

WORKSHOP SEVEN: DEBT & TOOLS TO GET OUT OF IT

Advanced Preparations for Workshop 7:

Set-up: Prepare room for class with adequate chair/table arrangement and sign-in sheets. Set up projector and PowerPoint slides. If facilitating an online session, set up the slides and Zoom meeting room.

Materials Needed For This Class:

1. Attendance sheet
2. Whiteboard (or virtual whiteboard)
3. Facilitator Guide
4. Student Guide (Workshop 7)
5. Laptop & projector
6. PowerPoint slides (Workshop 7)
7. Paper and pens or pencils
8. Calculators
9. Workshop 7 Worksheets (Calculating debt, debt PDP)
10. "Debt and Mental Health" Handout
11. "How to Cope with Debt" Handout
12. "Debt Collection FAQs" Handout
13. "How to Create a Debt Elimination Plan" Handout

Learning Objectives:

Upon conclusion of Workshop 7, participants will:

1. Have a better understanding of how personal debt affects them
2. Have calculated how much debt they owe and what the interest rates and actual costs are of their various debts
3. Have learned options and payment methods for their debt and their pros and cons
4. Have created a workable plan for reducing their debt

Welcome Back & Group Sharing

Facilitator:

Suggested time: 10 minutes

Materials: Attendance sheet; PowerPoint slides; Community Agreements

Teaching:

Welcome back the participants. Take attendance. Go over the class agenda and give the participants a heads-up that this class will focus on debt, beginning with identifying and calculating personal debt. Acknowledge that this is a difficult and sometimes painful topic, but getting debt under control is important work. Ask the class as a whole to be respectful and kind to one another and to themselves during these activities. It is important to center this class around hope. Having debt is nothing to be ashamed of and getting out of debt *is* possible. A huge first step was enrolling in this course and coming back each week!

Discussion:

Begin sharing with one facilitator going first. Sharing should include how their week has gone relating to money and finances and how the money saving ideas are going. If there have been any savings as a result, this should be shared, with an estimated dollar amount. Ask the participants to share how their budgets are going. Give each participant, and the facilitators, 2-3 minutes to share.

Note: You will focus on the debt calculation homework assignment later in the class.

Thoughts on Debt

Facilitator:

Suggested time: 10 minutes

Materials: PowerPoint slides; Student Guide p. 118; whiteboard; pens/pencils; Workshop 7 Handouts 1-2

Activity/Discussion:

Ask the participants to begin by spending a few minutes journaling in their Student Guides or Workshop 7 Worksheets their responses to the question: *When you think about debt, what kinds of feelings does this evoke for you?* (3-5 minute free write). Write on the whiteboard any thoughts and feelings that come up that participants feel comfortable sharing. Facilitators should share as well.

Next, ask them to journal in their Student Guides or notebooks how they would *like* to feel about debt. Ask participants to share what they feel comfortable sharing. Facilitators should share too.

Zoom Tip: Use Google's Jam Board feature. Participants can write their responses to these questions anonymously on virtual post-it notes on the Jam Board. Facilitators can read off the responses when everyone is finished. Jam Board is a great way to make virtual discussions more collaborative, and anonymity can help participants who may usually not be comfortable sharing out loud be more involved in the discussion.

Pass out the "Debt and Mental Health" and "How to Cope with Debt" handouts. Allow time for participants to read through the handouts. Facilitate a quick discussion on the ways debt can affect a person's mental health and well-being, asking the participants to brainstorm ways that debt can impact a person's stress levels, relationships, self-worth etc. Emphasize again that the focus of this class is on hope and a debt-free future.

Calculating Debts & Debt to Income Ratios

Facilitator:

Suggested Time: 10-15 minutes

Materials: PowerPoint slides, Student Guide p. 119-121; whiteboard; calculator

Discussion:

Participants should have completed their lists of current debts as homework. Take a few minutes to check in with them about how this went and if they have any questions. If they weren't able to complete their lists before class, ask them to do so as homework for the next class. This list will be useful when you get to the section on payment options and techniques.

Follow the steps in the Student Guide to calculate participants' Debt-to-Income Ratios, using the list of debts they compiled. A person's Debt to Income Ratio measures their ability to make current debt payments by dividing their debt payments by their take-home pay.

