Financial Health for Case Managers Guide
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INTRODUCTION

So What is a Financial Health Case Manager and How Do I Act Like One?

How do we go about helping people learn how to align their spending, saving and health-related behavior with their personal values? If you have participated in a Bootstraps or Pathways class, you will have seen the group process, how we gently encourage participants to examine their own behaviors, determine what they want to change and learn how to set goals. But after the class ends, how do we help people make, and continue, those changes? How do we help them integrate the change process into all areas of their lives, including employment stability? And if someone has not taken the class, how do we lead them through a similar process?

Most people come to a Financial Health class to learn:
- How to save money
- How to stick to a budget
- How to fix their credit
- How to reduce stress

These goals are just as relevant for people working through an individual process. People learn and change on their own timetable. They will progress through the exercises in this Guidebook at different rates and will make their own decisions about whether or not they are going to make changes; we are simply facilitating a conversation. Because this can be a very deep and rewarding conversation, you will probably find that working your way through the concepts in this Guidebook will take a good bit longer than the two or four weeks a class covers. That’s ok—this is important stuff for everyone to learn.

The concepts we cover in the FHCM program are quite simple, but are not easy. All four items listed below fall under the category of “behavior” and will not change unless behavior changes:
- To save money, a person must spend less than they earn.
- To stick to a budget, a person must know their income and control their spending.
- To fix their credit, a person must meet their obligations (e.g.: pay bills on time).
- To reduce stress, a person can make proactive changes or manage stress after it occurs.

The Philosophy of FHCM is that personal finance does not happen in a vacuum, but is interconnected throughout almost every part of a person’s life and the improvement in a person’s financial position will come from the creation and maintenance of ASSETS and not merely an increase in income. The corollary to this statement is that assets come in a remarkable variety of flavors, from hard and measurable (like money in the bank), through observable but hard to measure (like a degree or state of health) to the intangible and vague, but no less important assets (like community, personal
strengths, family). The primary goal of FHCM is to become more aware of and cultivate the full range of our assets.

This Guidebook is divided into four parts, matching the FHCM curriculum. It generally follows the pattern of the Bootstraps class, but is divided into shorter modules that can be presented in conjunction with the other activities of case management. There are additional modules, as well. You will notice as you read the Guidebook that excerpts from the curriculum are included. These are slightly offset to the right in order to distinguish them from the descriptive material of this Guidebook.

In the first part, you work with participants to create one year goals and identify primary barriers to achieving those goals. Then you encourage them, through a series of exercises and discussions, to take an in-depth look at the values and beliefs they feel best define who they are and who others believe them to be. We also encourage them to look at how their spending, saving and health-related behaviors either align or misalign with this self-concept. The purpose of the exercises and discussions conducted during Part One is to illuminate the correlation between habits related to spending, saving, health and personal values.

During Part Two, you explore the concepts of Internal Inconsistency, media, and the influence of community on decision-making. The purpose of the exercises conducted during Part Two is to help people understand how the influence of media, community, and personal impulse may contribute to a pattern of unconscious spending leading to debt. Then we encourage them to take control of, implement changes to, and realign their financial and health-related behaviors with their self-concept, values and personal goals.

The third part of the FHCM Guide focuses on the Income, Time and Energy components of the Asset Building Continuum, exploring the time value of income and expenses and whether time spent is in alignment with personal values. You will lead your participants through a series of discussions and exercises where they spend their time and why. The purpose of the exercises and discussions conducted during this section is to help people understand different factors that influence their use of time and to examine if their use of time is in alignment with their personal values and goals. Next, you encourage participants, through a series of discussions and exercises, to explore the relationships among finances, stress, and health. The purpose of the exercises conducted during this section is to help people understand that our perception of stress is developed through our self-concept and personal values and it has an influence on our physical and emotional well-being.

During Part Four, the concept of saving is examined and participants pledge to save something, even if it is just a tiny amount. They learn to prepare a weekly or monthly budget using the Budget provided. Next, the role of habits is discussed as well as the process of how to make intentional changes. You can review the tools for change already provided, including the receipt exercise, the spending journal and the budget; the EPIC Exercise is introduced. The purpose of the discussions around habits, willpower and change is to set the stage for building lasting change and to motivate participants to use the tools provided in order to increase their assets and achieve their personal goals in the future.

Generally, you will utilize the FHCM curriculum modules as your primary tools. All of the exercises are included in the modules, with brief information that can trigger more in-depth conversations. Because everyone learns best in their own unique ways, it helps to have the material
available in multiple formats. Participants who are motivated to learn and experience the concepts more thoroughly may find that the Bootstraps Workbook (available at the Financial Health Institute website) is a useful tool. Participants who are struggling can find extra assistance there, as well.

You can also choose to facilitate some of the modules in small group settings and other modules with individuals or with couples. The choice is yours and may best be determined by the needs of the participants and your familiarity with the concepts.

Facilitating the FHCM program as a part of your case management is a thought-provoking journey that can have many stops and starts, and lots of interesting side paths, but should gradually work its way through the basic structure outlined in this Guidebook. There may be circumstances, however, when you choose to present one or a few of the modules instead of the whole curriculum. You may only have one opportunity to meet with a participant, for example, or you need to focus intensively on a specific subject that is a pressing interest for the participant. Presenting one or a few modules can be a helpful process, even though it does not provide the deeper, more thorough understanding and practice of the full program.

Throughout this process, we would like you to keep in mind a few points:

A lot of people have put a lot of thought into determining the ideal characteristics of a case manager but, in reality, there are a variety of different styles that are more or less effective for a variety of purposes and types of clients.

The best way to achieve the goals of FHCM is for the case manager to be in the role of a coach or facilitator: encouraging the participants to discover new information and understanding about the topics presented in each part. No one is the “expert” on this material, but the case manager has some insights and understanding about it that helps guide participants to a similar understanding. Because we want to emphasize this role, we will be referring to your clients as “participants” throughout this guidebook. You may be working with them one-on-one or in small groups, but the process is basically the same: participants are the experts on their own lives. We are not experts on their lives, but we do have a few cool tools and concepts they might want to learn about and incorporate into their lives.

In order to best play the role of FHCM Case Manager, one of the most important skills is self-reflection. Case managers should frequently ask themselves how they are changing in relation to the course material. Since no one really masters the concepts of personal finances, much less the daily practice of aligning our behaviors with our personal values (certainly not in practice), we are all learners on the path. What are you learning? How does that relate to the material you are presenting in the course?

Self-reflection is also the key to dancing with your own Internal Inconsistency (sometimes called cognitive dissonance). What feels uncomfortable? What topics are you feeling a little more hesitant about presenting this time? Where is the denial hiding now? Find it and you find the treasure. Don’t slide along with what feels safe and “right.”

It also helps to remember these best practices:

- Asking questions is a major skill.
- Listening without judgment is the companion skill to asking questions.
- Being aware of our own value systems and not imposing them on participants.
- Encouraging people to take small steps and acknowledging them when they take those steps fosters success.
- Sharing a few personal stories that illustrate the topic and show you aren’t perfect fosters trust.

Try to keep these concepts in mind while you work with your clients on the FHCM program. Remember that no one is perfect, so don’t expect that you will figure it all out the first time you present it. We are all learners on this journey and it’s the process that counts, not just the end goal. Remember to celebrate the little wins along the way and have fun with it.

**The Six Types of Socratic Questions**

It also helps to practice a few techniques: using questions to encourage learning is a practice first developed in ancient Greece by Socrates, so it is often called the Socratic Method (also Dialectical Method because the structure is a dialogue). There are six types of questions that Socrates used to question the accuracy of statements and to help his followers think their way through the logic of their opinions. All are useful types of questions to help participants work their way through new or difficult material in the FHCM program.

1. **Clarification of concepts**: have participants dig deeper on what they are asking or explaining.
   - Why do you say/ask that?
   - How does this relate to the discussion or concept?
   - Can you give me an example?
   - Are you saying this… or that…?

2. **Probing of assumptions**: have participants think about their assumptions and unquestioned beliefs that they are using for their argument.
   - Please explain why or how?
   - How can you verify or disprove that assumption?
   - What else could we assume?
   - What would happen if…?

3. **Probing of rationale, reasons and evidence**: investigate the participants’ reasoning and rationale for their arguments rather than assuming it is a given.
   - What would be an example of…?
   - What do you think causes…? Why?

4. **Question viewpoints and perspectives**: most arguments come from a particular viewpoint. Try to show how there may be other equally valid viewpoints and perspectives.
   - What is another way to look at it?
   - What is the difference between… and…?
   - What would… say about it?
5. **Probing implications and consequences**: participants’ arguments may have logical implications and consequences that can be further discussed.
   - Then what would happen or does happen?
   - How does... affect...?
   - Why is... important?

6. **Questions about the question**: sometimes it is helpful to turn the question in on itself and be reflexive.
   - What was the point of asking that question?
   - What else might I ask?

Overall, Financial Health is a process. There is an underlying assumption that none of us is perfect and we all have aspects of our lives that we might like to work on. There is also an assumption that the world we live in (much of it created by imperfect people) has aspects that are helpful to us and aspects that are not so helpful, but we are not focused here on advocating for systemic change. The goals of FHCM are firmly focused on the individual participant who can make choices about whether and how to make changes in his or her own life. Simple, but not easy. The role of the FHCM Case Manager is to help guide that process.
Learning Exercise

In order to facilitate a learning process for other people, it helps to understand a few concepts about how learning happens. How do we learn? What makes one learning process flow smoothly while another requires significant effort? What are the factors that make one lesson memorable, while another fades quickly after we “learn” it?

1. Identify a class or program that you have taken where you really learned a lot.

2. Identify a class or program that you have taken that you felt was a total waste of time.

3. Identify the difference(s) between the two experiences.

Most of us find that we learn more readily and retain the information easier if it is personally applicable to our lives. If we perceive the information as useful, we pay attention and our brains do a pretty good job of filing it away for future reference. Also, we don’t learn well when we are bored—an emotional connection to the material enhances our ability to learn it.

4. Have there been times when you really worked hard to learn something? Why? What difference did it make? How did you feel?

5. What are some of the factors in your environment or community that make it difficult to learn something new?

Distractions make learning difficult, whether they are internal or external to the person learning. And most of us have commitments and other realities of life that can conflict with what we are trying to learn. Beyond that, learning requires a person to change, and change can bring loss and discomfort as well as new opportunities, so it is natural for the learner to show some hesitancy about the new information. And it is natural for the learner’s friends and family to feel some hesitancy about the change, as well.
6. **What do you believe causes a learning experience to *stick* with YOU (causing it to be long-term learning)?**

New information has to have something we can connect it to in our minds, or it’s harder to retrieve. We organize our world through categories and relationships, but the strongest memories are arranged through the stories we tell about it and about ourselves. If we want to help someone else learn something that we consider important, one of the best things we can do is to share our stories about how it relates to our own lives. This shows listeners that the material can be relevant and useful, while it invites them to view us as someone who has similar experiences to their own. This creates a sense of safety and possibility regarding the new material. And it encourages listeners to create their own stories that incorporate what they are learning into their lives.

“Learning is change over time through engagement in activity. Human beings cannot not learn. To learn is to gain insight, knowledge, understanding, or skill, and this is happening all the time from the moment of birth.”

*Mark Clarke, A Place to Stand*

Learning is a lifelong process that occurs all the time, whether we pay attention or not. As facilitators of a process for exploring new information, our goal is to create an environment and process that encourages learning, for ourselves as well as for the people who we identify as the participants. If we recognize that we are all on a journey together, the process will support us as we learn.
Coaching Skills Exercise

Some of the basic skills for successfully facilitating a FHCM program, whether you are working with a group or an individual, include the use of active listening, open questions, minimal encouragers, summarization, and reflections. These skills appear simple but require good communication abilities to accomplish in practice. They work best when used together to assist the flow of the conversation.

**Active Listening** occurs when the case manager listens carefully for the meaning of what the speaker is saying. This happens best when the case manager does not interrupt the speaker. When there is a normal pause in the speaker’s words, the case manager may choose to use one or more of the other basic skills to either show that the speaker was understood or to request more information.

**Open Questions** are powerful communication tools. Unlike closed questions, which can be answered by “yes” or “no,” and therefore close off a topic, open questions encourage further elaboration on a topic. Open questions often start with How, When, Where, What, Who or Why. If you find yourself starting a question with “Did you…,” or “Is it…” the question is a closed one.

**Minimal Encouragers** show that the case manager is interested without interrupting the flow of what the speaker has to say. They are often short words like “ok,” or “go on.” Sometimes “good” is useful, but be careful because that places a value on what was said. Pay close attention to your tone of voice, because it is easy to sound bored or annoyed when using minimal encouragers.

**Summarizing** is a brief statement that tries to present the most important aspects of what the speaker just said. It can be a useful tool to make sure you really understood what was said, but make sure you present the summary in a way that asks if you heard it right, not as if you are sure you are right. Summarizing can start with a variation of “Do you mean…,” or it can be a simple statement.

**Reflections** are short statements that try to grasp the feelings or thoughts behind the words of what the speaker said. Again, they should be presented as a means of ensuring you heard it right, not as a judgment of what was said. A reflection can start with “It sounds like…” or it can be a simple statement.

**Exercise One:** Find someone who is also interested in practicing coaching skills. One person is the speaker and the other is the case manager. The speaker should pick a topic and talk about it while the case manager practices active listening. The case manager can only use open questions and minimal encouragers. See how long you can keep the conversation going. At the end, the case manager should offer a summarizing statement; the speaker can say how close the summary came to the speaker’s intent. Trade roles.

**Exercise Two:** The speaker picks a topic to talk about. The case manager practices active listening and can only make reflection statements in reply. See how long you can keep the conversation going, then end with a summarization. Trade roles.
I. **The Purpose** of FHCM is to facilitate discussions, promoting the individual’s control over their personal finances, time and health and to inspire people to change behavior around their finances, their time and their health, with an emphasis on changing spending behavior.

Most people come to our class to learn:

a. How to save money
b. How to stick to a budget
c. How to fix their credit
d. How to reduce stress.

Individuals learn and change on their own timetable.

The individual will decide for himself/herself whether or not he/she is going to make changes, we are simply facilitating a conversation.

II. **The Concepts** are quite simple, but are not easy. All four items listed below fall under the category of “behavior” and will not change unless behavior changes:

a. To save money, a person must spend less than they earn.
b. To stick to a budget, a person must know their income and control their spending.
c. To fix their credit, a person must meet their obligations (i.e. pay bills on time).
d. To reduce stress, a person can make proactive changes or manage stress after it occurs.

III. **The Philosophy** of FHCM is that personal finance does not happen in a vacuum, but is interconnected throughout almost every part of a person’s life and the improvement in a person’s financial position will come from the creation and maintenance of ASSETS and not merely an increase in income.

IV. **The Relationship Between Financial Stability and Employment Stability**

It is often the goal of Human Services programs to encourage people to return to work as quickly as possible. And clients generally consider income, or a job, to be the primary solution to many of their problems. Of course, we highly encourage people to find jobs and increase their income, but often we find that instability with their intangible assets hinders their ability to find, land or stick with jobs. In our estimation, the goal for clients should not be just employment, but stable employment.

V. **The Environment** in which the program is facilitated should be private and comfortable. It is important that the program does not feel like a lecture.

VI. **The Method** of FHCM is based on the Socratic method of teaching. “The overall purpose of Socratic questioning, is to challenge accuracy and completeness of thinking in a way that
acts to move people towards their ultimate goal (Changingminds.org).” (See page 7 for “Six Types of Socratic Questions.”)

VII. **Facilitation** is integral to the reception of the provided information.
   a. First impressions are critical – Case managers should be dressed similar to how the expected audience will be dressed.
   b. The language, or register, of the program should be presented in the language of the participants.
   c. While case managers do provide instruction on some basic financial topics, facilitation of the discussion is the most important function.
   d. Most of the materials are geared toward encouraging discussions.
   e. Humility and non-judgment are critical components:
      i. Judgment on another person’s financial behavior or opinions is absolutely not acceptable for a case manager.
      ii. The program is non-partisan and does not endorse nor deny any personal religion, faith or political affiliations and beliefs.
      iii. It is recommended that the case manager use examples from their personal life (and particularly about themselves) to illustrate specific points.
   f. Facilitation of the program should always be viewed as an opportunity for the case manager to learn.
   g. The program is not static – we will always be looking for opportunities to improve content and delivery.

VIII. **Reviews & Homework**

   a. All Case Managers have differing needs as to how they will utilize the tools and exercises in this training. Sometimes you see a client once and there is no follow up. Sometimes there is limited contact and sometimes there are intense and frequent interactions. Also, different agencies have different requirements for their clients, and we are aware of these hurdles. So it might not make sense to do the exercises or implement the tools in order. But if there is a chance to see a client more regularly, obviously you would want to check in with them on their assigned exercises or tools to see if they were able to work on them. If so, how did it work out for them, what did they learn, what are they planning on doing next. If not, try to learn why and if there is interest in continuing to work on the selected exercise or tool.

   b. We highly recommend that the Case Manager take the time to utilize these tools, exercises and information in their daily life so they can experience what they will ask of their clients and so that they can speak to what occurs as a result of the process from their personal perspective.
PART ONE
PART ONE: OVERVIEW

I. Overview

The first part of FHCM is designed to get the participants comfortable with speaking about their financial situation and their personal values and behaviors. We begin by asking them to write down what they would like to accomplish during the next year, why they want to accomplish that, what they believe are the primary barriers to achieving those goals, and what would need to be different for them to accomplish those goals. These goals can be connected to the work you are doing with them for your agency. A discussion around the terms “Money” and “Asset” is used to help diffuse the concept that we are not in control of our resources and sets the foundation for much of the following concepts in the course. Participants are introduced to the Asset Building Continuum. Participants learn about their personal values and how their actions/behaviors align (or don’t) with their values. Goals and values are compared, but in a manner that recognizes that they often are not totally in alignment. Participants are assigned the homework of keeping their receipts in order to start the process of looking mindfully at their spending behavior.

By ensuring the participants that we want to and can answer questions about these topics, they are assured that the program is about them and where they are right now and that the program will not be a waste of time. Participants begin to realize how their own personal values are involved in their personal financial choices.

II. Background

Participants with low-to-moderate income have very specific financial concerns that do not always mesh with what is considered “important” in traditional financial education. It is essential that participants feel like this program is about their unique situation and circumstances. Participants need to know that the case manager recognizes each person’s unique place and that they are not going to “judge,” “preach,” or “lecture” to them on what the case manager thinks the participant “needs to or should do.” The majority of the time is spent on the individual and his or her values. By the end of part one, participants recognize how values impact behavior and that money does nothing without human behavior acting upon it.

We have found that behavior change is more likely to occur and to “stick” if the participant sees that the change aligns more closely with his or her personal value system.

III. Essential Message

Money is simply a tool that is directed by you and your behaviors. Your behaviors are a direct reflection of your values and motivations. You control money.

IV. Objectives for Participants
At the end of Part One, participants will recognize that: “Money” is simply a tool and an “Asset” is something that you value. Participants will also begin to understand that “Personal Values” impact behavior and that spending money is a behavior. Through the receipt exercise, participants will be more aware of their spending habits for that week.

V. Materials Needed

- Blank Folder (or labeled FHCM)
- Pre-class Survey
- Receipt Envelope
- Part One Modules
- Pens/Markers

VI. Procedure and Essential Points

This session is primarily conducted as a dialogue, where the case manager encourages the participants to think through the process for themselves. At times, the case manager must explain new concepts, but the ideal situation is for the participants to “discover” their own understanding. There are short exercises meant to encourage awareness of the participant’s own beliefs and behaviors. Essential points include: people control money; financial decisions are behaviors that are driven by values and motivations.
Case Management
Part One
Module A

Goals & Barriers
and
Some Recurring Concepts
Goals and Barriers

**Step One:** Please identify five things you’d like to do, be or have over the next year that you believe you can achieve.

1. 

2. 

3. 

4. 

5. 

**Step Two:** Now for each goal that you wrote down, ask yourself why you want to achieve that particular goal? What do you think will happen for you or to you if you are able to achieve the goal?

1. 

2. 

3. 

4. 

5. 
**Step Three:** Please identify the primary barriers for each of the above listed goals.

1. 
2. 
3. 
4. 
5. 

**Step Four:** What do you believe in your life would have to be different in order for you to achieve these things?

1. 
2. 
3. 
4. 
5.
Some Recurring Concepts

Opportunity Cost (or Trade-Off Thinking)

*Opportunity Cost* is a fancy schmancy term that is usually used in economics classes and it usually is applied to how people use their money. But the concept applies equally as well to how we utilize our time.

The *opportunity cost* of a particular action is the benefit (utility) you could have received by taking an alternative action. For *every* action or financial decision, there is an opportunity cost.

Rational Behavior Education

*Most* financial and economic education is based on the idea that humans are totally rational and if provided with a good rationale as to why a behavior should be changed, the human will naturally see the benefit of such a change and quickly adapt the new behavior. We refer to this as *Rational Behavior Education* and find when it comes to financial and economic education it is not always as effective as we think it ought to be.

*Homo Economicus* – The Economic Human – *the one who always acts rationally!*

Change as a Process

Here's a little picture of how most people believe change occurs and how most programs that want to help you achieve change would like for you to believe that it occurs:

But if we are to graph what change typically looks like, it probably looks a lot more like this:

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MODULE ONE-A: ANSWER GUIDE

Module One-A: Goals and Barriers

Materials (Pre-class surveys, Part One packets, pen and paper for participants)

Without giving much direction, begin part one by asking participants to think about and write down their one year goals. The goals can be about anything in their life. It does not matter if they are small practical goals or over the top goals. The goals may be ones you have already been talking about or new goals. This exercise serves as a warm up but it also helps to get the participants interested and invested in the materials that follow. Also throughout the program we will revisit these goals and make plans on how to achieve them.

One Year Goals

**Step One:** Please identify five things you’d like to do, be or have over the next year:

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After they have written down their goals ask if they would read aloud their goals.

**Step Two:** Now for each goal that you wrote down, ask yourself why you want to achieve that particular goal? What do you think will happen for you or to you if you are able to achieve the goal?

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**Question:** Why do you want to achieve those 5 things? What are they going to do for you?

Typical Answers: I will be…. I will have this…. Ask them what will that mean if they become this or if they have this.

**Answer:** You will have a better life. (Essentially that is what everyone is trying to achieve and that is why we have goals.)

The next step is to ask participants to write down what they think are the primary barriers to achieving their goals. In general we find that people write barriers that revolve around income, money and time. This will be important information to bring up after teaching the Asset Building Continuum. This is also important because when asked, “What are the barriers for income, money and time,” we find that the answers given relate to other pieces of the Continuum. But for right now we just want them to list what they think of as barriers to their goals.

Please identify the primary barriers for each of the above listed goals:

1...

After they have written down the primary barriers ask them to read the barriers aloud. You can ask them to elaborate a little, but it isn’t necessary at this point.

We next ask them to think about what would have to be different in order for them to overcome those barriers and achieve their goals. This gets people thinking about steps toward goals they will be constructing later in the program. This part can be a little bit tricky for some people to understand, so be patient and explain however much is needed. If possible, give an example from your own life.

**Step Four:** What do you believe in your life would have to be different in order for you to achieve these things?

1...
After they have written down a few things that would need to be different, ask them to read aloud. This part is important because often people think of change happening, but they don’t recognize how that change will impact other areas of their life – which can cause changes not to stick. If participants have difficulty coming up with things that would need to be different, you can prompt their thinking by asking questions about the barriers they listed.

**Some Recurring Concepts**

Typically, people who are attempting to improve their financial health recognize that something different needs to happen. We use the preceding exercise to allow participants to determine/acknowledge what it is they are interested in working on in their own life. We approach our whole program from the perspective that the client knows best what they need to be working on and, more often than not, knows, to a degree, what will need to happen to reach that goal. It is our role to listen, to function as a guide to improved financial health and to provide tips, information and tools that may (or may not) be useful.

The Goals Exercise leads us to recognize that if we are going to accomplish our goals, we are going to have to do something different. That is, in general, if we are going to accomplish a goal we are going to need to make a change.

**Opportunity Cost**

In any situation where we, or a client, decide to initiate a change, there will be an associated cost, which is called “opportunity cost.” The primary purpose for bringing this up early in the program is, really, to just be aware of this cost. It can often be a hidden cost and can ultimately derail people in their efforts at making change. For instance, if you want to go to school for a degree or certificate, we might know that it’s going to take us a year or two to get there. However, we might not recognize that it could take anywhere from 16-24 hours per week of class and study time, not to mention travel time to perform well in those classes. Those 16-24 hours can no longer be utilized for work, family or friends – and that can cause other problems. “Opportunity Cost” (which can also be called “trade-off thinking) is an element of every decision we make. We aren’t necessarily suggesting that you drive yourself crazy thinking about it, but we frequently find that if it is not considered in advance when we are trying to make a change, it can end up being a major barrier or stumbling block. And if it’s not considered with out clients, then it can lead to some friction between the Case Manager and the client.

**Rational Behavior Education**

Finance and economics are not everyone’s idea of a good time. In fact, we find most people would prefer not to have to work on them. It takes time, patience, mental energy and self-reflection. It’s no surprise then that when we are forced to deal with these subjects, we want the simplest, easiest solution to address financial and economic issues.
Most financial and economics classes try to help us in our effort to find a simple, easy solution, by appealing to our logic, our rational mind, where we can see that it would be in our best interest to handle our finances differently. And it is in our best interest; it is rational. It all makes total sense. The problem is that people, especially when it comes to money, are rarely rational. Unfortunately, there aren’t very many classes on how to manage the irrationality of finance and economics. And in this vacuum, we continue to apply the same Rational Behavioral Educational strategy to personal finance with the same corresponding result.

We frequently hear people talk about how they’ve “failed” or done something “wrong” because they haven’t been able to execute rational, concrete exercises that in actuality, very few people regularly execute. Learning that these fundamental subjects of personal finance and economics are not easy and that they require much more than an understanding of the basic concept of budgeting to be effective can be a good way of letting go of some crippling internal dialogues.

**Change as a Process**

Change is a process. We refer to it as a process because it is very important to recognize that change takes time and effort. Change is rarely a straight line or a series of a few simple steps (though it can be). It’s also important to recognize that we are not always perfect in our attempts to change and to recognize that sometimes there are some unintended consequences when we make a change and that, well, sometimes life just happens. But the change process can still continue.
Module One-A: Discussion Points

1. “Why all of the questions?”

You will notice that most of the program is focused on questions for discussion. This is intended to keep the register casual and let the participants’ voices be heard.

Case managers are encouraged not to engage in direct debate with participants on specific points of view that are not accurate. Rather, the participant’s message should be recognized, but then the case manager should shift the conversation back towards the accurate information.

2. One Year Goals

We found that by having the participants first make a list of their one year goals, we can get them interested and invested in the materials that follow. By having their goals in mind they can see how the class applies to them and it helps to make valuable use of everyone’s time. It is important that the case manager remembers why people are in the program and hopefully be able to bring points in the conversation back to each person’s interest and help them make steps towards achieving their goals. (This approach is in contrast to standard financial literacy courses that tell the participants what they need to learn or do.)

Once participants have identified a few goals, barriers and differences, they have the start of a framework for viewing the following concepts.

3. Understanding the Barriers to Reaching Goals

While we will take a much deeper look at “barriers” as we move deeper into the program, the participant can begin to see what the primary barriers are that are keeping them from reaching their goals. They also begin to realize that those barriers will have to be worked on in order to reach their final goal. We know in advance that the majority of their barriers lie within their intangible assets (which will be discussed in the next module). If those intangible assets are not stabilized, the goal of employment might be met, but usually not sustained.

4. Opportunity Cost, RBE & Change as a Process

Sometimes, we knock it out of the park and really nail down our objectives and goals. Sometimes, we don’t accomplish it all so easily. When we don’t reach our desired target we can get frustrated and even give up on the process. Other times we are going through the process and recognize that we have something different that we want to look at, something else might be more pressing. If we change our mind along the way, it doesn’t mean that we’ve failed. It just means that we’ve changed our mind. However, we have found that the manner in which we set our intentions can have an enormous impact on our belief, our self-perception and our desire to make future changes. Therefore, we prefer to focus on process over outcomes.
Case Management
Part One
Module B

Asset Building Continuum
Three terms that you will hear us use throughout the course are: Financial Health, Personal Economics and Personal Finance. When we use these terms this is what we mean:

- **Financial Health** – The dynamic relationship of one’s financial and economic resources as they are applied to or impact the state of physical, mental and social well-being.

- **Personal Economics** – Production and consumption of all resources coming in and out of your life
  - Examples: Transportation, housing/shelter, electricity, food and time

- **Finance** – Money/Monetary resources
  - Examples: Income, cash, capital and credit
Asset Building Continuum
## Personal Characteristics

<table>
<thead>
<tr>
<th>Positive attitude</th>
<th>Organized</th>
<th>Friendly</th>
<th>Self-aware</th>
</tr>
</thead>
<tbody>
<tr>
<td>Caring</td>
<td>Communicator</td>
<td>Loving</td>
<td>Self-confident</td>
</tr>
<tr>
<td>Motivated</td>
<td>Perseverance</td>
<td>Truthful</td>
<td>Self-disciplined</td>
</tr>
<tr>
<td>Sincere</td>
<td>Insightful</td>
<td>Optimistic</td>
<td>Adaptive</td>
</tr>
<tr>
<td>Ambitious</td>
<td>Compassionate</td>
<td>Enthusiastic</td>
<td>Analytical</td>
</tr>
<tr>
<td>Honest</td>
<td>Patient</td>
<td>Ethical</td>
<td>Thrifty</td>
</tr>
<tr>
<td>Family-oriented</td>
<td>Loyal</td>
<td>Goal-focused</td>
<td>Articulate</td>
</tr>
<tr>
<td>Resilient</td>
<td>Fair</td>
<td>Good listener</td>
<td>Balanced</td>
</tr>
<tr>
<td>Hopeful</td>
<td>Strong</td>
<td>Entertaining</td>
<td>Collaborative</td>
</tr>
<tr>
<td>Giving</td>
<td>Peaceful</td>
<td>Persistent</td>
<td>Committed</td>
</tr>
<tr>
<td>Creative</td>
<td>Hard working</td>
<td>Productive</td>
<td>Courageous</td>
</tr>
<tr>
<td>Decisive</td>
<td>Humorous</td>
<td>Relationship-oriented</td>
<td>Self-sacrificing</td>
</tr>
<tr>
<td>Detail-oriented</td>
<td>Organized</td>
<td>Responsible</td>
<td>Trustworthy</td>
</tr>
<tr>
<td>Romantic</td>
<td>Wise</td>
<td>Understanding</td>
<td>Adventurous</td>
</tr>
<tr>
<td>Conscientious</td>
<td>Refined</td>
<td>Dependable</td>
<td>Discreet</td>
</tr>
<tr>
<td>Brave</td>
<td>Observant</td>
<td>Impartial</td>
<td>Independent</td>
</tr>
<tr>
<td>Intelligent</td>
<td>Curious</td>
<td>Clever</td>
<td>Charming</td>
</tr>
<tr>
<td>Confident</td>
<td>Dutiful</td>
<td>Charismatic</td>
<td>Encouraging</td>
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<tr>
<td>Reliable</td>
<td>Exuberant</td>
<td>Helpful</td>
<td>Humble</td>
</tr>
<tr>
<td>Suave</td>
<td>Imaginative</td>
<td>Meticulous</td>
<td>Obedient</td>
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<tr>
<td>Spiritual</td>
<td>Open-minded</td>
<td>Thoughtful</td>
<td>Mature</td>
</tr>
<tr>
<td>Warm</td>
<td>Kind-hearted</td>
<td>Happy</td>
<td>Wholesome</td>
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<tr>
<td>Interesting</td>
<td>Unselfish</td>
<td>Cheerful</td>
<td>Gentle</td>
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<tr>
<td>Likable</td>
<td>Tactful</td>
<td>Grateful</td>
<td>Level-headed</td>
</tr>
<tr>
<td>Energetic</td>
<td>Prepared</td>
<td>Sincere</td>
<td>Visionary</td>
</tr>
<tr>
<td>Polite</td>
<td>Forgiving</td>
<td>Efficient</td>
<td>Resourceful</td>
</tr>
<tr>
<td>Logical</td>
<td>Tolerant</td>
<td>Generous</td>
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</tbody>
</table>
Traditional Financial Education

Improving your financial or economic position will come from the creation and maintenance of ASSETS and not merely an increase in income.
Access

Please put a check mark next to what you have access to. Then circle what you’d like to have access or more access to, in order to help you achieve your goals:

<table>
<thead>
<tr>
<th>Transportation</th>
<th>Physical Capability</th>
<th>Networks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shelter</td>
<td>Internet</td>
<td>Water</td>
</tr>
<tr>
<td>Legal Services</td>
<td>Healthy Food</td>
<td>Phone</td>
</tr>
<tr>
<td>Health Care</td>
<td>Heat</td>
<td>Jobs</td>
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<tr>
<td>Community</td>
<td>Family</td>
<td>Counseling</td>
</tr>
<tr>
<td>Clothing</td>
<td>Education</td>
<td>Grooming/Hygiene</td>
</tr>
<tr>
<td>Electricity</td>
<td>Government Programs</td>
<td>People</td>
</tr>
<tr>
<td>Entertainment</td>
<td>Income</td>
<td>Credit</td>
</tr>
<tr>
<td>Religion/Spirituality</td>
<td>Library</td>
<td></td>
</tr>
</tbody>
</table>

Identify one small step you can take that could help you start to improve your access to one thing:

_____________________________________________________________________________________
___________________________________________________________________________________
___________________________________________________________________________________
MODULE ONE-B: ANSWER GUIDE

Module One-B: Asset Building Continuum

Money & Assets

The first two questions are warm-up questions, which are used to get people talking openly. This conversation sets the groundwork for important concepts to come.

**Question: What is money?**

It is important to start off by asking the question and then waiting for a response. Sometimes people will share their answers quickly, other times you will have to wait longer. You will want to learn to become comfortable with silence. If participants are hesitant to answer, you can explain how this class is based on discussion and how there are no wrong answers and no judgment. Try asking the question a little differently, for example, “what comes to mind when we think of money?” If they only bring up one answer, you can ask “Are their other ways that people think about money?” We want participants to think about the various roles money plays in our lives.

Typical Answers: money is paper, evil, power, freedom, security...

**Scenario:** Take out a dollar bill (or any amount) and ask, “Is this money?” If possible bring out a credit card or debit card and ask them the same question. Set down the money on a table and say, “Let’s pretend that I am going to leave this dollar bill and credit card here and everyone leaves the room. The room is completely locked and secured. No one can get into the room, no one can “mission impossible” in through the ceiling and the money is completely safe. So, what happens to the money?”

Answer: Nothing will happen to the money, it will just sit there. Which leads to the final answer...

Answer: Money is simply a tool. Money is simply a tool for exchanging goods and services. Everything else is an emotional response to money; it is what we bring to it. Money does nothing; it just sits there until a human being interacts with it. Money is neutral.

Example: Hammer and Nail. Does the hammer levitate and hit the nail on its own? No a human has to pick it up and decide what to do with it. We can decide what to do with the tools we have.

Another important point is that we also decide its value. This reinforces the fact that money is neutral and that we ultimately have control. Feel free to discuss this concept if the participant is interested and you have the time.
**Key Points**: Money is simply a tool that is directed by you and your behaviors. Your behaviors are a direct reflection of your values and motivations. You control money. Eventually we will show that money is a function of time.

**Question**: What is an asset?

Common answers revolve around an asset as something that has a monetary value or that you can exchange easily for money. People will often list off examples like, “a house, a car, stocks,” etc., and we will say those are examples of assets but in general, “what is an asset?” Sometimes people will say that their health is an asset or their education. If not, please ask the participants if they think their health and education are assets as well. Usually people will agree that these can also be assets, but if someone has poor health it may not be an asset for them, it could be a liability.

**Answer**: An asset is simply something of value to you.

This will probably be a good place to explain that these definitions will not be found in dictionaries like Webster’s. These definitions were created from countless class discussions and participants have found them useful. If a participant does not agree with a definition from the class, invite them to have that discussion! We’d love to hear what they think and perhaps that information will be useful in future classes. These definitions are not set in stone and we love to improve upon them.

**Question**: What is the difference between tangible and intangible assets?

**Answer**: Tangible assets are things like houses, cars, stocks, jewelry etc., that you can physically grab and you can usually easily put a monetary value on it.

**Answer**: Intangible assets are things like your health, education and your family, on which it is much harder (or impossible) to put a monetary value.

Briefly discuss the other terms defined on this page: Financial Health, Personal Economics and Finance, to make sure everyone is clear about them when we use them later. Of these terms, Financial Health is the most important to this program, because it ties the concepts of money and health.

- **Financial Health** – The dynamic relationship of one’s financial and economic resources as they are applied to or impact the state of physical, mental and social well-being.
Above is the complete Asset Building Continuum (ABC), including the related concept of personal characteristics as assets. Begin by explaining the flow of the ABC. First we begin with the accessibility piece, which is the foundation, and then we build on top of it. The next pages will help you go through each piece on the continuum.
“ABC” Piece One: Accessibility

We like to introduce the accessibility piece by saying that we imagine access as an upside down fulcrum upon which everything else rests. Access is the foundation upon which everything else rests and it is important to have a strong foundation in order to grow. If your access starts to shift, everything above it will be affected.

Explain that in general people tend to take access for granted until it’s gone. For example, if you were to remove the only grocery store in a community, what would their options be now? They might have to drive to the next town to get groceries which means they have to give up more time and more money for gas. Or if they can’t make it to the grocery store they might go to a convenience store or a fast food place, which means they are sacrificing their health. What about if you remove a good hospital or a good school out of a community, what are their options now?

**Key Points:** Access equals options but it is usually taken for granted. Access is the foundation, or fulcrum upon which everything rests. If you don’t have access (to shelter, to good food, to a job, to an education, etc.) it will be a lot harder to achieve your goals.

“ABC” Piece Two: Environment & Community (Friends & Family)

The second piece, Environment & Community, we like to imagine as the topsoil. If the topsoil is nutrient rich and there is plenty of access to water and sunshine, you will get healthy and strong plant growth. Ask them, “If the topsoil is poor and there is limited access to water and sunshine, what kind of growth do you think there will be?” The point is to illustrate how if someone
is in an unsupportive or “bad” community the likelihood that they are going to succeed is a lot lower than someone who is in a supportive community.

Example: If someone is addicted to alcohol and they seek help, what is one of the first things they are supposed to do? Answer: They have to leave the community that they are in that is supporting their abuse of alcohol. And when they recover it is equally important that they do not rejoin that community because they will likely begin to drink again.

Examples of different types of communities: Neighborhood, workplace, school, political organization, sports or exercise groups, friends and family. We decided to add Friends and Family into the title of Environment and Community because we really wanted to emphasize the large role your friends and family have in your life and how they can either help or hinder your success.

**Key Points:** Your environment and community can be seen as the topsoil in which you grow. If you have a supportive and healthy community it will be a lot easier for you to succeed.

**Case manager’s side note:** Almost all of Part Two is about environment and community.

**“ABC” Piece Three and Four: Health and Shelter**

When creating the “ABC” it was incredibly hard to decide which comes first, your shelter or your health. We like to think about it as a “chicken and egg” scenario. For example, if you are about to lose your home your health could be significantly affected. Also if you are very sick and in poor health, it could affect your housing because being unhealthy impacts your ability to learn and to work, which can affect your ability to earn an income which pays for your housing. If one of these pieces is affected, it will mess with the other.

Example: Explain that when someone is in class, if they are worried they are going to lose their housing or have lost it, it is very hard for them to learn or be engaged in class. They are more worried about where they are going to lay their head at night and the class material will not be as important. It is very important that people have shelter and their health is not in jeopardy because this information will not be useful to them at this point. Once they have secure housing and have worked through any medical emergencies then they will be able to better focus and learn in class.

When we talk about shelter people tend to think we are talking about home ownership. However, we simply think of shelter as something over your head to keep you safe.
**ABC** Piece Five: Skills and Education

Most people tend to think about education specifically as your academic education. But the case manager should bring up the point that your education could include your life skills and experience, your civic education, parenting skills or your job skills etc. The point is to think about all the different elements that can make up a person’s education and to not limit oneself.

**Question:** How can your skills and education impact your ability to build, grow and maintain your assets?

Common answers include: if you have a degree you might have better access to jobs and can earn more, if you have skills employers want that helps you find or keep a job, also your life and social skills can help you interact better with people and have healthier relationships.

**Question:** How can your skills and education be a liability?

Common answers include: if you are over educated you might not be able to find a suitable job or be hired for jobs requiring limited education or if you take out many student loans and aren’t able to pay them back.

**Key Points:** Skills and education can mean much more than just an academic education and the definition should be broadened to include things like life and social skills, civic education and job skills.

Before moving on to the sixth piece of the ABC, explain how four of the first five pieces (access, environment and community, health, and education) fall into the intangible categories of assets. These pieces are very hard to assign a monetary value but are crucial for your ability to stabilize or grow economically. If you don’t have these pieces nailed down, there is little point in talking at length about things like income, budgeting, saving, investing and/or retirement.
“ABC” Piece Six and Seven: Income and Saving & Investing

Introduce these two pieces together and explain how income and saving & investing fall into the tangible category. In general these are the two assets that people tend to focus heavily on and in this class they will play an important role but they will not be the sole focus of the program.

**Question:** Why is income so far up the continuum? In a program about money and finances, why doesn’t the income piece come first?

**Answer:** If you don’t have the other pieces in place, you will have less stability and maintaining and growing income will be harder.

We typically hear people say “I need a job before I take a class about money.” However, taking a class about money beforehand can help people keep their job and begin to work towards achieving their goals. You can have all the money you want but if you don’t take care of these other elements, the money will not take you were you want to be.

We usually don’t spend any time talking about saving and investing at this point. People generally understand that we are focusing on all the other elements first and working on building a solid foundation. Once people have a solid foundation and steady income, then we can talk about saving and investing in depth.

“ABC” Piece Eight: Time & Energy

The last piece of the continuum is Time and Energy. Focusing on Time, explain that when looking at all the other assets in the continuum and taking into consideration the primary barriers people listed for their goals, it becomes clear that time is a big factor in building assets and achieving goals. Time is something we tend to think about a lot, but we don’t necessarily think about it as being an asset.

**Question:** Do you think of Time as an asset? Why or why not?

**Answer:** In order to achieve your goals and to build, grow and maintain your assets it will take Time.
Example: In order to increase your income you have to invest more time by either working more hours, or finding other ways, such as taking on a second job. In order to increase your education you have to spend a great deal of time on it.

Sometimes you hear people say something like, “well, why don’t people just get another job?” But, frequently it is not taken into consideration how much time people will have to give up in order to search, apply for and work another job. The time they spend on another job they can no longer spend elsewhere, such as time spent with family. Most people would say time spent with family is priceless so it might not be worth it to some people to take on another job if it means they won’t get to see their family.

**End of the ABC**

**Question:** Do you think personal qualities can be assets?

Show participants the list of Personal Characteristics and encourage them to circle those that they have and put a check mark next to those that they would like to work on. Some people are comfortable with the concept of describing themselves in positive terms, while other people find this difficult for various reasons, including low self-esteem, limited practice at this sort of task, and cultural expectations. This list can be a useful tool for participants to realize how many positive attributes they have.

**Key Points:** Much like time and energy, your personal qualities and attributes are valuable to you and are intricately woven within all of the other tangibles and intangibles; they can play an integral role in your financial health.
Asset Building Continuum and Traditional Financial Education

After going through the Asset Building Continuum, explain that the FHCM Program often gets lumped into the category of financial literacy and education. Explain that the picture below showcases what traditional financial education focuses on. Most programs assume that you have a reliable income and that the next logical step is to save, budget and invest with the long-term goal of retirement. These programs do not take into account all of the other elements that are going on in a person’s life that can have a huge impact on their ability to receive income, budget, save and invest. While income, budgeting, savings and investing are important, in the FHCM Program we do not assume any of them as a given. Often we find that there are other barriers that need to be addressed before we can effectively talk about budgeting, saving and investing.

Next read the statement and two questions below.

Income, money and time are frequently considered the primary barriers to achieving our goals.

Generally speaking, what are the barriers to increasing income and money?

How does your allocation of time hinder your progress towards your goals?

Most people, when asked what the primary barriers to their goals are, cite things like income, money and time. However if we dig deeper and think about the barriers to income, money and time we find that they fall into the other pieces of the Asset Building Continuum. For example, in order to increase income you might need more education, a more supportive work community or better access to jobs.

Explain that these two basic questions drove the creation of a different education model to address issues and barriers that traditional financial education does not cover, which is illustrated in the next picture.
This picture illustrates the difference between traditional financial education and the FHCM Program, which are shown side by side. Explain that items in the dashed line box (Income, Spending and Savings, and Investing and Retirement) are what traditional financial education classes focus on. They usually assume that the participant already has income and that the logical (or rational) next step is to save, budget, invest and retire. However FHCM focuses on all of the elements that come before traditional financial education. These elements have a huge impact on a person’s ability to tackle saving, budgeting and investing. We typically find that the barriers that are keeping people from achieving their goals, which are the intangibles, are inside “the boot” shape of the ABC. This program focuses on how to lessen these barriers so people can strengthen and build their assets as they work to achieve their goals.

**Key Points:** Unstable intangible assets lead to unstable tangible assets.

Employment stability is significantly impacted by unstable intangible assets.
Explain that many people tend to think that simply increasing their income will improve their financial position. However, we have found that even people who earn large sums of money still have financial problems.

Example: It has been shown that around 70% of all lottery winners end up broke. See excerpt below.

Financial planners: Winning the lottery isn’t always a dream.

Deena Winter, Lincoln Journal Star, Feb. 2006 (excerpt)

Statistics show lottery winners often go bankrupt, get divorced and have family feuds, he said.

“No one worries about the true impact on lives,” he said. “They just start spending. They spend it on toys, they spend it on luxuries. Bad investments. Scams. There’s people coming out of the woodwork trying to take advantage of people. They just become a huge target.”

Part of the problem is that many lottery winners are average Joes who have no experience handling huge sums of money. So, they buy and invest without realizing what it will cost to maintain the houses they buy or to pay their taxes.

Case manager’s side note: In the next module, we are about to take a sharp right turn and begin discussing a new subject. People are not expecting it. This helps to reenergize people and reengage them.
Module One-B: Discussion Points

1. “Why all of the questions?” Reprised

What is Money? What is an Asset? These questions are intended as a way to help re-shape perception or change paradigms. Through these definitions, we begin the process of giving control back to the participant.

So what is money? Here are Shawn’s reflections on this question:

“In all my years of teaching, I have never met anyone who wouldn’t like to have more money. In fact, the vast majority of my students view more money as the ONLY solution to their financial troubles – their golden ticket to being able to stick to a budget, save money for the future, improve their credit, reduce the amount of stress they experience in their daily lives, and to have a good life. So, what is money? When I pose this question to one of my classes, the responses I get are typically verbalized with vigor. Money is power! Money is status! Money is opportunity! Money is evil! Money is freedom! Money is worry!

Imagine you had a hammer sitting on a table. Does the hammer have any use just sitting there on the table, without a human to interact with it? No. The hammer can’t get up and start pounding nails into the wall on its own. All it can do is sit there on the table, perhaps humming a little tune, “if I had a person, I’d hammer in the morning...” patiently waiting for a human to pick it up and use it. On its own, it has no use. Sitting there on the table, the hammer merely represents the ability to do several things – some good, some not so good. It could put nails in walls, take nails out of walls, knock something loose that was stuck or push something into place. On the other hand, it could also smash your thumb, knock a hole in a wall, make dents in things, or potentially seriously injure or even kill someone. The hammer is simply a tool. You get to determine how to use it and until it is being used it is neither inherently good nor bad. It just is.

Money is really no different. If left sitting in the wallet, it will do nothing. If left sitting in the bank account, it will do nothing. It might draw some interest, but until it is used, the interest will do nothing too. By itself, money doesn’t do anything, and it doesn’t do anything to us. It does not move without us “willfully allowing” it to leave our possession, a behavior commonly referred to as spending. In order for money to leave your possession, you have to willfully allow it to do so – always.

If you have a $10 bill in your pocket, it can represent many possibilities – but it is neither inherently good nor bad, it just is. If you have $100,000 in the bank, it might mean a lot of different things to you, but until it is being used, it is neither inherently good nor bad, it just is. That $10 or $100,000 can be used to make purchases that will be beneficial, or it can be used to make purchases that are not beneficial. In the same way that you get to determine how to use a hammer or other tool, you also get to determine how you will use money.

Now imagine this. What if everyone in the world started getting stressed about hammers? What if you were talking to your neighbor Chris and he said, “You know John, I’m
feeling really stressed about my hammer.” You would probably first do a double take followed by, “What! What does that mean, stressed about your hammer?” And then Chris said, “Well, I’m concerned that it might just start hammering away on stuff – you know, banging away all over the house.” At this point, you are probably a bit concerned about your neighbor. Either there is something a little bit wacky going on in his head or he lives in some sort of haunted house. But let’s take this fun imaginative exercise one step further. What if you were talking to your neighbor John and he brings up his concern about the hammer, and then your other neighbor Lucy walks up, starts listening to your conversation, and admits she, too, is experiencing a tremendous amount of stress about the hammer at her house. Lucy is afraid that her hammer might vanish without warning. Pretty soon, the whole neighborhood is congregating in front of your house explaining how stressed they are all feeling because of all of those damn hammers.

Ok, I know what you are thinking. You are saying Shawn, there’s a huge difference between hammers and money. And I’m saying, no there’s not, not really. They are both tools. Most people, however, when first using a hammer are at least given a basic tutorial on its use. Unfortunately, with money, it is often expected that utilization of money is an inherent trait. And worse, because it appears that everyone else knows how to use it, most people will not admit that they don’t know what they are doing, trying to convince themselves and the rest of the world that they have it all under control. The only difference between the hammer and the money is the value and meaning we ascribe to each tool. So when people respond that the most significant cause of stress in their lives is money, it’s not the money in and of itself that’s stressing them out, it is the value and meaning they ascribe to it that is stressing them out. It is the fear of not having what we want and need that causes the stress, but we’re all blaming it on the money.”

While many people want a fulfilling career and to be in a job that they enjoy, at the end of the day most people want to be paid for the work that they contribute. Most people prefer to be paid with money. As previously noted, money is a neutral object to which we give a lot of meaning and value. But we will also demonstrate later in the program that money, for most of us, is a function of the use of our time.

In addition, money, or the lack thereof, is considered to be the primary cause of stress in our country by around 75% of the population. The stress around personal finance leads to distraction, lost productivity and absenteeism in the workplace. It creates issues within families/relationships, which can be disruptive to a person’s ability to maintain their job (and it often accounts for absenteeism). It leads to maladaptive coping techniques, which can lead to fits of anger, compulsive behaviors and even theft. And as we all know, chronic stress is a significant contributor to our health issues overall.

2. **What is an Asset?**

Financial and employment stability are mostly a function of stabilizing many of our intangible assets. It is our contention that many of the intangible assets can be worked on without needing income first.
3. The Asset Building Continuum

No matter what income bracket a person falls into, understanding the interrelation of these elements is important. However, for people of low-to-moderate income, we want to emphasize the importance of the foundation of the continuum and that these elements are not givens. For example, status of accessibility and/or community can change rapidly (acquiring a physical disability, loss of transportation, divorce, etc.).

The discussion on assets attempts to widen the participant’s understanding of what constitutes as an asset and how assets impact their financial life. Positive investment in any of these assets facilitates personal economic development.

The continuum discussion is our introduction of “community” and its effect on personal finance. Examples to illustrate this point are very important.
Part One
Module C

Personal Values
**Personal Values and Behaviors**

**Step One**: Circle your top ten Values from the list below.

<table>
<thead>
<tr>
<th>Achievement</th>
<th>Acceptance</th>
<th>Advancement/Promotion</th>
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<tbody>
<tr>
<td>Achievement</td>
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<td>Change &amp; Variety</td>
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<tr>
<td>Cleanliness</td>
<td>Commitment</td>
<td>Communication</td>
</tr>
<tr>
<td>Community</td>
<td>Compassion</td>
<td>Competition</td>
</tr>
<tr>
<td>Consideration</td>
<td>Control</td>
<td>Convenience</td>
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<tr>
<td>Cooperation</td>
<td>Country</td>
<td>Courage</td>
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<tr>
<td>Creativity</td>
<td>Decisiveness</td>
<td>Dedication</td>
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<tr>
<td>Democracy</td>
<td>Economic Security</td>
<td>Education</td>
</tr>
<tr>
<td>Effectiveness</td>
<td>Efficiency</td>
<td>Ethical Practice</td>
</tr>
<tr>
<td>Excellence</td>
<td>Excitement</td>
<td>Extended Family</td>
</tr>
<tr>
<td>Fairness</td>
<td>Faith</td>
<td>Fame</td>
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<tr>
<td>Fashion</td>
<td>Financial Gain</td>
<td>Flexibility</td>
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<tr>
<td>Forgiveness</td>
<td>Freedom</td>
<td>Friendship</td>
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<tr>
<td>Fun</td>
<td>Growth</td>
<td>Harmony</td>
</tr>
<tr>
<td>Health</td>
<td>Helping Others</td>
<td>Honesty</td>
</tr>
<tr>
<td>Humor</td>
<td>Immediate Family</td>
<td>Independence</td>
</tr>
<tr>
<td>Influence</td>
<td>Integrity</td>
<td>Intellectual Status</td>
</tr>
<tr>
<td>Investing</td>
<td>Job Security</td>
<td>Joy</td>
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<tr>
<td>Kindness</td>
<td>Knowledge</td>
<td>Leadership</td>
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<td>Location</td>
<td>Love</td>
<td>Loyalty</td>
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<tr>
<td>Meaningful Work</td>
<td>Mercy</td>
<td>Money</td>
</tr>
<tr>
<td>Nature</td>
<td>Patience</td>
<td>Peace</td>
</tr>
<tr>
<td>Personal Development</td>
<td>Physical Challenge</td>
<td>Pleasure</td>
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<tr>
<td>Power</td>
<td>Privacy</td>
<td>Problem Solving</td>
</tr>
<tr>
<td>Public Service</td>
<td>Recognition</td>
<td>Relationships</td>
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<tr>
<td>Religion</td>
<td>Reputation</td>
<td>Responsibility</td>
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<tr>
<td>Saving</td>
<td>Security</td>
<td>Self</td>
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<tr>
<td>Selflessness</td>
<td>Self-Respect</td>
<td>Serenity</td>
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<tr>
<td>Sobriety</td>
<td>Spirituality</td>
<td>Stability</td>
</tr>
<tr>
<td>Status</td>
<td>Survival</td>
<td>Time</td>
</tr>
<tr>
<td>Truth</td>
<td>Wealth</td>
<td>Wisdom</td>
</tr>
</tbody>
</table>
Step Two: List your top five values in no specific order

1. 
2. 
3. 
4. 
5. 

Are Values Fluid?
Step Three: List one personal behavior that supports each of the above listed values.

1.

2.

3.

4.

5.

Examples

**Personal Value:** Health  
**Personal Behavior:** I work out at least three times a week.

**Personal Value:** Family  
**Personal Behavior:** We eat dinner together every night.
Step Four: List one personal behavior that contradicts each of the above listed values.

1. 
2. 
3. 
4. 
5. 

Examples

**Personal Value:** Health  
**Personal Behavior:** I only ate a bag of chips for lunch.

**Personal Value:** Family  
**Personal Behavior:** I have not returned my mother’s phone calls.
**Goals and Values**

Please write your 5 goals from Module One-A, page 1 and your top 5 personal values from Module One-B, page 1.

<table>
<thead>
<tr>
<th>Goals</th>
<th>Values</th>
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<tbody>
<tr>
<td>1.</td>
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It's not uncommon for some of the goals to be out of alignment with the values. And it is not to say that any changes need to be made necessarily. But one thing we do know is that when our goals don't align with our values, it becomes much more difficult for us to stick with our efforts at achieving those goals. Sometimes people see this and want to make some changes to their goals, or maybe they even are ready to re-evaluate their values. I’m not recommending that you have to do either, I just want you to be aware that sometimes our goals (the things we said would lead to a better life) and our values (what we have identified as the most important things to us) are not totally in alignment.
Part One: Homework

1. Keep your receipts: For one week keep ALL of your receipts and put them in the envelope provided. If you go to a store and they do not give you a receipt, ask for one. If you pay your bills online, print it out or write it down. Even if you only spend a quarter, or a penny, get a receipt or create your own on a piece of paper.

Additional Resources and Discussion:

- FHI Website & Blogs: www.financialhealthinstitute.com
- FHI Facebook Page: www.facebook.com/fhinst
- FHI Twitter Account: Financial_Health @FinancialHlth

*The most common way people give up their power is by thinking they don’t have any.* – Alice Walker
Module One-C: Personal Values

Personal Values and Behaviors Exercise:

**Question:** What is a personal value?

At this point people are used to the flow of questions and discussion and this question is answered fairly quickly. Most people say that personal values are something important to them. Sometimes people like to answer with actual personal values like “family, patience, joy,” etc., so we explain that those are examples of personal values but we want to know in general what is a personal value?

**Answer:** Something important to us/Ideals by which we live our lives.

This activity requires very little direction. Simply ask them to look at the list of personal values and take a moment to circle their top 10 values. Explain that this is not a definitive list and that there may be some things that are important to them but are not on here. Please encourage them to write them down and share with you later. This list has grown significantly over time and we love to add new things to it.

When participants seem to be wrapping up ask them if this activity was hard for them. You typically get a split of yeses and nos. Do not ask people to share their top 10. They will share their values after completing the next exercise.

**Case manager’s side note:** A lot of people have never thought about their personal values. The great thing about this exercise is that we are not telling people what is or what should be important to them. They decide what their values are. Also the values that people circle here make up the person that they want to be. This point is brought up later in the program and is not discussed here.

Circle your top ten Values from the list below: *(Note: This is not the full list)*

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</table>
Now we ask participants to narrow their top 10 lists down to 5. Explain that they don’t need to order them in any particular way. Usually people find this much easier than choosing their top ten because they have already narrowed down the list.

List your top five values in no specific order:

1...

Ask if they would like to share their list. Most people want to share this information. They really like this exercise.

After discussing their list briefly, provide them with an envelope (this will be for the receipt exercise). Then have them write their top five values on the envelope somewhere. It’s useful for them to have their values accessible for the next exercise.

**Question: Are values fluid?**

When you come to this question, start by asking them to think back to when they were 18 years old. You will usually get a laugh. Then ask, “Do you think your values are the same today as they were when you were 18 years old?” You will most likely get a mix of the following answers. Some people will say absolutely not, my values are totally different or that over time they have changed somewhat. Some people will say that a few of their values are the same but the others have changed. Every once in a while somebody will say that their values are exactly the same as they were when they were 18.

The point of this question is to lay the groundwork for change. We want to illustrate that over time people and values can change and that other parts of their life can change as well. For the people who say that none of their values have changed, ask them if they think that it is possible for values to change in general, even if their specific values have not. Most of the time people will agree that it is possible for values to change.

**Key points:** Your values can change at any given moment. Something in your life can change your values. It is critical to get participants to agree that it is possible for values to change. If it’s possible for values to change, then we can change our lives. Without the ability to change our values, we might feel stuck and therefore less hopeful. But if our values can change, there is hope, and change in our lives is possible and very realistic.
List one personal behavior that supports each of the above listed values:

1...

In this next section it is very important that after reading the instruction you give several examples before you let people begin writing.

**Example:** “family is one of my personal values and a behavior that supports this is that every Sunday we have a family day where we all spend time with each other free from other distractions.”

Please explain, in this section we want them to write very specific examples and not general ones. You might need to explain the difference. A general example would be, “health is important to me so I try to eat healthy.” This is very vague. A more specific behavior would be, “health is important to me so I make sure to pack fruit and a hearty vegetable salad for lunch at work.”

If a participant struggles with this, however, it is not necessary to belabor the point and it’s important not to pick on them or call them out. If the opportunity feels right, ask them for more clarification. But it’s more important that YOU provide specific examples from your life.

Give an example or two and give a little background history if you want. This helps the participants get to know you better and give more creditability to the exercise.

Ask participants to share a couple of examples that they wrote down.

The next exercise is another key moment for the case manager to share an example from their life.

**Key Point:** It is important to share vulnerability. If you aren’t vulnerable people might think that you are perfect and that is what they should aspire to.

List one personal behavior that contradicts each of the above listed values:

1...
This exercise involves a bit of courage from the participants. Explain that we all have things that are important to us but we all do things that are not necessarily in alignment with our values. It is the human condition and everybody does it. Again try to get them to write specific examples and not vague examples. Give a couple of examples from your own life where you did something that didn’t line up with your personal values.

**Example:** “health is important to me but on my way home from work on Friday I stopped at McDonalds.”

We will usually give one lighter or funny example, and in our second example we talk about something more serious.

Ask participants to share their answers. Do not let this part end without at least one example as this part helps us lay the groundwork for Internal Inconsistency in Part Two.

**Question:** This is a good place to ask: “Why in a program about financial health and personal economics are we talking about personal values?”

We are not looking for a specific answer but generally people agree that our personal values can impact how we use our money. Participants get this concept fairly quickly. This is important in laying the groundwork for the receipt exercise at the end of Part One and Internal Inconsistency in Part Two.

**Goals and Values Exercise**

Have participants rewrite their five goals and their five values below. The point is to have them look over these items again and take them into consideration when doing the next exercise as well as moving on to the homework assignment. Also it is a good place for participants to see if their goals and values align.

<table>
<thead>
<tr>
<th>Goals</th>
<th>Values</th>
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<tbody>
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<td>1.</td>
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Ask them if they their goals reflect their values and vice versa. They do not have to align but it is a good place for participants to look at them side by side.
**ACCESS Exercise**

The point of the next exercise is to have participants think about what they already have access to. People tend to take access for granted until it is taken away. We want people to recognize the value of the things they have access to now and to try to maintain and/or improve their access in these areas. Also we would like them to identify areas where they lack access and how gaining access might help them achieve their goals.

**Access**

Please put a check mark next to what you have access to. Then circle what you’d like to have access or more access to, in order to help you achieve your goals:

<table>
<thead>
<tr>
<th>Transportation</th>
<th>Physical Capability</th>
<th>Networks</th>
</tr>
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<tbody>
<tr>
<td>Shelter</td>
<td>Internet</td>
<td>Water</td>
</tr>
<tr>
<td>Legal Services</td>
<td>Healthy Food</td>
<td>Phone</td>
</tr>
<tr>
<td>Health Care</td>
<td>Heat</td>
<td>Jobs</td>
</tr>
<tr>
<td>Community</td>
<td>Family</td>
<td>Counseling</td>
</tr>
<tr>
<td>Clothing</td>
<td>Education</td>
<td>Grooming/Hygiene</td>
</tr>
<tr>
<td>Electricity</td>
<td>Government Programs</td>
<td>People</td>
</tr>
<tr>
<td>Entertainment</td>
<td>Income</td>
<td>Credit</td>
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<tr>
<td>Religion/Spirituality</td>
<td>Library</td>
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Ask participants to explain a little about what they already have access to and what they would like to have access or more access to.

