Members

**Credit Union Solutions Series Number 16**

ASSOCIATION
OF ASIAN CONFEDERATION
OF CREDIT UNIONS

The Association of Asian Confederation of Credit Unions presents the Asian Credit Union Solutions Series Number 1 developed based on the actual needs and challenges credit unions in Asia.

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# PREFACE

"Credit Unions must not confine themselves to granting loans. Their main objective should be to control the use of money, to improve the moral and physical values of people, and their will to act by themselves," F.W. Raiffeisen.

The statement was clear that credit union's mission is to enable its members gain financial independence. In order to achieve financial independence, members must be able to take the right financial decisions. Financial literacy allows people to increase and better manage their earnings—and therefore better manage life events like education, illness, job loss, or retirement. A compelling body of evidence demonstrates a strong association between financial literacy and household well-being.

The pressing need for improved financial literacy on credit union members is of vital importance due to the deterioration of personal finances and the proliferation of new, and often complex, financial products that demand more financial expertise of consumers. The financial illiteracy of members has also tremendous consequences in the institution level (credit union) such as non-payment of loans resulting to high delinquency, low profit, unable to increase institutional capital and negative image.

Financial literacy - the ability to process financial information and make informed decisions about personal finance - has received growing attention in the developed world, and recently, in the developing world, as a potentially important determinant of household that demonstrate low levels of financial literacy like those that tend not to plan for retirement, borrow at high interest rates, and acquire fewer assets. This has led ACCU to advocate on financial literacy education at the credit union level, in hopes of increasing household savings, with the ultimate goal of reducing poverty and improving welfare.

The education delivered by credit unions, unfortunately does not include topics dealing with financial literacy such as the basic financial principles (budgeting and cash management), debt planning, retirement planning, investing, college funding, insurance planning, and estate planning. The education delivered in various settings, includes the history of cooperatives (international and local), principles of cooperatives, cooperative laws, services of the credit union, responsibilities of members, credit union Board and management, and finally - the most awaited topic – how to obtain loan. Generally, members are sitting for a half day pre-membership seminar in the hope for loan entitlement. The types of training provided by credit unions send a different message – credit union is the place to get easy credit.

Lessons that can be learned from the current global financial crisis could be enumerated as recklessness, greed, ridiculous lending standards, disappearing risk managements and so on. Nevertheless, looking at the recipients of credit – unquestionably, they are the people who lack the basic financial skills – not being able to make the right financial decisions. Members of credit unions are also making bad decisions in choosing the right products for them. They usually end up in financial trouble instead of hopping into the road to financial independence.

ACCU considers that the best approach is to educate credit union members and potential members. A financially literate membership of credit unions is the key to credit union success and fulfillment of its original mission.

This training is designed to train national federation trainers enabling them to train credit union staff that allows them to carry out financial literacy program for members and potential members. Assigned as Credit Union Business Solution No. 16, this training manual is anticipated to set the tone for standard financial literacy education in Asian credit unions.

ASSOCIATION OF
ASIAN CONFEDERATION OF CREDIT UNIONS

**Trainers Training on**
## Financial Literacy for Credit Union Members
**. . . Your money, your life, and the future of the generations to come**

# GENERAL INFORMATION

**OBJECTIVES:**

The objective of the training is to introduce a training course to the National Federation to train the training staff of credit unions.

After attending the program, the trainers will be able to:

- Agree and internalize the Credit Union Mission: Helping People Help Themselves
- Analyze the credit union products and services as solutions to members financial problems or needs at every stages of life
- Learn the language of wealth creation and apply the tools in creating wealth
- Articulate the rules of personal financial management
- Generate practical ways to save money
- Demonstrate the need for an emergency fund for every member
- Establish ways to build wealth of members
- Inspire members to plan for their life stages
- Build skills in creating his/her own budget and transfer the same skills to other trainers

**SUBJECT AREAS:**

| | |
|---|---|
| 1. Credit Union Mission: Helping People Help Themselves | • Introduction<br>• Credit Union Mission as Promoted by F.W. Raiffeisen<br>• Review of the Application of the Credit Union Mission in Today's credit unions<br>• Conclusion |
| 2. Credit Union Products and Services: Offering Financial Solutions to Members Financial Problems/Needs at Every stage of Life | • Introduction<br>• Members' Life Stages<br>• Financial Needs and Financial Solutions<br>• Credit Union Products and Services |
| 3. Learn the Language of Wealth Creation | • Introduction<br>• How much am I worth?<br>• Statement of Net Worth<br>• Strategies to build wealth<br>• Secrets of Building Wealth |
| 4. Rules of Personal Financial Management | • Introduction<br>• My Journey to Personal Financial Management<br>• Embracing the Rules of Personal Financial Management |
| 5. Ways to Save Money | • Introduction<br>• How can I save?<br>• Inputs: Ways to Save Money |
| 6. Why do you need an Emergency Fund? | • Introduction<br>• Definition of Emergency Fund<br>• Life Emergencies<br>• Hot to Build Emergency Fund |
| 7. Financial Life Planning | • Introduction<br>• Life Planning<br>• Life Transition Profile |
| 8. Family Budgeting | • Introduction<br>• Financial Goals Worksheet<br>• Money Management Calendar |

**DURATION**

The training is a 21 hour 3-day residential training for the trainers and education committee. However, the topics can also be run separately for Board of Directors, Managers/senior management and members.

## USE

The training described in this manual will be attended by the training officers, education committees and members of credit unions. The training is appropriate for the front liner or staff in charge of financial counseling to members.

The topics are designed in a way that it could be carried out separately. Topics like the Credit Union Mission would be appropriate for the Board of Directors and Managers of credit unions.

The ideal number of participants is 25 to maximum of 30. Each topic can also be used for the Learn and Save Session (LSS) of the Credit Union Microfinance Innovation (CUMI) Program.

## TRAINING APPROACH AND METHOD

The training has adopted a highly active learning approach through the use of participative learning methods and built-in action commitment. Participants will not be trained in a general or passive way. Trainees are working in groups and on their own. The trainer will act more as a 'facilitator' of learning than a lecturer.

Every trainee has some ideas and suggestions from which the others can learn. This material is intended to allow and encourage contributions from such individual insight and experience, so that all will go away having accumulated the knowledge that each brought to the program. Trainees will appreciate the value of teamwork and make a positive contribution when working with others to solve problems and complete tasks.

### What are some Cooperative Learning Approaches?

Several learning approaches used in this training manual are described below.

1. ***Jigsaw* -** Each group, in a five to six member team, is given information for only one part of the learning activity. However, each trainee needs to know all information. Trainees work cooperatively with different teams. All trainees seek the same information, study it, and decide how best to teach it to other teams. After this is accomplished, each group should be able to complete all the learning activity.

2. ***Think-Pair-Share* -** This strategy can be used before introducing new concepts. It gives everyone in the class time to access prior knowledge and provides a chance for them to share their ideas with someone. Think-Pair-Share helps trainees organize their knowledge and motivates learning of new topics. There are three steps to Think-Pair-Share with a time limit on each step signaled by the facilitator. (1) Trainees are asked to brainstorm a concept individually and organize their thoughts on paper. (2) Trainees pair up and compile a list of their ideas. (3) Each pair will then share with the entire class until all ideas have been recorded and discussed.

3. ***Send-a-Problem* -** Trainees are placed in heterogeneous teams of four to six. Each team designs a problem to send around the class. The other teams solve the problem. Since all of the teams send their own problem, there are a series of problems solved in this one activity. Results are shared with the class.

4. ***Round Robin* -** Trainees are placed in heterogeneous teams of four to six. Each trainee has an opportunity to speak without being interrupted. The discussion moves clockwise around the team; everyone must contribute to the topic. The team may use an item to pass around as a visual aid to determine who has the floor. Round Table is another version. The difference being that a piece of paper is passed around and each member writes instead of speaks about the topic.

5. ***Mind Mapping* -** Mind Mapping is the process of visually depicting a central concept with symbols, images, colors, keywords, and branches. This is a fast and fun way to take visual notes, foster creativity, stretches trainee's visual thinking skills, make learning contextual and meaningful, and promote active involvement with the learning content. Pairs of trainees may create their own mind map or they may simultaneously add to the team and/or class mind map.

The shared learning is, in fact, almost always more important than the knowledge that you, the facilitator, or the manual itself can contribute. You should treat each trainee as a source of ideas as valuable as the facilitator. The material in this manual is designed to help the facilitator elicit contributions from the trainees on each subject matter. It is important however, that the facilitator is able to process the ideas of the trainees and lead them to the learning activities.

The built-in action commitment at the end of the training will give each trainee the opportunity to make use of the expertise in changing behavior and transferring skills to others. The course also poses a personal challenge to trainee to practice what they have learned in their lives. Once the trainee applied the learning to their personal lives, they will be an effective trainer.

## ADAPTING THE MATERIAL

Before using the manual in real training situation, you may want to adapt it to your circumstances. Follow the procedure below.

Read through the material and decide whether or not:

- The program can be run as it is
- Only certain topics or sessions should be used
- New topics and sessions should be added

Your decision will depend on the training needs of your trainees and the means you have at your disposal.

Carefully read through the sessions you have decided to use. Check the subject matter in both the session guides and the handouts.

Modify them to reflect local practices, to include local currencies, terminologies etc. Note that the currency used in the manual is US Dollars but this could be tailored to the country’s context. Amounts in the examples can also reflect the local economic standards. Such adaptation will help trainees identify more easily with situations described in the materials and will increase impact and effectiveness of the program.

Further, the manual also uses the term “credit union” referring to cooperative financial institution. This could be modified based on the local situation so as not to mislead the trainees especially the members of credit unions. In Asia, credit unions is equivalent to credit cooperatives, savings and credit cooperatives, thrift and credit cooperatives, savings and credit unions, peoples credit fund, village banks, community based financial institutions etc.

Do not regard this manual as a book with all or the only answer. It is intended as a collection of suggestions and ideas which you must adapt, modify, use or reject as you think fit. ACCU is open for suggestions to improve the manual and recognizes that this initiative is evolving in nature.

## PREPARING YOURSELF

The following steps are suggested before conducting the training:

1. Read the session guides carefully; be sure that you understand the content and that you can predict what is intended to happen inside the classroom.

2. Work through the exercises by yourself and be sure you understand them clearly. Do not limit yourself with the session guides; if necessary research from the internet for more information.

3. Note on the material itself as many local examples as you can to illustrate the points raise.

4. Plan the whole session carefully; predict approximately how many minutes each section of the session is likely to take. Make appropriate modifications to fit the time available for you. Do not restrict yourself to the time suggested in the manual.

## CONDUCTING THE PROGRAM

The following steps are suggested in conducting the training:

1. Divide the participants into teams of four to six depending on the size of the group. Ideal is four teams of four to six members each.
2. Do not put the trainees in rows so that the only face they can see is your own.
3. Be sure that the session is clearly structured in the trainee's minds. It is like telling a good story – with beginning, middle and end. Let the participants know what is going to happen in this training program.
4. Be flexible; do not follow the material obediently. Be prepared to change the approach, depending on the situation and available resources. Just be cautioned that while you are changing the training approach, make sure that the objective of the program will be achieved.
5. If you fail to draw a particular answer from trainees, it is your fault, not theirs. Persist, asking the same question in different ways, hinting at the response you want. Only make the point yourself as a last resort.
6. Use silence to provoke response if no one answers a question wait 20 to 30 seconds. This gives the trainees time to collect their thoughts – and the courage to speak.
7. Avoid talking too much; trainee discussions should take up some three-quarters of the total time. Ask, listen and guide rather than talk.
8. Never ridicule a trainee's answer or suggestion; it may have some merit and the attempt itself is commendable.
9. If you cannot answer a trainee's question ask another trainee to respond. You are the facilitator, not the source of knowledge.
10. Be dynamic; move around, walk up and down the classroom. Your physical activity helps keep everyone alert.

## IMPACT OF THE TRAINING

- National federations will have trainers to integrate technical assistance and training to credit unions on Financial Literacy
- The trainers will have to train at least another 5 trainers
- The national federations will have a training module for Financial Literacy
- Credit union members will begin to create awareness and consequently become financially literate

# DAILY SCHEDULE

| **Day 1** | | |
|---|---|---|
| Time | Subjects | Duration (hours) |
| 08:30 – 09:00 | Orientation of the Program – Objectives, Logistical Arrangements | 0.5 |
| 09:00 – 09:30 | Self-Disclosure Introduction | 0.5 |
| 09:00 – 10:00 | Credit Union Mission: Helping People Help Themselves Gain Financial independence | 1 |
| 10:00 – 10:30 | Coffee Break | - |
| 10:30 – 12:00 | Credit Union Mission: Helping People Help Themselves Gaining Financial Independence | 1.5 |
| 12:00 – 13:00 | Lunch Break | |
| 13:00 – 15:00 | Credit Union Products and Services: Offering Financial Solutions to Members Financial Problems/Needs at Every stage of Life | 2 |
| 15:00 – 15:30 | Coffee Break | |
| 15:30 – 17:00 | Learn the Language of Wealth Creation and Exercise – How much am I worth today? | 1.5 |
| **Day 2** | | |
| 08:00 – 08:30 | Management Team Reporting | 0.5 |
| 08:30 – 10:00 | The Rules of Personal Financial Management | 1.5 |
| 10:00 – 10:30 | Coffee Break | - |
| 10:30 – 12:00 | Continuation: Rules of Personal Financial Management | 1.5 |
| 12:00 – 13:00 | Lunch Break | |
| 13:00 – 15:00 | Ways to Save Money | 2 |
| 15:00 – 15:30 | Coffee Break | |
| 15:30 – 17:00 | Why do you need an Emergency Fund? | 1.5 |
| **Day 3** | | |
| 08:00 – 08:30 | Management Team Reporting | 0.5 |
| 08:30 – 11:00 | Financial Life Planning<br>With coffee break at :10:00 to 10:30 | 2 |
| 11:00 – 12:00 | **Family Budgeting:** Developing a Financial Road Map for Members | 1 |
| 12:00 – 13:00 | Lunch Break | - |
| 13:00 – 15:00 | **Exercise:** Develop Your own Financial Road Map | 2 |
| 15:00 – 15:30 | Coffee Break | |
| 15:30 – 16:00 | Action Plan | .05 |
| 16:00 – 16:30 | Evaluations | .05 |
| 16:30 – 17:00 | Closing program | .05 |
| | Total | 21 |

# SESSION GUIDE

## INTRODUCTIONS

08:30 – 08:45 Orientation of the Program – Objectives, Logistical Arrangements,

**Assigning Teams**

Assigning of Groups (see the groupings) – group names using the Construction Task

*Set each team a task to build some item relevant to the session, using basic craft materials such as paper tubes, sticky tape, wrapping paper, card etc. Ask them to name it according to the strengths of their team. Have lively music on.*

08:45 – 09:45 **Self-Disclosure Introduction**

**Objective:**

To break the ice by forcing people to introduce themselves by means of their drawing ability, rather than their words.

**Materials required:**

8 x 11.5 paper or Letter size or A4 size paper ,pens, pencil

**Procedure:**

Provide the trainees of a letter size or A4 size paper. Ask them to draw pictures that describe themselves in a creative way. These can be sketches of themselves, their hobbies, jobs, interests, or family. Anything that can describe them is fair game. Ask each trainee to write his or her name at the back of the paper and attach an adjective that not only describes a dominant characteristic, but also starts with the first letter of her or his name (e.g. Serious Sarah, Mathematical Mary, Bicycling Bill, Creative Cathy, Dazzling Daisy etc.)

Collect all the papers in a box. A volunteer is chosen at random to pick out a paper and look at the drawing, not the name side of the paper. The introducer then tells the group as much as possible about the card owner by interpreting the sketch, making any assumptions desired. After each introduction, the person who drew that sketch stands and clarifies, corrects, or more truthfully completes his or her introduction. That person then pulls out another paper and proceeds to introduce that trainee. Continue the process until all persons are introduced.

**Discussion Questions:**

- Why do we stick so closely to 'just the facts' in our self introductions – name, job, employer?
- How comfortable did you feel disclosing, through art, other aspects about yourself?
- What were some of the more interesting things discovered?

**Tips:**

If you suspect that team members will be hesitant about interpreting others' drawings, you can volunteer to be first and provide a richly developed, previously prepared interpretation of a cohort's drawing (but it's best to warn the other individual first)

People who do not consider themselves artistic may have reservations about creating a drawing and sharing it with others; so preface the activity with the caution that you do not have to be an artist to do this. Any rough sketch will do.

The time required depends on the number of participants.

- Allow 2-3 minutes for team members to draw their sketches
- Allow 1 minute for each introduction and one minute for the person who was introduced to supplement the information
- Allow 5 minutes for the team to discuss their observations and learning at the conclusion of the exercise.

# 1

# CREDIT UNION MISSION:
## Helping People Help Themselves
***Gain Financial Independence***

***(2.5 hours session – 150 minutes)***

## LEARNING OUTCOMES

| | |
|---|---|
| Do: | • Inspire members on the values credit union offers to improve their life and fulfill their financial destination<br>• Deliver a participatory session on the Mission of credit unions for members |
| Know: | • Gain clarity of the genuine mission of the credit union to help members gain financial freedom and will to act by themselves<br>• Discover sensible actions applying the principles into the services of credit unions |
| Feel: | • Appreciate the principles of credit union as originally conceptualized by its founder F.W. Raiffeisen<br>• Recognize widespread mission drift in credit unions – focus only on loans |

| | |
|---|---|
| **Topic** | **Credit Union Mission: Helping People Help Themselves** |
| **Time Allocation** | 2.5 hours (150 minutes) |
| **Materials** | 1. F.W. Raiffeisen Statements printed in A4 size paper<br>2. Masking Tape<br>3. Flip Charts<br>4. Marking Pens |
| **Handouts** | • F.W. Raiffeisen Statements<br>• PowerPoint |
| **Session Guide** | **Introduction:** |

Introduce the learning outcomes of the session. Inform that at the end of the session, participants will be able to:

**Do:**
- Inspire members on the values credit union offers to improve their life and fulfill their financial destination
- Deliver a participatory session on the Mission of credit unions for members

**Know:**
- Gain clarity of the genuine mission of the credit union to help members gain financial freedom and will to act by themselves
- Discover sensible actions applying the principles into the services of credit unions

**Feel:**
- Appreciate the principles of credit union as originally conceptualized by its founder F.W. Raiffeisen
- Recognize widespread mission drift in credit unions – focus only on loans

**Group Activity: The Credit Union Mission promoted by F.W. Raiffeisen**

1. Use the Jigsaw approach: Each group, in a five to six member group, is given a statement of F.W. Raiffeisen for only one part of the learning activity. There are four statements. Trainees work cooperatively with different groups to learn the other three statements belonging to other groups. However, each trainee needs to know all information. All trainees seek the same information, study it, and decide how best to teach it to other groups. After this is accomplished, each group should be able to complete all the learning activity.

2. Distribute the F.W. Raiffeisen statements to each table plus a puzzle of F.W. Raiffeisen face. Each group will only receive a piece of the four piece puzzle. They will have to search the other puzzle which is in the possession of other groups.

3. Ask the participants to interpret the statements in their team; answers to the following are written on the Flip chart:

   a. meaning
   b. how they are applied to credit unions
   c. assess its application

4. Give10 minutes for each group to interpret the quotes from Raiffeisen
5. Ask the participants to share their views on the statements of Raiffeisen with other groups; comments and additional interpretation are also allowed from other groups. Once the information has been given, a piece of Raiffeisen puzzle will be handed over to the group.
6. The groups need to exchange information in order to complete all the four statements and the Raiffeisen puzzle.

The following are the quotes:

**Group 1: Credit Union purpose:** "Raiffeisen addressed the meeting of 30 people who wanted to replicate credit union: "I cannot offer you a miracle which will free you from poverty without any effort on your part. But one way I do know which anyone can follow and which, if all work together for the common good, can achieve its purpose – freedom from want. We must start from the fundamental principle that, by improving physical well-being, spiritual welfare also will benefit. By providing loans for the needy and industrious members of your parish (community), they will be enabled themselves to enjoy the fruits of their industry and thrift instead of laboring for the benefit of the usurer. In this way they will become independent of any form of outside help which can only reduce them again to poverty with all its bitter consequences."

**Group 2: Increasing and partially useless expenditures add to the evil:** "The luxury of useless utensils as well as glittering dresses is not only growing in the neighborhood of the cities, but is also to be found in distant places high in the mountains. Money is spent for them and for public entertainment, even when no money is left for daily bread."

**Group 3: Savings:** "Two factors are relevant to the improvement of the economic conditions of the rural population as far as the material side of life is concerned: **thrift and diligence.** Both virtues are closely connected with each other. Diligence can last only when it leads to good results by which additional efforts are stimulated, whereas lack of success entails discouragement and enervation. The aid from Credit Unions calls forth increasing diligence. To assure its usefulness in every respect, the tendency to save must be incited, and the opportunity must be offered to invest the money earned by diligent work not only safely, but also so it is bearing interest."

**Group 4: Money is not an end in itself, but a means to an end:** “Repeatedly we have pointed to the fact that money does not represent an end in itself, as far as the Credit Unions are concerned, but that it is the means to improve the condition of all participants (members) in every respect. The main target is the development of the moral and physical forces. This is the prerequisite of all progress. If plenty of money were to come to a newly established Union from the beginning, the leading bodies (Board) might employ it carelessly, and the result would be the contrary of what it should be. No greater security for creditors can be established than that offered by a Credit Union whose members are all family heads of a parish or community, united in mutual help, pledging to all their possessions to this end.”

Summarize the output of each group:

- Lessons from F.W.R. Statements
- Application to Credit Unions
- Issues on its Application

The following are the probable answers:

**Lessons from F.W.R.(participants can write only the keywords):**

- Freedom from want
- Fundamental principle – improving the physical well-being will also improve the spiritual well-being of people
- Providing loans only for the needy and industrious
- Prudent use of money is required, people should think of the future
- Thrift and diligence are important for the improvement of people and community as a whole
- Money is not an end in itself, but means to an end, it is a means to improve the condition of members in every respect
- Self-help and cooperation or mutual help

**Application to Credit Unions:**

- Educating members to become financially literate
- Loans given only for wealth creation
- Requiring members to have financial plan
- Requiring members to save for emergencies
- Help members plan for future expenses which can be deposited in savings
- Grant loans only to those with capacity to pay

**Issues on its Application:**

- Loans granted to members without capacity to pay
- Members do not have education on financial literacy
- Members have turned to be credit oriented
- Credit orientation in credit unions reflected in the balance sheet – high delinquency, low or negative institutional capital

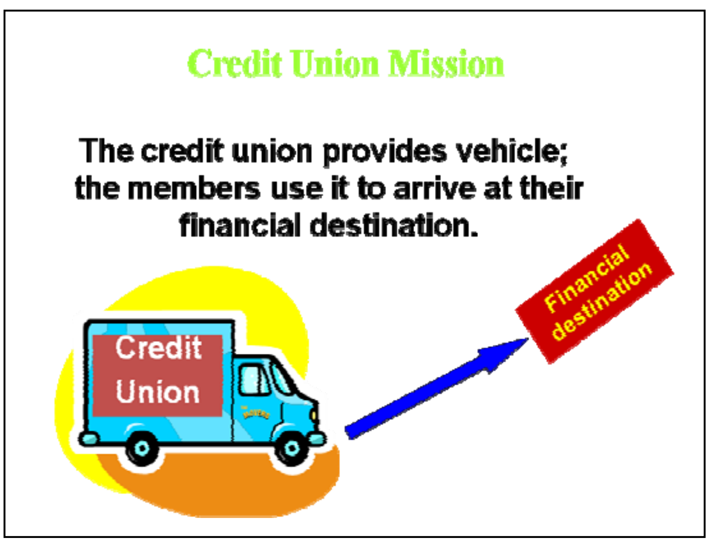
PowerPoint can also be flashed on the screen to show the above.

**Conclusion:**

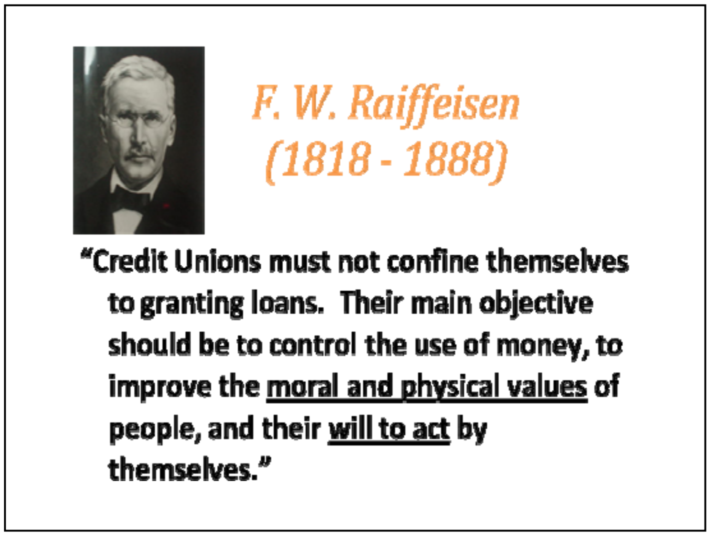
**Stated in a different way, the Credit Union Mission:**

- Helps ordinary people to achieve financial freedom
- Enables people to grow
- Helps members take control of their finances

Highlight the above slides on the PowerPoint. Examine whether the credit unions are still fulfilling the above mission. Emphasize that the credit union leaders and staff should be clear of the purpose of why a credit union exist. If they are not clear about why credit union does exist, then they will not be able to reach their destination.



Emphasize the above slide that credit union serves as a vehicle and the members use the vehicle to reach their financial destination. The above mission should be reflected in all the services the credit union extends to members. Thus, everyone in the credit union (staff and volunteers) must be able to internalize the mission. Highlight the issue that the mission is not well understood and internalized due to the orientation given to Boards and staff. It has resulted to mission drift.




Conclude the session underscoring the above statement of F.W. Raiffeisen.

# 2

# CREDIT UNION PRODUCTS & SERVICES:

## Offering Financial Solutions to Members Financial Problems/Needs at Every Stage of Life

***(2 hours session – 120 minutes)***

## OBJECTIVES

| | |
|---|---|
| **Do:** | • The Board translates the financial needs and goals of members at every stage into the savings and loan products of the credit union<br>• Members choose the appropriate savings and loan products that builds wealth and fulfill his/her financial goals<br>• Acquire technical skills in advising credit unions in improving its financial services to help members gain financial independence in the long run<br>• Enable to assess as to whether the credit union services is providing solutions at every stages of life of members |
| **Know:** | • Classify the financial needs and goals of members at every stages of life<br>• Explain the life stages of members and potential members of credit unions<br>• Identify credit union products that builds wealth and meet members financial needs<br>• Recognize the financial problems and needs of members at different life stages |
| **Feel:** | • Appreciate the importance of understanding the stages of life of members to appropriately position the products and services as financial solutions<br>• Recognize that credit or loans is not the solution to members financial problems and meet their financial goals |

| | |
|---|---|
| **Topic** | **Credit Union Products and Services: Offering Financial Solutions to Members Financial Problems/Needs at Every Stages of Life** |
| **Time Allocation** | 2 hours or 120 minutes |
| **Materials** | • Flip Chart on Life Stages<br>• Marker Pens<br>• Sticky notes |
| **Handouts** | • PowerPoint on Life Stages<br>• Exercise on Life Stages for members |

**Session Guide**

**Introduction:**

Introduce the learning outcome of the topic saying that

"At the end of the session, you as participant will be able to:

**Do:**
- The Board translates the financial needs and goals of members at every stage into the savings and loan products of the credit union
- Members choose the appropriate savings and loan products that builds wealth and fulfill his/her financial goals
- Acquire technical skills in advising credit unions in improving its financial services to help members gain financial independence in the long run
- Enable to assess as to whether the credit union services is providing solutions at every stages of life of members

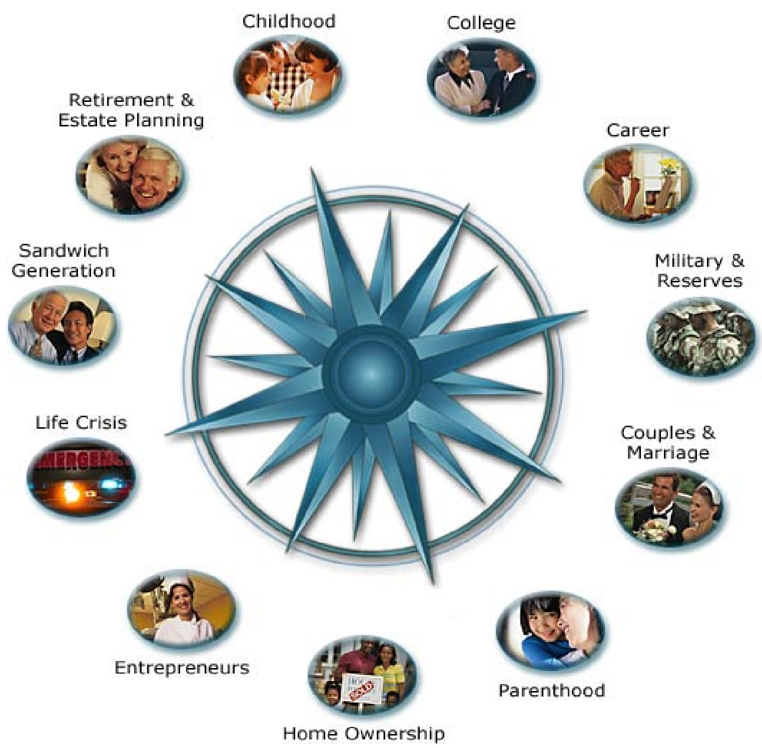
**Know:**
- Classify the financial needs and goals of members at every stages of life
- Explain the life stages of members and potential members of credit unions
- Identify credit union products that builds wealth and meet members financial needs
- Recognize the financial problems and needs of members at different life stages

**Feel:**
- Appreciate the importance of understanding the stages of life of members to appropriately position the products and services as financial solutions
- Recognize that credit or loans is not the solution to members financial problems to meet their financial goals"

**MEMBERS LIFE STAGES:**

- Explain that in accordance with the mission, credit unions have to involve in the financial lives of members by guiding them, offering appropriate financial solutions with flexibility and foresight of the future. In order for the credit unions to effectively perform such role; the credit unions must know the different life stages of members and potential members and its corresponding financial goals. Each financial goal is a financial need that has to be matched with credit unions financial products.

- Explain the 11 life stages with the aid of a Flip Chart Model. Make sure to solicit the participants' ideas as well. *Note that the Military Service can be omitted for countries in which compulsory service to the military for men is not required.*



**Group Activity: Financial Needs and Financial Solutions for members**

- **Identification of Financial Needs**
  - **Think-Pair-Share:** Ask the trainees to pick a partner; then assign a number for each partner for 1 to 10, repeat the number if participants are more than 20.
  - The number assigned for each partner corresponds to the number of life stages on the scale model.
  - For 10 minutes, ask each pair to identify the financial needs and goals of members at the stage of life they are assigned. The needs are those that are short term in nature while financial goals are needs that are long-term in nature for example: house, college education.
  - Ask to write the answers on the sticky notes using a marker pen for legibility. The answers could also be in drawing. Request them to post the answers on corresponding life stages displayed on a big flip chart.
  - Synthesize the answers. Ask all the participants circle around the flip chart. Make sure you are interacting with them.
- **Identification of Financial Products or Solutions**
  - For five minutes, ask each pair to identify the financial products credit union can offer to meet the financial needs and goals of members at every stages of life.
  - Request them to write the group answers on the sticky notes and post them on the corresponding life stages heading displayed on flip chart.
  - Synthesize the answers on the flip chart. Again, ask all participants circle around the flip chart. Make sure you are interacting with them.

– Prepare the following information on the Flip Chart to summarize the exercise on life stages:

| Life Stages | Financial Goals (Dreams) | Financial Products Credit Unions can Offer | |
|---|---|---|---|
| | | Savings | Loans |
| 1. Childhood | Education | | |
| 2. College (University) | Education | | |
| 3. Career | Own a House, Investments, Car, Retirement | | |
| 4. Couples and Marriage | Wedding, own a house, first child | | |
| 5. Parenthood | Basic needs, Children Education | | |
| 6. Home Ownership | New house and house renovation | | |
| 7. Entrepreneurs | Capital | | |
| 8. Life Crisis | Death, sickness | | |
| 9. Sandwich Generation | Medical care | | |
| 10. Retirement & Estate Planning | Security | | |

– Using the above flip chart, the facilitator can synthesize the last group exercise on the identification of financial solutions credit union can offer to members. Involve the participants in sorting out the answers on the flip chart.

- Emphasize that

  – The products and services should be creating wealth for members or helping members plan for future expenditures.

  – The credit unions must educate members on the right behavior on money management. Members must be able to set aside money for future expenses such as sickness, basic needs, education, social activities and others.

  – The credit union should only provide loan to help members build wealth. Examples of loans that build wealth are land and house purchase and capital for business.

  – The credit union should not develop loan products that would encourage spending such as wedding, basic needs, sickness, house appliances/furniture and education (primary and secondary). Members should avoid unnecessary expenses (wants) and should be able to prepare in advance for necessary expenses (needs).

**Conclusion: Credit Union Products and Services**

Use this statement of Robert T. Kiyosaki, an international bestselling author on Financial Literacy:

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"It is the financial education that enables people to process financial information and turn it into knowledge . . . and most people do not have financial education they need to change their lives." Most people do not recognize their financial goals at every stage of life due to financial illiteracy.

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Kiyosaki has also this to say,

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"One of the greatest failures of the educational system is the failure to provide financial education to students. Educators seem to think that money has some sort of quasi-religious or cult like taint to it, believing that the love of money is the root of all evil. As most of us know, it is the lack of money that causes evil. It is working at a job we hate that is evil. Working hard yet not earning enough to provide for our families is evil. For some, being deeply in debt is evil. Fighting with people you love over money is evil. Being greedy is evil. And committing criminal or immoral acts to get money is evil. Money by itself is not evil. Money is just money."

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- Credit Unions guide members to become financially independent. The financial services credit union offers should be able to achieve members' financial goals at every stage of life. Credit unions must teach members on the proper management of money and planning to reach their financial goals.

- Suggest that every member of the credit union can have a savings account that can be withdrawn for emergencies. For life goals, members should be able to plan achieving them through regular savings plan.

As F.W. Raiffeisen said, money is not the end in itself; it is a means to an end. The end is for the members to gain financial freedom – free them from financial worries. Financial freedom can be achieved if proper planning and foresight is done at every stage of life.

# 3

# LEARN THE LANGUAGE OF WEALTH CREATION

## How much am I worth today?

***(1.5 hours session – 90 minutes)***

## LEARNING OUTCOMES

| | |
|---|---|
| Do: | • Prepare a Personal/Family Statement of Net Worth |
| Know: | • Classify personal assets, liabilities and net worth<br>• Define the meaning of assets, liabilities and net worth<br>• Identify strategies to build personal/family wealth |
| Feel: | • Appreciate the significance of preparing a Statement of Net Worth as point of reference in planning for financial independence<br>• Recognize that financial independence can be achieve through planning and proper money management |

| | |
|---|---|
| **Topic** | **Learning the Language of Wealth Creation: How much am I worth today?** |
| **Time Allocation** | 2 hours (120 minutes) |
| **Materials** | • Flip Chart<br>• Marker Pens<br>• Six sets of Meta Cards with the following text:<br><br>1. What I own<br>2. Minus<br>3. What I owe<br>4. Equals<br>5. What I am worth |
| **Handouts** | Personal/Family Statement of Net Worth |
| **Session Guide** | 1. Introduction<br><br>Introduce the learning outcomes of the topic saying that<br><br>"At the end of the session, you as a participant will be able to:<br><br>Do:<br><br>• Prepare a Personal/Family Statement of Net Worth<br><br>Know:<br><br>• Classify personal assets, liabilities and net worth<br>• Define the meaning of assets, liabilities and net worth<br>• Identify strategies to build personal/family wealth<br><br>Feel:<br><br>• Appreciate the significance of preparing a Statement of Net Worth as point of reference in planning for financial independence<br>• Recognize that financial independence can be achieve through planning and proper money management |

**Session Guide**

2. **Group Exercise – How much am I worth?**

Distribute the meta cards (five sets) to each group. For 10 minutes, ask the participants to prepare a formula using the meta cards in finding out "How much am I worth?"

Check whether the groups got the correct answer. Post the meta cards on the White Board. The following are the answers:

| | | | | |
|---|---|---|---|---|
| **How much I own?** | **Less** | **How much I owe?** | **Equals** | **How much I am worth?** |

Explain that the starting point of financial planning is to know first the current wealth or deficit of a member.

3. **Statement of Net Worth**

Introduce the Personal/Family Statement of Net Worth. Ask the participants to fill the form.

Clarify that the form will include family's assets and liabilities.

Move around each table to ensure that the participants are filling the form correctly. It is important that everyone understood the terms used.

4. **Strategies to Increase Wealth**

After filling the form, ask the participants to list down strategies to build their wealth. Participants would generally say increase savings.

The trainer can emphasize that a member should have a reason to save; the reason to save is the drive; the drive is the financial goals; achievement of the financial goal is financial independence. For example:

| **Motivation for saving money (reason)** | **Financial Product** |
|---|---|
| Being prepared for emergencies | Daily Savings |
| Home ownership | Housing Loans/Savings |
| Higher Education | Savings/Loans |
| Regular Source of Income | Loans for business |

5. **Conclusion:**

Four secrets of building wealth:

- Work hard
- spend less
- save more
- only get loan to expand business and acquire more wealth

| STATEMENT OF NET WORTH | | |
|---|---|---|
| | | **Remarks** |
| Name | | |
| Age | | |
| Spouse's Name | | |
| Spouse's Age | | |
| Spouse's Place of Employment | | |
| Number of Children and Ages | | |
| Home Address | | |
| Work Telephone | | |
| Home Telephone | | |
| Employment/Source of Income | | |
| Monthly Income | | |
| Place of Work | | |

| **NET WORTH** | | | |
|---|---|---|---|
| **ASSETS** | | **LIABILITIES** | |
| Cash (on Hand) | | Housing Loan | |
| Savings in Bank | | Auto Loan | |
| Savings in Credit Union | | Student Loan | |
| Certificate of Deposits (Time Deposit) | | Loan from the Credit Union | |
| Cash Value of Pension Plan/Severance | | Loan/Credit from Stores | |
| Receivables (collectibles) | | Debt from relatives, friends etc. | |
| Others (Specify) | | Others (Specify) | |
| | | | |
| | | | |
| **Real Estate (Market Value)** | | | |
| Home | | | |
| Rental Property | | | |
| Others | | | |
| | | | |
| Personal Property | | | |
| Vehicle/Motorcycle/ Boat | | | |
| Furniture | | | |
| Jewelry | | | |
| Others | | | |
| | | | |
| | | **Total Liabilities** | |
| | | | |
| **Total Assets** | | **NET WORTH (Total Assets less Total Liabilities)** | |

# 4

# THE RULES OF PERSONAL FINANCIAL MANAGEMENT

***(3 hours session – 180 minutes)***

## LEARNING OUTCOMES

| | |
|---|---|
| Do: | • Organize personal financial management rules<br>• Take necessary precautions to ensure adherence to the rules on personal financial management<br>• Advice credit union members on personal finances |
| Know: | • The 12 rules on financial management and its application in day to day financial decisions<br>• Understand the reasons why members failed to meet its financial needs that got them into the trap of financial trouble |
| Feel: | • Appreciate the importance of having rules on personal financial management<br>• Financial literacy is an important competence needed by all members of credit union to impact the development credit unions and the community it is serving<br>• The need for immediate adoption of financial literacy program for all credit unions in the country |

**Topic** — **The Rules of Personal Financial Management**

**Time Allocation** — 3 hrs. (180 minutes)

**Materials**

- Flip Chart
- Marker Pens
- Flipchart

**Handouts**

- The Rules of Personal Financial Management
- My Financial Management Commitment

**Session Guide**

1. **Introduction**

Provide participants a preview of what is going to happen on this session:

**Do:**

- Organize personal financial management rules
- Take necessary precautions to ensure adherence to the rules on personal financial management
- Advice credit union members on personal finance

**Know:**

- The 12 rules on financial management and its application to day to day financial decisions
- Understand the reasons why members fail to meet its financial needs and get into the trap of financial trouble

**Feel:**

- Appreciate the importance of having rules on personal financial management
- Financial literacy is an important competence needed by all members of credit union to impact the development credit unions and the community it is serving
- The need for immediate adoption of financial literacy program for all credit unions in the country

2. **My Journey to Personal Financial Management**

**Note to facilitator:**

Prepare a large flip chart with a drawing of a road. Use colors and add drawings of images that can be seen along the road like trees, houses, cars, intersections etc. Along the road, stick the cut-out paper (preferably different colors) with printed texts of the 12 rules on Personal Financial Management. Place numbers 1-12 on the rules.

This must be prepared in advance.

- Explain that the 12 rules of Financial Management are similar with the traffic rules, that in order to reach safely to your destination, the driver must observe the rules. Similar to the financial journey of every individual, the rules on financial management must be strictly followed.

- Next, ask the leader of each group to pick 3 rules their group would be discussing. The assignment of the topic can be allocated among the groups by drawing the numbers.

- Give the groups 10 minutes to discuss: **How these rules could be applied?** Use the **Round Robin** approach in the discussion in the group.

- Ask them to write their answers on sticky notes. This would be a group exercise. Ask to answer the question individually and then share individual answers to the group, then come up with a group answer.

- After all the groups have posted their answers on the flip chart, synthesize them by reinforcing how the rules will be practiced. Refer to the Handout on the Rules of Personal Financial Management. If the group is small, ask the participants to circle around the flip chart to maintain connection with the participants.

- Ask participants to return back to their seats.

3. **Embracing of the Rules on Personal Financial Management**

- Now that the participants understood all the rules, ask individual participant to prepare a 'commitment to adhere to the rules on Financial Management.'

- Distribute the paper on "My Commitment to the Rules on Financial Management." Allocate 20-30 minutes for the exercise.

- Clarify that the task is a sentence completion and that the participants are not preparing rules for exercise purpose only. The participants will be taking back the rules in which they have to adhere in their financial journey.

- Allow volunteers to share their commitment to Personal Financial Management. It could be one or two for each group, depending on the time left.

4. **Conclusion**

Conclude the session by saying that,

"These are the rules and everything you need to know to get ahead financially. Make sure you have a firm understanding of each and every rule. And more importantly, make sure that you apply the rules to your life going forward. Please stick to your personal commitment to financial management and review them as you progress to your financial journey."

# RULES OF PERSONAL FINANCIAL MANAGEMENT

1. **Set your financial goal:**

Nothing you do is going to change your financial situation overnight, but each time you make a sound financial decision, it will make a small difference. And every financial decision you make will impact your life over an extended period of time. It is important to keep an open mind about your personal finances and to stick to your financial goals. Similar to a successful weight loss program, you must change the way you view your financial decisions, just as you would change your eating decisions. You must find a plan that works for you and stick to it. The financial advice on this training will work for you but it will take a long time and you have to remain committed to finding financial freedom for yourself. One of the goals of financial planning is to plan for retirement, or better yet, early retirement. Try to keep realistic goals and expectations and you will have a much easier and less frustrating time managing your finances.

**Retire Early:** This is really an amazing table to look at! Depending on your age and your lifestyle, you need to save a lot of money to be able to retire early. There are two important factors that make a difference in how much money you need to retire early: how many years you'll be retired; and how much money you need each year. The third factor, which is also important, is the rate of return that you will earn on your retirement savings. The chart below assumes 6%, which is the historical average rate of return for very non-risky assets. If your time to retirement is very long, you should be able to invest in slightly riskier assets and get a higher rate of return than 6%. Also, the table does not take into account inflation; the higher inflation is, the more money you'll need to retire.

**How to Read the Table?** The table below shows how much money you'll have to save to retire early. Notice that if you only need $20,000 per year to live on, you can retire with a relatively small amount of money. However, if your lifestyle requires more (which it likely does), you have to save significantly more money to retire early. Also notice that the earlier you retire, the more money you'll need.

Money **Needed to Retire, Given Number of Years to Live and Annual Income Desired**
(assume 6% return on retirement savings, pre-tax dollars)

| Years to Live | $20,000 | $25,000 | $30,000 | $35,000 | $40,000 |
|---|---|---|---|---|---|
| **50 Years** | $316,862 | $396,078 | $475,293 | $554,509 | $633,724 |
| **45 Years** | $311,083 | $388,853 | $466,624 | $544,395 | $622,165 |
| **40 Years** | $303,276 | $379,094 | $454,913 | $530,732 | $606,551 |
| **35 Years** | $292,729 | $365,911 | $439,093 | $512,276 | $585,458 |
| **30 Years** | $278,482 | $348,102 | $417,723 | $487,343 | $556,964 |
| **25 Years** | $259,236 | $324,045 | $388,854 | $453,663 | $518,472 |
| **20 Years** | $233,237 | $291,546 | $349,856 | $408,165 | $466,474 |
| **15 Years** | $198,116 | $247,645 | $297,174 | $346,703 | $396,231 |
| **10 Years** | $150,671 | $188,339 | $226,007 | $263,675 | $301,342 |
| **5 Years** | $86,580 | $108,225 | $129,870 | $151,514 | $173,159 |

2. **Live within your means**

Actually, you should live below your means! The most important way to generate wealth is to live within or below your means. For example, if you make $30,000 a year, then live like you make $25,000 a year and save, pay down debt, or invest the remaining $5,000. Many people having incomes over $50,000, $75,000 and even $150,000 have spent everything they have earned and have almost nothing to show for it.

Do not try to compete with your friends or neighbors, do not spend money fruitlessly, and most importantly, do not spend more than you make. Many people read this and think, “I’d love to spend less money but I can’t, I have to pay my car amortization, the credit card bills, groceries, I need a vacation, I need new clothes for work, etc, etc.” Justifications!

Most of these expenses could be avoided or deferred (like a vacation, a car purchase or buying clothes). The other expenses (like your credit card expenses or mortgage) could likely have been avoided if you had lived within your means when you created the expense.

For example, your car payment would be less if you had opted for the used versus new car or your credit card expenses would be lower if you had not bought that new computer or those 5 pairs of shoes. Even your mortgage or rent could be less if you chose a different location to live. With that said, there is a fine line between spending appropriately and spending above your means.

Just remember that it is always better to forego purchases until you can pay for them in cash rather than to borrow from the future to meet your needs now. The most common exception to this rule is buying a house. Although it will raise your cash expenses dramatically, it is often wise because 1) it is an investment which will add to your future net worth, 2) your mortgage payments will add to your net worth as you pay down the principal on the loan, and 3) you were probably paying rent anyway so it will in effect turn your rent payment into an investment.

3. **Get out of Debt**

Although most people agree on this, many people find themselves falling into credit card debt or money lender debt and facing large monthly debt bills. In fact, credit card debt and money lender’s debt negatively affects a lot of people’s long-term wealth and it is very important to get out of debt.

**Get out of debt**! Getting out of debt is all about two things: 1) Making the largest payment you can afford, and 2) making sure your debt is at the lowest interest rate.

**The real problems with credit card debt are the following:**

- By purchasing goods before you have earned them, you are in effect borrowing from the future to pay for the present. In essence, it is the exact opposite of saving or investing and instead of earning money you are paying interest.
- Interest rates on credit cards are typically much higher than savings rates and even higher than many alternative investments
- By carrying big balances on credit cards many people feel that it is hopeless to try to pay them off, so their balances continue to rise. Remember that every bit you pay down makes it easier to pay the rest down.
- Once you get into credit card debt you fall further and further behind because in addition to funding current expenditures, you also need to pay for the previous expenditures that are already on your credit card.

**If you are already in credit card or money lender debt, do not worry. Follow these rules to get out of debt, and be patient:**

- Never forget that even paying down a small portion helps. The more you pay down, the easier it is to pay the rest because there is less interest due each month.
- ALWAYS pay more each month than what you spend on your credit card. If possible, discontinue using your credit card and start paying for your purchases in cash, and only when you have the money.
- Do not lose site of the big picture. It is often discouraging because it seems like it will take forever to get out debt. Do not get discouraged. Think about how nice it will be to start sending those debt payments to your savings each month when you are out of debt.
- If you find yourself with more payments than you can handle, you may want to refinance your debt with a lower interest rate loan. Sometimes these loans can cut your interest rate in half or more, especially if they can be backed by your assets
- If you have trouble getting a low interest rate loan, it may be advantageous to consolidate all of your loans into one payment

4. **Maintain Spotless Credit**

Your credit is one of the most important resources you will ever have when saving money. Basically, the better your credit, the lower your risk profile and therefore the lower your interest rates will be. More importantly, good credit is of the utmost importance when buying a house or taking any kind of loan. And even more importantly, if you ever get into a bind or run into a cash liquidity problem, having good credit will vastly help you raise the funds you need at reasonable prices.

5. **Rationalize your spending**

Another important rule of financial advice! Think twice before spending your money. We often find ourselves getting excited about making a purchase and want to jump into it immediately. We easily get swayed by Sale: Summer Sale, D-Day Sale, Anniversary Sale, Midnight Sale, Halloween Sale, Buy one take one etc.

Before doing so, make your-self step back and weigh that decision. Do you really need that item? Is the long-term value of that item worth the opportunity cost of spending that money elsewhere? If you can't find a solid reason to spend your money, then don't spend it! Take my financial advice and save your money.

6. **Understand opportunity costs**

Opportunity cost is defined as the cost of pursuing one alternative versus another. For example, if you were going to spend $500 on a new bike, the opportunity cost would be that you would not be able to buy anything else with or invest that $500. For the purposes of financial planning, you should look at the cost versus the benefit of each decision you make.

In this case, you could spend $500 on the bike or you could invest the same $500 in a savings account. In five years, the bike will be worth $25 and the $500 investment will be worth $650 (including interest). The opportunity cost of buying a bike is the long-term benefit that you will receive if you did not buy the bike and invested it. Technically, the opportunity cost is not limited to the cost of investing the money, but also includes any other opportunity you could spend the money on (investing, buying something else, saving the money, etc). By carefully evaluating your alternatives and by weighing the opportunity cost of each decision, you can vastly increase your long-term wealth.

7. **Understand the time value of money**

The most basic law in finance! The time value of money states that a dollar today is worth more than a dollar at some time in the future. Okay, it's not that simple to understand at first glance so let me delve into this advice a little with some financial examples:

If I invest $1,000 in a 5% savings account today, it will be worth $1,050 in one year. Therefore, if I can have $1,000 today or choose to have $1,000 one year from now, it is always better to have the money now. By saving and investing today, you make the time value of money work for you.

Let's look at the reverse of this, to see how the time value of money can work against you. Suppose instead of receiving $1,000 that you spent $1,000 by purchasing merchandise on your credit card. Remember that a dollar today is worth more than a dollar tomorrow, so in this case, you will have lost money because you will need to pay off your credit card account with money from the future (which is worth less than money today). In addition to having to pay with future money, you will also have to pay interest expense. So, in this case, if you paid off the credit card in one year (assuming 15% interest), you'd have to pay $1,150.

You should think about the time value of money before making any decisions. Another, maybe even more important concept related to the time value of money is the compounding effect of money.

8. **Understand the compounding effect of money**

The compounding effect of money is extremely important when making any financial decision. The compounding effect of money is often overlooked or underestimated by people when making decisions. When applied to all of your financial decisions, this effect is the KEY to long-term success! To illustrate the compounding effect of money, let me use some financial examples:

Suppose you had invested $1,000 today in a 5% savings account. In one year, that account would be worth $1,050 [$1,000 + ($1,000 x 5%)], yielding a $50 gain. However, in year two, that same initial investment would be worth $1,102.50 [$1,000 + ($1,000 x 5%) + ($1,050 x 5%)], yielding a $52.50 gain. And in year three, the same $1,000 would be worth $1,157.63, yielding a $55.13 gain. By year ten, the initial $1,000 investment would be worth $1,629 and by year 25 it would be worth $3,386.

Formula: Compound Amount of 1 = $(1 + i)^n$

Where $i$ = interest rate
$n$ = number of years

From looking at this example, you can see that investing $1,000 today is much more valuable than investing $1,000 even a couple of years from now. To accumulate wealth, you MUST use the time value of money and the compounding effect of money to your advantage.

***How long it will take you to save a Million Dollars?***

**You Can Be A Millionaire, But it Takes Time.** Below is a chart of how long it takes to save a million dollars, or in other words, become a millionaire. The two important factors in becoming a millionaire are:

1) How much you can save and
2) How well you invest.

The table below shows the number of years it will take you to save a million dollars at different monthly investment rates and at various rates of return. Obviously, the more you invest and the more you make on your investments, the faster you reach your goals. However, look at the numbers closely and you'll notice that the number of years it takes you to reach a million dollars will be 5 times less if you maximize your savings rate and your return rate!

**How to Read the Chart?** This table can be used in many different ways. One way is to determine the time you have until retirement, choose your estimated investment rate of return (depending on your risk profile), and then find the monthly savings rate that matches your investment return and years until retirement. It will tell you how much you need to save each month to reach a million dollars. If you need 2 million dollars to retire, you can multiply the monthly savings rate by two to find the amount you need to invest each month to reach your goal.

A second, and more obvious way, to read the chart is to find the amount of money you save or invest each month, find the estimated return you expect on your savings or investments, and then find the corresponding number of years until you reach one million dollars. No matter how much you will need to retire, this chart will be useful to determine both how long it will take to reach your goal and how much you need to save to reach your goal.

**Years to Reach One Million Dollars**

| Monthly Savings | 2% | 4% | 6% | 8% | 10% | 12% | 14% | 16% |
|---|---|---|---|---|---|---|---|---|
| $50 | 177 | 105 | 77 | 61 | 51 | 44 | 39 | 35 |
| $100 | 144 | 88 | 66 | 53 | 44 | 39 | 34 | 31 |
| $150 | 125 | 79 | 59 | 48 | 40 | 35 | 31 | 28 |
| $200 | 112 | 72 | 54 | 44 | 38 | 33 | 29 | 26 |
| $250 | 102 | 67 | 51 | 42 | 35 | 31 | 28 | 25 |
| $300 | 94 | 62 | 48 | 39 | 34 | 30 | 26 | 24 |
| $400 | 82 | 56 | 43 | 36 | 31 | 27 | 24 | 22 |
| $500 | 73 | 51 | 40 | 33 | 29 | 25 | 23 | 21 |
| $750 | 58 | 42 | 34 | 29 | 25 | 22 | 20 | 18 |
| $1,000 | 49 | 37 | 30 | 25 | 22 | 20 | 18 | 17 |
| $1,250 | 42 | 32 | 27 | 23 | 20 | 18 | 17 | 15 |
| $1,500 | 37 | 29 | 24 | 21 | 19 | 17 | 16 | 14 |
| $2,000 | 30 | 25 | 21 | 18 | 16 | 15 | 14 | 13 |
| $2,500 | 26 | 21 | 18 | 16 | 15 | 13 | 12 | 12 |
| $3,000 | 22 | 19 | 16 | 15 | 13 | 12 | 11 | 11 |
| $4,000 | 17 | 15 | 14 | 12 | 11 | 10 | 10 | 9 |
| $5,000 | 14 | 13 | 12 | 11 | 10 | 9 | 9 | 8 |

This second example shows how the compounding effect can work against you:

Suppose you borrowed $20,000 to purchase a car and your auto loan was at a 10% interest rate (for 5 years). Your monthly payments would be $424.94. Because the $20,000 loan continues to compound over the life of the loan, you actually pay $25,496.45 over the five-year period, meaning that you've in essence paid $5,496.45 because you spent the money before you had it. In fact, in your initial payments, the interest alone will account for almost 40% of your monthly payments. In this case, the bank or lender that gave you the loan uses the time value of money to their advantage.

Now look at this scenario, where instead of making the $424.94 car payment, you invest that payment at the same rate as what your car loan was (granted it is a little high for a savings rate, but not unreasonable for other investments). Now, instead of paying the bank, you are actually earning interest and compounding the benefit yourself. After one year you will have saved $5,340 and have earned $240 in interest. After two years, you will have saved $11,239 and have earned $1,039 in interest. By the third year, your investments will be worth almost $18,000 and you will have earned $2,457 in interest. By month 40, you will have enough money to purchase a $20,000 car in cash!

So let us weigh the differences between the two scenarios above. In the first case you paid the bank $5,496 to borrow the money and in the second case you earned $2,457 and could buy the car in cash after just 40 months (just over 3 years)! The opportunity cost of the first alternative versus the second alternative results in a net difference of $7,953 (a $2,457 gain versus a $5,496 loss). That means that by making a simple deferral decision (buying the car in 3 years versus today), you can get ahead by almost $8,000!

9. **Take appropriate risks**

If you want to build wealth you need to take risks. The higher level of risk that you take, the higher your return should be. With that said, only take the risks that are appropriate to you!

For example: You have the choice of investing in a savings account, a money market account, a certificate of deposit (CD), a bond fund, a large cap stock fund and an aggressive mutual fund (mostly tech stocks). Each investment has a different level of risk and each investment makes sense for different people. Typically the higher level of risk that you take, the higher your potential investment returns.

The right investment for you depends on many things, but the two most important factors are 1) your realistic time horizon, and 2) your aversion to risk.

Regarding time horizon, if you have 40 years to retirement, you should invest your money in the highest risk- highest yielding sectors (maybe 70% stocks, 15% bonds and 15% money markets). But if you are close to retirement or cannot afford to risk your investments, the majority of your investments should be allocated toward the low-risk investments such as savings accounts, money market accounts, CDs and maybe even a bond fund. Regarding risk aversion, you must make this decision yourself. If you have trouble sleeping at night because you're investing in stocks, you should probably sway toward the lower risk investments.

The major take away from this section is that it is important to take risks. The more risk you take the more you can expect to earn and accumulate over the long-term. However, be conscious of yourself and your goals and do not take more risk than your time horizon or your own personality will allow.

10. **Save money**

The smartest words ever said by anyone: “A penny saved is a penny earned.” Start small. Do not give up. Do not dip into your savings unless it is an emergency. Every little bit helps. Did you know that if you saved $1 per day and invested it at 10%, you would have almost $200,000 in 40 years? Every little bit counts and it is very important that you take this financial advice, get out of debt and save money - and start saving it now!

You can save money in many different ways. For example, buying things on sale that you would buy regardless of whether or not it was on sale saves you money. You can also save money by foregoing spending until a future date or by foregoing spending on non-essential items.

For some people, self-control is a real issue and if the money is not “accounted for” immediately, they tend to spend it on impulse and luxury items that are non-essential. If you find yourself in this category, or have trouble saving, you should create an investment account that is automatically funded each month.

To do this, you may need to create a monthly budget to determine a monthly savings goal. If you do create a budget, make sure that it is realistic, matches your lifestyle and that it leaves plenty of room for miscellaneous expenses that seem to pop up regularly. If you create an unrealistic budget you’ll likely save less than what your budget calls for, become frustrated and resort to your old ways.

11. **Invest with a new frame of mind**

First, when we use the word “invest” in this instance, we do not mean just putting money into a savings account or the stock market. You should treat every decision you make in your life as an investment decision. For example, when you are deciding whether or not to go out to dinner tonight, whether or not to go on that clothes shopping spree or celebrating your birthday with friends: look at each decision as an investment. It is fine to spend your money, but you would be surprised how much you can accumulate if you start investing with a new frame of mind.

Second, and most important, invest with a new frame of mind. Look at the money you invest with a new frame of mind. Instead of feeling like you are putting away $100 this month when you could be buying a new DVD player, think of it this way: That $100 you just invested will pay you dividends for the rest of your life. That is right, at a 10% return rate; you will receive $10 per year FOREVER from that investment. Moreover, if you leave the investment return in the same account, that $10 per year will grow each year. That means that if you invested $100 a month for 10 months, that your investment would return that same $100 every year.

12. **Diversify your investments and wealth**

A great piece of financial advice! It means, do not put all your eggs in one basket. A good diversification strategy involves spreading your investments and wealth across many different asset classes. By doing so, you reduce the risk of losing a large percentage of your wealth by events that only affect one asset class.

The right diversification strategy for you depends on how much wealth you have, your age range, your risk profile and many other factors. Although we cannot recommend specific strategies for diversification,

This was the last rule and everything you need to know to get ahead financially. Make sure you have a firm understanding of each and every rule. And more importantly, make sure that you apply the rules to your life going forward.

## My Commitment to the Rules on Personal Financial Management

| **Rules** | **My Commitment** |
|---|---|
| 1. Set financial goals | I pledge to prepare my financial goals on ____________________ ______________________________ I will be able to achieve my financial goal by____________________ ______________________________ I am targeting to have my financial freedom at the age of ____________ |
| 2. Live within my means | I promise to live within my means by ____________________ ______________________________ On spending, I will avoid ____________________ I will ____________________ |
| 3. Get out of debt | I am committing myself to ____________________ I will be more cautious on ____________________ In order to get out of debt, I will ensure ____________________ ______________________________ |
| 4. Maintain spotless credit | I would be maintaining spotless credit by ____________________ ______________________________ In order to get out of debt, I will ensure ____________________ ______________________________ |
| 5. Rationalize spending | I will not be easily swayed of ____________________ Before spending money on something, I will make sure that ____________ ______________________________ |

| **Rules** | **My Commitment** |
|---|---|
| 6. Understand the opportunity cost | On spending, I will always consider the opportunity cost which means ________ ____________________________________________ ____________________________________________ |
| 7. Understand the time value of money | I will always consider the time value of money by which means _______________ ____________________________________________ |
| 8. Understand the compounding effect of money | I will always consider the compounding effect of money by___ _______________ ____________________________________________ |
| 9. Take appropriate risks | I will be taking calculated risk on my investments by ________________________ ____________________________________________ |
| 10. Save money | I will develop the habit of savings by ______________________________________ ____________________________________________ ____________________________________________ |
| 11. Invest in a new frame of mind | I will always think that saving money is ____________________________________ <br> I will always consider avoiding unnecessary expenses as ____________________ ____________________________________________ |
| 12. Diversify investments and wealth | I will ensure that my investments and wealth are diversified by _______________ ____________________________________________ ____________________________________________ |

# 5

# WAYS TO SAVE MONEY

***(2 hours session – 120 minutes)***

## LEARNING OUTCOMES

| | |
|---|---|
| Do: | • Prepare personal strategies to increase savings |
| Know: | • Gain tips on some practical money saving guides |
| Feel: | • Appreciate the value of savings – enhancing the moral and physical values of people<br>• Recognize that savings may require more sacrifice<br>• A penny saved is a penny earned.<br>• Every step you take to save money helps! |

| | |
|---|---|
| **Topic** | **Ways to Save Money** |
| **Time Allocation** | 2 hours (120 minutes) |
| **Materials** | • Flip Chart<br>• Marker Pens<br>• Sticky Notes |
| **Handouts** | 100 Ways to Save Money |
| **Lesson Guide** | |

1. Introduction

Introduce the topic by asking each group to write at least one answer on what they want to DO, KNOW and FEEL about the topic. Prepare big text of DO, KNOW and FEEL on the white board. Ask them to post the sticky notes. Synthesize based on the following learning outcomes:

**Do:**

- Prepare personal strategies to increase savings

**Know:**

- Gain tips on some practical money saving guides

**Feel:**

- Appreciate the value of savings – enhancing the moral and physical values of people
- Recognize that savings may require more sacrifice
- A penny saved is a penny earned.
- Every step you take to save money helps!

2. How I can save?

- For 5 minutes, ask each participant to write three ways on savings money using sticky notes.
- After completing the individual task, ask the participants to share their answers to the group.
- Give the group 10 minutes to discuss “How can they save?”

- Distribute the following "Bingo Chart". The answers shall be written on the boxes.

| Ways to Save Money | | | |
|---|---|---|---|
| | | | |
| | | | |
| | | | |
| | | | |

3. Inputs: Ways to save Money (Bingo):

Explain the Bingo Game. Using the table below, post the practical tips to save money on the bingo flip chart. Each saving tip is printed on an 8" x 5" colored card. Like bingo game, the facilitator will call on the saving tip one by one, and then post it on the flip chart. The participants will then cross out the same answers in their bingo chart. Interact with the groups – some answers may be worded differently, but also can be considered.

The completed Bingo:

| Ways to Save Money | | | |
|---|---|---|---|
| Save before spending (Income-Savings = Expenses) | Develop detailed budget | Save all the additional or extra income received | Austerity program – spend only for necessity |
| Save loose change | Once debt payment completed, put same amount to savings. | Save even you have debt (for emergencies) | Spend less than you earn |
| Avoid unnecessary trips to market to avoid impulse buying | Stop smoking & drinking | Don't try to compare yourself to friends and neighbors | Simplify lifestyle |
| Plant vegetables & raise chicken for food | Save utilities – light, water | Introduce low cost food such as vegetables instead of more meat – more healthy too | Use bicycle in short distance rather than motorcycle |

There are many painless and surefire ways to begin a cash-stashing routine. Give opportunity for participants to share some more tips.

4. Conclusion

The Ways to Save Money can be printed and distributed to all members of the credit union and can be used as a tool for credit union training.

The output of the session will serve as guide for members in implementing their family budget or financial roadmap.

# 100 Ways to Save Money

Here are, some money saving tips. Some of them are great and easy ways to save money. Others are still good, but may require more sacrifice or take a lot of time to payoff. And remember, a penny saved is a penny earned. Every step you take to save money helps!

1. Spend less money than you earn.
2. Find ways to make more money.
3. Make more money by filling out paid online surveys.
4. Adjust your lifestyle to accommodate the first rule.
5. Create a financial budget to help you save.
6. Use green ideas to save money, energy and the environment.
7. Do not use credit cards.
8. If you do use credit cards, pay them down in full each month.
9. If you have a lot of credit card debt at high rates, look into consolidating your debt.
10. Forego spending money whenever possible.
11. Stop purchasing frivolous, impulse items.
12. Forego purchasing non-essential items.
13. Lower your phone (cell/mobile) bill.
14. Wait for things to go on sale before buying them.
15. Don't buy anything just because it is on sale.
16. Occasionally buy generic or non-name brand merchandise.
17. Wait for prices to fall before buying (applies especially to electronics items - like DVD players).
18. Reward yourself for saving money. Enjoy watching your debt shrink and your investments grow.
19. Do not eat out as much as you'd like to.
20. Do more activities at home.
21. Invest the money you save so that it earns money too.
22. Create a plan to save $100 per month (or as much as you can swing). Try never to miss the monthly savings payment and try to find ways to increase it to $150 per month.
23. Do not ever spend money just because you have it.
24. Keep your job skills sharp. Get a free trade magazine subscription.
25. Stay busy - you have less time to spend money.
26. Find an inexpensive hobby to occupy your time and stop you from spending money.
27. Find a hobby that you can earn money doing.
28. Stop smoking.
29. Stop betting on number games.
30. Go on a diet and lose weight. Not only do you save money on food, look and feel better, but your long term healthcare costs should also fall dramatically.
31. Look critically at how you spend and save your money.
32. Learn how to manage your finances by reading financial publications.
33. Increase the money you earn (second job, promotion, new job, through investments, etc.)
34. Don't try to compete with your friends and neighbors.
35. Don't try to compare yourself to your friends and neighbors.
36. Sell your car and take the bus to work (may not apply to everyone).
37. Buy Dental Insurance before you need it.
38. Buy Health Insurance before you need it.
39. Remember, paying down debt is also a way to save money (it saves you from a debt payment and gets you closer to having money to invest).
40. Lower your cable bill by ending pay channels or switching to satellite.
45. Shop for clothes at thrift shops (especially for young kids). Many times you can find gently worn or even new clothes for 1/10 the price of new (or less).
46. Put your kids on the school bus instead of driving them to school.
47. Slipcover or reupholster older furniture to update rather than buying expensive new furniture.
48. Learn to refinish furniture or decorate with paint. Use cast-off furniture to make a unique piece.

49. Save money by taking your lunch to work every day! Make meals in bulk and then freeze them in smaller portions to save even more money.
50. Cancel magazine subscriptions. Read them at the library or buy them at the thrift shop for .25 to .50 after someone else has donated them.
51. Stop buying expensive sodas and make juices or decaffeinated iced tea.
52. Cancel expensive (and annoying) phone options like call-waiting.
53. Check out library books instead of buying expensive paperbacks.
54. If you wash your hair every day you don't need to lather twice. Saves shampoo!
55. Change eating habits (avoid processed foods).
56. Exercise and eat right - keeps doctor bills down.
57. Brush and floss your teeth - keeps doctor bills down.
58. Keep up on auto maintenance to avoid costly repair.
59. Mend clothing instead of buying replacements.
60. Simplify manicures - don't get them.
61. Simplify hairstyle - one that doesn't require much maintenance.
62. Get 3-6 quotes anytime shopping for item over 100$.
63. Develop self-control; simplify your life if possible.
64. Many inexpensive, no-name drugstore cosmetics are as good as or better than their department store or salon counterparts. Read the ingredients and find cheaper substitutes for your favorites wherever possible.
65. Buy generic over the counter medicine.
66. Find name brand clothing at garage sales in affluent neighborhoods.
67. Find fashionable clothing at the sale departments of stores.
68. Keep in fashion by buying basic colored tees and skirts and then adding trendy accessories.
69. Buy baby clothes from someone that has a child one year older than yours. You can get good quality clothing, fashionable baby clothing at ultra low prices.
70. If you get change back when you purchase an item, put it in the piggy bank. Give the cashier whole dollars, not the exact amount. In a few months you will have "found" money that you could use to pay bills, save or buy something nice.
71. Use all those plastic bags you receive at the grocery store for trash. This way you don't have to buy trash bags and you are helping out the environment by recycling.
72. Save money when shopping next time at the supermarket by remembering to check the lower items nearer to floor level as they are often much cheaper than those at eye level. Also resist the temptation to purchase extra items at the checkout such as magazines and candy bars placed there to tempt you. And never go for shopping on an empty stomach, you will always buy more!
73. Re-gifting! You don't need half those things you get. Just keep a list so you don't re-gift to the original person!
74. Buy fruits and vegetables in season. They are less expensive and taste better.
75. Catch Your Coins--Every evening take the spare change from your pockets or periodically clean out your purse and toss the coins in a jar. Never take any money out of the jar until the end of the year. Then take all the coins to be bank and exchange them for cash. You'll be surprised to find they've added up to $50, $100 or even $200.
76. At the end of each day, when you came home, put all of your change into an empty coffee can. Then just roll coins while you watch TV or listen to the radio. This adds up to hundreds of dollars very quickly.
77. "Take care of your cents, then, your dollars will take care of themselves." - Also one have to live with a financial plan and set up a financial goals for oneself, this means to increase one's income sources, economize money, and invest your money wisely and profitably. "When you save your money, you buy yourself control", and money have to be "saved and invested" wisely (intuition of a person knows everything well, so one has to follow its signs - always).
78. Bike to work in good weather to save on gas.
79. Eat a few vegetarian meals a week.
80. Do not cook too much that you cannot eat. It will only go to trash.
81. Garage sales are a great source for household items, books, clothing, and furniture.

82. Don't buy bottled water! Invest in a water-filter and drink tap water.
83. Save money by taking a serious look at your energy costs. Energy is usually the number two or three expense, along with the cost of rent or mortgage and food.
84. Switch every single bulb to compact florescent bulbs. They may be expensive but they last for years (no more replacements) and tend to use about 10-20% of the energy of regular bulbs. Buy one each time you make a shopping trip, starting in the high traffic areas of the house like the kitchen or stairway until you no longer have any incandescent bulbs left.
85. If you ever leave the house for the weekend or longer, unplug everything. That alarm clock or VCR blinking or DVD on standby still take power. If you're leaving the house for a week, you will save real money by just unplugging all of these devices- and you'll protect your home from fire risks should there be a malfunction or power surge.
86. Keep your fridge and freezer as full as possible. The less airspace in your fridge, the less time it takes for your fridge or freezer to cool the air. Don't have much money for food? Just buy a bunch of bread and throw it in the freezer, you usually can get bread cheaper when you buy it in large quantities anyway.
87. Avoid the trap of thinking you don't have time to cook your own food and ending up paying a lot for half fabricated and take away. Try to make your grocery shopping once a week only and then make most of your cooking for the week during the weekend, make sure you have a good, basic, wide range cooking book and involve the rest of the family in creating menus and the cooking. You'll notice that you with a modest effort of planning can eat food equivalent to an upscale restaurant 7 days a week to less cost than a few days of take- a- way at McDonalds. Store the weeks meals in the freezer (but take them out of there the same morning that you plan to consume, avoiding to use the microwave oven to defrost will also save money)
88. Save money by throwing away any catalogs or magazines which tempt to buy something
89. Don't throw out your empty bags of milk. Instead cut them open and wash them. You can use them as baggies. They also keep frozen foods fresh when used with a sealer.
90. Save money by making your grocery list by planning menus for the week and buy only what is on your list.
91. Foster the practice of sports in your kids. The more time they spend practicing any sport, the less time and money you and they will spend at the shopping mall.
92. To save money on gas, never fill the gas tank full since the extra weight of the gasoline takes extra toll on engine power. And of course take out all items on the trunk which are not important to reduce vehicle weight.
93. Each pay period, set aside any amount that you had budgeted for an expense but did not need to spend. For instance, you may have anticipated that $40 would be needed to maintain your car, but only had to spend $30. Take the "extra" $10 and put it into your savings account.
94. Stay out of stores.
95. Ask your boss to buy a refrigerator (medium size) for the office. Place up to 64 oz of juice/drinks in the fridge for lunch and snacks. I did, and it works. Those $1.45 bottles of soda/juices (16oz.) add up.
96. Keep track of your daily expenses. Keep a diary.
97. Practice restraint.
98. Be patient.
99. Start saving money today!
100. Don't give up!

# 6

# WHY DO YOU NEED AN EMERGENCY FUND?

***(1.5 hours session – 90 minutes)***

## LEARNING OUTCOMES

| | |
|---|---|
| Do: | • Prepare a personal plan to build Emergency Fund<br>• Vigorously persuade credit union members to build their own emergency fund |
| Know: | • Establish a foresight that emergencies can occur<br>• Determine the kinds of life emergencies affecting the financial plan of every person<br>• Be aware that every person must be financially prepared to deal with life emergencies |
| Feel: | • Realize that every member of credit union must be required to establish emergency fund in a separate savings account. |

| | |
|---|---|
| **Topic** | **Why do you need Emergency Fund?** |
| **Time Allocation** | 1.5 hours (90 minutes) |
| **Materials** | • Flip Chart<br>• Marker Pens<br>• Sticky Notes |
| **Handouts** | Why you Need an Emergency Fund? |

**Lesson Guide**

1. **Introduction**

Introduce the topic by asking each group to write at least one answer on what they want to DO, KNOW and FEEL about the topic. Prepare big text of DO, KNOW and FEEL on the white board. Ask them to post the sticky notes. Synthesize based on the following learning outcomes:

**Do:**
- Prepare a personal plan to build Emergency Fund
- Vigorously persuade credit union members to build their own emergency fund

**Know:**
- Establish a foresight that emergencies can occur
- Determine the kinds of life emergencies affecting the financial plan of every person
- Be aware that every person must be financially prepared to deal with life emergencies

**Feel:**
- Realize that every member of credit union must be required to establish emergency fund in a separate savings account.

2. **Definition of Emergency Fund?**

- Ask each group to define Emergency Fund. Give them these three words: Emergency Fund is . . .
- Ask them to define the Emergency Fund in 24 words.
- Then ask them to cut their definition to 12 words
- Then cut the definition in 6 words
- Then, finally cut the definition in 3 words . . . Unexpected Expenses' Fund or Unknown Expenditures Fund
- Ask the group to write the 3 words in a meta card; stick them on the flip chart

Explain that
"An emergency fund is money that you have set aside to specifically cover any unexpected expenses that may come up. An emergency fund may cover unexpected car repairs, medical bills or other emergency situations. You may also use an emergency fund to help pay your bills when you are unemployed."

- Ask this question: What happens if the member has no Emergency Fund in case of emergency?

The answer would most likely this:

You might have to borrow money at unfavorable terms which could simply compound the problem. This could be from credit card, borrowing from friends and relatives, credit union, and worst from moneylender.

- Highlight that credit unions must rethink their emergency loan offering to its members. The product is not helping members because their future income is being compromised. The right approach of the credit union is to educate members that emergencies are inevitable and that members should be able to prepare measures to overcome them by building its own emergency fund.

3. **Identify Life Emergencies**

- Use the Personal Financial Journey on the Flip chart.
- Explain saying that . . .

- "Even if you have planned for your expenses, financial emergencies may be encountered without any indication. These expenses are not part of your regular budgeted expenditures.
- Life is not always a smooth sailing journey; it sometimes experience bumps and turbulence – small and big – which we do not know when it will exactly happen. In order to mitigate the unexpected financial emergencies, every person must build its emergency Fund."

- Ask the group to identify the life emergencies every person may experience during their lifetime. Note that life emergencies are not normal occurrence; it could happen but cannot predict when. One cannot say that he/she will get sick tomorrow or next week. Sickness is a normal happening but cannot predict the exact time it is going to happen.

- Ask them to place the sticky notes on the Life's Financial Journey flip chart the answers. The following are the probable answers of the participants:

    - Loss of job – which may be due to natural calamities. Customers of your business can also be affected by this calamity, thus they are not able to do business with you
    - Significant medical expenses – accident or normal occurrence
    - Home or auto repairs – due to natural calamity such as typhoon or flood
    - Accounts have been frozen

- Synthesize the answers of the group. Highlight that if the emergencies identified have chances of happening to every member, then, it is very important to build their emergency fund to protect them from the life's unknown peril.

- Provide the following tips to participants (the facilitator can use PowerPoint or meta cards to explain the following)

  - **How big should your emergency fund be?** Most experts agree that you should keep between three and six months worth of living expenses set aside in the Emergency Fund.

  - **Start Small.** Accumulating one month's worth of expenses will take some time, let alone three or six months. If you set your immediate goals to be small and manageable you will have a better chance of reaching them. The better way is to open a savings account in the credit union and get into the habit of making regular deposits into this account

4. **How to Build Emergency Fund?**

- Building emergency fund takes time, depending on your monthly income. These basic steps you should take to build your fund:

  - Decide how large you want to build your emergency fund
  - Determine how much you can put into your emergency fund each month
  - Open a separate savings account for your emergency fund
  - Start building your emergency fund

- Distribute the form "My Monthly Budget". Give 30 minutes for participants to prepare their personal budget.

5. **Conclusion**

- Take time shortly after conducting the exercise to reflect on how it went, how engaged the participants were, and what questions they raised.

- Remind the participants that the Budget should not be taken as an exercise only for the training. The budget is the starting point to realize their financial goals.

- Ask participants with the shortest time building his/her emergency fund: 1 year, 1.5 to 2 years, or 3 years. Ask what strategies were deployed to build the emergency fund in the shortest time possible.

- Conclude saying that

"After you use your emergency cash, you'll need to rebuild the emergency fund as quickly as possible. Remember how nice it was to have some funds on hand, and start on the task of rebuilding those funds. You never know when the next crisis will come up.

Remember, **no cheating** – don't use the emergency cash for non-emergencies (like TVs, home improvements, or vacations). You should have separate savings account for those other goals."

# Why You Need an Emergency Fund?

*Emergencies Happen When You Least Expect Them*

By Jeremy Vohwinkle, About.com Guide

In life you should expect the unexpected, and this is why you need an emergency fund. The best you can do is to prepare for emergencies that require access to additional money and having an emergency fund is the ideal solution.

Financial emergencies can come in the form of a job loss, significant medical expenses, home or auto repairs, have other accounts frozen in error,  or something you have never dreamed of. If any of these things happen, you'd need money fast. Your emergency cash is there for you.

By keeping an emergency cash fund, you protect yourself from life's unknown peril. You've got a **safety net** just in case something expensive happens.

If you don't have emergency cash, life can be difficult. You might have to borrow money at unfavorable terms; which could simply compound the problem. Then, you'd have a **debt burden** in addition to the original problem.  In addition, you'll have flexibility, the ability to fix things quickly, and **more choices** if you've got cash on hand.

**How Big Should Your Emergency Fund Be?**

Most experts agree that you should keep between three and six months worth of your living expenses set aside in your emergency fund. Depending on your specific situation and whether or not you have children, carry substantial debt and types of insurance coverage will determine what amount is best for you.

The reason you want to have three to six months of expenses saved up is that the most common reason for the need of an emergency fund is due to a sudden loss of income. If you or your spouse loses a job you still have bills to pay and it may take a few months to find suitable new employment. It is best to plan for a worst-case scenario so that the smaller emergencies such as replacing the hot water heater that just went out will be easily covered.

**Start Small**

If you currently don't have an emergency fund or find it difficult to save money the key is to start small. You have to realize that accumulating one month's worth of expenses will take some time, let alone three to six months. If you set your immediate goals to be small and manageable you will have a better chance in reaching them.

The best way to get started would probably be through your bank. Open up a new savings account if you currently don't have one and begin to save with this first. The next step is to get into the habit of making regular deposits into this account. Whether it is weekly, bi-weekly or monthly, create a schedule and stick to it. Once you make saving automatic you won't even have to think about it.
If you feel it is difficult to begin savings, you can simply start with a small amount. Maybe you begin with $10 a week initially. While this won't amount add up all that quickly the important thing is to start putting something away and to make it a habit. After a few weeks you won't even notice that $10 missing so you can bump it up to $15 or $20 after a month or so. You will begin to get used to that money not being there and can slightly increase it again.

**Which Expenses Should Emergency Cash Cover?**

If you look at your monthly budget, you probably have a wide variety of expenses. The important ones for your emergency cash fund are your **basic fixed expenses**: mortgage, rent, insurance premiums, transportation, food, etc. You don't need to include the amount you save for your future each month – since you probably won't save in an emergency anyway (you'll have bigger fish to fry if you lose your job or suddenly face huge medical expenses). Just keep enough stashed away to provide for your basic needs.

**How to Build an Emergency Fund**

Building an emergency fund takes time, depending on your monthly income. These basic steps you should take to build your fund.

- **Decide how large you want to build your emergency fund**. Three months of living expenses? Six months? One year? You can always start with a goal of three months living expenses and, once you've reached it, lengthen the emergency fund goal to include six months living expenses.

- **Determine how much you can put into your emergency fund each month**. Your monthly budget is useful in this step. If you don't have one, now's a good time to build it.

- **Open a separate savings account for your emergency fund**. Keep your emergency fund separated from your active checking and savings accounts. This way you'll be less tempted to dip into your emergency fund unless there is truly an emergency.

- **Start building your emergency fund**. Put aside money every pay period until you've reached your goal. If you can save automatically via direct deposit or automatic transfer, it will be easier.

**Where to Keep Your Emergency Fund**

You should start with a savings account because it is simple to use and generally does not cost anything. The convenience factor is what is important when getting started. As your account grows you will want to find an account that can earn reasonable interest so that your money is working for you. The next best options to look into are money market accounts or certificate of deposits (CDs). It is important to keep this emergency fund in a place that will fairly liquid so that you can get to the money quickly in the event of an emergency. You also don't want to have this money tied into stocks or mutual funds because the volatility of the market could cause you to lose money.

**After You Spend It**

After you use your emergency cash, you'll need to rebuild the emergency fund as quickly as possible. Remember how nice it was to have some funds on hand, and start on the task of rebuilding those funds. You never know when the next crisis will come up.
Remember, **no cheating** – don't use the emergency cash for non-emergencies (like TVs, home improvements, or vacations). You should have separate savings account for those other goals.

| | Current Income | Income Changes | New Budget |
|---|---|---|---|
| Salaries and Wages | | | |
| Sale of products/business income | | | |
| Investment Earnings (Interests) | | | |
| Others | | | |
| Other Income | | | |
| Total Income | | | |
| | Current expenses | Spending Changes | New Budget |
| **PLANNED SAVINGS:** | | | |
| 1. Emergency Fund | | | |
| 2. Education Savings | | | |
| 3. | | | |
| **Total Planned Savings** | | | |
| **DEBT SERVICE:** | | | |
| Credit Union Loan | | | |
| House and Car Amortization | | | |
| Credit Card Payment | | | |
| **Total Debt Service:** | | | |
| **NECESSARY EXPENSES:** | | | |
| Daily Food consumption | | | |
| Education (School Fees, supplies, transportation, uniforms etc.) | | | |
| Utilities (gas, water, electricity) | | | |
| Groceries (sugar, coffee, soap, toothpaste etc.) | | | |
| | | | |
| | | | |
| | | | |
| **Total Necessary Expenses** | | | |
| **DISCRETIONARY EXPENSES** | | | |
| Grooming (Haircut, manicure, hair coloring) | | | |
| Clothing | | | |
| Mobile/Cell Phone bill | | | |
| Celebrations & Entertainment (birthdays, gifts, parties) | | | |
| Vices (cigarettes and alcohol drinks) | | | |
| | | | |
| | | | |
| | | | |
| **Total Discretionary Expenses** | | | |
| **Total Expenses** | | | |
| **Net Income (Deficit)** | | | |
| **EMERGENCY FUND:** | | | |
| Equivalent to _____ months of monthly expenses ( 3 to six months) | | | |
| Monthly Savings to the Fund | | | |
| Number of months to build the Emergency Fund | | | |

**Here's How to Create a Budget:**

1. **Gather every financial statement you can.** This includes bank statements, investment accounts, recent utility bills and any information regarding a source of income or expense. The key for this process is to create a monthly average so the more information you can dig up the better.

2. **Record all of your sources of income.** If you are self-employed or have any outside sources of income be sure to record these as well. If your income is in the form of a regular paycheck where taxes are automatically deducted then using the net income, or take home pay, amount is fine. Record this total income as a monthly amount.

3. **Create a list of monthly expenses.** Write down a list of all the expected expenses you plan on incurring over the course of a month. This includes a mortgage payment, car payments, auto insurance, groceries, utilities, entertainment, dry cleaning, auto insurance, retirement or college savings and essentially everything you spend money on.

4. **Break expenses into two categories: necessary and discretionary.** Necessary expenses are those that stay relatively the same each month and are required parts of your way of living. They included expenses such as your mortgage or rent, car payments, trash pickup, credit card payments and so on. These expenses for the most part are essential yet not likely to change in the budget.

   Discretionary expenses are the type that will change from month to month and include items such as groceries, gasoline, entertainment, eating out and gifts to name a few. This category will be important when making adjustments.

5. **Total your monthly income and monthly expenses.** If your end result shows more income than expenses you are off to a good start. This means you can prioritize this excess to areas of your budget such as retirement savings or paying more on credit cards to eliminate that debt faster. If you are showing a higher expense column than income it means some changes will have to be made.

6. **Make adjustments to expenses.** If you have accurately identified and listed all of your expenses, the ultimate goal would be to have your income and expense columns to be equal. This means all of your income is accounted for and budgeted for a specific expense.

   If you are in a situation where expenses are higher than income you should look at your discretionary expenses to find areas to cut. Since these expenses are typically essential it should be easy to shave a few dollars in a few areas to bring you closer to your income.

7. **Review your budget monthly.** It is important to review your budget on a regular basis to make sure you are staying on track. After the first month take a minute to sit down and compare the actual expenses versus what you had created in the budget. This will show you where you did well and where you may need to improve.

# 7

# FINANCIAL LIFE PLANNING

***(2 hours session – 120 minutes)***

## LEARNING OUTCOMES

| | |
|---|---|
| Do: | • Establish own Life Transition profile<br>• Evaluate personal Income for Life Maslow Hierarchy |
| Know: | • Gain understanding that return on life is the value proposition of credit union; it's not all about money |
| Feel: | • Realize that credit union services are not all about the financial products but help members be financially prepared for life's ups and downs. |

| | |
|---|---|
| **Time Allocation** | 2 hours (120 minutes) |
| **Materials** | • Flip Chart<br>• Marker Pens<br>• Sticky Notes |
| **Handouts** | Life Transition Profile |

**Lesson Guide**

1. **Introduction**

Introduce the topic by asking each group to write at least one answer on what they want to DO, KNOW and FEEL about the topic. Prepare big text of DO, KNOW and FEEL on the white board. Ask them to post the sticky notes. Synthesize based on the following learning outcomes:

**Do:**
- Establish own Life Transition profile
- Evaluate personal Income for Life Maslow Hierarchy

**Know:**
- Gain understanding that return on life is the value proposition of credit union; it's not all about money

**Feel:**
- Realize that credit union services are not all about the financial products but help members be financially prepared for life's ups and downs.

2. **Life Planning**

- Show the 6 minute Video of Mitch Anthony on the Financial Life Planning. Ask each group to take a note on the striking messages Anthony shared in his presentation.

- After the video, give participants 15 minutes to share with each other the messages noted down; then summarize the group output in meta cards; then stick them on the flip chart

- Synthesize the answers of the group. Interact with them while making comments on the answers.

- Participants would most likely have these answers:

  – Is life making money or money making a life?
  – Moving to Return on Investment (ROI) to Return on Life (ROL)
  – Center of ROL – is your life; money is used to have a better life; money is a utility that we skillfully navigate (not even the boat, not even the shore we wanted to reach) get to where we wanted to reached

- – Center of ROI is money; we do anything we can to get more money; unending chasing of money throughout your life
- – In Financial life planning: History, principles, transitions, and goals
- – 65 transitions in life from cradle to the grave; it's unique for everyone thus your financial plan should be tailor made based on your circumstances and transitions you are going through
- – Goals are only wishful thinking until you invest large amount of time looking at its details and plan

- Emphasize the importance of life planning saying that (you can use a PowerPoint or Meta Cards to emphasize your points):

"Financial advising has tied itself into life planning now more than ever before. People need money to reach their long-term life goals. Good advice about saving and investing can save people a giant headache when they are older and less capable of generating an income.

Wealth? What's it all about? For many of us, true wealth is the peace of mind experienced when all aspects of our lives… spiritual, emotional, physical, and financial… are aligned with our values, our inner core.

- – Emotional and physical health.
- – Spiritual and financial security.
- – A sense of fulfillment, meaning, and purpose.
- – Time and peace of mind to truly enjoy life.
- – Relationships with the people we truly care about.
- – A career that we enjoy."

3. **What transition in life is happening with you right now?**

- Explain that …

"Major Life Transitions occur throughout our lifetime from birth to death. They can be as simple as learning to walk or changing grades in school, to more difficult events such as loss of job, loss of a loved one and news of a terminal illness.

Often people are left to face these life transitions on their own with little to no social support structure to help through the rough patches. Many times, even people with large support groups like family and church are left with questions that remained unanswered or face something that they have a hard time sharing with someone who knows them for fear of being judged.

The credit union role is to help members build on the skills that you already have and teach you new ways of coping with life's ups and downs so that they can be ready for whatever life throws their way."

- Refer back to the flip chart on life stages, emphasize that those stages of life are the major ones. As explained by Mitch Anthony, there are about 65 life transitions for every individual.

- Distribute the "Life Transition Profile." The profile has four categories: 1) Personal/Self 2) Work/Career 3) Finance/Investment 4) Community/Charitable

- Life transition or every person's circumstances is unique, so, explain that each participant will now work individually to establish his/her own Life Transition Profile.

- Spend at least five minutes to review the form. Solicit questions or clarifications.

- Allocate 15 minutes for the exercise.

4. **Conclusion:**

- Inform that the life transition profile will be the basis of preparing the financial plan in the next session.