Monthly debt:	\$600
Monthly income:	\$2,000
Debt to income ratio:	30%

Facilitators should do the activity with participants and be available to answer questions. Participants can complete the activity in the space provided in their Student Guides, Workshop 7 Worksheets, or in notebooks/scratch paper. Once everyone is finished, invite a group discussion and open the space up for questions.

Options for Paying Off Debt

Facilitator:

Suggested time: 20-30 minutes

Materials: PowerPoint slides; Student Guide p. 122-128; whiteboard; debt-calculation websites; Workshop 7 Handouts 3-4

Teaching/Discussion:

For the section on Organizing Debt Payment Methods in the Student Guide, write the following list on the whiteboard, leaving enough space to add notes: 1) long-term strategy, 2) interest rate strategy, and 3) month-to-month strategy. Go over each of these strategies for organizing and paying off debt, discussing pros and cons of each.

After this discussion, add the Snowball Technique and Avalanche Technique to the list on the whiteboard and explain how these techniques work. Explain the advantages and disadvantages of both techniques.

Emphasize how both methods are fantastic ways to pay off debts relatively easily and quickly. Different methods will work better for different people, depending on their financial situation and personality. The best method is the one a person thinks they can realistically stick with.

After this, go over the tips for short-term debt payoff, which are:

1. Make paying off debts part of your budget
2. Pay off the highest interest debt first
3. Do not accumulate more debt
4. For past due bills or debt payments, call the creditors and settle on a payment plan.

They will work with you and are accustomed to people asking for leniency

Invite questions and comments and consider using example scenarios to illustrate the impact these different strategies could have on reducing debt.

Highlight the online resources in the Student Guide for calculating how long it will take to pay off a debt, and pull up one or two debt-calculation websites on the projected or shared screen. Pass out the “Debt Collection FAQs” and “How to Create a Debt Elimination Plan” handouts. Consider using video content to explain the Snowball and Avalanche techniques.

Teaching:

Write down the following list of additional options for paying off debt on the whiteboard: debt consolidation, getting a second loan, credit counseling, debt settlement, and bankruptcy. Go over each of these additional options for getting out of debt in detail. Explain pros and cons of each, saving bankruptcy for the end. Encourage participants to offer their own pros and cons and any comments, questions, or personal experiences they feel comfortable sharing.

Next, go over what bankruptcy is and its pros and cons, emphasizing that bankruptcy is a last resort option and can affect a person's finances for years to come. Emphasize that a person should try all other options before filing for bankruptcy.

Note: There is an option for facilitators to do research on bankruptcy laws in your state before the start of class. If you do so, share that information here. If this is something you do not have the time to do or do not think the participants will benefit from, you can stick to discussing the information on bankruptcy in the Student Guide and the definitions in the Glossary for Bankruptcy Chapters 7, 11, and 13.

Creating a PDP for Getting Out of Debt

Facilitator:

Suggested Time: 20 minutes

Materials: PowerPoint slides; Student Guide p. 128-129 ; whiteboard; Workshop 7 worksheets

Activity:

Ask the participants to pull up their Financial Person Directed Plans from Workshop 2 to use as a reference for this exercise. Ask the participants to complete the Debt PDP Worksheet individually or in pairs. You can form small groups/pairs in the classroom or in Breakout Rooms. Have each group work on the Debt PDP Worksheet/Action Plan in the Student Guide, helping their partners. Allow 10 minutes per person. Ask the participants to save their Debt PDPs and use them as a workable action plan to get out of debt.

Discussion:

When everyone is done with their Debt PDP worksheets, come back together as a class to share any feelings or thoughts that came up while doing that activity. Center these conversations around hope and the progress participants have already made.

Wrap-Up :

Facilitator:

Suggested time: 10 minutes

Materials: PowerPoint slides, Student Guide p. 22

Teaching:

Go over the Homework Assignments for this week.

1. Ask the participants to choose one more money saving idea and commit to it for the next week. Facilitators will commit to an additional idea as well.
2. Encourage participants to revisit their budgets and revise them if needed. Ask them to commit to their budget for another week.

Discussion:

Ask if anyone has any questions. Thank everyone for their participation and let them know that the facilitators are available via phone and email between classes if anyone has any questions or issues.

After Class:

1. Facilitators fill out class reflection forms at the end of each class.
2. Facilitators should plan to meet in advance of the next class to plan, practice, and compare notes from the previous class.

FACILITATOR REFLECTION:

This form should be filled out by both facilitators immediately upon conclusion of the class while impressions and details are still fresh.

Thoughts about the class:

Lessons learned: