

# Curriculum: FINANCIAL PLANNING

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### GOALS:

*(Ten minutes)*

**Directions:** Read and discuss the following goals. Pay attention to how the participants respond to each of the statements.

By the end of the Financial Planning Session, the participants will

- Become familiar with how to plan a monthly budget
- Be introduced to the concept of recirculating dollars in the local community
- Discuss spending/buying habits versus saving/investing habits
- Have introductory knowledge of the stock market and how to read the daily report
- Have introductory knowledge of homeownership and investing in real estate
- Differentiate between being wealthy and being rich

### EDUCATIONAL COMPONENT:

*(Ten minutes)*

**Lecture:** There are myriad differences on the aspect of financial planning. Some believe financial planning is a mere day-to-day hand-to-mouth existence. Those individuals have a myopic view of the future and chances are, will not be able to leave anything—other than a name—to their posterities. Some believe financial planning is the simple act of leaving a will behind. Well, a will is on the right track, but there are many other aspects. Others believe soft investments, i.e. stocks, bonds and mutual funds are sound financial planning activities. There are those who tend to believe hard investments, i.e. real estate and land acquisitions are “sure-fire” ways to financial planning. Financial Planning, however, is a combination of all of the above, and even more. More than anything, Financial Planning deals with the perception of wealth and riches. For example, if you perceive yourself as wealthy (spiritually, mentally and physically), it has been said that material wealth will follow. Now, if you perceive yourself as rich only in material possessions, then those things come and go like those who go from rags to riches and back to rags. A classic example is when people proffer that you can take homeowners from Buckhead and supplant them in Bankhead housing projects. Within six months, it is believed, Bankhead will look like Buckhead. Of course the inverse holds true: taking renters from Bankhead and placing them in Buckhead, etc. Emphasize during the introduction of this activity that wealth implies not only personal gain, but also the gain of others as a group. This curriculum is designed to take the individual from dealing with personal financial planning to how the community can benefit.

## ACTIVITY/DEMONSTRATION/SKILL BUILDING ACTIVITY:

*(Fifteen minutes)*

**Individual & Group Activity:** Allot five minutes for this portion of the exercise. Have each of the participants to fill out the Money Management Quiz for Community Residents. Take another ten minutes and discuss their scores with the Grading Sheet. See if each one of the participants believes that they need better financial planning.

## EDUCATIONAL COMPONENT:

*(Twenty minutes)*

**Lecture:** Ask the group the question: Would they prefer to have a half million dollars today (\$500,000)? Or have a penny to double every day and collect the amount in 30 days? Most would prefer the up-front money. However, a penny that doubles every day for thirty consecutive days totals \$5,368,709.12. Whew, that's a lot of moolah for being patient. Pass out the handout dealing with the penny concept.

From the above example, explain the difference to the group between immediate and delayed gratification. Broaden the discussion to every day decisions which are both immediate and delayed, i.e. eating out vs. cooking in, the lottery, designer name clothing, cars driven, etc.

Begin a discussion on savings and investing. Pass out the handout on Out of 100 People. Explain that out of 100 people who are all age 25, that at age 65...(use the handout). Let the participants see the connection between delayed gratification and wealth. Also let them understand that in the cases of satisfying immediate wants/needs, that it is best to use stores and services in the local community. This is commonly referred to as cooperative economics.

Segue into a discussion on soft and hard investment strategies. Pass out Real Estate and Stock Market handouts. Explain that most wealthy people have their hands in both types of investments. Sometimes the stock market can be volatile, sometimes real estate. Do not go into a lengthy discussion on the two arenas; just advise the participants to see a financial planner to ascertain further knowledge on investing. If someone has a working knowledge of real estate, discuss credit issues and downpayment assistance programs.

## ACTIVITY/DEMONSTRATION/SKILL BUILDING ACTIVITY:

*(Fifteen minutes)*

**Group Activity:** Divide participants into five groups. Pass out one How to Read Stock Market Quotations handout to each group. Have the groups flip to Page 2 and divide the ten sections amongst the five groups (two sections per group). Grant each group seven minutes to fully understand their sections. Reconvene the participants and allow them to discuss and share their understanding of the sections with other participants. See how quickly they will be to read the stock market section of the daily newspaper!

## **BEHAVIORAL CHANGE/CHALLENGE/ACTION:**

*(Twenty minutes)*

**Behavioral Challenge/Action:** Pass out the Community Resident Budget Planner to each of the participants. Allow eight minutes to ponder and fill in the applicable blanks. They could either fill it out for themselves or for their household. Have a discussion around where their money is going on a monthly basis. Ask questions such as:

- Do you have month at the end of your money or money at the end of your month?
- Do you live from paycheck to paycheck?
- Is there any way you can redistribute your monthly income?
- Is there anyway you can redistribute your monthly expenses?
- Do you need to consider increasing your skills/education for a better job?
- Do you need to find a part-time job to meet your monthly expenses?
- Can you incorporate more long-term investing in your monthly expenses?
- What can you do differently to establish the quality of life you'd like to have for your family?
- What can you do differently to establish wealth/riches?
- What will you commit to do differently to achieve your financial planning goals?

As a result of the Financial Planning session, the participants have:

1. Looked closely at their monthly income/expenses and spending habits
2. Identified where changes should be made, if necessary
3. Examined possible wealth-building strategies
4. Committed to stimulating the local economy with local purchases when possible