# Life Transition Profile

We enter into life transitions as a result of planned or unplanned events or changes that continue to happen in our lives. All life transitions have an effect on our finances in some way. By exploiting each life transition that we experienced, we are better equipped to navigate successfully through them.

| | **High** | **Medium** | **Low** | **Not Applicable** |
|---|---|---|---|---|
| **Personal/Self** | | | | |
| 1. Getting married | | | | |
| 2. Going through separation | | | | |
| 3. Recent loss of spouse (widowhood) | | | | |
| 4. Expecting a child | | | | |
| 5. Adopting a child | | | | |
| 6. Need to hire child care | | | | |
| 7. Child entering adolescence | | | | |
| 8. Child with special needs (disability/others) | | | | |
| 9. Child preparing for education (primary, secondary, college) | | | | |
| 10. Child getting married | | | | |
| 11. Family special event | | | | |
| 12. Providing assistance to a family member | | | | |
| 13. Concerned about aging parent/s | | | | |
| 14. Concerned about health of spouse and child | | | | |
| 15. Concerned about personal health | | | | |
| 16. Family member in need of professional care | | | | |
| 17. Family member with disability or serious illness | | | | |
| 18. Family member expected to die soon | | | | |
| 19. Recent death of a family member | | | | |
| 20. Entering single parenthood | | | | |
| 21. Other | | | | |
| 22. Other | | | | |
| **Work/Career** | | | | |
| 23. Contemplating career change | | | | |
| 24. New job | | | | |
| 25. Job loss | | | | |
| 26. Job restructuring | | | | |
| 27. New job training/education program | | | | |
| 28. Starting new business | | | | |
| 29. Selling or closing business | | | | |
| 30. Transferring business to a family member | | | | |
| 31. Downshift/simplify work life | | | | |
| 32. Taking sabbatical leave of absence | | | | |
| 33. Phasing retirement from current job | | | | |
| 34. Full retirement from current job | | | | |

| | High | Medium | Low | Not Applicable |
|---|---|---|---|---|
| 35. Buying an existing business | | | | |
| 36. Expanding an existing business | | | | |
| 37. Other | | | | |
| 38. Other | | | | |
| **Financial/Investment** | | | | |
| 39. Selling a house | | | | |
| 40. Purchase a house | | | | |
| 41. Relocating | | | | |
| 42. Significant investment gain | | | | |
| 43. Significant investment loss | | | | |
| 44. Concerned about debt | | | | |
| 45. Considering an investment opportunity | | | | |
| 46. Receiving an inheritance | | | | |
| 47. Selling assets | | | | |
| 48. Concerned about financial sustainability (not being able to meet financial needs and fulfill financial life goals) | | | | |
| 49. Other | | | | |
| 50. Other | | | | |
| **Community/Charitable** | | | | |
| 51. Give to other charitable organizations | | | | |
| 52. Monthly support to parents | | | | |
| 53. Gifting to children/grandchildren | | | | |
| 54. Develop or review and estate plan | | | | |
| 55. Develop an end life plan | | | | |
| 56. Creating or funding a foundation | | | | |
| 57. Give to community causes and events | | | | |
| 58. Give to church or religious organizations | | | | |
| 59. Other | | | | |
| 60. Other | | | | |

# 8

# Family Budgeting:

*Developing a Financial Road Map for Members*

***(3 hours session –180 minutes)***

## LEARNING OUTCOMES

| | |
|---|---|
| Do: | • Financial Goal Worksheet<br>• Money Management Calendar |
| Know: | • know the desired destination and exactly how you plan to get there<br>• A clear vision of the financial goals and how to achieve them<br>• Avoid treading side roads that slow the progression to financial freedom |
| Feel: | • Create a challenge to achieve financial goals<br>• Realize that prioritizing needs and controlling unnecessary expenses can lead to increase savings<br>• Recognize the need for a plan to achieve the financial goal |

| | |
|---|---|
| **Topic** | **Family Budgeting:** Developing a Financial Road Map for Members |
| **Time Allocation** | 3 hours (180 minutes) |
| **Materials** | • Flip Chart<br>• Marker Pens |
| **Handout** | • Financial Goal Worksheet<br>• Money Management Calendar |
| **Session Guide** | 1. Introduction |

**Do**:
- Financial Goal Worksheet
- Money Management Calendar

**Know:**
- know the desired destination and exactly how you plan to get there
- A clear vision of the financial goals and how to achieve them
- Avoid treading side roads that slow the progression to financial freedom

**Feel:**
- Create a challenge to achieve financial goals
- Realize that prioritizing needs and controlling unnecessary expenses can lead to increase savings
- Recognize the need for a plan to achieve the financial goal

2. Inform that the session will help participants prepare their financial goal worksheet (financial plan) and Money Management Calendar. The importance are:

    - **Financial Road Map** is a remarkable and remarkably affordable tool that does the same for members financial journey, helping them move toward their goals armed with knowledge, clear direction, and confidence.

    - **Money Management Calendar** is a habit, an everyday task, especially if members need to stick to a plan to make ends meet. By tracking expenses, members will have the tools to plug the leaks in their spending. The money management calendar starts with and savings tips (previous session) can help members get through the year with more control over their finances.

3. Explain the how to fill the Financial Goals Worksheet. The following are the guides:

    - Column 1 – Goal: refers to the savings goals such as Emergency Fund, House repair or acquisition, College Education, Home Furniture/ Equipment, etc. The financial goals will be based on the Financial Life Transition Profile prepared by participants.

- Column 2 – Short-term financial goal is one year, mid-term is 3 years and long-term is 5 years above.

- Column 3 - Total Needed: How much is required?

- Column 4 – Current Savings: How much savings (not including share capital) is currently on hand either in credit union or bank?

- Column 5 – Additional Savings Needed: Deduct column 4 from Column 3

- Column 6 – Pay Periods until Target Date: What payment period is affordable for member such as daily, weekly or monthly?

- Column 7 – Savings Needed per Pay Period: Column 5 divide by the number of days/weeks/months based on the Target date (1 year, 2 years etc.)

Solicit for any clarification or question from the participants. Then, ask them to fill up the Financial Goal Worksheet for 15 minutes.

Suggest the following:

- Short-term financial goal: The first financial goal of every member of the credit union is to build emergency fund. The goal is to save at least equivalent to three (3) to six (6) months daily subsistence of the family.

  Explain that in today's environment, it will take at least 6 months to establish a new source of income or gainful employment. Thus, if a member lost job or self-employment opportunities, the member will have no problem in his/her day to day subsistence before being able to find another source of income.

  The member can also use the fund for emergency cased instead of depending on credit union loan or loan from relatives and friends. Members are able to manage life crisis by putting up an emergency fund.

- Mid-Term and Short-Term Financial Goal: college education for children or self, repair of house, land purchase, vehicle purchase and house appliances or furniture

At the end of the exercise, participants should have written short-term and long-term financial goals and have plans to achieve them.

4. Explain the how to fill the Money Management Calendar. The following are the guides:

   **Column 1**

   - Income: received from different sources by the member (including his/her spouse)
   - Savings and "Get out of Debt" Goals: deducted from the Income before incurring any expenses. The savings column will be filled out based on the Financial Goals Worksheet in Column 7 – Savings Required per Pay Period. This column gives emphasis that a member has to save and pay the loan first before spending.
   - Spendable Income: the income after deducting the savings and debt service goal
   - Necessary Expenses: represents expenditures for the needs. These expenditures are necessary for daily survival of the family
   - Income after Necessary Expenses: This is the amount available for members to spend for Discretionary expenses or wants. If this can be avoided, then this amount can be allocated for savings.
   - Discretionary expenses: expenditure for 'wants' or non-necessary expenses. Expenditures not necessary for day-to-day survival.
   - Net Income (Deficit): the difference of total income against total expenses.

   **Column 2:** the total budget for the month

   **Column 3 – 33:** represents the day of the month. The member has to spend at least 15 minutes at the end of each day to fill the expenses on a daily basis. This will help the member manage their money.

   **Column 34:** At the end of the month, the total income and expenses is filled in this column.

   **Column 35:** the variance from the budget as against the actual. Member has to fill the reason for significant variances.

   For 30 minutes, ask the participants to prepare the monthly family budget by filling up column 2.

5. **Conclusion**

   The Financial Goal Worksheet and the Money Management Calendar should be prepared by the member and his/her spouse. Emphasize that the financial roadmap is the family's commitment to their financial future. The trainer themselves should be practicing the financial plan.

# Financial Goals Worksheet

| Goal | Target Date (Short-Term is one year and long-term is 3 years) | Total Needed | Current Savings | Additional Savings Needed | Pay Periods Until Target Date (Daily, Weekly, monthly) | Savings Needed per Pay period | Total Planned Savings per month |
|---|---|---|---|---|---|---|---|
| Build Emergency Fund (equivalent to 3 to 6 months family expenses) | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| **Total Monthly Savings** | | | | | | | |

**Monthly Money Management Calendar for ________________**

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Description | Mo. Budget | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | Actual | Variance |
| **Income** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Salaries and Wages** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Sales of Products/Business** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Investment Earnings (Interests)** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Others** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Total Income** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Less: Savings & Get Out of Debt Goal** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Loan Repayment (Principal & Interest)** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Personal Access Savings (Emergency Fund)** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Education Savings** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Other Savings (Specify)** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Total Savings & Get Out of Debt Goal** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Spendable Income:** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Necessary Expense (Needs):** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Daily Food Consumptio n** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Education (school fees, supplies, transport, uniforms etc.)** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Utilities: Gas, Water, electricity** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Groceries (Sugar, Coffee, Soap etc.)** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Medical Care** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Total Necessary Expenses** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Income after Necessary Expenses** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Discretionary Expenses (Wants)** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Grooming (hair cut, manicure, hair coloring)** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Clothing** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Mobile Phone** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Celebrations,Entertainment (birthdays gifts, parties)** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Vices (cigarettes and alcohol drinks)** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Total Discretionary Expenses** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Total Expenses** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Net Income (Deficit)** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

# ACTION PLAN

Goal:

| Action Steps | Responsible | Time Frame 2011 | | | | Indicators |
|---|---|---|---|---|---|---|
| | | Q1 | Q2 | Q3 | Q4 | |
| | | | | | | |
| | | | | | | |

Prepared by:

Name and Designation

Name and Designation

Name and Designation

**Trainers Training Financial Literacy for Credit Union Members**

**EVALUATION SHEET**

***Please tick (/) in the appropriate box.***

1. How worthwhile was the training for you

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | Very Worthwhile | | Fairly Worthwhile | | Not very worthwhile | | A waste of time |

2. How the program was conducted?

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | Very well | | Fairly Well | | Poorly | | Very poorly |

3. Did the program have additional value in your particular job?

**Yes ____ Partly _____ No ______**

4. What are the strong points?

______________________________________________________________________

______________________________________________________________________

______________________________________________________________________

5. What are the weak points?

______________________________________________________________________

______________________________________________________________________

______________________________________________________________________

6. Training Methodology

**Lecture and discussions**

| | | | | | |
|---|---|---|---|---|---|
| | Too much lecture | | Too much discussion | | About the right amount of each |

**Visual aids**

| | | | | | |
|---|---|---|---|---|---|
| | Not enough | | Too much | | Okay |

**Group Dynamics**

| | | | | | |
|---|---|---|---|---|---|
| | Very Useful | | Just to enjoy | | As a habit |

**Group Activities:**

| | | | | | |
|---|---|---|---|---|---|
| | Too much group activities | | Not enough group activities | | About the right amount of group activities |

**Handouts and reading materials**

| | | | | | |
|---|---|---|---|---|---|
| | Too much handout | | Not enough handout | | About the right amount of handout |

7. Trainee's participation

| | | | | | |
|---|---|---|---|---|---|
| | Too much participation by trainees | | Too less participation by trainees | | Okay |

8. Time Schedule

| | | | | | |
|---|---|---|---|---|---|
| | Too short | | Too Long | | Okay |

9. How well did the trainers maintain friendly and helpful manner?

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Excellent | | Very Good | | Good | | Fair | | Poor |

10. How well did the trainers keep the session active and interesting?

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Excellent | | Very Good | | Good | | Fair | | Poor |

11. How were the training facilities, board and lodging arrangements etc.?

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Excellent | | Very Good | | Good | | Fair | | Poor |

12. What were the major benefits you received? (tick as many as you wish)

- ❒ Help confirmed some of my ideas
- ❒ Presented new ideas and approaches
- ❒ Gave me a good change to look objectively at myself and my job
- ❒ Acquainted me with problems and solutions from other cooperatives/credit unions
- ❒ Other benefits

13. Other comments and suggestions

______________________________________________________________________

______________________________________________________________________

______________________________________________________________________

______________________________________________________________________

# Sample Training Design Format

**Subject :**

**Training Goal/s:** **Goal** is the overall result or the capabilities you hope to attain to by implementing your training plan

**Learning Objectives:** **Learning objectives** is what would you be able to do as a result of the learning activities e.g. exhibit required skills in problem solving and decision making

List of 'action words' suitable for learning objectives:

| | | |
|---|---|---|
| Agree | Elicit | Recognize |
| Analyze | Establish | Risk asses |
| Apply | Evaluate | Share |
| Carry out | Exercise | Transform |
| Change | Explore | Transmit |
| Commit | Generate | Turn |
| Create | Identify | Use |
| Demonstrate | Introduce | |
| Describe | List | |
| Design | Pace | |
| Detail | Practice | |
| Develop | Present | |
| Discuss | Produce | |

**Time Allocation:**

**Materials Required:** Example: white board, board markers, meta cards, colored papers, scissors etc.

**Learning Methods and Activities:** **Learning methods** –what will you do in order to achieve the learning objectives? e.g. complete course in basic supervision, address major problems that involve decision making, delegate to a certain employee for one month

- What are the skills and knowledge you are planning to impart?
- What they will be able to do, know, avoid or stop as a result of using said skill/knowledge in the real world?

**Documentation of evidence of learning:**

- **Documentation or evidence of learning** –evidence produced during your learning activities – these are results that someone can see, hear and feel and smell e.g. course grade and written evaluation of the participant problem solving and decision making
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**Post Activity Review:**

- **Evaluation** –assessment and judgment of the written evidence in order to conclude whether the learning objectives were achieved