Identify one small step you can take that could help you start to improve your access to one thing:

__________________________________________________________________________

__________________________________________________________________________

Have participants discuss what they have written. They don’t need to make a plan for change at this point—we are only asking them to think about what they could do. We are starting to build the pattern that will lead to lasting changes in the EPIC exercise at the end of the program. This can be a good place to discuss what resources are available to them that will help them increase their access to what they want.
**Part One: Homework**

When you come to this page you might get a groan. Let the participants know that they do have homework. However, explain that this homework has tremendous benefits. As a result of doing this exercise, we have seen people who initially said they have absolutely no money to spare, were able to start putting some money aside.

The first part of the homework is for them to keep all of their receipts for one week in the envelope that they wrote their top five values on. Tell them to get a receipt anytime money “willfully” leaves their possession, even if it is only a quarter or a penny, they should ask for a receipt or write it down and put in in the envelope. This could be if they give money to their kids or other family members as well as when they spend it.

**Key Points:** Explain to the participants that you are NOT trying to get them to stop spending money. Also they are not to save their spouse’s receipts, just their own. They should not try to change anyone else’s spending behavior. If their spouse pays all the bills that is fine. They are only to keep track of what they spend. If it’s nothing, that is fine.

Even if you are working with a participant on their spending behavior in other aspects of your case management, please allow them to follow this exercise for now, without imposing other restrictions (if you can). For this exercise we do not want to see the receipts because this increases the likelihood that participants will undertake the homework honestly and more completely.

**Homework**

Explain that if they only do one thing between now and next class, they should do this.

4. Keep your receipts: **For one week keep ALL of your receipts** and put them in the envelope provided. If you go to a store and they do not give you a receipt, ask for one. If you pay your bills online, print it out or write it down. Even if you only spend a quarter, or a penny, get a receipt or create your own on a piece of paper.

**Emphasize:** For one week keep ALL of your receipts and put them in the envelope provided. Get a receipt *every time you willfully allow money to leave your possession.*
Explain how it is more important to keep the receipts and the spending journal will come next week. Most people want to do the spending journal but they don’t want to get their receipts. But if they don’t keep the receipts they will most likely be creating a work of fiction and it will not be an accurate account of what they have spent.

Also explain that this homework has tremendous benefits and we have seen people who come into class saying they have absolutely no money to spare, but after doing the receipt exercise they start putting money into their savings.

If you feel comfortable, this is a good place to explain how people like to engage in “mental bookkeeping.” This is where people like to move money around in their head. For example: you go to the grocery store, buy your groceries, but after you pay (spent money) the cashier says, “You saved $5.13,” and you then think, “Oh I can now spend that $5.13 somewhere else.” Ask the participants if that person really “saved” any money. Most will agree that they did not. Also people tend to forget the actual amount and start rounding up or down. This concept is discussed in greater detail in Part Two.

Again, if comfortable, you can explain “Arbitrary Monetary Devaluation.” As an example, anytime someone says, “It was only…” followed by an amount for the purchase, they are playing this game with themselves. There is a point at which people begin to discount the value of their money. For some people it’s a quarter, a dollar, two dollars, five dollars etc. This, too, will be discussed in greater detail in Part Two.
Module One-C: Discussion Points

1. The Values Exercise

The values exercise is the first step in developing awareness of internal inconsistencies (sometimes referred to as cognitive dissonance). The case manager should not go over participants’ top 10 values. When the case manager notices that people are starting to finish the top 10, they should move them to work on the top 5. Do not require a specific order, as people will languish over this and the exercise will never be completed! Some people will share a lot; some will not share much. By the end of this exercise, you will know who the “talkers” are and who are a little reluctant to speak.

The values that the participants’ provide in this exercise are representative of the person they want to be at this moment. It does not mean that their personal behavior is always in alignment with what they value. This point has been critical in getting behavior changes to stick with participants. There is no right or wrong set of values, but it is surprising how often anything financial or money-related is left out of a person’s list of values (and people of low to moderate income will tend to feel guilty or embarrassed if they have “money” on their list).

Since the values listed by a participant in this section are often the person they want to be, it is not necessarily the person they are today. But we know that when a person wants to make a change in their life, if the change does not align with how the person sees themselves, there is less likelihood of the change lasting.

When a person is looking for a job, they will agree to do a lot of things in order to get the job. But once they get the job, in reality, many of the tasks that they will be asked to do are not enjoyable. If we can tie employment into the client’s value system, then an intolerable situation might be better managed until something new can be found.

2. Behavior Alignment

The exercises on the alignment of behavior and values demonstrate that most people do not operate 100% in alignment with what they consider their top values – and that does not make them “bad.” In fact, it makes them human. The point is to become aware and to be able to make change.

There are 3 different responses to this part of the exercise:
1.) Participant does not struggle with the exercise.
2.) Participant struggles with behaviors that are in alignment.
3.) Participant struggles with behaviors that are not in alignment.

You can spend a little time discussing what was difficult and what was easy and why they think that is so.
3. **Access**

Access is a fundamental concept. It can’t be emphasized too much that access is the key to unlock the rest of the Asset Building Continuum. Surprisingly, the concept of access is given little attention by most programs trying to help low to moderate income participants improve their financial situations.

4. **Homework for Part One**

Before we tell them what the envelope is for, we have participants write down their values on the envelope. While we don’t believe that each person will review their values every time they put a receipt in their envelope, it should be a gentle reminder of what we are working on in the program.

The receipt exercise is perhaps one of the most critical elements of the entire program. We continually refer back to this exercise throughout the next three parts. When introducing the exercise in a class setting, there is typically a collective groan. Most people will immediately begin trying to “figure out” the exercise. The purpose is not to get participants to stop their spending. The purpose is to make them aware of when they are spending and to demonstrate their control (or lack thereof) of their funds. We will discuss typical responses to the exercise at the beginning of Part Two.

Some people will already have a system in place (and they will usually let you know). We are not looking to make them do it any differently – they should just be that much further ahead.

Make sure you allow at least a week between the end of Part One and the start of Part Two, even if you have been going through more than one Module in a session. Participants need to have a little time to experience the process of saving receipts and to think about their reactions.

The spending journal introduces Part Two. Many participants will be reluctant to keep their receipts, yet they will write down what they “remember,” usually right before class begins. The spending journal is the second step in the process and will help the participant to develop a more accurate budget, but if they don’t do the receipt part of the exercise, they will more often than not have an inaccurate spending journal.
PART TWO
PART TWO: OVERVIEW

I. Overview

Participants are asked to list spending priorities in the absence of income. Then participants make a list of current wants and needs and the differences between the two are discussed as well as what influences them. Effects of marketing messages, including neuromarketing, are presented.

Participants learn about the concept of Internal Inconsistency as it relates to spending behavior. The prevalence of debt in society is discussed and participants complete exercises connecting their environment and community with their personal goals. This part concludes with the introduction of the concept of the “Spending Moment” and having participants set a small goal for them to achieve.

II. Background

If participants can understand why they choose to spend, they can start to bring their spending more in alignment with their values. Knowledge of Internal Inconsistency (cognitive dissonance) and the Spending Moment helps this process.

III. Essential Message

When people understand the factors influencing their behaviors and the purpose and process of Internal Inconsistency, they have powerful tools for aligning their behaviors with their values.

IV. Objectives for Participants

At the end of this part, participants will have a better understanding of how Internal Inconsistency influences their behaviors, how marketers use Internal Inconsistency and other psychological tendencies in order to craft persuasive messages to influence buying behavior, and how paying attention to the Spending Moment can lead to greater insight into their own behavior.

V. Materials Needed

- Part Two packets
- Extra Spending Journals
- Pens
- Optional: Recent samples of print advertising to illustrate marketing ploys
- Optional: videos loaded and ready to play

VI. Procedure and Essential Points

This part covers a lot of territory, so feel free to take as much time as you need to cover it thoroughly.
It is primarily conducted as a dialogue, where the case manager encourages the participants to think through the process for themselves. At times, the case manager must explain new concepts, but the idea is for the participants to “discover” their own understanding. There are short exercises meant to encourage awareness of the participant’s own beliefs and behaviors. Essential points include how Internal Inconsistency influences behavior, how marketers attempt to influence our spending behaviors, and how awareness of Internal Inconsistency and the Spending Moment allows people to consciously align their behaviors with their values.
Case Management
Part Two
Module A

Wants vs. Needs, and Marketing
The Spending Journal

The spending journal is an important piece of learning about your relationship with money. In the journal, please fill out each line with every purchase or expense you have paid out during the week. Please include ALL expenses, even the smallest of expenses, even if it is only a penny! Also, in the cost, make sure that you include the full price with tax.

<table>
<thead>
<tr>
<th>DATE</th>
<th>ITEM or BILL</th>
<th>COST</th>
<th>PAYMENT METHOD</th>
</tr>
</thead>
<tbody>
<tr>
<td>06/01</td>
<td>Rent</td>
<td>$350</td>
<td>Check, Credit Card</td>
</tr>
<tr>
<td></td>
<td>Soda @ convenience store</td>
<td>$.79</td>
<td>Cash, Money Order</td>
</tr>
</tbody>
</table>


### Personal Priorities

<table>
<thead>
<tr>
<th>List of Expenses</th>
<th>Your Priorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings</td>
<td></td>
</tr>
<tr>
<td>Food/Nutrition</td>
<td></td>
</tr>
<tr>
<td>Housing</td>
<td></td>
</tr>
<tr>
<td>Medical</td>
<td></td>
</tr>
<tr>
<td>Transportation</td>
<td></td>
</tr>
<tr>
<td>Health Insurance</td>
<td></td>
</tr>
<tr>
<td>Car Insurance</td>
<td></td>
</tr>
<tr>
<td>Life Insurance</td>
<td></td>
</tr>
<tr>
<td>Clothing</td>
<td></td>
</tr>
<tr>
<td>Household Items</td>
<td></td>
</tr>
<tr>
<td>Convenience Foods</td>
<td></td>
</tr>
<tr>
<td>Entertainment</td>
<td></td>
</tr>
<tr>
<td>Other insurance</td>
<td></td>
</tr>
<tr>
<td>Grooming &amp; Hygiene</td>
<td></td>
</tr>
<tr>
<td>Electricity</td>
<td></td>
</tr>
<tr>
<td>Water</td>
<td></td>
</tr>
<tr>
<td>Gas</td>
<td></td>
</tr>
<tr>
<td>Cable</td>
<td></td>
</tr>
<tr>
<td>Internet</td>
<td></td>
</tr>
<tr>
<td>Phone</td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td></td>
</tr>
<tr>
<td>Tithing</td>
<td></td>
</tr>
<tr>
<td>Donations</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td></td>
</tr>
<tr>
<td>Debt</td>
<td></td>
</tr>
<tr>
<td>Childcare</td>
<td></td>
</tr>
<tr>
<td>Pet Care</td>
<td></td>
</tr>
<tr>
<td>Restitution</td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td></td>
</tr>
<tr>
<td>Child Support</td>
<td></td>
</tr>
</tbody>
</table>
# Wants and Needs

Make a list of your current wants and needs in no particular order:

<table>
<thead>
<tr>
<th>WANT</th>
<th>NEED</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td></td>
</tr>
</tbody>
</table>

**What influences you when you are determining what your wants and needs are?**
**Success Exercise**

Identify three people that you know who you believe are successful.

1. 

2. 

3. 

List as many attributes as you can of the people you mentioned above that you believe creates their “success”:

Define “Success”

What does success look like in your family, your community and society at large?

What does it mean to you to be “unsuccessful?”
The Message in Our Head

**Marketing:** is an effort to get consumers to behave, i.e. spend their money, their time, and/or their energy, in ways the marketer would like

Marketing aims to create a **want** where none existed or turn a **want** into a **need**.

Creating a want or a need is typically accomplished by defining a sense of lacking in a person. It can be hastened by creating fear or anxiety in the individual.

When a **want** turns into a **need**, it adds **stress**.

**Advertising** is one type of strategy that marketers use to get you to behave in a specific way.

There is a wide range of reports discussing how much money is spent on advertising and marketing dollars per year. **For 2010, reports estimate that over $142 Billion was spent just on advertising in the United States. And estimates range from somewhere between $200 Billion and $500 Billion spent annually on all marketing.** *(Business Insider, June 6th 2011)*

“By the time we reach the age of **sixty-six**, most of us will have seen approximately **two million** television commercials. Time-wise, that’s the equivalent of watching **eight hours** of ads **seven days** a week for **six straight years.**” *(Buy-o-logy, p. 37)*

In 1971 the average American was exposed to at least **560** advertisements per day.

Today the average U.S. consumer receives roughly **1 million** marketing messages a year across all media, or about **3,000** messages per day. *(David Shenk: Some reports estimate as high as **5,000** messages per day...)*
Neuromarketing

**Neuromarketing:** An emerging field in marketing which is focused on appealing to you at the subconscious level. (Not subliminal messaging)

“Our irrational minds, flooded with cultural biases rooted in our tradition, upbringing, and a whole lot of other subconscious factors assert a powerful but hidden influence over the choices we make.” – Martin Lindstrom, *Buy-ology*

### Examples

**Marketing to the Senses**

<table>
<thead>
<tr>
<th>Color</th>
<th>Description</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Red</td>
<td>Energetic, Hungry</td>
<td>(Logos and calls to action)</td>
</tr>
<tr>
<td>Orange</td>
<td>Enthusiastic, Cheerful</td>
<td>(Calls to action, buy, subscribe)</td>
</tr>
<tr>
<td>Blue</td>
<td>Secure, Trustworthy</td>
<td>(Logos and calls to action)</td>
</tr>
<tr>
<td>Deep Green</td>
<td>Stable, Wealthy</td>
<td>Light</td>
</tr>
</tbody>
</table>

### Product Placement
Data Mining

This is a term that is gaining a lot of attention. In essence, Data Mining is a process used to understand or discover patterns in large sets; however more recently it has emerged in the field of marketing as a means to capture as much data as possible on an individual so that the person can be more specifically targeted in marketing efforts.

This is now a $100 Billion industry, focused on tracking all of your behaviors in order to learn as much about you as possible in order to eventually market goods and services to you.

Every time you use Facebook, Google, your credit card, or your rewards program, and a host of other activities, your activity is being gathered as data to help the marketing industry.

Marketing to Children

Estimates are as high as $10 billion is spent on advertising all types of food and beverages to America’s children and youth.

- Children and adolescents see up to 6,100 televised food advertisements a year. Only 5% are for healthy foods/beverages such as dairy products and fruit juice. None are for fruits and vegetables.

- **Under the age of 8 years**, most kids don't understand that commercials are for selling a product.

- **Children 6 years and under** are unable to distinguish program content from commercials

Children between the ages of 2-14 directly influence approximately $500 Billion in family spending in the US each year.
Ready for some more fun TV statistics?

- The average American watches more than 4 hours of TV each day (or 28 hours/week, or **2 months of nonstop TV-watching per year**).

- In a 65-year life, that person will have spent **9 years** glued to the tube.

- Children in the US spend **1,680 minutes watching television** each week, while spending only **3.5 minutes** of “meaningful conversation” with their parents.

- Children in the US spend **1,500 hours** per year watching **television**. They will only spend **900 hours** each year in **school**.

- In an average year, a child in the US will be exposed to **20,000** television commercials.

  *According to the A.C. Nielsen Co.*

- Studies have found that within **30 seconds** of turning on the television, our brains become neurologically less able to make judgments about what we see and hear on the screen.

---

ROGER BOHN & JAMES SHORT - University of California, San Diego
While the kids ages 8-18 spent, on average, 7.5 hours in front of a screen for entertainment each day, in 2009. Kaiser Family Foundation

Adults' average time spent per week on email, text and social media reached 23 hours. eMarketer, 7-2013

### Average Time Spent per Day with Major Media by US Adults, 2010-2013

<table>
<thead>
<tr>
<th>Medium</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Digital</strong></td>
<td>3:11</td>
<td>3:49</td>
<td>4:33</td>
<td>5:16</td>
</tr>
<tr>
<td>—Online*</td>
<td>2:22</td>
<td>2:33</td>
<td>2:27</td>
<td>2:19</td>
</tr>
<tr>
<td>—Mobile (nonvoice)</td>
<td>0:24</td>
<td>0:48</td>
<td>1:35</td>
<td>2:21</td>
</tr>
<tr>
<td>—Other</td>
<td>0:26</td>
<td>0:28</td>
<td>0:31</td>
<td>0:36</td>
</tr>
<tr>
<td><strong>TV</strong></td>
<td>4:24</td>
<td>4:34</td>
<td>4:38</td>
<td>4:31</td>
</tr>
<tr>
<td><strong>Radio</strong></td>
<td>1:36</td>
<td>1:34</td>
<td>1:32</td>
<td>1:26</td>
</tr>
<tr>
<td><strong>Print</strong></td>
<td>0:50</td>
<td>0:44</td>
<td>0:38</td>
<td>0:32</td>
</tr>
<tr>
<td>—Newspapers</td>
<td>0:30</td>
<td>0:26</td>
<td>0:22</td>
<td>0:18</td>
</tr>
<tr>
<td>—Magazines</td>
<td>0:20</td>
<td>0:18</td>
<td>0:16</td>
<td>0:14</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>0:45</td>
<td>0:37</td>
<td>0:28</td>
<td>0:20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>10:46</td>
<td>11:18</td>
<td>11:49</td>
<td>12:05</td>
</tr>
</tbody>
</table>

Note: ages 18+; time spent with each medium includes all time spent with that medium, regardless of multitasking; for example, 1 hour of multitasking online while watching TV is counted as 1 hour for TV and 1 hour for online; *includes all internet activities on desktop and laptop computers; **offline reading only
Source: eMarketer, July 2013

### Daily Time Spent with Digital Media According to US Consumers, 2010-2012

<table>
<thead>
<tr>
<th>Activity</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social networks</td>
<td>0:26</td>
<td>0:30</td>
<td>0:37</td>
</tr>
<tr>
<td>Email</td>
<td>0:26</td>
<td>0:28</td>
<td>0:33</td>
</tr>
<tr>
<td>Online video</td>
<td>0:10</td>
<td>0:17</td>
<td>0:24</td>
</tr>
<tr>
<td>Using search</td>
<td>0:16</td>
<td>0:20</td>
<td>0:22</td>
</tr>
<tr>
<td>Online games</td>
<td>0:13</td>
<td>0:16</td>
<td>0:17</td>
</tr>
<tr>
<td>Blogs</td>
<td>0:05</td>
<td>0:06</td>
<td>0:07</td>
</tr>
<tr>
<td>Online radio</td>
<td>0:07</td>
<td>0:06</td>
<td>0:06</td>
</tr>
<tr>
<td>Online newspapers</td>
<td>0:06</td>
<td>0:06</td>
<td>0:06</td>
</tr>
<tr>
<td>Online magazines</td>
<td>0:02</td>
<td>0:03</td>
<td>0:03</td>
</tr>
<tr>
<td>Other</td>
<td>0:42</td>
<td>0:44</td>
<td>0:31</td>
</tr>
</tbody>
</table>

Note: ages 13-64
Source: GfK, "MultiMedia Mentor" as cited by Interactive Advertising Bureau (IAB), "45 Million Reasons and Counting to Check Out the NewFronts" conducted in partnership with GfK, April 29, 2013

www.eMarketer.com
Marketing Exercises

Exercise One: Think of some of the goods or services in your life that you feel strongly about. Pick one or maybe two and in the space below, identify how marketing has impacted your desire for those goods or services.

<p>| |</p>
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<thead>
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<th></th>
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<tbody>
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</tbody>
</table>

Exercise Two: Now let’s pick one or two items where you have been influenced by your community/environment or your family and friends (don’t forget about the power of your social networks online!)

<p>| |</p>
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</tbody>
</table>
Start by asking participants how their week went. Ask them if they have questions on last week’s material and if they kept their receipts. Most participants will have at least taken a stab at saving their receipts, a few will have saved everything and a few will have saved nothing. If they saved receipts, that’s great—encourage them to keep doing it. If they didn’t save receipts, that’s ok, too. Talk a little about how receipts help us keep accurate track of our spending, then encourage them to start saving receipts.

Over the past week, did they think differently about money? What were their challenges and successes? These can be great open questions to encourage a thoughtful discussion.

**Question:** When you saved your receipts, did you notice anything about your spending?

Some people might want to share exactly what they spent their money on but, for the purposes of this program, you don’t need to know what they spent their money on and you don’t need to look at their receipts. The homework is purely for their own knowledge and the point is to have them become aware of exactly where and what they spent their money on. If you are working with them on their spending habits for other purposes, you can spend a little time here going over their receipts, but it is not necessary.

Next, take a little time to look at the spending journal and explain that it is an important piece for learning about your relationship with money. Keeping receipts is the most important behavior to practice, and the spending journal is the next step in the process toward understanding where your money goes. Have participants take the receipts that they have collected over the week and begin transferring them to the spending journal. Remind them to write what they bought, not just where, and also how they paid for it (check, credit card, cash, food stamps etc.).

<table>
<thead>
<tr>
<th>DATE</th>
<th>ITEM or BILL</th>
<th>COST</th>
<th>PAYMENT METHOD</th>
</tr>
</thead>
<tbody>
<tr>
<td>06/01</td>
<td>Rent</td>
<td>$350</td>
<td>Check, Credit Card</td>
</tr>
<tr>
<td></td>
<td>Soda @ convenience store</td>
<td>$.79</td>
<td>Cash, Money Order</td>
</tr>
</tbody>
</table>
Emphasize the importance of writing down what they actually bought, not just the place they bought it (example: “coffee and a muffin” rather than “coffee shop”). If they bought a variety of items with the same receipt (like groceries, toiletries and clothes at Walmart), have them break it down into categories. The more specific we are in recording our purchases, the more information we have for taking control of our spending. Make sure they don’t forget to write down bills that were paid, too. Record the method of payment (cash, credit card, etc.) in the last column. Explain the difference between variable and fixed expenses and give a few examples of each.

If someone asks why they should bother writing it down when they already have the receipts, point out that the spending journal is a lot more efficient than keeping all of those slips of loose paper, and they can easily see what, when, where and how they “willfully allow money to leave their possession,” all in one place. They might see patterns that they choose to work on, and they will definitely see how much they spend.

If someone asks if they can just write down purchases in the spending journal instead of keeping receipts, the answer is “no.” Keeping the receipts is essential to ensure that money is not lost or forgotten about from the moment of a purchase until the time someone gets to recording it in the spending journal. Keeping receipts leads to greater accuracy in the journal. Recording expenses in the journal eventually will lead to an accurate budget that people can actually use.

**Key Point:** The importance of the receipt exercise and spending journal is that capturing the receipt is the most important piece, followed by writing it down.

For participants who did not do the receipt exercise, explain that the receipts are essential for filling out the spending journal because of the limitations of mental bookkeeping. They need to have at least one receipt to start the spending journal. You can either choose to delay the start of Part Two until they start collecting receipts, or you can cover the next module and hold off the spending journal until your next session with the participant.

**Case manager’s side note:** It is important to have participants do this during their session with you. We have found in the past that if we ask them to do it as homework, practically no one does it. The spending journal is an important step towards creating and maintaining a realistic and useful budget. Once people do the spending journal they see that it is easy and does not take up as much time as they might have thought. Plus if they transfer their receipts to the spending journal, they no longer have to keep those receipts.
Prioritizing Expenses Exercise

For people with lower income or who are unemployed we ask them to write down the first ten things that they make sure get paid. For people with a more stable and/or significant income we ask them to imagine if they lost their job and only had the money they have now, what would be the first ten things that they make sure get paid each month. Make sure they list their top ten in order.

Case manager’s side note: The idea is to get them thinking about wants and needs. For people with lower income, they might be doing this every day.

(Note: This is not the full list)

<table>
<thead>
<tr>
<th>List of Expenses</th>
<th>Your Priorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings</td>
<td></td>
</tr>
<tr>
<td>Food/Nutrition</td>
<td></td>
</tr>
<tr>
<td>Housing</td>
<td></td>
</tr>
<tr>
<td>Medical</td>
<td></td>
</tr>
<tr>
<td>Transportation</td>
<td></td>
</tr>
</tbody>
</table>

Questions: Was this exercise easy or hard? At what number did it start getting hard to decide what to pay for?

Usually around five or six is when people start having a hard time deciding.

Ask participants to share their top five things they decided to pay. How did they decide what to pay first? Tell them that people’s top three to five items usually revolve around the same things, like housing, food, water, electricity, etc. Ask them why it was so easy to choose the first few. In general it comes down to the necessities and what a person needs to survive. At a certain point it might not be a necessity and you will have to weigh the items. At some point they become wants. (This leads the way onto the next page where we discuss "wants and needs.")

Key Point: Needs are subjective and are very much based on the individual’s current perceptions. Usually the first three or four items are similar from class to class, (food, shelter etc.). After reaching number four, individuals’ lists become different. For example in a group of people who are sixty years or older, health insurance and health related expenses are very high up on their list of priorities.
## Wants vs. Needs Exercise

Without giving them any more directions ask participants to write down their top five wants and their top five needs in no particular order. People may ask you more questions but just say it’s up to them and that there are no more directions to give.

### Case manager’s side note:
Throughout our program we stay out of the game of telling participants what they need or what they should do. Here they decide what their wants and needs are and again, it is a very subjective area. We have primed the exercise by having them do the prioritized expense exercise. Ideally people’s wants should relate to what their goals are, yet often they don’t seem to be.

1. Make a list of your current wants and needs:

<table>
<thead>
<tr>
<th>WANT</th>
<th>NEED</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td></td>
</tr>
</tbody>
</table>

There are no right or wrong answers here.

### Question: What is the difference between a want and a need?

**Answer:** Needs are typically associated with survival.

### Question: How do you determine what your wants and needs are?

Ask them the above questions. Then discuss how when a want turns into a need it can add stress. When we equate something with our survival we get stressed, especially if we don’t get that
item that we “need.” Often times we hear people using the words want and need interchangeably. People will say I need something but it might not necessarily be vital to their survival.

We like to use an example from the class that illustrates how people might judge other people’s wants and needs. In the class, a woman remarked how she “needed” to get her nails done. Others might be quick to judge that and think “well that isn’t a need at all,” and “that woman has her priorities all wrong.” However it is important to understand that people have different wants and needs and it can be for very different reasons. For example, the woman who said she needed her nails done might need them in order to be accepted by her community or to maintain a certain image at her job.

People should be careful when passing judgment and understand there are no definitive lists on what wants and needs are or should be. Only you can decide what your wants and needs are but it is important to take some time to think about how you decide the difference and what might be influencing your categorization.

**Question:** What influences you when you are determining your wants and needs?

We are trying to lead people into the next section by asking the above question. Discussion will usually bring up influences like friends, family, media, commercials, our environment, etc. This will lead us to the next section where we talk about one of the largest influences on our wants and needs... marketing.

**Case manager’s side note:** What we are really trying to get at here is how much your environment and community influences your wants and needs. Marketing and the media are very powerful things in our environment that have a substantial influence on our lives.
The Success Exercise

The concept of and language around “success” in our culture is ubiquitous and intense. Listen to the language in your organization, on television, from the government or in the schools for a short period of time and you’ll notice the extreme emphasis placed on this term. Yet we find, for many of our clients, that this term has quite a vague and somewhat mysterious definition.

Upon first glance, we frequently learn that our clients’ concept of success reflects how or where they believe they were/are “supposed to be,” what they believe they “should have accomplished” or how they believe they were/are “supposed to do it.” And all of these “should’s and ought’s” typically should have been accomplished by a subjective, yet very real internal timeline.

This same subjective internal timeline can have a significant impact on an individual’s perception of where they fall on the success continuum, which in turn can have an enormous impact on their self-image, in turn determining what they believe their goals “ought to be” – or what they believe they should be working toward accomplishing.

The “Success Exercise” was originally developed in order to merely raise awareness of this “concept” in our lives. Yet, as it has evolved, we find that there are a few additional applications for it. One is to examine where our concept of “success” comes from, which is usually based on our environment and community. The impact of the environment and community on an individual is more powerful than we tend to give it credit for and the concept of success in our culture is a significant force that causes a tremendous amount of stress and anxiety for a person who is not “achieving” a pre-determined or pre-conditioned idea of what success ought to look like. Another way to apply the exercise is to help us examine the role that “success” plays in our goal setting. And finally, the exercise allows us to determine our own definition of success.

Ultimately, when people have a chance to explore this concept, they tend to come to a place of recognizing that there are at least two distinctive types of success. First, there is “external success.” This is usually the material view of success and how the outside world perceives our success or lack thereof. Then there is our own internal definition of success, which often has very little to do with material success but is more focused on personal characteristics, values and behaviors.

This internal definition is typically more cherished by our clients and it is a success that they have influence over and can more readily achieve.
The Message in our Head

Marketing

On this page, ask the participants to read and discuss the information. You are the guide.

The Message in Our Head

Marketing: The systematic planning, implementation and control of a mix of business activities intended to bring together buyers and sellers for the mutually advantageous exchange or transfer of products.

Marketing is all of the strategies used to get you to behave in a certain way.
Example: The Humane Society commercials

Ask them if they have ever seen any Humane Society commercials? Ask them what those commercials are asking them to do? (Donate money, volunteer, adopt a pet.)

Marketing aims to create a want where none existed or turn a want into a need.

Key Point: It is important to emphasize that marketing aims to turn a want into a need, and that can lead to stress.

Advertising: A form of communication intended to persuade an audience (viewers, readers, or listeners) to purchase or take some action upon products, ideals, or services. Commercials advertisers often seek to generate increased consumption of their products or services through branding, which involves the repetition of an image or product name in an effort to associate related qualities with the brand in the minds of consumers.

Advertising is one strategy used to get you to behave in a certain way.
Example: Wendy’s “Eat Great Even Late!” or Nike’s “Just do it!”

Ask them if they have ever witnessed an instance where a want was created or when a want was turned into a need.
**Example:** Cell phones. In the 1980s cellphones were huge, heavy and expensive and not many people had them. Now cellphones are everywhere and even kindergartners have them.

The cellphone companies were able to create an environment where everyone wanted a cellphone and they became cheaper, smaller and better. They were also able to turn it into a need, especially for parents with children where they equate the cellphone with child’s safety.

Ask them if they feel the world is more dangerous than it was 10 years ago? Also if they bring up the point that they need a cellphone because there are no more payphones, explain that this is because demand shifted from payphones and landlines, to cellphones.

**Another example:** Bottles of water. When did we decide that bottled water was a necessity instead of drinking from a tap?

Read the next section and get any thoughts participants might have on these facts. Spend a little time discussing how much money is spent on marketing and advertising. We are including a few sources here and you can find more on our website.
There is a wide range of reports discussing how much money is spent on advertising and marketing dollars per year. **For 2010, reports estimate that over $142 Billion was spent just on advertising in the United States. And estimates range from somewhere between $200 Billion and $500 Billion spent annually on all marketing.** *(Business Insider, June 6th 2011)*

“By the time we reach the age of **sixty-six**, most of us will have seen approximately **two million** television commercials. Time-wise, that’s the equivalent of watching **eight hours** of ads **seven days** a week for **six straight years.**” *(Buy-ology, p. 37)*

In 1971 the average American was exposed to at least **560** advertisements per day. The average U.S. consumer receives roughly **1 million** marketing messages a year across all media, or about **3,000** messages per day. *David Shenk* Some reports estimate as high as **5,000** messages per day...

**Question**: What are these messages telling you? What are they saying will happen if you do or buy these products? What will happen if you don’t do or buy these things?

**Answer**: If you do or buy these things you will be cooler, prettier, smarter, better, happier etc. If you don’t do or buy these things you won’t get the girl, you will have ugly teeth, you won’t be a good parent, you won’t get the business deal, etc. Essentially what all these messages are telling you is that you are not enough, you are not in a satisfactory place and your life could be infinitely better if you just do... or buy this.

**Key Point**: It is important to point out we are not trying to demonize this. We are not saying that it is right or that it is wrong. We are saying that this is simply how it is, this is the world we live in and it benefits us to be aware of it.

**Transition**: We are being hit with 3,000 messages a day. This is not going to stop. This is not going to slow down. We will probably see much more advertising in the years to come.

**Question**: When commercials come on the TV, what do we do? (We put it on mute, we walk away, we talk over it, etc.) Do you think the marketers know that? Yes they do and they are finding new ways to market to us.
Spend a little time talking about some of the other ways marketers try to reach us (sports sponsorships, internet ads, ads on buses, etc.).

**Question:** Have you ever heard of neuromarketing?

**Neuromarketing** – There is an emerging field, called Neuromarketing, which is focused on appealing to you at the subconscious level. The philosophy behind Neuromarketing is well stated by Martin Lindstrom in his book *Buy-ology: Truth and Lies About What We Buy*, “Our irrational minds, flooded with cultural biases rooted in our tradition, upbringing, and a whole lot of other subconscious factors assert a powerful but hidden influence over the choices we make.”

Explain that neuromarketing is not subliminal messaging. Subliminal messaging is still legal because it has not been proven to be effective.

Explain that traditional marketing is when you are aware that someone is asking you directly to behave in a certain way or buy something.

**Example:** A car commercial. They want you to buy that car and you know that.

Neuromarketing is when marketers influence your behavior or get you to buy something without directly asking you to do so.

**Question:** Can you describe an instance when you noticed “neuromarketing” at work?

**Example:** Cinnabon at the airport. Cinnabon intentionally pumps their delicious smells into the corridor in order to influence people to buy them.

**Example:** Show participants the list of colors and their associated characteristics. Marketers have studied how different colors in their stores or advertisements make people respond. For example the color red can make people more energetic or hungry but the color blue conveys to people notions of trustworthiness and security.

**Example:** Product Placement. You will see product placement on TV shows, in movies, in music videos etc. In the past marketers would pay for their product to be visible in the show somewhere; for instance in a TV show there might be a bottle of Coca-Cola on the counter in front of the main actor. However, they found it was much more effective for the characters to actually interact with the product and in some cases the product is integrated into the dialogue.
**Data Mining**

Read the highlights from the data mining section and discuss the points the participants find interesting. Due to a heightened awareness of data collection about citizens by the government lately, this topic could become inflammatory. Again, discussion about politics should be diverted to a more general discussion about the uses of data mining.

**Marketing to Children**

These are some articles with interesting facts on marketing to children. Please read through some highlights and allow for discussion or questions to be asked.

**Question:** Why would companies spend so much time marketing to kids? 
(Seeing as they have so much disposable income.)

People usually say children will make their parents buy what they want. Also there is a term called “imprinting,” which is when marketers can impact the way children under a certain age will look at things when they grow up.

The list of “more fun TV statistics” leads into a discussion about where we acquire our ideas about who we are and how we fit into our society. Where we spend our time and attention has a lot to do with how we see our place in the world.

**Questions:** So does that influence how we feel about ourselves? 
Influence our behaviors?

From the numbers we have looked at, it’s clear that a lot of the messages influencing our self-image come from marketers. If the primary goal of most marketing is to make us feel we need something more than we have, then the message is that we are not sufficient.

For participants with children, this often leads into goals to spend more meaningful time with their kids.

**Marketing Exercises**

Ask participants to pick an item and identify how marketing has impacted their desire for it. Write about it in the box. Then have them pick an item where their desire has been influenced by their
community or environment. Write about that in the box. Discuss how the two experiences are different or similar.

**Exercise One:** Think of some of the goods or services in your life that you feel strongly about. Pick one or maybe two and in the space below, identify how marketing has impacted your desire for those goods or services.

Exercise Two: Now let's pick one or two items where you have been influenced by your community/environment or your family and friends (don’t forget about the power of your social networks online!)

These questions can lead to a useful discussion about increasing our awareness of all of the influences on our behaviors and what choices we might want to make about that. Have participants identify some other people or groups that impact their economic or financial decision making. Do they feel like these are positive or negative influences? Why? Discuss how our surroundings influence our wants and needs. If we are aware of this influence, we can feel more in control.

**Question:** Who in your community would you consider to be a good financial role model?

When we get to the goals exercise, we will want participants to think about their personal values and goals, then look for people who can support them in the changes they want to make.

**Key Point:** Focusing on the second piece of the Asset Building Continuum, we want participants to think about all the different communities they are a part of and how those communities could help them achieve their goals.
Module Two-A: Discussion Points

1. Reviewing the Homework

As you begin Part Two, obviously, some people will have done the homework and others will not, or they will have done the homework to varying degrees. Some will have their receipts spread about and some will begin discussing why they didn’t do the homework. For those who have never done this exercise before, they will be very eager to discuss their findings from the week. You’ll hear things like, “I had no idea I spent that much money on ___.“ It is important for the case manager to allow this conversation to happen, leading into the exercise on prioritizing expenses.

The case manager should ask the participants if they paid any attention to the “values” listed on the outside of their envelope.

At the end of the discussion, the case manager should let the participants know that they will be asked to continue to do this exercise for the duration of the program and that it is really recommended over the duration of a full fiscal quarter.

2. Prioritizing Expenses Exercise

Developed specifically as an exercise for people of low income, this exercise is actually the expenses side of the budget that participants will see in Part Four. When describing this exercise, the idea is that if you HAD to make a choice in what you would have to give up, what takes priority. For people of low income, these choices are being made daily, weekly, monthly—all the time. When we work with participants that have moderate income, they will struggle with this a little bit more. For moderate income participants, there will be the tendency to lump several of the items together (“oh, we pay all of this at the same time“). The purpose is to get them to think about what they would do if they HAD to make that decision. This helps lay the groundwork for the Wants vs. Needs and also Opportunity Cost discussions later in the course.

Ask participants if it was easy or hard and let them discuss, or see if they noticed anything about their feelings while doing the exercise.

The prioritized expense list is an exercise to help lay out the basic concept of “wants vs. needs” in what is essentially the expenses part of a budget. The needs are obviously the fundamentals. The top three to five items are very similar most of the time (housing, food, water, electricity, transportation) and people say that they make sure that these items get paid first, before the “wants” get met. However, in reality, it is not uncommon for some of the “wants” to actually take precedent. Obviously, it is not our place to tell people how and where they should spend their money, but the receipt exercise followed by the spending journal should be a good indicator for the participant to begin to understand their own priorities in practice. If a person is failing to use their resources to secure their basic needs, their employment stability may be impacted.
3. **Wants vs. Needs Exercise**

Ask participants to write down their “wants and needs” before beginning a discussion. Participants will begin asking exactly what is meant by the question, or will feel unsure if they have put items into the correct category or if they have done the exercise correctly. It is important to tease out the definition and difference between a “want” and a “need.” In working with very low-income populations, they tend to quickly grasp that a need has to do with survival. The definition of want and need should come from the participants, but will usually be something like, “a need is something you have to have to survive, a want is something you’d like to have.” The case manager should not critique how people categorize their wants and needs.

This exercise will set the foundation for the next part of the program: “The Message in our Head,” but it should also be noted that when an item is put into the “need” category, it typically begins to generate stress.

4. **The Message in Our Head**

The question after the Wants and Needs exercise is really a segue into this section and should be facilitated as a discussion, not a written exercise. The discussion regarding influences on an individual’s wants and needs will remind us of the importance of family and community on our values, decisions and behaviors. This is an easy question that participants tend to jump in on: Family, friends, community, media….which leads us to…Marketing!

While we list the difference between advertising and marketing, it is not an essential point. The main point in this section is that participants have been bombarded by messages for a very long time and those messages can make a significant impact on their spending behavior. In fact, the business community understands the concept of messaging so much that they often invest more in messaging than in product development. This part of the module will kick off a torrent of conversation.

The point of this section is to discuss the prevalence of the external messages in our world that can be out of alignment with our individual values. In addition, there is a strong message about how much of our time and our children’s time is devoted to watching television. This section can be quite powerful for some people as they begin to recognize how much of their and their children’s time is dedicated to the use of media and the impact it can have on their lives. The constant message of consumption (buy more, eat more, have more, be more successful, be more beautiful, be happier, etc…) and the relatively easy access to credit allows us to live in debt.

Some key points for the case manager to keep in mind through the course of this section:

a. Businesses are in business to make money and they aren’t secretive about this fact. The case manager should not take on an “anti” business stance.

b. The point of marketing is to get the consumer to **“Willfully give their money to a business.”**

c. From the FHCM point of view, most marketers are not inherently evil and the case manager should not engage in bashing marketers or marketing. Our job is simply to make the participant aware of the degree to which business and marketers are working to get a consumer to **“Willfully give their money to a business.”**
Case Management
Part Two
Module B

Internal Inconsistency, Justifications and Debt
Understanding Our Own Inconsistencies

The human brain is wired to look for patterns and rules because our ability to predict future events has been essential to our survival. When we feel a lack of agreement or consistency, we find it difficult to predict the future and therefore we feel less in control. This makes us feel uncomfortable.

Admitting to ourselves that we make choices and engage in behaviors that contradict our perceptions of our ideal self, as well as others’ perceptions of us, means that our inner beliefs and outer actions don’t align with one another. This creates **internal inconsistency**.

**Internal Inconsistency** is the uncomfortable feeling caused by holding conflicting ideas simultaneously.

The tendency for humans is **to desire quick eradication of the uncomfortable feeling**. So, how does the human make sense of internal inconsistency?

When we feel this kind of discomfort, we typically respond in ways that attempt to restore and maintain consistency. Most often we achieve this either through denial or justification.

**Internal consistency** is restored and maintained through denial when we refuse to recognize or acknowledge that an inconsistency exists. It is restored through justifications when we defend, excuse or uphold an inconsistent choice or behavior with a reason or explanation.
Responses to Internal Inconsistency

JUSTIFICATION

Rationalization

Mental Bookkeeping

Arbitrary Monetary Devaluation

Future Selves

Moral Licensing

Social Proof
## Responses to Internal Inconsistency

Justification, the more common of the two responses to internal inconsistency, comes in several different forms. Here are some of the most common forms of justification:

<table>
<thead>
<tr>
<th>Rationalizations: Whereby our friends, our acquaintances, or we ourselves offer logical explanations to defend contradictory actions and beliefs in an attempt to restore internal consistency. An example would be, “I'm stressed, I need to blow off some steam so I'm going out tonight!”</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moral Licensing: Happens when we reward ourselves with something that is not in alignment with our values. For example, “I worked out super hard at the gym today, so I’ll have two desserts.” Or the other way around, “I'll eat this cake now because I can work it off at the gym later.”</td>
</tr>
<tr>
<td>Social Proof: Is when you justify your behavior by telling yourself or others that it is okay because everyone else is doing it. Basically, all holidays are evidence of social proof. It’s also a favorite of teenagers.</td>
</tr>
<tr>
<td>Future Selves: Often we like to rely on our “future selves” to get us off the hook for today. For instance, we might allow ourselves to make a purchase today, but tell ourselves that tomorrow or next week we will be more steadfast in our choices and besides, we get paid in a couple of weeks anyway – and I’ll probably get a bonus at work. Our future selves are almost always superhumans that do not have the same weaknesses that we are having today.</td>
</tr>
<tr>
<td>Arbitrary Monetary Devaluation: “It was only...” If you’ve ever uttered these words to describe a purchasing decision, you have participated in what we call Arbitrary Monetary Devaluation. In this situation, an individual intentionally devalues the amount of money in order to make the purchase feel okay. This can be used for small amounts, like, “yeah, it was only 50 cents.” Or we can do it with larger purchases through comparison, like, “Well it was only $200, but at the other store it was $250.” If you are compulsively drawn to clearance events, you may be participating in AMD frequently.</td>
</tr>
<tr>
<td>Mental Bookkeeping: We frequently keep track of our budgets and spending in our head, which is a very dangerous way to manage our finances, but it is quite common. So here’s what happens, first – We attempt to manage our finances on the fly. To do so, we often will move funds around in our heads, figuring out when the next paycheck will arrive and how we can massage our finances to make everything work out. While nothing has really changed outside of our heads, we feel better about our finances in our heads. Now if this is just a way to manage finances, it will end there. However, sometimes there is a second step where we will create all of this mental work in order to figure out how to squeeze any additional expense into the mix. By figuring it all out in our head, it gives us the courage to move forward with our spending decisions.</td>
</tr>
</tbody>
</table>

Note – Mental bookkeeping and future self often work simultaneously and these two in combination are at the heart of the use of consumer credit. However, it is not uncommon to use many of these justifications in any one given instance.

And if these justifications don’t work there is always...
**Internal Inconsistency Exercise**

I’d like you to think about some of the strategies you use to make your behaviors make sense to you. My favorite is Mental Bookkeeping. If this was an actual profession, I would be rich! I am so good at moving time and money around in my head to make everything make sense in the moment.

Can you describe 3 instances in the past month when you have used one of these strategies? Write down what strategy you used and why it was necessary to do so. Was it the same strategy 3 times, or are you flexible and able to use multiple strategies? *(Rationalizations, Moral Licensing, Social Proof, Future Selves, Arbitrary Monetary Devaluation, Mental Bookkeeping)*

<table>
<thead>
<tr>
<th>GOOD OR SERVICE PURCHASED</th>
<th>STRATEGY YOU EMPLOYED</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td></td>
</tr>
</tbody>
</table>

So what happens when we ease our internal inconsistency by justifying, rationalizing, denying, blaming and lying?

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**Eighty Percent of Spouses Lie About Spending *\**

In a survey of more than 200 consumers it was found that 80% of spouses lie about their spending.

In addition:
- Nearly 20% of spouses have a secret credit card
- 80% hide purchases, credit cards and bank accounts
- And 59% did not know their spouses credit score and only 30.5% check their own credit reports once a year

*Chris Friedrich*
Debt in the United States

In general we live in an environment and community where the message is “spend, buy, consume, be more, eat more, have more, bigger, louder, faster! - And then do it again! So where does all this get us as individuals and as a country? It gets us in some serious debt. So we’re going to play a game. On this page, you get to guess how much debt for each of the categories listed below. I’ll provide the answers on the following page.

<table>
<thead>
<tr>
<th>National Debt</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage Debt</td>
<td>$</td>
</tr>
<tr>
<td>Consumer Debt</td>
<td>$</td>
</tr>
<tr>
<td>Student Loan Debt</td>
<td>$</td>
</tr>
<tr>
<td>Credit Card Debt</td>
<td>$</td>
</tr>
</tbody>
</table>

Fun Facts About Debt:

- **609.8 million** credit cards held by U.S. consumers *Federal Reserve Bank of Boston

- Average credit card debt per household with credit card debt: **$15,799** *(Revolving Debt/ # of households with credit cards)*

- Average APR on credit card with a balance on it: **12.76 percent**, as of May 2012 *Federal Reserve*

- The average debt in 2011 per student was **$23,300**, 10% owed more than **$54,000** and 3% owed over **$100,000** *Federal Reserve of New York*

- Nearly **1 in 10 borrowers** who started repayment in 2009 defaulted within 2 years

- Total student loan debt is increasing at a rate of about **$2,853.88 per second** *Fastweb*

- And the National Debt has continued to increase an average of **$3.87 billion dollars per day** since 2007*National Debt Clock*
Here are the answers. See how you did.

<table>
<thead>
<tr>
<th>Debt Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Debt</td>
<td>$16,377,488,516,501</td>
</tr>
<tr>
<td>Mortgage Debt</td>
<td>$13,366,278,000,000</td>
</tr>
<tr>
<td>Consumer Debt</td>
<td>$2,644,400,000,000</td>
</tr>
<tr>
<td>Student Loan Debt</td>
<td>$1,054,594,703,351</td>
</tr>
<tr>
<td>Credit Card Debt</td>
<td>$815,400,000,000</td>
</tr>
</tbody>
</table>

* Chart compiled from data by the Federal Reserve, Fastweb & FinAid

Just for your information, **consumer debt** is what we owe on all of our consumer goods and services, this includes cars and appliances, as well as furniture, clothes and perhaps even groceries. The credit card debt listed above is a part of the total consumer debt. As a reminder, this is debt, or money that is still owed, on goods and services that have already been consumed or are being consumed – this is not how much money was spent in total. That number is over $10 Trillion.
INTERNAL INCONSISTENCY

All of this marketing and advertising in our environment can have a huge impact on us. Let us think back to Part One when we identified how there are things that are important to us and we all have our own personal values. But we sometimes do things that are not in alignment with our values.

Example: If I believe I am a good person but then I rob a bank.

Question: How would a person make sense of that situation to themselves?

Some Answers: “I didn’t hurt anyone,” “The bank has insurance to cover it,” “I did it for my family,” and “I won’t do it again.”

Another way to explain Internal Inconsistency is to have everyone imagine how it sounds when two notes are played that do not go together. It does not sound good and it can make you feel uncomfortable. You either want the sound to go away or you want it resolved. This is how your brain feels when you have Internal Inconsistency (related to the concept of cognitive dissonance). It needs to resolve the uncomfortable feeling.

Question: How is it possible that we spend money even when we don’t intend to do so?

“But like it or not, all of us consistently engage in behavior for which we have no logical or clear-cut explanation.” (Buy-ology, p.19)

“Our convictions about who we are carry us through the day, and we are constantly interpreting the things that happen to us through the filter of those core beliefs.” (Mistakes Were Made, p.31)

The human brain is wired to look for patterns and rules because our ability to predict future events has been essential to our survival. When we feel a lack of agreement or consistency, we find it difficult to predict the future and therefore we feel less in control. This make us feel uncomfortable.
Read the definition of Internal Inconsistency below. Explain that our brains were not made to hold two conflicting thoughts in our head at the same time. Our brains do not like this feeling and this causes Internal Inconsistency and we want to get rid of that uncomfortable feeling quickly.

Internal Inconsistency is the uncomfortable feeling caused by holding conflicting ideas simultaneously.

First picture: We all have our personal values and self-image but then we have a thought or behavior that is not in alignment with our personal values or self-image, so we have Internal Inconsistency and a sense of cognitive dissonance. When we have cognitive dissonance our brains can very quickly come up with a justification or a rationalization, or we will deny or place blame on some other factor. That is called dissonance reduction. Once we ease that cognitive dissonance by engaging in dissonance reduction we feel better about the situation and ourselves.

The tendency for humans is to desire quick eradication of the uncomfortable feeling. So, how does the human make sense of Internal Inconsistency?

Second Picture: When we have Internal Inconsistency our brains can very quickly come up with a justification, a rationalization or will deny or place blame on some other factor. Once we reduce that Internal Inconsistency we feel better about the situation and ourselves.

If you have ever said, “Well, it was only $2,” “but it was on sale,” “I deserve it,” “I’m stressed out, I need this,” “It’s a Monday,” “It’s a Friday,” “It’s the weekend,” “It’s my birthday,” “It’s my cat’s birthday,” “I won’t do it again,” etc., you are easing your Internal Inconsistency.

Case manager’s side note: The center circle is where all the marketing comes into play. This is one of the places marketers are constantly trying to help us ease our discomfort by giving us reasons why it is “ok” to do something that is not in alignment with our values.
It is important to note that in general we are not saying that Internal Inconsistency is a bad thing. We just want to bring awareness to it. This is not something you can get rid of (it will always happen to us) but if we are aware of our natural tendency to do this we now have the option to do something about it.

Admitting to ourselves that we make choices and engage in behaviors that contradict our perceptions of our ideal self, as well as others’ perceptions of us, means that our inner beliefs and outer actions don’t align with one another. This creates Internal Inconsistency and so it makes us feel uncomfortable. When we feel this kind of discomfort, we typically respond in ways that attempt to restore and maintain consistency. Most often we achieve this either through denial or justification.

Here is the list of justifications:

**Responses to Internal Inconsistency**

Justification, the more common of the two responses to Internal Inconsistency, comes in several different forms. Here are some of the most common forms of justification:

**1. Rationalization**

Rationalization occurs when our friends, our acquaintances, or we ourselves offer logical explanations to defend contradictory actions and beliefs in an attempt to restore internal consistency. An example would be: “I’m stressed, I need to blow off some steam so I’m going out tonight!”

**2. Moral Licensing**

Moral Licensing happens when we reward ourselves with something that is not in alignment with our values. For example, “I worked out super hard at the gym today, so I’ll have two desserts.” Or the other way around, “I’ll eat this cake now because I can work it off at the gym later.”

**3. Social Proof**

Social Proof is when you justify your behavior by telling yourself or others that it is okay because everyone else is doing it. Basically, all holidays are evidence of social proof. It’s also a favorite of teenagers.
4. Arbitrary Monetary Devaluation

If you’ve ever uttered these words “It was only...” to describe a purchasing decision, you have participated in what I call Arbitrary Monetary Devaluation. In this situation, an individual intentionally devalues the amount of money in order to make the purchase feel okay. This can be used for small amounts, like, “yeah, it was only 50 cents.” Or we can do it with larger purchases through comparison, like, “Well it was only $200, but at the other store it was $250.” If you are compulsively drawn to clearance events, you may be participating in AMD frequently. This is where we find many of our holes when doing the receipt exercise!

5. Future Self

Often we like to rely on our “future selves” to get us off the hook for today. For instance, we might allow ourselves to make a purchase today, but tell ourselves that tomorrow or next week we will be more steadfast in our choices and besides, we get paid in a couple of weeks anyway – and I’ll probably get a bonus at work. Our future selves are almost always Super-humans that do not have the same weaknesses that we are having today.

6. Mental Bookkeeping

We frequently keep track of our budgets and spending in our head, which is a very dangerous way to manage our finances, but it is quite common. So here’s what happens, first: We attempt to manage our finances on the fly. To do so, we often will move funds around in our heads, figuring out when out the next paycheck will arrive and how we can massage our finances to make everything work out. While nothing has really changed outside of our heads, we feel better about our finances in our heads. Now if this is just a way to manage finances, it will end there. However, sometimes there is a second step where we will create all of this mental work in order to figure out how to squeeze an additional expense into the mix. By figuring it all out in our head, it gives us the courage to move forward with our spending decisions.

Go through the types of justification one at a time, giving an example of each one and asking participants to share examples. We justify in an attempt to make sense of our own inconsistent choices and behaviors as well as those of others. In all of our collective experience, we’ve never met anyone who claims not to do it. The more examples you can use from your own life, the better the discussion will be. These are important for understanding the ideas that follow.
And if these justifications don’t work there is always…

People see the headline below and naturally start talking or laughing. This is a bit more complex situation than the one we talked about on the last page with Internal Inconsistency. At this point, a person has two behaviors going on: easing the Internal Inconsistency and being dishonest about spending, thereby involving someone else.

Explain that there are a few different reports on what percent of spouses lie about spending and we choose this one because it had the most shocking percent. Read through the highlights and allow for any discussion and questions to be asked (and there will be!).

Case manager’s side note: If you are going through this material with a couple, obviously this topic can lead to some uncomfortable feelings. If you don’t believe the couple is ready to discuss it, feel free to delay this part, or drop it entirely. On the other hand, it can lead to some good, meaningful discussions if they are ready for it.

Here is the background information for this topic:

80 percent of spouses lie about spending
Secret spenders have hidden credit cards, bank accounts and debts
By Chris Friedrich

Nearly 20 percent of spouses have a secret credit card, according to survey results by CESI Debt Solutions, a nonprofit debt management company.

The majority of those spouses who carry a secret credit card don’t tell their spouse about the card either to avoid an argument or because they want to pay it down before the big reveal. In one fashion or another, 80 percent of spouses hide purchases, credit cards and bank accounts, according to the CESI Debt Solutions survey of more than 200 consumers to test their “financial infidelity.”

Some of the secret spending is so serious that 38 percent of married couples surveyed stated in a press release that they were “concerned the revelation of their secret spending would result in their spouse seeking divorce or separation if he or she were to find out.”

Also, according to the survey, 59 percent of consumers did not know their spouse’s credit score, and only 30.5 percent of all respondents checked their credit reports once a year.

While credit reports are gauged individually, and one spouse’s credit score cannot directly affect the other’s, if considering a joint purchase such as a house or car, knowing your spouse’s credit score can help determine how good an interest rate you’ll get.

Be sure to ask participants what their thoughts are about this information. Give examples and/or ask for examples of this behavior in action.

We like to use a few examples from previous classes where we have frequently heard participants admit they have engaged in this behavior. For instance, one participant would buy things
and then keep them at a friend’s house and another participant said they actually had an entire storage unit to keep items from their significant other.

**Question:** Why do you think this happens and when do you think the person actually decides that they are going to lie to their significant other?

**Case manager’s side note:** What is it called when you can’t control a behavior? It is an addiction or compulsion. If someone’s spending is an addiction it means that they cannot control their behavior and this is not the class for them. Our class is not about changing addictions or compulsions. If it is not an addiction or compulsion than people do have control over their behavior and can look at their options. Please feel free to bring this up with participants, especially if you feel you need to reiterate the idea that ultimately we have control over what we do.

**Internal Inconsistency Exercise**

Tell the participants about something you have purchased using one of the strategies of Rationalizations, Moral Licensing, Social Proof, Future Selves, Arbitrary Monetary Devaluation, and Mental Bookkeeping. Ask them to describe and write down three times when the have used the strategies, what did they purchase and what strategy did they use? Ask a few participants to share their strategies.

Because most people have a reasonably positive self-concept, believing themselves to be competent, moral, and smart, their efforts at reducing inconsistency will be designed to preserve their positive self-images. But the relief is often short-lived: reality keeps popping up to remind us that we really aren’t acting in alignment with our personal values or our goals.

**Case managers’ side note:** This exercise leads into the topic of debt, so it is important to bring out the idea that when we use strategies to reduce our Internal Inconsistency, we often end up buying things we don’t need and that sometimes we spend more than we were planning. Yes, this is where our budget breaks down!
Debt

Debt Game: Ask the participants to guess how big the number is in each blank space on the debt chart and write those numbers in the blanks. Pick a few examples to read from the “Fun Facts About Debt” and briefly discuss the topics most interesting to the participants.

Participants typically start looking at the dollar figures as soon as they turn to the next page. It is very important to present the following material in a “matter-of-fact” way and with no political or personal bias. While going through the facts on consumer debt, allow for discussion and questions to be asked. Things can tend to get a little heated when it comes to talking about the national debt but if the conversation turns political try to steer the conversation to a more neutral tone.

We live in a society where the message is “spend, spend, spend!” which in turn leads to large amounts of personal debt. The section is to help participants understand that debt created is not limited to the individual; it is a prevalent part of our society.

U.S. NATIONAL DEBT CLOCK

Option: You may want to update the statistics on the different types of debt as time goes on. The most important numbers to update are the ones on the national debt. A good site for that is: http://www.brillig.com/debt_clock/
Module Two-B: Discussion Points

1. Internal Inconsistencies

   In keeping with the messaging in our head, we introduce the concept of internal inconsistencies. Participants get this concept very quickly. This allows the case manager to bring back in the Wants vs. Needs discussion as marketers and businesses work to make their products a “need” as opposed to a “want.” In addition, Internal Inconsistency allows the individual to continue to make decisions that are not in alignment with their values through our innate tendency to seek consistency. In essence, our internal inconsistencies create a form of internal fibbing.

2. Lying Spouses

   Most participants will readily admit that they do this or know someone who does. No longer are you simply rationalizing with yourself, you are now also trying to fool someone else about your money behavior. Make sure you have thought through the ethical considerations of your relationship to the participants before bringing up this topic. Will they be concerned that you may tell their significant other, or someone else with influence over their money?

3. Debt

   After discussing the influence of marketing on our spending behaviors and how it can create Internal Inconsistency in our heads, we bring up debt. We live in a culture that says “spend, spend, spend,” and “buy now, pay later,” and this page illustrates how we and our government have been spending. More specifically this page shows how much we’ve been spending beyond our means. These are things we didn’t have the money for so we took out loans and we will have to pay them back later. The key point for case managers is to help participants understand that debt creation is not limited to the individual and it is a prevalent part of our society (our environment & community).

   Debt is the norm in our society. It comes in so many different forms in our world and it has become so easy to accumulate debt. To be in debt and still be able to keep up with payments to creditors, while potentially frustrating, can be manageable for most people. However, once some payments are missed, there is the potential to have creditors begin to harass people at home and at work. Garnishments may show up in paychecks which may lead to the client quitting the job.

   The inability to pay back creditors as promised can lead to frustration, embarrassment and anger. Once a person’s credit is impaired, it can lead to limited access to jobs, housing, transportation and many other basic needs.

   There is almost never debt without stress.
Case Management
Part Two
Module C

The Spending Moment
Who’s Talking About This?

Where is this information being talked about or taught?

Americans are generally resistant to talking about personal finances. Some parents feel that it is the responsibility of the schools to teach this information and the schools feel like it is the parents’ role to teach this information. However both parents and schools are often not being adequately trained to deliver this kind of education – so it falls through the cracks.

Many people are walking around today trying to act as if they have it all together, but in reality they were never given the tools to navigate our consumer driven economy.

Chess Analogy

If I know the rules and you don’t, I’ll win.
If there is money on the table, I’ll take that
Is There a Solution?

There is definitely a solution. And it is relatively simple, though not necessarily easy.

First, we have to be aware that there is even a problem or an issue. Once we become aware, then we need to decide if it is important enough to us to do anything about. If we believe it is important enough to do something about, then we can begin to work on making changes and taking back some control.

Fortunately, you took the first step in this process. The receipt exercise that you undertook in Session 1 is part of what we call “The Spending Moment.” It is an exercise designed to raise awareness and is a critical step toward regaining control of our personal economics and finances.

“The Spending Moment”

So, each receipt you collected captured a precise moment in time when you decided that you were going to give your money to someone else; we call this “The Spending Moment.” We really want to draw attention to this moment where you allow money to leave your possession, all of the moments when money is leaving your possession. Here are a few reasons why this moment is so important.

• The receipt exercise is an account of your spending behavior. Requiring yourself to ask for a receipt helps you to become aware, in that moment, that you are willfully allowing money to leave your possession. You are now conscious of your spending!

• Your actions, or what you spent your money on, reflects exactly what your values are or were in that particular moment.

• In doing the receipt exercise we are beginning to examine patterns of behavior where our actions are sometimes in alignment with our values and sometimes they are not.

• Once you have become aware of your spending and determined if it is in alignment with your values, you can choose to modify that behavior if you want to.

“The Spending Moment” exercise helps us accomplish a couple of items. It is the first step towards creating a somewhat realistic budget and it helps us identify where our values currently reside. We recommend that you continue to do the receipt exercise at least for the duration of the program, but for maximum impact, we recommend doing the exercise for a minimum of three months. But even if you just do it once, it’s a start!
Role Models and Supports

The next step is creating a support network to help you navigate the difficulties of an environment and community that doesn’t always have your best interest at heart.

1. Is there someone in your life that you believe would serve as a mentor/role model that you think might be willing to support you in your efforts to become more financially healthy? And are you willing to engage them in a conversation about your goals?

2. Identify at least one person (more if you can) that you believe will support you in your efforts to achieve your goals.

3. Identify people who you believe can be a hindrance to you achieving your goals.
The EPIC Exercise

1. Pick one goal that you'd like to work on this week that you believe you can achieve:

2. What do you believe are the primary barriers to achieving this goal?

3. What do you believe will be the opportunity cost of working toward this goal?

4. Which personal value(s) does this goal align with?

5. Identify one small step per day that you could work on that would move you towards your goal:
   
   Monday
   Tuesday
   Wednesday
   Thursday
   Friday
   Saturday
   Sunday

6. Who is going to support you on this?

7. When do you plan to reflect on your efforts and how will you make adjustments?

8. What is going to happen as a result of this change?

9. How will you recognize your success?
Additional Resources and Discussions:

- FHI Website & Blogs: www.financialhealthinstitute.com
- FHI Facebook Page: www.facebook.com/fhinst
- FHI Twitter Account: Financial_Health @FinancialHlth

*The most common way people give up their power is by thinking they don’t have any.* – Alice Walker
Who’s Talking About This?

Discuss the idea that Americans often feel uncomfortable talking about personal finance; therefore it is not adequately taught to kids and young adults. There is an assumption that we know all of this. And because it is assumed, frequently people believe that everyone else has it all figured out. That somehow they are the odd person out because they haven’t received this information. And when a person feels like everyone else knows and they don’t, they pretend to know. They don’t talk about it and proceed with their life without making changes. Many people are walking around today trying to act as if they have it all together, but in reality they were never given the tools to navigate our consumer driven economy. And in our silence and pretending to know what we are doing, we find ourselves in a state of precarious financial health.

People do learn, but usually the learning is through trial and error. It is typically an expensive, time consuming and energy draining way to learn. In the FHCM Program we have an analogy that we use and it goes like this: Let’s pretend you and I sit down to play a game of chess and I know how to play and you don’t. Who wins? Me, right? That’s right. Now let’s pretend to play chess and I know how and you don’t and every time you make a mistake I make you pay me $25. That doesn’t sound quite like a fair deal, but unfortunately this is what it is like to enter adulthood in America today. Every year, young adults are launched into a system where they are expected to play a game to which they have never been taught the rules. Then, as they are learning how to play, every time they make a mistake, it costs time, money and energy. We’re not saying that it’s bad or that it’s not fair, this is just how our culture currently operates.

If I know the rules and you don’t, I’ll win.

If there is money on the table, I’ll take that too.

So – the Question is: What can be done?

This leads to the Spending Moment concept, where we start to look at solutions.
“The Spending Moment”

“The Spending Moment” brings us back into the discussion about the homework. Participants (for the most part) did their homework and at the beginning of the Two-A module we asked them to write down their receipts on the spending journal. Now we are going to talk about the importance of the receipts and the spending journal. The Spending Moment is what we want people to become aware of; it is where they can have greater influence and control in their life.

We often hear people say, “I had no idea that I spend this much,” or “I had no idea I spent that much on this.” These are powerful words and it implies that they were not aware of what was going on. They had let go of their control. The spending was not a conscious thought. Example, “I go and I get coffee every day. I don’t think about the cost or how much time it takes me to earn the money for the coffee, as well as how much time it takes me to actually go and get it.” Here we just want people to take a moment out and think before they spend their money.

We often hear people say at the beginning of the program that they have no money. This exercise (for most) demonstrates that they do in fact have money even if it might not be in the amount they want. We see many people who say they have no money realize that they have more resources than they thought and that they were not aware of where those resources were going. Here they begin to realize not only do they have resources but they ultimately get to decide where those resources go. In general, people abdicate that control. They just give it up. Just being aware of that control gives you the option to do what you want with it.

“The Spending Moment” is one of the key concepts to the FHCM Program. This is the moment when an individual decides that they are going to “willingly” spend their money. It is important that the participants become aware of it and are able to recognize it. The steps are laid out below (1-4) and help explain the importance of the receipt exercise and the spending journal. Walk the participants through these steps.

“The Spending Moment”

Explain to participants that in an effort to help create and/or maintain assets, it is essential that your income exceeds your expenses. You can increase your income – but it doesn’t matter if you don’t control your costs.

Explain each step of the spending moment, tying it back to the material we have covered previously.
Remind participants about Mental Bookkeeping. Explain that their top five values that they chose in the Personal Values Exercise actually represent the person that they want to be. However, if they look at where they spend their time and their money they will know exactly what their values are in that moment.

Values can change in a moment depending on how a person feels or what is influencing them and that is okay. Remind participants that Marketers are spending between $200 billion and $500 billion each year to get them to spend their money but they are the ones who actually spend the money. They have control of where they spend their money and their time.

It often happens that we do things that we might not want to do because we don’t want the consequences of choosing something different. For example: I am with friends and they want to go out to an expensive restaurant. Instead of causing a “fuss,” I decided to go with them knowing that I truly did not want to and I did not have the money. People don’t want to offend, be ungrateful or troublesome and it can lead us to feel like the victim of circumstance. However if we can shift our mindset and think about the choices we have, we find more control. For example, I know my friends will want to eat out so I suggest we pick up less expensive take out and eat it at the park.

First

- The receipt exercise is an account of your spending behavior. Requiring yourself to ask for a receipt helps you to become aware, in that moment, that you are willfully allowing money to leave your possession. You are now conscious of your spending!

Second

- Your actions, or what you spent your money on, reflects exactly what your values are or were in that particular moment.

Third

- In doing the receipt exercise we are beginning to examine patterns of behavior where our actions are sometimes in alignment with our values and sometimes they are not.

Fourth

- Once you have become aware of your spending and determined if it is or is not in alignment with your values, you can choose to modify that behavior.
The Role Model Exercise

The Role Model/Team exercise is about utilizing our network, community and environment to help us reach the goals that we have identified. There is an abundance of research that demonstrates the importance of having supportive people to help you in your efforts. Yet, when it comes to financial health, we find that most people believe that they are supposed to figure it out on their own, that they were supposed to have some sort of innate knowledge that would provide them with the necessary tools to develop their financial health without ever having to ask for information or assistance. We recognize that Personal Finance/Economics is a very touchy subject and very few people really like to spend much time on it, much less talk to others about it. However, we can not emphasize the importance of it as we move toward improving our financial health.

The Role Model/Mentor

The Role Model or Mentor is someone (or some people) that can be identified to be more of a guide, someone who has already accomplished what it is we are hoping to accomplish and can give us some insights as to what we might expect on our journey. The role model or mentor is helpful in teaching the “hidden rules” as they are itemized in “Bridges Out of Poverty.” It is not uncommon for participants to have a difficult time identifying a role model and sometimes the Case Manager is the closest thing to a role model that they have.

As a note, when asked if they are willing to reach out to a potential role model or mentor, some participants are reluctant or absolute in their refusal to do so. It’s not our responsibility to require this, obviously, but it is very definitely a topic for continued discussion.

A Community of Support

In is also important to have/find a community of support – even if it is a community of one. The support person or team that we put around us can serve as an important resource when we feel uncertain about how we are moving forward, feel like giving up or need some reassurance. Now, this may sound odd, but we ask people to make sure that the support person or team they choose are people who support the process and not necessarily just the outcome. These are people who are going to recognize that sometimes we struggle and that the process of making a change is not always simple. Frequently, we have had clients choose people that they felt very close to, only to find out that the person they chose didn’t believe the client could make the change they were attempting.
The EPIC Exercise

Show participants the steps of the Experiencing the Process of Intentional Change (EPIC) exercise and explain that it is a good process for making intentional changes in their lives. Ask them to pick an item they want to change, write it down, and go through the following steps. Encourage them to work on a very small goal so they can experience success and move on to their next goal.

1. Pick one goal that you’d like to work on this week that you believe you can achieve:
2. What do you believe are the primary barriers to achieving this goal?
3. What do you believe will be the opportunity cost of working toward this goal?
4. Which personal value(s) does this goal align with?
5. Identify one small step per day that you could work on that would move you towards your goal:
   - Monday
   - Tuesday
   - Wednesday
   - Thursday
   - Friday
   - Saturday
   - Sunday
6. Who is going to support you on this?
7. When do you plan to reflect on your efforts and how will you make adjustments?
8. What is going to happen as a result of this change?
9. How will you recognize your success?

Explain that we recognize that people are limited on time and energy, so undertaking very large goals or many goals at one time is typically ineffective. Taking that into consideration we believe that the best way to move forward is to start by picking one goal that you feel most motivated to tackle or that you think is the most important to start right now. Also take into consideration how hard it will be to accomplish. We recommend picking a smaller goal that is easier to finish within a month’s time because once you start having small successes you are much more likely to keep on working towards your goals. As you have more success you can work your way up to larger goals that will take more time to accomplish.

You can either start by picking one goal that you have already created throughout this course or you can create a completely new one. It’s up to you.

Once you have written down a behavior you want to change, think about what you could do instead of that behavior. Think about what values your goal aligns with and barriers to achieving that goal. There is always some sort of opportunity cost involved in making a change, so think about what you would be giving up in order to achieve this goal. Knowing what value(s) the goal aligns with can help you think of ways to keep motivated.

For example, I want to buy a new car. My first achievable step would be to research different used car dealers. First thing I could do is ask around. Secondly I could research on the internet. Lastly I could finalize a list of dealers I trust and might have a car I want.

It might take me longer than a week to actually buy a car and it might take a lot more steps but, as with all plans, you can adjust them. Also on our website you can print off as many sheets as you need to help you lay out a plan to achieve your goal.

Identifying supportive people will help with motivation and even removing barriers. Planning to reflect on your change efforts is part of the refinement process. We don’t always get everything right the first time we try, but we can keep getting better.
The last part is to create a reward for yourself when you accomplish your goal. You could come up with very tiny rewards when you complete one of your small achievable steps. People are much more likely to complete steps and goals if there is a reward attached.

**Question:** How will your life look different if you achieve your goal?

(This is important for building up your belief that you can do it as well as remembering why you want to do it)

Just a friendly reminder that in order to improve their financial situation, it will take time and there are no easy fixes. If they want to change they have to figure out what is stopping them and actively take small steps in order to achieve their goals.

**Key Point: Economic Development takes time!**
Module Two-C: Discussion Points

1. Who’s Talking About This?

   The chess analogy is inserted to illustrate that most people are not taught about personal economics and how interwoven it is in people’s lives. People are somehow expected to know this information without having been taught it. And no one wants to admit that they don’t know.

   Case managers should present the material in the “Who’s Talking About This” section as an explanation for why we have so much trouble with debt. People are not willfully piling up debt, our society just doesn’t teach young people about the rules of the game before they are thrust into it. Through the FHCM program, participants are now becoming aware of the game and learning the rules and are encouraged to begin having discussions about this with any and everyone.

2. “The Spending Moment” and The Receipt Exercise Discussion

   Make certain you thoroughly cover “the Spending Moment” – it can be read word for word. It cannot be emphasized enough that this is perhaps the single most important part of the class. In order to change a behavior, the participant first has to know that the behavior exists or that a problem exists. “The Spending Moment” is where the participant has the opportunity (IF THEY WANT TO) to take back control of their finances.

3. The EPIC Exercise and Homework

   Setting a small goal that can be achieved over the next week is a very important next step. Case managers should make sure that participants get the idea of the exercise and have a workable goal before they leave the class.

   We ask that participants continue with the receipt and spending journal exercise as this will lead us to a better understanding when we get to budgets in Part Four.
PART THREE
PART THREE: OVERVIEW

I. Overview

In Module Three-A, participants examine where and how they spend their time and why. The concepts of the “Time Value” of income and expenses are introduced, and participants apply them to their own income and personal expenses. Opportunity cost is reviewed and concepts of scarcity and tunneling are introduced in Module Three-B, Internal Inconsistency is reviewed and participants recognize how in the same way we justify where we spend our money, we justify where we spend our time.

In Module Three-C, participants explore the relationship between finances, stress and health; particularly financial stress, and its effects on health, along with the effects of health on finances. Differences between acute and chronic stress are discussed as well as the effects of chronic stress on the body. How stress is defined and measured is offered as a point of conversation; through a series of discussions and exercises participants develop a greater awareness of the individual’s involvement in creating stress and how it can be proactively managed. Module Three-C concludes with the creation of small goals to help better align the participant’s personal values and goals with how they spend their time.

II. Background

Part Three seeks to help participants realize the true value of their time and income and that ultimately they have control over where and how they spend their time and where and how they spend their money. Participants are encouraged to seize the control they have over time and money in hopes of better aligning how they spend both with their personal goals and values in mind.

Part Three also looks at finances, stress and health as universal issues, but as issues over which we have some control. By increasing awareness of the impact of stress on health and finances, participants are encouraged to make proactive choices that help alleviate circumstances that tend to cause them stress.

III. Essential Message

Stress, financial and time management are all something an individual can influence.

IV. Objectives for Participants

At the end of this part, participants will have a better understanding of stress and how health and finances are inextricably woven together. They will also understand the concepts of time value and opportunity cost and be able to apply them to their income and expenses. Ultimately participants will
understand that they have control over their perception of stress, their money and their time and will be better able to align these things with their personal goals and values.

V. **Materials Needed**
   - Part Three packets
   - Optional: Props to demonstrate opportunity cost (ex. Pen and a bottle of water)
   - Pens

VI. **Procedure and Essential Points**

   This part is primarily conducted as a dialogue, where the case manager encourages the participants to think through the concepts and perhaps re-evaluate their roles in their financial lives. At times, the case manager must explain new concepts, but the ideal is for the participants to “discover” their own understanding. There are short exercises meant to encourage awareness of the participant’s own beliefs and behaviors. Essential points include the interrelated nature of our money, our stress and our health, and how in the same way we justify where we are spending our money, we justify where we are spending our time.
Case Management
Part Three
Module A

Income and Time Value
The Spending Journal

The spending journal is an important piece of learning about your relationship with money. In the journal, please fill out each line with every purchase or expense you have paid out during the week. Please include ALL expenses, even the smallest of expenses, even if it is only a penny! Also, in the cost, make sure that you include the full price with tax.

<table>
<thead>
<tr>
<th>DATE</th>
<th>ITEM or BILL</th>
<th>COST</th>
<th>PAYMENT METHOD</th>
</tr>
</thead>
<tbody>
<tr>
<td>06/01</td>
<td>Rent</td>
<td>$350</td>
<td>Check, Credit Card</td>
</tr>
<tr>
<td></td>
<td>Soda @ convenience store</td>
<td>$.79</td>
<td>Cash, Money Order</td>
</tr>
</tbody>
</table>
Here are some examples of Cash and Noncash Income Sources:

<table>
<thead>
<tr>
<th>Earned Income</th>
<th>Housing assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child Support</td>
<td>Medicaid</td>
</tr>
<tr>
<td>Social Security Retirement Income</td>
<td>Medicare</td>
</tr>
<tr>
<td>Social Security Disability Income (SSDI)</td>
<td>Employer sponsored health care</td>
</tr>
<tr>
<td>Survivors’ Benefits</td>
<td>Other employer-paid benefits</td>
</tr>
<tr>
<td>Supplemental Security Income (SSI)</td>
<td>Barter</td>
</tr>
<tr>
<td>Pension</td>
<td>Childcare from family or friends</td>
</tr>
<tr>
<td>TANF</td>
<td>Legal assistance</td>
</tr>
<tr>
<td>Earned Income Tax Credit (EITC)</td>
<td>Employer-paid training</td>
</tr>
<tr>
<td>Other tax credits</td>
<td>Free training</td>
</tr>
<tr>
<td>SNAP (Food Stamps)</td>
<td>Vocational Rehabilitation training</td>
</tr>
<tr>
<td>Child Care Assistance (CCAP)</td>
<td>Workforce Center Training</td>
</tr>
<tr>
<td>Unemployment Insurance</td>
<td>WIA (Workforce Investment Act)</td>
</tr>
<tr>
<td>Energy Assistance (LEAP)</td>
<td>GI Bill</td>
</tr>
<tr>
<td>Gifts from family and friends</td>
<td>Selling items on EBay or Craigslist</td>
</tr>
<tr>
<td>Income tax refund</td>
<td>Garage or yard sale</td>
</tr>
<tr>
<td>Employer contribution to retirement fund</td>
<td>OAP</td>
</tr>
<tr>
<td>Pell grant</td>
<td>WIC</td>
</tr>
<tr>
<td>Other school grants</td>
<td>EOC (Energy Outreach Colorado)</td>
</tr>
<tr>
<td>Scholarship</td>
<td>Financial assistance from nonprofits</td>
</tr>
<tr>
<td>College work-study</td>
<td>Commodity Supplemental Food Program</td>
</tr>
<tr>
<td>Transportation assistance</td>
<td>School Lunch Program</td>
</tr>
<tr>
<td>Veterans’ Disability Compensation</td>
<td>Royalties</td>
</tr>
<tr>
<td>Investments</td>
<td>Total Benefits Package from employer</td>
</tr>
</tbody>
</table>
**Income Exercise**

**Cash Income**
As best as you can, please fill in all of your sources of income you received last month that came in the form of cash. That could have been your pay (gross amount or the amount you receive before taxes and benefits are taken out), investment income, unemployment, Food Stamps, TANF, scholarships, grants, housing or energy assistance, or health care assistance.

<table>
<thead>
<tr>
<th>Income Source</th>
<th>Gross (Total Amount)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paycheck</td>
<td>550.00</td>
</tr>
</tbody>
</table>

**Non-Cash Resources**
As best as you can, please fill in the non-cash resources you received last month. This could have been, as examples, someone buying you dinner, watching your children, giving you a gift or teaching you a skill that will save you some money!

<table>
<thead>
<tr>
<th>Income Source</th>
<th>Gross (Total Amount)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Friend buy dinner</td>
<td>$15</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total</th>
<th></th>
</tr>
</thead>
</table>
# Gross vs. Net Income

Please fill in all of your sources of income and note the difference between your Gross and Net Income. The difference between your Gross and Net Income is the value of your Taxes, Insurance and Benefits.

<table>
<thead>
<tr>
<th>Income Source</th>
<th>Gross (Total Amount)</th>
<th>Taxes, Insurance, &amp; Benefits</th>
<th>Net (Gross minus taxes, etc.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paycheck</td>
<td>550.00</td>
<td>52.46</td>
<td>497.54</td>
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<tr>
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<tr>
<td>Total</td>
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</tr>
</tbody>
</table>

What is Time Value?
**Time Value of Income**

For the following exercises, we will look at the time value of your income sources: How many hours did you have to work in order to receive your income? And for the purpose of other exercises in this section, we will also look at the wages by minute.

**Wage by hour:**
Begin by figuring out how much money you earn per hour. For the purposes of this exercise, we will only use our “gross earnings.”

- If you earn an hourly wage, like $10 per hour, then this is easy. Your time value for this exercise will be $10/hour.
- If you are salaried, then we recommend, for simplicity that you divide your yearly salary by 2 and then drop the zeros. So it looks like this:

Example:
$24,000 per year divided by 2 = $12,000, then drop the zeroes and you get $12.

**Wage by minute:**
To figure out your Wage by minute, take your hourly wage and divide it by 60:
$10 per hour divided by 60 (minutes) = approx. 17 cents per minute.

*These figures might not be totally accurate, but they are close enough for our exercises going forward.*

Calculate your time value for your primary source of income. If you do not work and rely on your spouse, put in their source. If you are currently on unemployment or other benefits, list them as your income source and use 35 for the number of hours worked.

<table>
<thead>
<tr>
<th>Income Source</th>
<th>Gross (Total Amount)</th>
<th>Divide by number of hours worked</th>
<th>Hourly Wage</th>
<th>Wage by minute</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
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</tr>
</tbody>
</table>
**Time Value of Expenses**

To calculate the time value of a particular expense, you take the amount of the expense and divide it by the hourly wage you listed above and you can figure out how many hours it takes to earn that expense.

For example: If your food costs $250 per month and your hourly wage is $10/hour. Divide $250 by $10 and you will see that it costs 25 hours of work time.

$250 divided by $10/hr = 25 work hours

If you are so inclined, feel free to figure the value by minute as well. Simply multiply the number of hours by 60 (minutes)

For example: 25 hours x 60 (minutes) = 1500 minutes

Calculate your time value by hour for your expenses.

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Expected $ amount/month</th>
<th>Write in your hourly wage</th>
<th>Divide Expected Amount by your hourly wage to get your Time Value by hour</th>
<th>Multiply your Time Value by Hour x 60 to get your Time Value by minute</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>$150</td>
<td>$10</td>
<td>15</td>
<td>900</td>
</tr>
<tr>
<td>Transportation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entertainment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt payments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health (including insurance)</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
Now let’s calculate your time value by hour for your some of your expenses that you don’t get in a monthly bill. These are individual outings and events.

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Expected $ amount/ Occurrence</th>
<th>Write in your hourly wage</th>
<th>Divide Expected Amount by your hourly wage to get your Time Value by Hour</th>
<th>Multiply your Time Value by Hour x 60 to get your Time Value by Minute</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Fast Food Trip</td>
<td>$12</td>
<td>$10</td>
<td>1.2 Hours</td>
<td>72 minutes</td>
</tr>
<tr>
<td>Trip to convenience store</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tank of gas/Bus or train fare</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>A night out</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Late fee or insufficient fund fee</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vending machine purchase/Red Box/or coffee outing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Birthday party or other event</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unanticipated lunch or dinner with friends or colleagues</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest payment on credit card</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
MODULE THREE-A: ANSWER GUIDE

Module Three-A: Income and Time Value

Homework Review

Start this section with a review of the homework from Section Two. Did the participants save their receipts consistently? Have they been recording their expenses in the spending journal? How is that going? Are they finding patterns in their spending behavior? And has their increased awareness of their spending caused them to reassess their personal values? If they are having difficulty recording expenses in the journal, you can spend some time helping them and explaining concepts.

Next, ask them if they were aware of any moments of Internal Inconsistency. How did that feel? What were the circumstances leading up to that moment and what were their behaviors during and after it? Did they use denial, justification or rationalization to reduce the feeling of discomfort? Did they use this experience to change their behavior afterward? Did they try any of the suggestions for managing the Spending Moment and did they help? Did they come up with their own ideas and how did those work?

Ask participants how the last module went and whether they worked on the small goal they set. Have they noticed any changes in their behavior? What small adjustment did they make to their spending? How well did that work? Were there any barriers or pitfalls? How did they handle the difficult moments? How did they feel when they accomplished a change in their spending?

That’s a lot of questions to ask, but asking questions leads to insight, for both the participant and the facilitator. Asking questions also encourages participants to feel they have more control over their own behaviors and circumstances.

If you find that people did not do the homework be sure to ask them why. Their answers are important because it helps us make the program better and find out what exercises work and don’t work. It also helps the participant verbalize what is stopping them from doing the homework and helps them become more aware of their specific barriers.

Explain that even the act of writing down a goal and then putting it away has an impact. Also these goals are things that you say you want to do. It is important to take a little time to think about if these goals are really important to you and if so, figure out what is getting in the way.
Part Three-A: Income & Time Value

After reviewing last section’s homework, you can introduce the Income Exercise. This exercise starts the process of examining where, how and why participants spend their time. We are setting up a process that helps participants realize the true value of their time and income and that ultimately they have control over where and how they spend their time and where and how they spend their money. Participants are encouraged to seize the control they have over time and money in hopes of better aligning how they spend both with their personal goals and values in mind.

**Question:** What is income?

On this page we are going to have participants apply “Time Value” to their income and their expenses. But first ask them, “What is income?”

**Answer:** We like to define income as all the resources coming into your possession.

**Follow up question:** What are different sources of income?

The point here is to broaden the participants’ understanding of what income can be. Mostly people think of income as the money they receive from working a job. However government assistance, food stamps and energy assistance is also income. When a family member or friend gives you money for a birthday or holiday or if someone were to take you out to lunch or give you clothes or other items that should also be considered income.

**Case manager’s side note:** This follow up question is a bit of a stumper. When you ask someone what is income most people only think of it as the money coming from their job. If they don’t have a job, they easily classify themselves as someone with zero income. However, they may be receiving other resources (sources of income) and not taking those resources into consideration. These are assets and it is important for people not to discount their value.
**Income Exercise:** Have participants fill in all of their sources of income. Cash income goes in the table on the left and non-cash resources go in the table on the right. It can be hard to quantify the value of non-cash resources, but tell them to do their best. They won’t have to use those figures in upcoming exercises; they just need to think about their value.

### Income Exercise

<table>
<thead>
<tr>
<th>Income Source</th>
<th>Gross (Total Amount)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paycheck</td>
<td>550.00</td>
</tr>
<tr>
<td>Friend buy dinner</td>
<td>$15</td>
</tr>
</tbody>
</table>

### Gross vs. Net Income

**Question:** What can be taken out in between your gross and net income?

Here we ask participants to write down their incomes sources and how much their gross and net is as well as the amount they are spending on taxes, insurances and benefits. Ask participants the difference between gross and net income. Ask them what can be taken out between their gross and net income. Explain that these are goods and services that they are receiving.

Explain that most people focus on the net income amount and don’t take into account the value they are receiving from the taxes, insurance and benefits that are taken out of their gross income. You have earned the full amount and you are choosing to spend the money on these items.

Ask if anyone has ever tried to buy health insurance on the open market. Ask them how expensive it was. If you have the option to buy health insurance through an employer, you are getting a much better deal and it is important to recognize the value of that.

You are also choosing to spend money on your taxes. We don’t want this to turn into a political argument but we like to say if you don’t like where your taxes are being spent, you can get involved. Also you can choose not to pay your taxes, but there can be consequences. It is important to
understand that you do have a choice. Ask participants how expensive it would be to build a road at the end of their driveway, or pay for a private school instead of sending their kids to a public one, or putting out fires or disposing of their trash. Tell them they are getting a good deal. You are receiving services through the deductions taken out of your gross income and you should not discount the value of that.

<table>
<thead>
<tr>
<th>Income Source</th>
<th>Gross (Total Amount)</th>
<th>Taxes, Insurance, &amp; Benefits</th>
<th>Net (Gross minus taxes, etc.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paycheck</td>
<td>550.00</td>
<td>52.46</td>
<td>497.54</td>
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<td></td>
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<tr>
<td>Total</td>
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</tr>
</tbody>
</table>

**Question:** What is Time Value?

**Answer:** Time value is the value, whether it is monetary or not, that you give to time.

It’s easy enough to figure out the value of your time at work, but it gets a bit trickier to figure out the time value of other activities. For example, how much is the time spent with your kids worth? Generally we would say that it’s priceless.

**Case manager’s side note:** When we talked about the Asset Building Continuum in Part One, time and energy were essential components within all the pieces of the continuum. Here we will mostly focus on time. We are not looking at the economics definition of time value necessarily. Instead we are simply looking at the value we associate with time.
Time Value of Income

Here we want participants to figure out how much time it took them to receive their income source. For a job it is pretty easy. But if the participant is receiving food stamps how long did it take you to fill out the paperwork, drive to the office and do everything else required of you to actually receive them? If the participant is on TANF, they probably have a minimum number of hours per week that they are required to engage in work-related activity. Or they can figure it based on the rate for the job they are trying (or hoping) to get. If they are receiving Unemployment Insurance, they need to be out looking for a job. If they rely on their spouse’s earned income, then their spouse had to work a certain number of hours to get it. The big point is just to figure out the value of an hour of their time.

Have the participant fill in the income columns of the Time Value Exercise, including the “wage by minute.” It is helpful to have a calculator for this and the next part of the exercise.

Calculate your time value for your primary source of income.

<table>
<thead>
<tr>
<th>Income Source</th>
<th>Gross (Total Amount)</th>
<th>Divide by number of hours worked</th>
<th>Hourly Wage</th>
<th>Wage by minute</th>
</tr>
</thead>
<tbody>
<tr>
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<tr>
<td>Total</td>
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</tr>
</tbody>
</table>
**Time Value of Expenses**

For the next exercise, explain that most people never look at the time it took to actually pay for their expenses. For example, if I spend $120 on car insurance and I make $10 an hour, it took me 12 hours to earn that car insurance. If I spend $60 on dinner and a movie with a significant other, it took me 6 hours to earn that. You have to give up time in order to earn those dollars, so when I go to buy a bottle of water it’s good to stop and think, is that bottle of water worth this much of my time, especially if I am buying a bottle of water every day.

Example: A man figured out how much he spent per year for ATM fees. He found out it was almost $400 a year. With that knowledge, what do you think he decided to do? He decided to change his behavior.

Calculate your time value by hour for your expenses.

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Expected</th>
<th>Divided by Hourly wage</th>
<th>Work Time Value by hour</th>
<th>Work Time Value by minute</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food</td>
<td>$250</td>
<td>$10</td>
<td>25</td>
<td>1500</td>
</tr>
<tr>
<td>Transportation</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Food</td>
<td></td>
<td></td>
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<tr>
<td>Entertainment</td>
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</tbody>
</table>

The time value by minute calculation can lead to significant insights when compared to the cost of “incidental” expenses like convenience food or entertainment. We don’t want people to get obsessed with figuring out larger bills, especially housing, because that can feel overwhelming, especially for low income participants, for whom housing is a sizable percentage of their income, especially since the lack of low-income housing makes it difficult for them to make different choices. We want them to focus on choices that are within their control in order to feel successful when they make changes, building up to bigger changes.
### Expenses Table

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Expected</th>
<th>Divided by Hourly wage</th>
<th>Work Time Value by hour</th>
<th>Work Time Value by minute</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Fast Food Trip</td>
<td>$12</td>
<td>$10</td>
<td>1.2 Hours</td>
<td>72 minutes</td>
</tr>
<tr>
<td>Trip to convenience store</td>
<td></td>
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<tr>
<td>Tank of gas/Bus or train fare</td>
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<tr>
<td>A night out</td>
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</tbody>
</table>

**Question:** How does this information change how you think or feel about any of your expenses? How do you think this information will impact your perception of future expenses?

**Key Points:** This discussion of time value is a critical part for helping participants understand the relative value of their time. Money is simply a neutral object. Money is the go between. It is an exchange of your time, your skills and your energy. Instead of having to try to figure out how many chickens you need to get a horse, you can use money. And we are really exchanging our time, not the money. This exercise demonstrates and encourages participants to apply the concept of time value to their income and their expenses, with the hopes that they will appreciate the full value of the income they receive and consider how much time it takes to earn their expenses.

Remind participants that we already said that time is an asset in Part One. Now we are thinking about how we use our time, attaching a monetary value to it and it helps us decide if we are spending it on things that are worth it.
Module Three-A: Discussion Points

1. Income

The Time Value section begins with “income” in order to facilitate the upcoming exercise. We then define time value so that we can begin the time value exercises. The discussion around income is very important in helping people recognize and give value (not to discount) all of the resources they currently have. Taxes, insurance and benefits are discussed for the same reason: so that the participant sees the value in those “purchases.” Participants are then asked to figure out their time value for their gross and net pay.

It is quite common for people to only view their income as the net amount that they bring home from a job. It is important to recognize all of our sources of income, to include all resources that are coming in. When there is not a full valuation of our resources, a person can feel as if they are working for nothing. By fully valuing the gross income, the client can fully value the time they devote to their work. By identifying all resources that are coming in, the client can better recognize their access to resources. By focusing on areas within the participants’ control, there is a greater likelihood of appreciation for those resources.

2. Time Value

We are trying to move the participants toward thinking of how they spend time in the same way as how they spend their money and to look at the connection (or lack of it) between their values and their spending behaviors.

Understanding the relationship between time devoted to work and expenses frequently raises the awareness of how people choose to utilize their resources. The participant can gain an understanding of how resources flow in and out and it reminds them that money is a function of time. It is a neutral object.

The expenses portion of this exercise was developed so that the participant could get a feel for how to do it with some of more obvious budget line items. The participant is asked to complete what will become the “Expected” column in a budget and then figure out the time value for each line item.

In essence, after doing this exercise, the participant has now seen a budget and done some exercises on it, although we've never called it a budget. They have also started to look at how they spend their money in a different way: as a measure of their time.
Case Management
Part Three
Module B

Opportunity Cost,
Internal Inconsistency with Time,
Debt and
“Scarcity,” “Tunneling” & Convenience
**Time and Opportunity Cost**

Opportunity Cost is a fancy schmancy term that is usually used in economics classes and it usually is applied to how people use their money. But I have found that the concept applies equally as well to how we utilize our time, and in fact many people actually grasp the concept better by applying it to time.

The **opportunity costs** of a particular action are the benefits you could have received by taking an alternative action.

**Example One: Time**

![Diagram showing opportunity costs of spending an hour on nap or cleaning garage.]

**Example Two: Money**

![Diagram showing opportunity costs of spending $15 on pizza or childcare.]

For some people, this concept has a huge impact on how they see their resources flowing out of their possession. But even if this isn't a big “Aha” moment, this little concept of opportunity cost, the fact that we have to give up one thing for another can cause us to squirm a little.
Internal Inconsistency with Time & Energy

We know we have all of these things that we “should” be doing or things that we want to achieve with our time, but then, well...sometimes you just need a break...right?

In Part Two, we discussed some of the ways that we deal with our internal inconsistencies when it comes to how we utilize our money. We do a lot of the same things with our time. Here they are again, in case you’ve forgotten:

- **Mental Bookkeeping ➔ Mental Time Management**
- **Moral Licensing**
- **Rationalizations**
- **Social Proof**
- **Future Selves**

Arbitrary Monetary Devaluation ➔ Arbitrary Time Devaluation

“It was only...” ➔ “I’ll look at this website for just 5 minutes...”

But with time we also get the biggie...

- **Procrastination!**

The Planning Fallacy

**The Planning Fallacy** is an issue of mental time management. In this fallacy, the individual typically perceives an abundance of available future time by not accurately estimating future commitments or, by relying on their superhuman “future self” they severely underestimate the time needed to achieve tasks. In both cases, the mental time management eventually ends with the individual being short on time and possibly stressed out.

By the way, procrastination when it is applied to spending is called **saving**!
Internal Inconsistency with Time & Energy

So just like we did with our money, I’d like for you to think about some of the strategies you have used in the past to make sense of how you managed your time. And again, just like before, my favorite is Mental Time Management. I am extraordinary at shuffling events around in my head so that I can just have a little rest right now.

Can you describe 3 instances in the past month when you have used one of these strategies? Write down what strategy you used and why it was necessary to do so. Was it the same strategy 3 times, or are you flexible and able to use multiple strategies? *(Rationalizations, Moral Licensing, Social Proof, Future Selves, Arbitrary Monetary Devaluation, Mental Bookkeeping, Procrastination)*

<table>
<thead>
<tr>
<th></th>
<th>ACTIVITY</th>
<th>STRATEGY YOU EMPLOYED</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
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<tr>
<td>2.</td>
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<tr>
<td>3.</td>
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</tbody>
</table>
How We Use Our Time

Remember these TV statistics?

- The average American watches more than 4 hours of TV each day (or 28 hours/week, or 2 months of nonstop TV-watching per year).
- In a 65-year life, that person will have spent 9 years glued to the tube.
- Children in the US spend 1,680 minutes watching television each week, while spending only 3.5 minutes of “meaningful conversation” with their parents.
- Children in the US spend 1,500 hours per year watching television. They will only spend 900 hours each year in school.
- In an average year, a child in the US will be exposed to 20,000 television commercials. *According to the A.C. Nielsen Co.
- Studies have found that within 30 seconds of turning on the television, our brains become neurologically less able to make judgments about what we see and hear on the screen.

Here are some statistics about time spent on computers:

- Computer users spend an average of 43 minutes every day – five hours per week, or eleven days per year – waiting for computers to start up, shut down, load software, open files, and connect to the Internet.
- In the US, about 90 million American households (80 percent of US total) had PC’s and Internet Access, and nearly half of those had two or more computers at home, 70 million had a game platform, 45 million households share approximately 96 million smartphones; 7 million had tablet computers.
- Sixty percent of households had three Internet-enabled devices; 25 percent had five.
- Over the course of a typical day, you send and receive an average of 110 messages.
- You check your phone thirty-four times.
- Visit Facebook 5 times.
- Spend at least a half hour “liking” things and messaging friends.
- Nielsen and Pew Research Center have found that Americans spend an average of 60 hours a month online, or 720 hours per year. That’s the equivalent of 90 eight-hour days per year. Twenty of those days are spent in social networking sites, 38 viewing content on news sites, YouTube, blogs, etc… and 32 days on email.
- Studies estimated that in 2010, information overload cost US businesses about 28 Billion hours of wasted time and $1 Trillion.
- The average worker spends an hour a day troubleshooting devices or dealing with network problems. Over the course of a year, that’s fifteen workdays lost to computer problems.
- On average, every American spent 142 hours playing video games in 2012. (Statista 2014)
**Debt and Time**

- Average credit card debt per household with credit card debt: **$15,799** (Revolving Debt/ # of households with credit cards).
- The average debt in 2011 per student was **$23,300**, 10% owed more than **$54,000** and 3% owed over **$100,000** *Federal Reserve of New York*
- Some estimate that over **$12 Billion** is spent annually on self storage and in the US we have more than 2 Billion sq. ft of self-storage space.

<table>
<thead>
<tr>
<th>Expense</th>
<th>Total Owed</th>
<th>Write in your hourly wage</th>
<th>Divide Total Owed by your hourly wage to get your Time Value by Hour</th>
<th>Multiply your Time Value by Hour x 60 to get your Time Value by Minute</th>
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<tbody>
<tr>
<td>Credit Card Debt</td>
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<td>Student Loan Debt</td>
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<tr>
<td>Other Debt</td>
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</tbody>
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**Debt = Future Time**
Time = Money

Most of the time, we think like this:

Money → Products & Services

But, for most of us, it takes our time to get money, which look like:

Time → Money → Products & Services

Since money is really just a tool, in reality the transfer really looks like this:

Time → Products & Services
“Scarcity,” “Tunneling” and Convenience

In their 2013 book, “Scarcity: Why Having Too Little Means So Much,” Sendhil Mullainathan and Eldar Shafir define ‘Scarcity’ as “having less than you feel you need.” The critical word in that definition is “feel.” And that is because “Scarcity” is a subjective and relative experience for an individual. Mullainathan and Shafir’s work demonstrates that the impact of feeling like you have less than you need, whether it is time, money or any other resource in your life, turns out to be a very powerful feeling that can lead to some otherwise irrational behaviors.

1. Can you identify a time when you have felt that you had less time, money or other resources than you needed?

Here’s are some possible results of what happens to your brain as a result of feeling scarcity:

- Impaired cell communication in the brain’s learning and memory region.
- Damage to virtually every kind of cognition that exists, including memory and executive function.
- Impaired ‘cognitive capacity,’ which includes your fluid intelligence. (While experiencing scarcity a person can score as much as 14 points worse on an IQ test).

As you can see, our mental capacity is impacted as a result of feeling chronic scarcity. Over time, this chronic exposure results in behaviors that are less than rational.

We behave impulsively, we are more forgetful, we are less insightful and less forward-thinking.

Ultimately, we can find ourselves participating in what has been called “Tunneling” which is the act of focusing so intently on one issue that we are unable to see or focus on other issues. Tunneling looks something like this:
“Scarcity,” “Tunneling” and Convenience

Often times, our hectic and busy lifestyles lead us to make financial decisions just so we don’t have to think or do any additional work. It’s called convenience and it’s a big part of our cultural value system. In fact, huge portions of our economy are based on our “need” for convenience. Then, as we keep adding in more things to do and more places to see, we “need” more conveniences.

So here’s a quick exercise to take a look at these two concepts:

1. Identify three of your most common convenience purchases.
   a. 
   b. 
   c. 

2. Identify a time when you have felt so busy that you just made a convenient purchase to keep things simple.

3. Identify a time when you have acted out of alignment with your values just because you were just too busy or it was more convenient.

Long enough exposure to shortages and feelings of having scarce resources or being distracted leads to...
MODULE THREE-B: ANSWER GUIDE

Opportunity Cost, Internal Inconsistency with Time, Scarcity & Convenience

Time and Opportunity Cost:

When going over the time piece in the Asset Building Continuum we talked about how some people say, “Why don’t they just get another job?” If you ask someone to do that then they will have to give up time somewhere else. They have to decide whether to spend their time finding and working another job or, for example, spending time with their family. You cannot do both.

Question: How do you determine where and how you spend your time?

Here we want participants to think about all the different influences that help determine where and how they spend their time. They are very similar to what influences how we spend our money, i.e. needs vs. wants, environment & community, friends & family.

Question: Think of a time when your environment and community (friends and family) have impacted your use of time. What was that like?

Example: At a job, I spend my time there because I need income to support my family and survive. Also the job itself and its rules help determine when I have to work, for how many hours, etc.

Example: My family can have a large influence on how and where I spend my time. For example, we have dinner every night together at 6pm, there are soccer games every Saturday I go to, and on Sundays we also spend the whole day together no matter what.

Explain that our environment and community, especially our friends and family can be some of the most powerful influences on how we spend our time. Example: My significant other really likes to go bowling. I don’t particularly like bowling but I like spending time with them, so we spend time bowling once or twice a month. Example: My church community sets up volunteering projects once a month and I participate with my family and friends from church.

Case manager’s side note: We are trying to lead into how time and money are both things that you can spend and we sometimes spend them on things that are not necessarily in alignment with what’s important to us. The way we utilize our time is something we are in control of and, if we want to, we can make changes that better align with our values and goals.
Question: What is opportunity cost?

Answer: Simply put, opportunity cost is the idea that if you choose one thing or activity over another, you lose the potential gain of that thing or activity you can longer choose.

A person is supposedly free to make any kind of choice, but since they can only do so many things at once, when the person chooses one thing or group of things, they unavoidably forgo, or pass up, the opportunities they did not choose. One opportunity chosen costs you the opportunity you did not choose. Essentially if you have A, you cannot have B. So the opportunity cost is the price of A plus the loss of B.

For example: (If possible, choose two small props to demonstrate this) Let’s say I only have one dollar and I can either buy this pen or this bottle of water. If I decide to buy the water I can no longer buy the pen. So, the opportunity cost of the water is the one dollar spent on the water PLUS the loss of the pen.

The concept might be confusing at first but the next pictures help people make sense of it.

The opportunity costs of a particular action are the benefits you could have received by taking an alternative action.

Explain that the activities you cannot do simultaneously with your chosen activity are your opportunity cost. Have participants share an example of their own and be sure to recap or ask them what their opportunity cost is. Walk participants through it and make sure they have a clear understanding of what opportunity cost is before moving on to the next section.
Internal Inconsistency with Time & Energy

In the same way that we justify and rationalize where we spend our money, we also justify and rationalize where we spend our time.

Give a few examples of the above. (Example: I want to read to my kids but I’m going to sit here and watch this TV show. My day was really hard and I’m just too tired right now.)

**Question:** Can you think of an instance where you experienced Internal Inconsistency around your use of time?

Ask participants the above question. Give a few more examples if needed. (Example: I know I should be studying for tomorrow’s exam instead of playing video games, but I’ll just stay up all night and study later.)

Go over the list of justifications of how we spend our time. Make sure they understand how each one works. Give examples, especially from your own life.

- **Mental Bookkeeping** → **Mental Time Management**

- **Moral Licensing**

- **Rationalizations**

- **Social Proof**

- **Future Selves**

- **Arbitrary Monetary Devaluation** → **Arbitrary Time Devaluation**
  “It was only...” → “I’ll look at this website for just 5 minutes...”

**Procrastination!**

The way we utilize our time is something we are in control of and if we want to, we can make changes that better align our actions with our values and goals.
Internal Inconsistency with Time & Energy

Exercise

**Question:** How do your values and beliefs impact your use of time?

Everyone has certain values and beliefs that are important to them and we hope that we do things that are in alignment with those values and beliefs. Remember, if you look at where you spend your money and where you spend your time, you will see what is important to you. Also we experience the same Internal Inconsistency with our time that we do with our money if we are not spending it in alignment with our beliefs and values.

Ask participants to think about some of the strategies they have used to make sense of how they manage their time, then write down three recent instances when they have used a strategy. Discuss how those strategies work and what the pros and cons are of using them.

**How we use our time**

This page is filled with a lot of statistics on how we use our time watching television, using our computers and/or other digital media. The primary purpose for this information is much like our review of marketing and media data in Part 2 – to first raise an awareness and perhaps create a bit of ambivalence.

We included this information because we hear regularly that people don’t have any time, don’t have enough time or are feeling stressed because they are so squeezed for time. As with our money, our time is an area where we don’t really know seem to know where it all goes and then find ourselves, “feeling like we don’t have enough.”

It is not effective to tell people to just stop their media habits or routines, but we do want to demonstrate the inconsistency between what we say and do. How we utilize our time is another area of our lives where we can exert more influence.

**Debt and Time**

In this exercise, we are interested in applying our Time Value of Expenses exercise to the concept of debt. The math is set up exactly the same way, so it should not be new material. (It is probably not relevant to add the Time Value by Minute.) Under the heading “Other Debt” you can
encourage them to put in a car loan, a mortgage, home equity loan, payday loan, medical debt or any other debt they can think of that they have or are considering taking on.

We want to be careful with this exercise. It’s not intended to make people feel bad about the debt that they have, but to help them understand what they are really committing to in terms not only of money but of their time when they take on debt in the future.

Significant amounts of Debt, as we discussed at the end of Part 2, has become the norm for many people in our society. Debt almost always brings with it financial and sometimes even emotional obligations. In most cases, it also carries at least a little chronic stress into our daily lives. Debt is also the bridge whereby we recognize the “Scarcity” of our resources and feeling like you have less than you need, which leads us into the next section.
Another way to present the concept of the time value of money is with the following diagrams:

Usually, we think of exchanging money to obtain products and services.

\[
\text{Money} \quad \rightarrow \quad \text{Products & Services}
\]

But we generally need to spend time in order to get the money, so:

\[
\text{Time} \quad \rightarrow \quad \text{Money} \quad \rightarrow \quad \text{Products & Services}
\]

So we can see that, in reality, we spend time in order to get products and services:

\[
\text{Time} \quad \rightarrow \quad \text{Money} \quad \rightarrow \quad \text{Products & Services}
\]

\[
\text{Time} \quad \rightarrow \quad \text{Products & Services}
\]
“Scarcity,” “Tunneling” and Convenience

In their 2013 book, “Scarcity: Why Having Too Little Means So Much,” Sendhil Mullainathan and Eldar Shafir define ‘Scarcity’ as “having less than you feel you need.” The critical word in that definition is “feel.” And that is because “Scarcity” is a subjective and relative experience for an individual. Mullainathan and Shafir’s work demonstrates that the impact of feeling like you have less than you need, whether it is time, money or any other resource in your life, turns out to be a very powerful feeling that can lead to some otherwise irrational behaviors.

The concept of “Scarcity” appears to be at, or very near, the intersection of time, money and energy. Money, typically, is a result of our time and energy and therefore when we feel like we don’t have enough money, we have to utilize additional time and energy to create those missing financial resources. But from where does the additional time and energy come from that we need in order to secure the financial resources?

“There’s too much month at the end of my money!” This is a basic theme that runs through our work with clients. People who are struggling financially or economically are typically told that they need to learn how to “budget” their money better, or that they need to take a closer look at their wants and needs so that they can prioritize their expenses better. The belief of most people is that if a person can recognize that they spend too much money on their “wants” and that they don’t allocate their funds properly to meet their “needs,” they will see the error of their ways and immediately make the necessary corrections. This belief, that we are all capable of being the perfect Homo Economicus, is a massive oversimplification of a more challenging problem and it is why many budgeting/personal finance classes can be ineffective. In many cases they are attempting to apply a logical solution to an emotional problem.

Let’s briefly explore why this can be less than effective. Here’s what has been discovered to happen to your brain as a result of feeling “scarcity.”

- Impaired cell communication in the brain’s learning and memory region.
- Damage to virtually ever kind of cognition that exists, including: Memory and Executive Function.
- Impaired ‘cognitive capacity,’ which includes your fluid intelligence. (While experiencing “scarcity” a person can score as much as 13 to 14 points worse on an IQ test).

That is to say, the feeling associated with scarcity impacts our mental capacity, otherwise called “bandwidth.” Obviously, it’s not good to have your “bandwidth” impaired. As you can probably imagine when bandwidth is taxed, it can significantly impact your ability to plan and to make the most efficient decisions. Then, if taken to an extreme, a person will begin to “tunnel.” To “tunnel” is to become so focused on the missing resource (whether that is time, money or other resource) that the person, in effect, develops “tunnel vision,” losing sight of the larger context in which the issue exists.
When faced with a crisis that leads to tunneling, having had our intellectual capacity impaired, we begin to see a predictable cascade of events, wherein we want the crisis to subside as quickly as possible, and that frequently leads us to utilizing convenient solutions. The convenient solution tends to have both a higher immediate cost as well as an increased long-term opportunity cost. Both the short-term and long-term cost can lead to the next *feeling* of not having enough, which then starts the cascade of events all over, so that it looks like this:


*Scarcity Leading to Stress*

However, it doesn’t end there. If the “scarcity” causes you to develop a stress response, which we would argue that it regularly does, it can lead to some well-documented health issues and additional behavioral problems. It’s odd, because people easily recognize that *feeling* ‘scarcity’ leads to stress. They know, rationally, that it can have an impact on their health and well-being, and they also know, rationally, that they should be working to develop healthy coping mechanisms (“all you have to do is budget better!”). And yet they don’t. In fact, sizeable proportions of adults of all ages report using maladaptive coping behaviors (that is to say behaviors that would appear irrational) such as, shopping, overeating or eating unhealthy foods, skipping meals, smoking, drinking and sedentary activities such as watching television or listening to music, to alleviate stress in the short term rather than taking the necessary steps to decrease stress and improve health in the long run.
The results of utilizing so-called “maladaptive coping behaviors” frequently leads to future shortages of resources which leads to feelings of scarcity, which leads to stress, which leads to maladaptive coping behaviors. And this unfortunate cycle tends to lead to behaviors that then spill into many areas of a person’s life.

In the work place and/or in an educational setting, this chronic cycle of scarcity, can lead to employee/student absenteeism, distraction, an inability to retain information and to make rational decisions – in other words it can lead to poor performance.

In the health care field, it can lead to a patient’s poor self-care, poor med management and frustration and misunderstandings between the patient and medical team.

In Human Services, it can lead to a client’s ineffective time management, the inability to manage funds and resources, and frustration and misunderstandings between the client and the human service professional.

As mentioned above, the part of our brain (Prefrontal Cortex) where our Executive Functioning resides, that is our planning and rational thinking, is one of the main areas impacted by scarcity and stress. The research consistently demonstrates that rationally based coaching/counseling strategies are going to be less effective on a person struggling with these feelings. Yet, when someone begins to perform poorly, the typical first response to influence the change we desire in that person is to appeal to their logic. We tell them to go to a budgeting class, to make better decisions, to get more rest, eat healthier, exercise more and so on and so on. After all, it’s the totally rational thing to do.

Here we are showing how Internal Inconsistency works in the present moment. We are “catching it in the act,” so to speak. The concept of Tunneling and how we give in to our “need” for convenience is a key to understanding how stress impacts how we choose to spend our time and money, leading into Module Three-C’s focus on health and stress.

The following questions help participants understand the choices they make when they feel too busy to stop and think.

4. Identify three of your most common convenience purchases.
   a. 
   b. 
   c. 

5. Identify a time when you have felt so busy that you just made a convenient purchase to keep things simple.

6. Identify a time when you have acted out of alignment with your values just because you were just too busy or it was more convenient.
Module Three-B: Discussion Points

1. **Opportunity Cost**

   Typically associated with how people spend their money, we bring it up here because it is easier for many people to grasp the concept with time. We then discuss it in association with money once they get the basic concept.

2. **Understanding the Opportunity Cost of Goals**

   Frequently, clients and customers are asked to create goals and the case manager is asked to work on a contract with their client. In most of the education around goal setting, the opportunity cost of the process and eventual goal are not taken into consideration. For example, a woman had a goal of getting a job, and through the support of her TANF team, found a job. However, what was not taken into consideration up front was the potential problems that getting the job would create for the woman and her family. That is to say, for the woman to get a job, she was not going to be able to be home to take care of her children, she was not going to be home to make sure the house was attended to, she was not going to be available to go to the grocery store, do the laundry, etc... The time that she needed to travel to work and the time at work led to disruptions at home. That’s the opportunity cost of getting a job. In addition, there are almost always some unintended consequences when a person makes a change in their life and that change impacts everyone around them. And frequently the family and friends of the person desiring to make a change don’t readily welcome those changes. So, if we can consider as many of these possibilities up front, we can at least prepare the client for some of the potential.

   There are examples of opportunity cost from changes made in many areas of life. In order to grow our earning potential through education, there is the cost of time and money that could have been used elsewhere. If our choice is to get a second or third job, then there is the cost of time and what we would otherwise be doing with our time.

3. **Internal Inconsistency with Time & Energy**

   Reviewing Internal Inconsistency here helps to reinforce the idea that we are constantly justifying our own behaviors.

4. **Scarcity, Tunneling & Convenience**

   This is a fundamental concept for the whole program. That is to say, this is where we begin to see how all of the issues surrounding personal finance and economics come together to impact the individual across multiple parts of their lives, including their time, money, health, ability to learn, and ultimately future behavior. Decisions based on an economic shock or a scarce situation can lead to short-term/convenient solutions that have long-term consequences leading to further economic instability. Participants start to see how shortages or *feeling* like they have less than they need, which seems to be a very common feeling, leads to a series of predictable behaviors, many of which are
maladaptive, that lead to utilizing their resources in ways that are out of alignment with their values. The ultimate outcome of this section leads to the next section on Stress, which the bulk of people coming to our program say is one of the most important elements for having “good” financial health. It is also, typically, a primary goal in their life.
Case Management
Part Three
Module C

Health and Stress
Year after year, participants’ responses to the American Psychological Association survey have revealed high stress levels, reliance on unhealthy behaviors to manage stress and alarming physical health consequences of stress. Key findings indicate that nearly three-quarters of Americans say they experience stress at levels that exceed what they define as healthy. Money, work, the economy, and personal and family health are the most frequently cited causes of stress.

Take a moment and write down one recurring stressor in your life and note how you cope with that stressor (eating, smoking, watching tv, venting to friends, etc):

Recurring Stressor:__________________________________________________________________________________

Primary Cause:_________________________ Coping Strategy:_________________________
Stress

Definition of stress: The non-specific response of the body to any demand for change. *

(Hans Selye) There are two kinds of stress...

Acute Stress: is experienced in response to an immediate perceived threat, either physical, emotional or psychological.

Chronic Stress: is a state of ongoing physiological arousal. Over time this can wear down our bodies and cause us to become ill, either physically or emotionally.

Stress causes the body to release the hormones Adrenaline and Cortisol and other stress related hormones. Increased levels of Cortisol, Adrenaline and other hormones produce an increased heart rate, quickened breathing rate and higher blood pressure.

Any short-term episode of stress is typically classified as acute stress. Acute stress can be unpleasant or thrilling and exciting. Acute stress that is thrilling and exciting is often referred to as eustress and is typically experienced in response to a relatively brief, moderate level stressor in a setting that overall feels safe. Roller coaster rides, a fast run down a challenging ski slope, or a passionate first kiss are all examples of eustress.

An auto accident, an imminent deadline, a child's occasional problems at school, or a root canal on the other hand, while all relatively brief and moderate level stressors, are anything but thrilling and exciting and typically occur in a setting that feels much more dangerous, out of control and unpredictable. This kind of acute stress produces the well-known “fight-flight-or-freeze” response, and despite its unpleasant characteristics, is a good thing to have, because it helps keep us alive.

While acute stress can in some cases be thrilling and exciting, chronic stress is not. Chronic stress is the grinding stress of unrelenting demands and pressures that wears us down day after day, year after year. It’s the kind of stress over which we feel we have little or no control. It’s the stress of financial instability, of dysfunctional families, or of being trapped familiar, which a person gets used to and eventually forgets is even there.

We were built to handle acute stress, not chronic stress.
Obesity: An obese person’s medical cost is $2,700 higher than a non-obese person. Nationally the costs associated with obesity costs $190 billion annually and account for 20.6% of all national health expenditures. (Amir Khan, “Obesity in America: Healthcare Costs Double Previous Estimates, 2012)

Cardiovascular Disease: The estimated direct and indirect cost of cardiovascular disease for 2010 was $503.2 billion in the U.S. (American Heart Association) The average cost of care for a patient up to 90 days post-stroke is $15,000. (The University Hospital, “Stoke Statistics”)

Diabetes: In 2007, diabetes cost the nation an estimated $174 billion. Currently just under 1 in 10 Americans has diabetes. (American Diabetes Association)

Students: Out of 14,500 students from 15 different colleges, financial pressure was the number one reason these students dropped out of their four year college. (Larry Chiang, 2007)

Employees: Personal finance is the #1 personal issue causing stress in the workplace. (ComPsych printed in USA Today) Up to 40% of employees report stress over personal finances (Garman, Leech & Grable) which leads to lost productivity, increased absenteeism, and a loss of job satisfaction and motivation.
How Stress is Defined and Measured

   ✓ This means how the body responds to stress which can include increased heart rate, quicker breathing.
2. Stressor must be “perceived” as aversive.
   ✓ This means that the person will want to avoid the thing causing stress because it is unpleasant.
3. Person must not feel in control of stressor.  (John Medina, Ph. D.  *Brain Rules*, 2008)

If you change one or more of these three factors, can you prevent or manage your stress more effectively?

Let’s talk about perception.

- What do you believe impacts your perceptions about what is stressful in your life?
- Is it possible to change your perceptions?
- How much of your perception do you believe is within your control?

If you want to improve your economic situation but you do not feel you have control over your stressors, it will have an impact in many areas of your life like your ability to learn, your productivity, your relationships, your health and your finances.

Earlier you wrote down one recurring stressor in your life and identified how you cope with that stressor; jot it down here again really quickly:

________________________________________________________

What about your perception of the stressor could be changed?
________________________________________________________

What within that situation could you control or change? Is there an alternative way of coping that is even healthier?
________________________________________________________
The EPIC Exercise

1. Pick one goal that you'd like to work on this week that you believe you can achieve:

2. What do you believe are the primary barriers to achieving this goal?

3. What do you believe will be the opportunity cost of working toward this goal?

4. Which personal value(s) does this goal align with?

5. Identify one small step per day that you could work on that would move you towards your goal:
   
   Monday
   Tuesday
   Wednesday
   Thursday
   Friday
   Saturday
   Sunday

6. Who is going to support you on this?

7. When do you plan to reflect on your efforts and how will you make adjustments?

8. What is going to happen as a result of this change?

9. How will you recognize your success?
Additional Resources and Discussions:

- **FHI Website & Blogs**: www.financialhealthinstitute.com
- **FHI Facebook Page**: www.facebook.com/fhinst
- **FHI Twitter Account**: Financial_Health @FinancialHlth

*The most common way people give up their power is by thinking they don’t have any.* – Alice Walker
Finances play one of the biggest roles in a person’s day-to-day stress. Stress, as it turns out, is one of the biggest factors in a person’s health.

And health is one of the largest burdens on personal finances!

The picture below is a casual loop which helps explain the interrelated nature of stress, money and health.

Read aloud the APA (American Psychological Association) statistic. Explain that in part one, we said that money is simply a tool; a neutral object that we have control over. But yet people say it’s their number one stressor so obviously we bring much more to it.

Read the next statistic by the CDC (Center for Disease Control). In the United States we are nearing $3 billion in medical expenditures each year.
Read the last statistic by Harvard University. Explain that 78% of those people had health insurance. So we can see here that people are stressed, then they are getting sick and then they are filing bankruptcy. We’ve been told if you have health insurance then you are set. But if you get sick you have co-pays, deductibles, yearly and lifetime maximums and if you have chronic illnesses like diabetes it gets very, very expensive.

Explain that financial and healthcare education exists in different worlds and they are not talking to each other. However we can see how inter-related they are and the FHCM program wants to put those pieces together and work towards solutions.

Ask participants to write down one recurring stressor, the primary cause and a coping strategy. We will use this information a little later when we talk about setting goals.

**Question:** If 80% of medical expenditures are stress related what does that tell us?

**Answer:** Stress has an enormous impact on our health. Stress is linked to almost all diseases we have, and as we can see there is a very strong correlation among stress, health and finances.

This section illustrates the two different kinds of stress and the effects it can have on the body.

First read the definition of stress and ask participants (without looking) what the difference between acute and chronic stress is. Then go through the answer, which can be found below.

**Definition of stress:** The non-specific response of the body to any demand for change.

(Hans Selye) *(This definition by Hans Seyle was the 1st modern definition of stress.)*

There are two kinds of stress...

**Acute Stress:** experienced in response to an immediate perceived threat that is either physical, emotional or psychological.

Explain that you want to have acute stress. If you don’t have it and you are in a threatening situation you will probably be killed or be injured. It is also called the “Fight-or-Flight Response.” Early human survival depended on this response.

**Chronic Stress:** a state of ongoing physiological arousal. Over time this can wear down our bodies and cause us to become ill, either physically or emotionally.
Stress causes the body to release the hormones Adrenaline and Cortisol and other stress related hormones. Increased levels of Cortisol, Adrenaline and other hormones produce an increased heart rate, quickened breathing rate and higher blood pressure.

Explain that in an acute stress situation, these hormones only last for a certain amount of time and things go back to normal. With chronic stress, these hormones will actually scratch away at your blood vessels making them prone to blockage, which can then leads to heart attacks and strokes. It also has an effect on white blood cells and leads to a deterioration of the immune system. Chronic stress is not normal and your body is not built to deal with it. When we are talking about financial stress we are talking about chronic stress.

The picture below shows what chronic stress can lead to. Give participants a moment to look it over.

We were built to handle acute stress, not chronic stress.

**Case manager's side note:** We put this section into the class because people wanted to know how stress affects the body explicitly. It is up to you how deep you want to dive into this. If you are not comfortable, stay on the surface. It is important to explain stress in order to motivate people to take control of their money and their behaviors.

**Question:** How can stress affect you economically?

After seeing the causal loop and all the statistics on page one of this module, it should be clear that stress can have a huge impact on your health which can have a huge impact on your finances. Another point to consider is if you get sick or have chronic illness you might not be able to work and you won’t receive income.
Briefly read the statistics below the diagram and allow for quick discussion or questions to be asked. Obesity, cardiovascular disease and diabetes are stress and behavior related. If someone feels stressed there may be an increase in smoking, drinking, inactivity, and over eating, which can lead to the diseases below.

Remind them that in Part One we said money was a neutral object and simply a tool that we control. However we see that money is the number one cause of stress, which can lead to a deterioration of health, which in the long run can lead to more stress about money. Obesity, cardiovascular disease and diabetes are three of the most expensive diseases and they are considered to be behavior-based diseases. If they are behavior based it means we have options and we can make changes.

How Stress is Defined and Measured

Psychologists measure stress by using the three criteria below. Go through the three criteria with participants and ask them what they think about it. Make sure they have a clear understanding of how stress is defined and measured and give them a chance to express their thoughts and discuss any disagreements.

How Stress is Defined and Measured:

10. Aroused physiological response to stress.
   ✓ Example: Increased heart rate, quicker breathing.

11. Stressor must be “perceived” as aversive.
   ✓ We want to avoid the thing causing stress because it is unpleasant.

12. Person must not feel in control of stressor. (John Medina, Ph. D. Brain Rules, 2008)

Question: If you change one or more of these three factors, can you prevent or manage your stress more effectively?

Ask the question above. Some people will agree that if they change one or more of the three factors, they can prevent or manage stress, and some people might disagree.

Case manager’s side note: This is very much a conversation. This is not the case manager telling the participants what to believe about stress. This is a discussion and asking for input is very important. We tend to get a lot of really good discussion and debate on this page so feel free to stay here a little longer and discuss.
Let’s talk about perception.

**Question:** If two people are in the exact same stressful situation, do they respond the same way?

When Shawn would teach at the Gathering Place in Denver, Colorado (a daytime drop-in center for women and their children) he would notice that women who were in almost an identical stressful situation would have very different responses to it.

**Question:** What does this mean about stress if two people can be experiencing the same exact thing but have two different reactions to it?

**Answer:** It means that stress is subjective (based on or influenced by the individual’s personal feelings, tastes and opinions existing only in the mind of the individual). The individuals perceive the stressor differently.

Example: Have you ever had a friend come to you freaking out about something and you thought, “Wow I would never react that way.”

**Case manager’s side note:** It is important to say that we are not discounting the biological component of stress. There is no denying that it plays a large role. However, we do have some control over what we do with our biology. It is not 100% behavior and it is not 100% genes. If you were born anxious, will you just say that you are anxious and there is nothing you can do about it? Or will you work on it and take measures to help control your anxiety? Can you look for things you can control in the situation or change your behavior or perception of the situation?

**Question:** How are your perceptions about stress shaped?

Ask the above question. Answers may include a person’s environment and community (friends and family) and their life experiences.

**Question:** How much of your perception is within your control? Is it possible to change?
Ask the above question. Explain that the less you feel in control of the situation the higher the stress. It is important to realize that you are in control, or you at least have influence over your situation. You can decide to pick up that pen or pencil next to you. You can decide to walk out of the room right now. You can decide if you are going to spend or save that dollar in your pocket.

Typically in a financial situation people feel they have no control or that things are happening to them. However, they do have a choice, but they might not like the consequences of doing one thing instead of another. If you can begin to get those little bits and pieces started and take control of them, you can then move on to bigger things. For example, you might not feel like you’re able to save, but ask yourself if you can you save a penny. That’s a start.

We want participants to come to an understanding that it might not be easy to change your perception and realize you have control but it is possible. Most people say yes it is possible, but then the question becomes how.

**Key Points:** Perception and control have been talked about throughout the program even if it wasn’t said explicitly. People don’t feel like they have control over their money and they perceive money as evil, as power, and as so much more than just the neutral tool that it is. Our perception of the things around us and of our ability to control or more accurately, to influence, these things has a huge impact on how much stress we feel.

Walk participants through the exercise below and give them a couple minutes to complete the exercise. If you feel like you might not be able to finish the class on time, you can have participants do this as part of their homework.

If you want to improve your economic situation but you do not feel you have control over your stressors, it will have an impact in many areas of your life like your ability to learn, your productivity, your relationships, your health and your finances.

Earlier you wrote down one recurring stressor in your life and identified how you cope with that stressor; jot it down here again really quickly:

---------------------------------------------

What about your perception of the stressor could be changed?

---------------------------------------------

What within that situation could you control or change? Is there an alternative way of coping that is even healthier?

---------------------------------------------
Discuss the participants’ perceptions about stress. Explain that we are not asking them to change right now. We just want them to think about it.

The EPIC Exercise

Show participants the steps of the Experiencing the Process of Intentional Change (EPIC) exercise and explain that it is a good process for making intentional changes in their lives. Ask them to pick an item they want to change, write it down, and go through the following steps. Encourage them to work on a very small goal so they can experience success and move on to their next goal.

1. Pick one goal that you’d like to work on this week that you believe you can achieve:
2. What do you believe are the primary barriers to achieving this goal?
3. What do you believe will be the opportunity cost of working toward this goal?
4. Which personal value(s) does this goal align with?
5. Identify one small step per day that you could work on that would move you towards your goal:
   - Monday
   - Tuesday
   - Wednesday
   - Thursday
   - Friday
   - Saturday
   - Sunday
6. Who is going to support you on this?
7. When do you plan to reflect on your efforts and how will you make adjustments?
8. What is going to happen as a result of this change?
9. How will you recognize your success?

Explain that we recognize that people are limited on time and energy, so undertaking very large goals or many goals at one time is typically ineffective. Taking that into consideration we believe that the best way to move forward is to start by picking one goal that you feel most motivated to tackle or that you think is the most important to start right now. Also take into consideration how hard it will be to accomplish. We recommend picking a smaller goal that is easier to finish within a month’s time because once you start having small successes you are much more likely to keep on working towards your goals. As you have more success you can work your way up to larger goals that will take more time to accomplish.

You can either start by picking one goal that you have already created throughout this course or you can create a completely new one. It’s up to you.

Once you have written down a behavior you want to change, think about what you could do instead of that behavior. Think about what values your goal aligns with and barriers to achieving that goal. There is always some sort of opportunity cost involved in making a change, so think about what you would be giving up in order to achieve this goal. Knowing what value(s) the goal aligns with can help you think of ways to keep motivated.

For example, I want to buy a new car. My first achievable step would be to research different used car dealers. First thing I could do is ask around. Secondly I could research on the internet. Lastly I could finalize a list of dealers I trust and might have a car I want.
It might take me longer than a week to actually buy a car and it might take a lot more steps but, as with all plans, you can adjust them. Also on our website you can print off as many sheets as you need to help you lay out a plan to achieve your goal. Identifying supportive people will help with motivation and even removing barriers. Planning to reflect on your change efforts is part of the refinement process. We don’t always get everything right the first time we try, but we can keep getting better.

**Question:** How will your life look different if you achieve your goal?

(This is important for building up your belief that you can do it as well as remembering why you want to do it)

The last part is to create a reward for yourself when you accomplish your goal. You could come up with very tiny rewards when you complete one of your small achievable steps. People are much more likely to complete steps and goals if there is a reward attached.

**Key Point: Economic Development takes time!**

Just a friendly reminder that in order to improve their financial situation, it will take time and there are no easy fixes. If they want to change they have to figure out what is stopping them and actively take small steps in order to achieve their goals.
Module Three-C: Discussion Points

1. Health

Financial stress is one of the primary reasons people come to this program. While we are interested in managing stress, the primary impetus is to help prevent stress when and where possible. People generally react to the “causal loop” model with nods of agreement. The statistics below the diagram of how stress affects the body are important because they demonstrate the top behavior-related chronic diseases in which stress plays a significant role. The statistics about students and workplace are just to reinforce the point that financial stress is affecting everyone.

2. Stress

We provide a definition of stress, but it is a good idea to open a discussion about what stress means to each individual; there is typically a broad range of feelings about it.

The case manager should provide a short overview of the physiology of stress and discuss the difference between acute and chronic stress. It is common for the concept of “Eustress” to be brought up and this should be welcomed. Eustress is considered the “good stress” but it also gives us an opportunity to discuss the typical negative connotation attached to stress.

Maladaptive coping strategies are a common means for managing stress. Many coping strategies, like consumption of drugs and alcohol, can have an immediate impact on employment stability. Other coping strategies, like smoking, food consumption, lethargy, and spending might not have the same immediate consequences, but can lead to longer term health consequences that can impact employment stability. If those long-term health consequences are catching up with a person, it can create barriers to employment or employment instability. By understanding the components of stress, our participants can begin working on their perceptions and to take back control/influence of elements in their world that impact their financial and employment stability.

3. Measuring Stress

This part of the program should be delivered as an open conversation allowing people to really explore the concept themselves. The concepts of changing perception and control can be a little bit tense at first, but after the “subjectivity” question is covered, it gets a little bit more relaxed.
PART FOUR
PART FOUR: OVERVIEW

I. Overview

In Part Four, participants engage in a discussion about saving, leading to each one making a pledge to save at least a small amount of money. The role of budgets is discussed and participants are led, step-by-step, through the FHCM Budget.

Participants next engage in a group discussion about habits and willpower, and the process of creating change is explained. By understanding habits and how people make changes, participants will be better equipped to implement changes in their own lives. Participants review the tools for change already provided, including the receipt exercise, the spending journal and the budget, and the 8 Components of Intentional Change are introduced. This leads to the EPIC Exercise (Experiencing the Process of Intentional Change) where participants are led through the process of determining what and how they will make and sustain a small change in their life. Participants are given additional resources and complete the post-class survey.

The purpose of all of the discussions in this part is to set the stage for making lasting change and to motivate participants to use the tools provided in order to increase their assets and achieve their personal goals in the future.

II. Background

Through the last three parts of the program, participants have had the opportunity to analyze their personal behaviors and habits that are in alignment and not in alignment with their personal values. Participants have a better understanding of what influences their behaviors and what the longer concerns can be (stress, debt, etc.) Part Four illuminates the purpose of habits and the process of change to help set the stage for making lasting change and motivate participants to use the tools provided in order to increase their assets and achieve their personal goals in the future.

III. Essential Message

A person’s financial life and economic development are inextricably woven into his or her personal life and, in most cases, individuals have more influence or control than they believe.

IV. Objectives for Participants

At the end of this part, participants will have a better understanding of the purpose of habits and the process in which people make changes. Participants will also have a greater understanding of asset building and personal economic development and the real world applications/strategies for these
concepts. The ultimate goal of the course is for participants to put all of this knowledge into practice in their lives.

V. **Materials Needed**
- Part Four packets
- Contact Sheets
- Post-Class Survey
- Pens

VI. **Procedure and Essential Points**

This part is primarily conducted as a dialogue, where the case manager encourages the participants to think through the concepts and perhaps re-evaluate how they manage their own financial lives. At times, the case manager must explain new concepts, but the ideal is for the participants to “discover” their own understanding. There are short exercises meant to encourage awareness of the participant’s own beliefs and behaviors. Essential points include that there is a process for successful behavior change that can lead to increased assets and alignment with personal values; economic development is not merely a function of income and cash.
Case Management
Part Four
Module A

Savings and Budget
## The Spending Journal

The spending journal is an important piece of learning about your relationship with money. In the journal, please fill out each line with every purchase or expense you have paid out during the week. Please include ALL expenses, even the smallest of expenses, even if it is only a penny! Also, in the cost, make sure that you include the full price with tax.

<table>
<thead>
<tr>
<th>DATE</th>
<th>ITEM or BILL</th>
<th>COST</th>
<th>PAYMENT METHOD</th>
</tr>
</thead>
<tbody>
<tr>
<td>06/01</td>
<td>Rent</td>
<td>$350</td>
<td>Check, Credit Card</td>
</tr>
<tr>
<td></td>
<td>Soda @ convenience store</td>
<td>$.79</td>
<td>Cash, Money Order</td>
</tr>
</tbody>
</table>


What is a budget and why are budgets deemed so important?

Savings

In the space below, list an item (car, sporting goods, new clothes) or experience (vacation, ski weekend, romantic getaway) or anything else in your adult life that you might have saved your money in order to make the purchase.

1. Once upon a time, I saved enough $$ to:  
2. How much did you have to save?

3. Did you save it all in one big lump sum or did you save in increments over time?  
4. How long did it take you?

So I’m going to ask you to make a pledge, right here, right now. It goes like this:

I, (your name) ____________________________, can save.
I recognize that even a penny or one minute has value and I am willing to save at least one penny every year for the rest of my life!

Now, I know some of you are saying, I want to really focus on this part. I really want to save and I know I can! For you, I’m going to ask you to get specific, right now.

I, (your name) ____________________________, will save $____________________ in the next ____________________________.

What is Saving?

1. Once upon a time, I saved enough $$ to:  
2. How much did you have to save?

3. Did you save it all in one big lump sum or did you save in increments over time?  
4. How long did it take you?

What is a budget and why are budgets deemed so important?
<table>
<thead>
<tr>
<th>Income Source</th>
<th>Gross (Total Amount)</th>
<th>Taxes, Insurance, &amp; Benefits</th>
<th>Net (Gross minus taxes, etc.)</th>
<th>T.V.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Expected</th>
<th>Actual</th>
<th>Difference</th>
<th>T.V.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings/ Investments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food/Household Items</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medical</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transportation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health Insurance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Car Insurance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Life Insurance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clothing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Convenience Foods</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entertainment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Insurance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grooming/ Hygiene</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electricity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gas</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cable</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internet</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phone</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tithing/Donations</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt/Restitution</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Childcare</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pet Care</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Child Support</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
What’s even more important than creating a budget?

In your work on the budget, the income section might look something like this.

<table>
<thead>
<tr>
<th>Income Source</th>
<th>Gross (Total Amount)</th>
<th>Taxes, Insurance, &amp; Benefits</th>
<th>Net (Gross minus taxes, etc.)</th>
<th>T.V.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Work</td>
<td>1600</td>
<td>200</td>
<td>1400</td>
<td>160 hours @ $10/hr</td>
</tr>
<tr>
<td>2. Uncle Joe</td>
<td>50 – birthday</td>
<td>0</td>
<td>50</td>
<td>Not applicable</td>
</tr>
<tr>
<td>3. Spouse’s income</td>
<td>1100</td>
<td>100</td>
<td>1000</td>
<td>110 hours @ $10/hr</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2750</strong></td>
<td><strong>300</strong></td>
<td><strong>2450</strong></td>
<td><strong>270 hrs</strong></td>
</tr>
</tbody>
</table>

From your spending journal, you can begin to enter the expenses on the “Expense Line” to which you feel that particular expense belongs in the “Actual” column and it looks like this:

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Expected</th>
<th>Actual</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings/ Investments</td>
<td>25</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td>Food/Household Items</td>
<td>250</td>
<td>375 (275 grocery store, 100 eating out)</td>
<td>- 125</td>
</tr>
<tr>
<td>Housing</td>
<td>600</td>
<td>600</td>
<td>0</td>
</tr>
</tbody>
</table>

And if you want to add the time value, divide the actual amount by the hourly wage (for this example $10 per hour) and it looks like this:

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Expected</th>
<th>Actual</th>
<th>Difference</th>
<th>T.V.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings/ Investments</td>
<td>25</td>
<td>10</td>
<td>15</td>
<td>1 hour</td>
</tr>
<tr>
<td>Food/Household Items</td>
<td>250</td>
<td>375 (275 grocery store, 100 household items)</td>
<td>- 125</td>
<td>37.5 hours</td>
</tr>
<tr>
<td>Housing</td>
<td>750</td>
<td>750</td>
<td>0</td>
<td>75 hours</td>
</tr>
</tbody>
</table>
And here’s what it might look like all put together:

<table>
<thead>
<tr>
<th>Income Source Monthly</th>
<th>Gross (Total Amount)</th>
<th>Taxes, Insurance, &amp; Benefits</th>
<th>Net (Gross minus taxes, etc.)</th>
<th>T.V.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Work</td>
<td>1600</td>
<td>200</td>
<td>1400</td>
<td>160 hours @ $10/hr</td>
</tr>
<tr>
<td>2. Uncle Joe</td>
<td>50 – birthday</td>
<td>0</td>
<td>50</td>
<td>Not applicable</td>
</tr>
<tr>
<td>3. Spouse’s income</td>
<td>1100</td>
<td>100</td>
<td>1000</td>
<td>110 hours @ $10/hr</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td><strong>3250</strong></td>
<td><strong>400</strong></td>
<td><strong>2450</strong></td>
<td><strong>270 hrs</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Monthly Expenses</th>
<th>Expected</th>
<th>Actual</th>
<th>Difference</th>
<th>T.V.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings/ Investments</td>
<td>50</td>
<td>25</td>
<td>-25</td>
<td>2.5 hours</td>
</tr>
<tr>
<td>Food/Household Items</td>
<td>250</td>
<td>325 (275 grocery store + 50 eating out)</td>
<td>-75</td>
<td>32.5 hours</td>
</tr>
<tr>
<td>Housing</td>
<td>753</td>
<td>753</td>
<td>0</td>
<td>75 hours</td>
</tr>
<tr>
<td>Medical</td>
<td>50 – prescription</td>
<td>45</td>
<td>5</td>
<td>4.5 hours</td>
</tr>
<tr>
<td>Transportation</td>
<td>80 - gas</td>
<td>92 - gas prices rose!</td>
<td>-12</td>
<td>Approx 9</td>
</tr>
<tr>
<td>Health Insurance</td>
<td>400</td>
<td>400</td>
<td>0</td>
<td>40 hours</td>
</tr>
<tr>
<td>Car Insurance</td>
<td>118</td>
<td>118</td>
<td>0</td>
<td>Approx. 12</td>
</tr>
<tr>
<td>Clothing</td>
<td>50</td>
<td>65 – impulse buy</td>
<td>-15</td>
<td>6.5 hrs</td>
</tr>
<tr>
<td>Convenience Foods</td>
<td>65 – darn it</td>
<td>50</td>
<td>-15</td>
<td>6.5 hrs</td>
</tr>
<tr>
<td>Entertainment</td>
<td>100</td>
<td>90</td>
<td>10</td>
<td>9 hrs</td>
</tr>
<tr>
<td>Grooming/ Hygiene</td>
<td>50</td>
<td>25</td>
<td>25</td>
<td>2.5 hrs</td>
</tr>
<tr>
<td>Electricity</td>
<td>75</td>
<td>69</td>
<td>6</td>
<td>Almost 7</td>
</tr>
<tr>
<td>Gas and Water combined</td>
<td>40</td>
<td>42</td>
<td>-2</td>
<td>Just over 4</td>
</tr>
<tr>
<td>Cable, Phone &amp; Internet</td>
<td>99</td>
<td>99</td>
<td>0</td>
<td>Almost 10</td>
</tr>
<tr>
<td>combined</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Tithing/Donations</td>
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<td>10</td>
<td>0</td>
<td>1 hr</td>
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<tr>
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<td>77 – cc bill</td>
<td>23</td>
<td>Almost 8</td>
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<td>Childcare</td>
<td>175</td>
<td>175</td>
<td>0</td>
<td>17.5 hrs</td>
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<td><strong>Total Expenses</strong></td>
<td><strong>2450</strong></td>
<td><strong>2507</strong></td>
<td><strong>-25</strong></td>
<td><strong>250 + hrs</strong></td>
</tr>
<tr>
<td>Income - Expenses</td>
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<td>25 over</td>
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</table>
MODULE FOUR-A: ANSWER GUIDE

Module Four-A: Savings and Budget

Homework Review:

Ask participants if they have noticed any changes in their behavior since the last module. Hand out blank sheets of paper for them to write down any changes they have made, even if it seems small to them. Collect what they have written (and please share the information with us!).

Ask them if they continued saving their receipts, filling in their spending journal and working on their goal to better align their time with their personal goals and values. For people who did do the homework ask if they noticed anything or made any small changes to their behavior; for people who did not do the homework or the goal piece, ask why. As always we are looking for ways to improve the FHCM Program so any insights into what participants found effective or did not find effective is always useful.

Quickly recap Part 3’s material (time value applied to income and expenses, opportunity cost, Internal Inconsistency, causal loop of money, stress and health, perception of stress).

Savings and Budget

Ask participants to write down an item or experience that they saved money for. How much did they have to save? How did they save it and how long did it take?

Explain that everyone says they want to save. So why don’t we save? People say it’s because they can’t save. They don’t have enough money to save. There’s never any money left over to save after they have paid all of their bills. When encouraged to examine these responses more closely however, nearly everyone recognizes that he or she has saved for something at some point in his or her life, and, no matter what his or her income level, has at least one penny left over at the end each week that he or she could potentially be saving. So, if it’s not that we can’t or we don’t have enough, then why don’t we save?

**Question: What is Saving?**

Ask the above question. Remind them about arbitrary monetary devaluation: that we discount the value of small sums of money. We tell ourselves that saving a penny or a dollar isn’t really worth that much, so we don’t save anything.

**Answer: Setting aside a resource for use at a later time.**
When you see that saving is more about implementing a behavior than it is about any particular dollar amount saved, you can perhaps begin to see value in doing it. So pick an amount that you believe you can comfortably save over the next day, week, month, or whatever. A penny, a dollar, ten dollars, twenty-five dollars, it doesn’t matter.

Ask participants to make a pledge to save money. Have them say it out loud, to reinforce the intention. Ask them to decide on a small amount that they can save within a short period of time, and write that in the box.

**Question:** What is a budget and why are they deemed so important?

Ask the above question. Then ask participants if they have ever created a budget? Why?

**Answer:** A budget is simply a plan and plans are important in pursuing goals.

Ask if they have made a budget for a vacation. Were they able to stick to it?

**Vacation scenario:** First off you would figure out plane tickets, hotels, if you were going to rent a car and you would pack up. Let’s say you are driving to the airport and you get a flat tire. Was that part of your plan? Of course not. So you get the tire fixed and you get to the airport just in time but find out the flight has been delayed. So you might buy a magazine and wow Cinnabon smells really good and even though you weren’t hungry before you find that now you are. And of course you have to get a coffee because that will go great with that Cinnabon. And when you finally get to your destination you realize you didn’t bring any suntan lotion and you didn’t calculate all the money you would be spending on gifts, etc. So when you get back you realize that you didn’t stick to your budget and you may or may not calculate how much you really spent.

So for our vacation, we made a plan but we didn’t follow it precisely, right? Again, a budget is simply a plan and when people can’t “stick” to a budget most of the time people just give up. However, it does not matter what your budget says if you don’t go back and look at what actually happened. You can make budgets and plans all you want but if you are not going back and looking at what really happened it will not be very useful to you.

Also if you don’t look at your spending behaviors before you create a budget you are most likely creating a work of fiction and making wild estimates. That is why we encourage you to do the receipt exercise so that you will have a true account of your spending behavior. Most people know that once a month they have to pay their rent, car insurance, phone, internet, etc. and they know how much those items cost. But what about all the other expenses and other things that come up during a month, do you know how much you spent there? Do you know how much you spent on convenience foods or what you spent on entertainment and going out on the weekends?

**Key Points:** The point of a budget is not to “stick” to it or else. A budget is simply a plan, and that plan is part of a process and not an end goal or result in and of itself. When you reflect about what really happened you can utilize the information you have learned to make a better plan next time and continue the process towards achieving your goals.
The full budget is found on the next page in the Module Four-A packet. Ask participants to fill out as much of the “Expected” column as they can. It helps if they have their spending journal with them, or at least documents to show their income and bills. From that information, calculate average expenses for a month and enter those figures into the expected column of the budget. These figures may still be just a guess. That’s o.k., because they are now an educated guess and, over time and with receipts, they will become more accurate.

At the end of the month, have the participant fill in the actual amounts earned and spent in the “Actual” column and figure the differences. These become the start of the next month’s budget. Remember to fill in the time value column, in order to keep in mind the real value of those expenses.

A budget doesn’t have to be a scary thing. Remind participants that we already did a couple pieces of this budget already and here it is all put together. What makes this budget different from most other budgets is that we put a column in for the actual amount you spent and what the difference was from your expected amount. Also we put T.V. (Time Value) in there too so you can see how much time each expense costs you.

Again, if participants have done the receipt exercise and spending journal this will be much easier to fill out; by continuing to keep their receipts they will have correct “Actual” and “Difference” columns.

**Key Point:** When you have an accurate picture of what happened, you will be able to reflect and utilize what you have learned to improve your next budget.

<table>
<thead>
<tr>
<th>Income Source</th>
<th>Gross (Total Amount)</th>
<th>Taxes, Insurance, &amp; Benefits</th>
<th>Net (Gross minus taxes, etc.)</th>
<th>T.V.</th>
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</thead>
<tbody>
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<td>3.</td>
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<tr>
<td>Expenses</td>
<td>Expected</td>
<td>Actual</td>
<td>Difference</td>
<td>T.V.</td>
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<tr>
<td>Savings/ Investments</td>
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<td>Food</td>
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<td>Clothing</td>
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<tr>
<td>Household Items</td>
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<tr>
<td>Convenience Foods</td>
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</table>
***Note: this is not the complete budget form.

**Question:** What’s even more important than creating a budget?

**Answer:** The follow-through is more important: tracking what you actually spend and comparing it to what you planned in your budget.

The next pages in the packet show examples of how the budget looks when it is filled in, which can be useful for participants who have never completed a budget or have anxiety about doing one. Also, it can be a useful tool for examining specific line items since it shows that the person doing the example budget didn’t perfectly anticipate every expense. It even shows signs of justifications used to resolve Internal Inconsistency.
Module Four-A: Discussion Points

1. **Homework & Material Review**

   There will be a range of participation in the homework. The case manager should briefly review the materials that were discussed in the previous modules in order to have it fresh in mind for the upcoming discussions.

2. **Savings**

   The primary point of this section is that saving anything, even a penny, is still saving. Too many people put off saving because they don’t feel they can save a “big enough” amount, so they save nothing. Starting with a tiny amount saved can build up over time. Changing the paradigm around spending helps a person to feel more in control. Having a small safety net can help prevent immediate stress concerns that lead to Tyranny of the Moment and using convenient means to offset emergencies: payday loans, etc...

3. **Budget**

   Obviously this is where the client can make a plan about their personal finances. More importantly, this is where the client can check how their resources are actually flowing in and out of their possession and begin to utilize the process of change.

   The budget we have developed for the FHCM class is different from most budgets that you will find in other curricula. The reason ours was developed this way was to emphasize the fact that the budget is a plan and not the end of the process. In addition, our budget also teases out gross and net income in order to raise awareness of all resources and that even the money that is removed before a paycheck is received is still money spent by the participant. It should also be noted that the Time Value column is an innovative concept unique to this program.

   It is possible that people will have expenses that do not have a line item on our budget. They should be encouraged to write it in (and hopefully let us know – if enough people bring it up, we’ll add it into our template).
Case Management
Part Four
Module B

Routines & Habits,
Discipline & Willpower
Routines & Habits

1. Describe a time when your routines or habits have had an impact (either positive or negative) on your financial or health behaviors?

_________________________________________________________________________________________________________

2. Which of your current routines or habits do you feel are keeping you from achieving your goals or living in alignment with your values?

_________________________________________________________________________________________________________

3. Can you remember how or when that routine or habit emerged? Describe it here:

_________________________________________________________________________________________________________

What is a routine?

What do you suppose is the purpose of a routine/habit?

Is it possible to change a routine or habit? If so, how?
Discipline & Willpower

Discipline and willpower are often items that people identify as barriers to achieving their goals. Let’s take a moment and explore these concepts.

1. What is “Discipline” and/or “Willpower?”

2. Identify a time when you really wanted to do something, but you just flat out lost your willpower or discipline:
_________________________________________________________________________________________________________
________________________________________________________________________

3. Why? What happened?
________________________________________________________________________

A lot of people seem to think that change is all about willpower. Yet, deciding to make a change in our lives is much more challenging than any of us ever think it is going to be.

What impacts your willpower?

Many of the factors that can undermine your willpower are what I call external barriers, which we have discussed in great detail over the course of our time together in this class. As the external barriers intrude on our lives, our willpower begins to breakdown. Let’s look at some of the items that have been known to negatively affect our willpower.

- Scarcity
- Feeling tired
- Feeling hungry
- Feeling stressed
- Being unhealthy
- Feeling overwhelmed
- Feeling irritated
- Feeling angry
- Feeling incapable
- Feeling fear
- What our friends/family are doing
- What our co-workers are doing
- What our neighbors are doing
- Media/marketing/neuromarketing

No wonder it can be so difficult to enforce our willpower. It’s like just being alive can negatively impact our willpower!
Can willpower and/or discipline be improved?

The scientific studies seem to indicate that willpower is more like a muscle than some kind of moral fiber, and as such can be focused on and can be developed. On the other hand, if left alone and not developed it can atrophy. The research also indicates that there are exercises that can be done to improve your willpower. Turns out, as a result of taking this program, you've already started utilizing exercises that have been determined to help with your discipline and willpower.
Module Four-B: Routines & Habits, Discipline & Willpower

Routines & Habits

Ask participants to write down a routine or habit that has had an impact on their financial or health behaviors. Which habit is a barrier? How or when did it emerge? Ask them to share what they wrote. The purpose of this exercise is to begin thinking about how habits and routines can get in the way of achieving our goals.

**Question:** What is a Routine?

**Answer:** Basically, a routine is something you do without really thinking about it.

**Dictionary definitions:**

**Routine:** a usual or regular method of procedure, especially one that is unvarying.

**Habit:** A recurrent, often unconscious pattern of behavior that is acquired through frequent repetition. (TheFreeDictionary.com)

**Question:** What is the difference between a routine and a habit?

**Answer:** The words habit and routine are often used interchangeably, but a habit has a reward attached to it and we crave those rewards. We often develop habits because there is a reward, but the reward can go away leaving just the habit.

**Question:** What is the purpose of a Routine/Habit?

**Answer:** The purpose of a habit or routine is to help keep room in our brains for more complicated stuff and use the energy we have to focus on other things (this is also called cognitive ease).
Spend a little time talking about what we have learned about how the brain works: if we practice a new skill or behavior for a while, it takes less mental energy to produce that behavior, which makes our brain happy. Brains don’t like to work hard and will avoid it, especially when we are stressed, which is why we fall back on old habits when we are busy or stressed.

**Question: Are all habits bad?**

The word habit tends to have a negative connotation but there are many habits that are definitely good things. For example: looking both ways before crossing the street or being able to use your computer quickly to access information.

**Question: Is it possible to change a routine or habit? How?**

Once a habit is formed, it will always be there in your brain. The neuro-pathway is established and it does not go away. That is why it is so easy to fall back into old habits. However it is possible to alter the habit. Below the three parts of a habit are laid out. For each habit we have there is a cue (a signal to begin), a routine and a reward. Basically by identifying the cue, the routine, and the reward, individuals can find a different routine that still has the same reward.

In the example below, the cue is stress, the routine is to eat junk food, and the reward is that they feel better (for now). However, the person figured out that when they are stressed out, if they take a walk they still get the same reward, which is to feel better. In the long run it is much healthier for them.
Ask participants to write about a time when they wanted to do something but lost their willpower or discipline.
Ask them to write down what happened. Ask them to talk about what happened.
Explain that it takes more than just willpower to produce lasting change.

**Question:** What impacts your discipline or willpower?

**Answer:** A lot of things, some internal, some external.

Review the list of items that negatively impact willpower. Share one or two examples of when you have lost your willpower and ask participants to provide a few examples from their own lives.

**Question:** Can willpower be improved?

Explain how willpower can be developed like muscle strength. In the next section, we will talk about some exercises that can help build up willpower.
Module Four-B: Discussion Points

1. **Routines & Habits**

   It is important to note that habits are not good or bad and that they are an important part of reduction of energy consumption for the brain. However, we wish to raise awareness about our habits as they correlate to our spending and use of time. Before coming to our program, most have never stopped to really look at how they are spending either money or time. The next part in that process, though, is really hard: changing the habit.

2. **Willpower & Discipline**

   At the very outset of the course, we ask participants to identify their primary barriers to achieving their goals. Inevitably, “discipline” and/or “willpower” are brought up as significant to a person’s inability to achieve their desired goal(s). As with “laziness” and “procrastination,” which we address in Part Three, we find a lot of people using “no willpower” or “no discipline” as a label, as if these are some innate qualities with which they were born and there’s just nothing they can do about it. We want to remove that concept/label, if possible. It ultimately impacts their self-image and belief system, which will impact their ability to stick with their efforts at change.

   The purpose of the conversation is, as usual, to normalize the situation. Then also to demonstrate that willpower and discipline are characteristics, or even skills, that can be developed. By utilizing some of the skills they’ve learned as a part of the class they can see where their willpower/discipline is zapped and ways that they can improve these characteristics if they decide to work on them.
Making Change

If we keep doing the same thing we’ve always done, we can expect to get the same things we’ve always got.

If we want to improve our personal finances, economics or health, then it usually means we are going to need to do something differently, that is, we are going to need to make a change. Sometimes we make changes in our lives that are unintentional, but for our purposes in this class we want to focus on how we are going to make “Intentional Change.”

Intentional Change –
For our purposes here we will describe a process for Intentional Change. That is, change where we are putting intentional effort into making something in our life different.

Change, as we apply it to our behavior can simply be defined as the process of becoming different. It is important to note that change is always occurring and that not only is it always occurring but that it is a process, meaning that it is a series of actions, something that is in constant motion. A process is not static.

Why is it important to recognize a change in behavior as a process?

We are not always perfect in our attempts to change and it is important to recognize that sometimes there are some unintended consequences that crop up when we make a change and that, well, sometimes life just happens. But the process can still continue.
The 8 Components of Intentional Change

1. Awareness

Awareness can mean a lot of things, but for our purposes, we are really talking about our ability to perceive, feel or be conscious of events, objects or patterns. While being aware of the behavior you want to change is a key component, it is also important to become aware of all of the items that are potentially standing in your way and items that are potentially available to support you in your efforts.

2. Values

Personal values are the qualities, objects, ideals, customs, beliefs, philosophies, institutions, etc. that are important to an individual. They are considered subjective and vary from one individual to the next. Family, genes, environment, experience, religion, and political affiliation are all things that can influence our personal values. Personal values begin to develop early in life and can change over time.

When it comes to making an Intentional Change to your behavior, I believe that it is very important to see if that change lines up with your personal values. A person is much more likely to stick to a course of behavior change if they believe that it is in alignment with the person they believe themselves to be and the things they believe are important to them.

3. Belief

Believing that you can really do something is essential. When it comes to making an Intentional Change, if you do not believe that it is really possible, then your efforts will most likely not last. If you believe that you can make a change happen, it’s like you have already taken the first step towards making it real.

4. Gotta Wanna

When it comes to making an Intentional Change and making it stick, I always say, “if you don’t wanna, you ain’t gonna.” The desire to make a change is an essential ingredient in the change process. We can usually make ourselves do something that we don’t like a time or two, or three or four, but over the long haul, the change is less likely to be maintained.
5. Identify your Assets and Barriers

The identification of barriers and assets is a significant component to making change that is almost always left out. Much of the work in the program up to this point has been focused on helping you to identify your assets and barriers and how they can help or hinder your growth.

6. Small Steps

Not goals or achievements or results. Just steps. Steps might indicate a movement forward, but sometimes to the side and sometimes to the back and then back to the front. Steps can go a lot of different places, but there is always movement. And one step precedes another step, which then leads to another – and so on. We always recommend to start with a small change that you can work on immediately, and when we say small, we mean ridiculously small.

Often times we will find ourselves wanting to make a big change in our life and we want it to happen right now. There are entire industries that have developed to help you with this desire to make something big happen, to make it “easy” and to make it “fast.” Unfortunately that is not typically how change occurs, and especially when it comes to changes in our behaviors. Most likely, whatever it is that we are trying to change in our life has probably taken a bit of time for us to develop as a routine or habit. So we should realize that it will probably take us a little while to get it untangled.
7. **Reflection**

It is important to find some time to reflect on your efforts as you are going through the process. You can begin to reflect on the process almost as soon as you begin. Pay attention to how it feels. Notice all of the discussions in your head as it relates to the change you are trying to make. Notice if you are trying to justify your way out of your position. Notice how your environment is affecting you. The reflection on all of this is not to judge it or to beat yourself up or to use as a reason to give up. It is just to consider. Talk to your support person on a regular basis about what you are noticing and then decide if you need to make any adjustments.

8. **Learning**

If you are paying attention as you go through the process of change, then it is almost impossible not to learn something about yourself. If you follow the steps we've outlined in this program, not only will you learn about yourself, but you'll also learn about how your surroundings are either helping you or hindering you. We want to take advantage of this learning to help us in our efforts.

These components are all a part of the **process of intentional change** and they can be used for most behaviors that you might want to modify, diet, physical activity, saving money, managing time, etc...

We just have to remember that **intentional change is a process**. If we can remember that the process is dynamic and that we can continue to massage it as we proceed, it takes away the need to label it as a success or failure. If we continue to make efforts, to reflect on what is happening and to apply that learning, amazing things will begin to occur.

You might have noticed, as we have spent our time together in this class, we have actually already gone through these components without necessarily identifying them as such. Now, we want to put them all together in one exercise that you can take with you so you can use it in your future endeavors.
The EPIC Exercise
(Experiencing the Process of Intentional Change)

1. Pick one goal that you’d like to work on this week that you believe you can achieve:

2. What do you believe are the primary barriers to achieving this goal?

3. What do you believe will be the opportunity cost of working toward this goal?

4. Which personal value(s) does this goal align with?

5. Identify one small step per day that you could work on that would move you towards your goal:
   
   Monday
   Tuesday
   Wednesday
   Thursday
   Friday
   Saturday
   Sunday

6. Who is going to support you on this?

7. When do you plan to reflect on your efforts and how will you make adjustments?

8. What is going to happen as a result of this change?

9. How will you recognize your success?
Final Thoughts

You made it! That’s the end of the content for the program. You might feel like you’ve been through a whole lot in this program. Well, you have. So, I’d like to go over everything we’ve done together. You should feel proud!

First and foremost, you’ll remember that Financial Health is:

*The dynamic relationship of one’s financial and economic resources as they are applied to or impact the state of physical, mental and social well-being.*

In Part 1 you learned:

- Most of us have goals that we are working toward in order to have a better life
- Change is a process and our behavior is not always rational
- Money is just a tool that we get to decide how we want to use
- An asset is something that is important to us and that we have to maintain and grow those assets in order to improve our financial health, not just increase our income
- All of the components of the Asset Building Continuum impact our financial health
- Our values and our actions are sometimes in alignment and sometimes not

In Part 2 you learned:

- That often we are not aware of how much money we spend or how frequently we spend it
- How to create a spending journal
- Wants and Needs are subjective and our perceptions of wants and needs are shaped by our community and environment
- Marketing and media play a significant role in shaping our perceptions of wants and needs in our culture
- Frequently, we use an array of justifications to help us make sense of our actions when they are not in alignment with our values
- That as a society, we are in significant amounts of debt
- That most people are not really taught the skills needed to navigate our consumer economy and society
- How to recognize “The Spending Moment?”

In Part 3 you learned:

- That income can come from many sources, not just our jobs
- It is better not to discount the value of our taxes and benefits taken out of our paychecks
- We can put a time value on our work and our expenses
- In making choices as to how we spend our time and money, there is always an Opportunity Cost
• The role of convenience in our lives and the impact of “Scarcity” and “Tunneling” is substantial
• We justify our time expenses the same way we justify our monetary expenses
• Time and money are significant contributors to our stress
• Stress impacts our health and our finances
• Stress can be worked on by addressing our perceptions and our feelings of control

In Part 4 you learned:

• You can save!
• Budgeting is good, but being aware of how our finances actually flow in and out is better
• That we are driven by our routines and sometimes that is not helping our financial health
• That willpower is not the secret ingredient, but is something that can be improved
• That Intentional Change is possible – and that you’ve already done a great deal of the leg work by going through this program!

In addition, you’ve completed the following exercises:

1. Identifying Your Goals and Barriers
2. The Access Exercise
3. The Values Exercise
4. The Receipt Exercise
5. The Spending Journal Exercise
6. Identifying Wants and Needs Exercise
7. The Success Exercise
8. Identifying Internal Inconsistencies Exercise
9. The Role Models Exercise
10. The Income – Time/Value Exercise
11. The Expenses – Time/Value Exercise
12. The Perceptions of Stress Exercise
13. The Budget Exercise
14. The EPIC exercise!
That’s a ton of stuff!

By working through the materials and doing the exercises, you have developed a clear picture of all of the resources moving in and out of your life. You also know very clearly how all of your tangible and intangible assets impact your financial health. And most importantly, you have learned and started to implement some strategies to help you regain control of your most precious assets and to live your life more closely in alignment with your personal values. Prepared as you are now, I have no doubt that you will achieve all that you set out to achieve!
Congratulations!
You’ve completed the Financial Health for Case Managers program.

You and thousands of other people are now using these materials to make changes in your life that better bring your values and behaviors into alignment. We have seen some amazing changes from our participants over the years and we know that you will have some great stories to share with us about the changes you are making in your life.

As a graduate, first, we would like to ask that you let us know how you are doing on your intentional changes. Post your success on Facebook or send Shawn an email: (shawn@fhinst.com)

Also, you now have access to the “For Graduates” section on our website. Go to www.financialhealthinstitute.com and click on the “For Graduates” tab. That part of the site is password protected. You will need to ask your case manager to provide you with the password so that you can access the materials.

The “For Graduates” portion of the website is filled with all of the materials you’ve just completed plus a whole lot more. You can download individual exercises, find out about additional resources, reading lists and tools that you can use to help you on your journey.

We encourage you to stay connected with us. There are a number of ways...

**Additional Resources and Discussion:**
- FHI Website & Blogs: www.financialhealthinstitute.com
- FHI Facebook Page: www.facebook.com/fhinst
- FHI Twitter Account: Financial_Hlth @FinancialHlth

We thank you so much for your time, energy and commitment to this program. We wish you great fortune in all of your endeavors.

*The most common way people give up their power is by thinking they don’t have any. –Alice Walker*
Module Four-C: Change

Explain that Intentional Change is a process, a series of actions, so we don’t always get things right the first time, but we have more opportunities to keep trying.

Give a personal example of how you have made an intentional change despite complications and unintended consequences. This can be a change that you have accomplished or one that you are still working on.

Making Change

Read the sentence below and give participants time to think about it. Ask if the class thinks this is something we often do with our money? Or our health? Or our time? Yes, because it is easier to do the same things we’ve always done and change is hard.

If we keep doing the same thing we’ve always done, we can expect to get the same things we’ve always got.

Here’s another way of putting it:

Definition of Insanity: “Doing the same thing over and over again and expecting different results.” – Albert Einstein

Explain the difference between simple and easy. For example, take the game of golf. The game of golf is a simple one. You want to get the golf ball from point A to point B. However, the game of golf is not easy. It is not easy to get the golf ball into that tiny hole that is yards and yards away.

Explain that for people who smoke they might hear, “Smoking’s bad for you, you should stop,” but that doesn’t mean they are going to stop. In traditional financial literacy classes people often say, “Make a budget because it’s good for you,” but that doesn’t mean they will make a budget. If you “don’t wanna, you ain’t gonna.”

Our theory is that to get from point A to point B there has to be a shift in values. Something in your life becomes more important than something else. For example, a person becomes pregnant and quits smoking. A lot of the time you can pin point a specific moment or event where your values shifted. Give a few examples or ask participants for times in their lives where their values shifted and they made a change.
Also, the path from point A to point B is rarely a straight line, which is how we usually conceive of it.

For most of us, the line wanders around, takes a few steps back here and there, jumps in a seemingly unrelated direction, then gradually edges to the goal. It looks something like this:

Explain the difference between intentional and unintentional change, emphasizing that we need to put thought and effort into making a successful intentional change.

**Key Points:** Change, as we apply it to our behavior can simply be defined as the *process* of becoming different. It is important to note that change is always occurring and that not only is it always occurring but that it is a *process*, meaning that it is a series of actions, something that is in constant motion. A process is not static.

**Question:** Why is it important to recognize a change in behavior as a process?

**Answer:** We are not always perfect in our attempts to change and it is important to recognize that sometimes there are some unintended consequences that crop up when we make a change and that, well, sometimes life just happens. But the process can still continue.
The 8 Components of Intentional Change

Go through each of the eight components, reading key phrases from each description. Give examples of how you have used each component and ask participants to share their own experiences. Point out how the lessons from earlier in the program fit with the components of change.

1. Awareness
2. Values
3. Belief
4. Gotta Wanna
5. Identify your Assets and Barriers
6. Small Steps
7. Reflection
8. Learning
The process of intentional change, put simply:

- In order to change a habit you need to be aware of it.
- Alignment with your values leads to lasting change.
- You have to believe you can do it.
- You gotta wanna or you won’t change.
- Identifying barriers helps you get around them; having support can keep you motivated.
- Small steps lead to small wins that keep you going.
- Reflection helps you adjust your efforts.
- Learning refines and strengthens the process.

Remind participants that intentional change is a process. If we can remember that the process is dynamic and that we can continue to massage it as we proceed, it takes away the need to label it as a success or failure.
The EPIC Exercise

Show participants the steps of the Experiencing the Process of Intentional Change (EPIC) exercise and explain that it is a good process for making intentional changes in their lives. Ask them to pick an item they want to change, write it down, and go through the following steps. Encourage them to work on a very small goal so they can experience success and move on to their next goal.

1. Pick one goal that you’d like to work on this week that you believe you can achieve:
2. What do you believe are the primary barriers to achieving this goal?
3. What do you believe will be the opportunity cost of working toward this goal?
4. Which personal value(s) does this goal align with?
5. Identify one small step per day that you could work on that would move you towards your goal:
   - Monday
   - Tuesday
   - Wednesday
   - Thursday
   - Friday
   - Saturday
   - Sunday
6. Who is going to support you on this?
7. When do you plan to reflect on your efforts and how will you make adjustments?
8. What is going to happen as a result of this change?
9. How will you recognize your success?

Explain that we recognize that people are limited on time and energy, so undertaking very large goals or many goals at one time is typically ineffective. Taking that into consideration we believe that the best way to move forward is to start by picking one goal that you feel most motivated to tackle or that you think is the most important to start right now. Also take into consideration how hard it will be to accomplish. We recommend picking a smaller goal that is easier to finish within a month’s time because once you start having small successes you are much more likely to keep on working towards your goals. As you have more success you can work your way up to larger goals that will take more time to accomplish.

You can either start by picking one goal that you have already created throughout this course or you can create a completely new one. It’s up to you.

Once you have written down a behavior you want to change, think about what you could do instead of that behavior. Think about what values your goal aligns with and barriers to achieving that goal. There is always some sort of opportunity cost involved in making a change, so think about what you would be giving up in order to achieve this goal. Knowing what value(s) the goal aligns with can help you think of ways to keep motivated.

For example, I want to buy a new car. My first achievable step would be to research different used car dealers. First thing I could do is ask around. Secondly I could research on the internet. Lastly I could finalize a list of dealers I trust and might have a car I want.

It might take me longer than a week to actually buy a car and it might take a lot more steps but, as with all plans, you can adjust them. Also on our website you can print off as many sheets as you need.
to help you lay out a plan to achieve your goal.

Identifying supportive people will help with motivation and even removing barriers. Planning to reflect on your change efforts is part of the refinement process. We don’t always get everything right the first time we try, but we can keep getting better.

**Question:** How will your life look different if you achieve your goal?

(This is important for building up your belief that you can do it as well as remembering why you want to do it)

The last part is to create a reward for yourself when you accomplish your goal. You could come up with very tiny rewards when you complete one of your small achievable steps. People are much more likely to complete steps and goals if there is a reward attached.
Final Thoughts

At the end of the Module Four-C packet you will find a summary of all the tools we have given in class so far and additional resources that participants might find useful.

Begin by going over the summary and importance of the tools we have talked about over the last few weeks. Allow for discussion and any questions to be asked.

These tools are only as good as the amount of use they get.

Before ending the class make sure that participants know that they can always contact you (or us at FHI) anytime to share successes, struggles, ask questions and get access to resources we have given out.

Congratulations on working your way through the core FHCM program in this Guidebook. The Credit Module that follows is an optional one, but many people have found it helpful for understanding the issues surrounding credit and how to improve your access to it.
Module Four-C: Discussion Points

1. The Process of Intentional Change

The eight components of intentional change are introduced here, but they build on exercises that have been practiced throughout this program. All goals that a person attempts to achieve will require a change to be made in the person’s life and making lasting change can be one of the most difficult things people have to do. The process described here can be utilized with participants who are trying to find employment, maintain employment or grow economically.

10. EPIC

The purpose of Experiencing the Process of Intentional Change (EPIC) is to bring everything back together plus provide the tools needed to begin working on goals that will require some behavior modification on the part of the participant. We emphasize that small wins are important and that having a support system is critical to incorporating changes that will last.
ADDITIONAL RESOURCES

Books

Marketing and Neuromarketing

Buy-ology: Truth and Lies About Why We Buy – Martin Lindstrom
A Consumer’s Republic: The Politics of Mass Consumption in Postwar America – Lizabeth Cohen
Advertising the American Dream: Making Way for Modernity, 1920-1940 – Roland Marschand
The Buying Brain: Secrets to Selling to the Subconscious Mind – A. K. Pradeep

Psychology and the Brain

Brain Rules: 12 Principles for Surviving and Thriving at Work, Home, and School – John Medina
Emotional Intelligence: Why It Can Matter More Than IQ – Daniel Goleman
Mindset: The New Psychology of Success - Carol Dweck
Blink: The Power of Thinking Without Thinking – Malcom Gladwell
Outliers: The Story of Success – Malcom Gladwell
Stumbling on Happiness – Daniel Gilbert
How the Mind Works – Steven Pinker
The Willpower Instinct: How Self-Control Works, Why It Matters, and What You Can Do To Get More of It –Kelly McGonigal
Incognito: The Secret Lives of the Brain – David Eagleman
Cognitive Dissonance: 50 Years of a Classic Theory – Joel Cooper
Mistakes Were Made (but Not By Me) – Tavris & Aronson
Redirect: The Surprising New Science of Psychological Change – Timothy D. Wilson
Switch: How to Change Things When Change is Hard – Dan & Chip Heath

Economics and Behavioral Economics

Thinking, Fast and Slow – Daniel Kahneman
The Power of Habit: Why We Do What We Do in Life and Business- Charles Duhigg
Animal Spirits: How Human Psychology Drives the Economy, and Why It Matters for Global Capitalism - George A. Akerlof
The Power of Myth – Joseph Campbell
Choices, Values, and Frames – Kahneman & Tversky
Predictably Irrational: The Hidden Forces That Shape Our Decisions - Dan Ariely
The Upside of Irrationality: The Unexpected Benefits of Defying Logic at Work and at Home – Dan Ariely
Free to Choose: A Personal Statement – Milton & Rose Freidman
The Ascent of Money: A Financial History of the World – Niall Ferguson
Debt: The First 5,000 Years – David Graeber
The Wealth of Nations – Adam Smith
Decision Making: A Behavioral Economic Approach – Michal Skorepa
Why Smart People Make Big Money Mistakes and How to Correct Them: Lessons from the Life-Changing Science of Behavioral Economics – Belsky & Gilovich

Sociology
Bridges Out of Poverty: Strategies for Professionals and Communities – Payne, DeVol, & Dreussi Smith
The Culture Code: An Ingenious Way to Understand Why People Around the World Live and Buy as They Do – Clotaire Rapaille
The Fragile Middle Class: Americans in Debt – Sullivan, Warren & Westbrook
The Two-Income Trap: Why Middle-Class Families are Going Broke – Warren & Tyagi
Satisfaction Guaranteed: The Making of the American Mass Market – Susan Strasser
White Collar: The American Middle Classes – C. Wright Mills
Land of Desire: Merchants, Power and the Rise of a New American Culture – William R. Leach
The Emergence of the Middle Class: Social Experience in the American City, 1760-1900 – Stuart M. Blumin
Consumer Society in American History: A Reader – Lawrence B. Glickman
Christmas in America: A History – Penne L. Restad
The American Idea of Success – Richard M. Huber

Motivational and How To

Man’s Search for Meaning – Victor E. Frankl
Mountains Beyond Mountains: The Quest of Dr. Paul Farmer, a Man Who Would Cure the World – Tracy Kidder
Walden – Henry David Thoreau
The 7 Habits of Highly Effective People – Stephen R. Covey
First Things First – Stephen R. Covey
The 8th Habit: From Effectiveness to Greatness – Stephen R. Covey
Change Anything: The New Science of Personal Success - Patterson, Grenny, Maxfield, McMillan & Switzler
The 9 Steps to Financial Freedom: Practical and Spiritual Steps So You Can Stop Worrying – Suze Orman
Never Eat Alone: And Other Secrets to Success, One Relationship at a Time – Keith Ferazzi & Tahl Raz
The Total Money Makeover: A Proven Plan for Financial Fitness – Dave Ramsey

Credit Related Web Sites

www.annualcreditreport.com
Official site to help consumers obtain their free credit report once every 12 months from each of the nationwide consumer credit report companies: Equifax, Experian and TransUnion.

www.bankrate.com
Website offering financial rates to consumers on more than 300 financial products like mortgages, credit cards, new and used automobile loans, money market accounts, certificates of deposit, checking and ATM fees, home equity loans and online banking fees.

www.cardtrak.com
Website providing timely information on credit cards and other payment cards offers and rates. You can search through hundreds of top current credit card offers available.

www.consumerfed.org
Association of non-profit consumer organizations that are involved in research, advocacy and education pertaining to such issues as healthy, insurance, financial services, agriculture, food safety, housing, firearms, product safety and transportation.
The three main credit report agencies.

www.optoutprescreen.com
The Fair and Accurate Credit Transaction act of 2003 requires consumer reporting agencies to include in their
credit offers a statement allowing customers to stop unsolicited offers by either calling 1-888-5OPTOUT (1-888-567-8688) or through the above website. Consumers can either opt out for five years or permanently.

www.mycareone.careonecredit.com
CareOne Debt Relief Services provides a variety of educational materials and resources on debt relief and
management. Click on “How We Can Help” under the “About” tab to access free resource guides.

www.creditsesame.com
Credit Sesame is a free web-based tool that helps consumers manage their credit and save money on their loans.
It also provides consumers with a free credit score. The credit score is an Experian National Equivalency Score,
which is commercially available to lenders and is very close to the widely used FICO Score. The range for the
National Equivalency score is 360 to 840; the range for FICO scores is 350 to 850.

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**General Personal Finance Web Sites**

www.mint.com
Mint.com is a free web-based financial management service that helps individuals track and monitor their
spending by connecting with their online banking accounts. Individuals can also set up budgets and goals, view
their spending by categories and have access to personal finance tools and calculators.

www.americasaves.org
America Saves is a national campaign supported by over a 1,000 non-profit, government and corporate groups
focused on encouraging individuals and families to save money and build personal wealth. They provide free
financial tools, saving services, advice and resources as well as information on their national “America Saves Week”
which is typically in late February of each year.

www.kiplinger.com
Kiplinger offers personal finance advice, business forecasting, investing advice and financial management tools.
They have their own magazines and various online newsletters.

www.managingmymoney.com
A website created through the collaboration of the Community Action Partnership and the National Endowment
for Financial Education. They provide personal financial planning tips and information, as well as information on
employment, housing options and individual development accounts (IDAs).

www.money.cnn.com
CNNMoney is the online home for Fortune and Money magazines, and is CNN’s exclusive business site with
business, market, economy, technology, personal finance, small business and leadership news and resources.

www.nefe.org
The National Endowment for Financial Education provides many resources and financial literacy tools for high
school students, college students, educators, case managers, and the general public.

www.financialworkshopkits.org
Free resources to help teach money management skills provided by the National Endowment for Financial
Education.
www.spendster.org
A website where people can share their stores on impulse buying, overspending, or just plain wasting money on stuff they don’t need. Site is sponsored by the National Endowment for Financial Education.

www.smartmoney.com
Website dedicated to personal finance and investing analysis, advice and tools from The Wall Street Journal.

www.usatoday.com/money
USA Today’s website about financial markets, US economy, business, corporations, personal finance and world economy news.

www.smartaboutmoney.org
Resource from the National Endowment for Financial Education that provides practical articles, worksheets, calculations, tips and valuable resources from across the Web that help you understand and manage your money.

Investing Web Sites

www.aaii.com
The American Association of Individual Investor’s website that provides education and guidance on how to build and manage investment wealth, stocks, etfs, mutual funds and bonds.

www.investoreducation.org
Website created by the Alliance for Investor Education that offers resources to the individual investor and consumers.

www.saveandinvest.org
Website a project of the FINRA Investor Education Foundation first launched in 2006 as part of the Military Financial Education Project. It has since been expanded to include information about fraud prevention for all investors. Website helps individuals make informed financial decisions and get information needed to protect from investment fraud.

www.401k.org
The 401k.org Web site is a public service to help individuals learn about saving and investing for retirement. This site is maintained by the Profit Sharing/401k Council of America.

Retirement Web Sites

www.aarp.org
The American Association for Retired People (AARP) provides people with retirement advice and also discounts and offers on Medicare supplemental health insurance, prescription drugs and consumer goods, entertainment and travel packages, long-term care insurance and automobile, home and life insurance.

www.choosetosave.org
Website providing information, tools and calculators on many subjects like how to save for college, buying a house, buying a car and saving for retirement.

www.myretirementpaycheck.org
My retirement paycheck offers a practical way to think about how you will pay yourself during your retirement years focusing on eight areas: work, social security, home & mortgage, insurance, retirement plans, savings & investment, debt and fraud.
The Plan Sponsor Council of America (PSCA) assists more than six million plan participants and provides its members with programs and services to help them better manage their company’s retirement plans.

The official site of the United States Social Security Administration.

**Government Agencies**

- Social Security Administration, www.ssa.gov

**Magazines**

- Consumer Reports
- Kiplinger’s Personal Finance Magazine
- Money Magazine
- SmartMoney Magazine

**Newspapers**

- Barron’s
- Investor’s Business Daily
- The Wall Street Journal

**Nonprofit Organizations**

- American Institute of Certified Public Accountants, www.aicpa.org
- American Savings Education Council, www.choosetosave.org/asec
- Certified Financial Planner Board of Standards, Inc., www.cfp.net
- Consumer Federation of America, www.consumerfed.org
- Investment Company Institute, www.ici.org
- National Association of Investors Cooperation, www.betterinvesting.org
- National Foundation for Credit Counseling, www.nfcc.org
- Society of Financial Service Professionals, www.financialpro.org

**Software**

- Kiplinger’s Simply Money, Microsoft Money, Quicken Deluxe
OTHER MODULES AND EXERCISES
In the Credit Module, participants engage in a group discussion about credit and the role of credit in personal life and society. This process helps develop a greater awareness of the individual’s involvement in the credit system and how credit can be proactively managed.

Through debt management companies’ media campaigns, the general public has been led to believe that there is a magic solution to fixing credit and that people can quickly re-establish their credit without having to change their personal behaviors. This Module attempts to demystify the credit process and develop an understanding of the credit industry. Through discussions, the terms and concepts are introduced as topics of conversation (as opposed to a vocabulary assignment) so that participants can see how these terms and concepts actually apply to their life and how the individual has a proactive role in his or her financial life and the financial system as a whole.

This module can be inserted at various points during a FHCM program, but we recommend that it not be presented before the completion of Part Two, so participants have been introduced to the concepts of debt and Internal Inconsistency.
CREDIT MODULE: ANSWER GUIDE

Start off by going over the graph below which is a review of all the amounts of debt we covered in Part Two. Have the participant read the number of Total Debt under the graph. Explain that it is the total of all the main sources of debt we have in this country and that it is going to take some serious time to pay off.

**Key Point:** Debt equals future time.

Credit & Debt

**Review: Debt**

- Consumer Debt: $2,572,800,000,000
- Credit Card Debt: $870,200,000,000 (part of total # consumer debt)
- Student Loan Debt: $1,015,645,586,140
- Mortgage Debt: $13,366,278,000,000
- U.S. National Debt: $15,883,141,771,511

Total Debt: $32,837,865,357,651

Thirty two trillion, eight hundred and thirty seven billion, eight hundred and sixty five million, three hundred and fifty seven thousand, six hundred and fifty one dollars.

Explain that, back in Part One, we introduced the asset building continuum and we talked about how important access is. Credit, when we really think about it, is simply access. Credit allows us to have access to things that we want or need like a house, a car or an education. Next read through the four sentences below.

In order for debt to be created, someone has to be willing to give you access to credit.

Credit gives you access to resources you currently don’t have access to.

You are now able to spend money that you don’t have now.

And when you incur debt you are going to have to give up future time.
We have already talked about how credit is access, but ask the participants what else can credit be? Typical answers include power, evil, a trap, ability to keep up with the Jones’, ability to get the things you want now, future accessibility etc.

Scenario: “Lend me some money.” To illustrate what credit is you will set up a little scenario and act it out with a participant. First, ask them if they will lend you $100. The participant might say sure right away but if they say no just say for this exercise we are going to pretend you said yes. Explain what might be going through the participant’s head before they say yes. “I don’t really know (insert case manager’s name) that well but I hear from so and so that they are a great person and I’ve really enjoyed the program so far, so I guess I’ll lend them the money. I will lend you $100 but you have to pay me back in one week.”

The case manager agrees and pays back the $100 on time. Ask the participant if you and he/she are square. Explain that the next day rolls around, I (case manager) need to borrow $100 again because (insert problem here). The participant says, “Well, he/she paid me back on time last time, so I’ll go ahead and loan the $100 but I need it back in one week.”

The second week rolls around and I pay back the $100. The next day I say, “You’ll never believe what happened…. Can I please borrow a $100 and I promise to pay your back in a week.” The participant

**Question:** What does it mean when it says if you incur debt you have to give up future time?

**Follow up question:** Do you remember opportunity cost from Part Three?

**Answer:** Basically, if you have debt you will have to give up future time to pay off what you’ve already bought with credit. When you give up future time to earn money to pay off your debt, you will not be able to spend your time on other things which is your opportunity cost. You will be able to have access to what you want or need now, but you should take into consideration the fact that you will have to give up time later.

**Question:** So, what is credit?

**Answer:** credit is trust.

We have already talked about how credit is access, but ask the participants what else can credit be? Typical answers include power, evil, a trap, ability to keep up with the Jones’, ability to get the things you want now, future accessibility etc.

Scenario: “Lend me some money.” To illustrate what credit is you will set up a little scenario and act it out with a participant. First, ask them if they will lend you $100. The participant might say sure right away but if they say no just say for this exercise we are going to pretend you said yes. Explain what might be going through the participant’s head before they say yes. “I don’t really know (insert case manager’s name) that well but I hear from so and so that they are a great person and I’ve really enjoyed the program so far, so I guess I’ll lend them the money. I will lend you $100 but you have to pay me back in one week.”

The case manager agrees and pays back the $100 on time. Ask the participant if you and he/she are square. Explain that the next day rolls around, I (case manager) need to borrow $100 again because (insert problem here). The participant says, “Well, he/she paid me back on time last time, so I’ll go ahead and loan the $100 but I need it back in one week.”

The second week rolls around and I pay back the $100. The next day I say, “You’ll never believe what happened…. Can I please borrow a $100 and I promise to pay your back in a week.” The participant
agrees but the next week comes and I am nowhere to be found. A few days later I come back to (participant) and say, “I only have $50 but I promise I’ll get the rest right away.” A few days later I pay the rest back and another day rolls by and I ask (participant) to borrow $100 again. Ask the participant what he/she would say.

The participant will usually say no I will not lend to you anymore. Ask them why they won’t lend to you anymore. Explain that you paid on time twice and were only late once. So what happened?

Answer: You broke the trust. Credit equals trust. A participant in class once said that credit is your economic reputation; it is a record of your behaviors over time. Simply, did you do what you said you were going to do?

**Question: What is the Credit Industry?**

**Answer:** A collection of businesses that are in the business to make money.
This is a very important point for participants to understand.

Ask what the credit industry looked like 100 years ago. Explain that 100 years ago in your community when you went to the grocery store the clerk knew you and they knew your family. If you didn’t have enough money for your groceries that would be okay because the clerk would let you pay later. If you didn’t pay, the whole community would know about it and your reputation would be damaged. In many 3rd world countries today very small loans are given out and the community is heavily involved. There is a very strong social pressure to pay back the loans and they have an extremely high repayment rate.

The credit industry in America started in the 1960s and then it was deregulated in the 1980s and has grown into what we see today. Today the individual doesn’t have a relationship with the person loaning them money. Borrowing and loaning is anonymous and they don’t care why you couldn’t pay on time.

**Question: What is “risk-based” pricing?**

**Answer:** Risk-based pricing is a method used by many lending institutions to decide what interest rate to give a borrower on a loan or what rate to give them for different types of insurance.
For example when getting car insurance or health insurance the lender will assess how big of a “risk” you are by looking at your application and your driving or health records. The insurance lender will then put you in a certain pool of people based on if you are determined a low, medium or high risk (See picture above). For lending institutions, they decide how likely you are to pay back the loan or if you were to default, how likely the institution can recover its capital by selling your collateral. Obviously, the more risky you are deemed, the higher your interest rates or insurance premiums will be.

Another point to consider is that when these companies put you in a certain pool of risk, they know how many people in that pool are going to default. For instance say there are ten people in a pool and they know three people will default. Therefore they will increase the cost for everyone in the pool to cover the cost of the three people defaulting. The companies do not pay for people defaulting, the consumers do.

But whatever loan or insurance you decided to go with, you sign it, even if you haven’t read it or don’t understand it. No one can force you to sign it or sign it for you. Ultimately you decide and you have control.

**Transition to Credit Report and Credit Score:** Explain that one thing we often hear in class is people saying, “gotta fix my credit, gotta fix my credit, and I have to do it now!” Ask the participants why they think that is. For one, it is starting to become a barrier for employment and has been increasingly so for people trying to find housing to rent. Also remember the message from Part Two? We live in a culture that says buy now, pay later and spend, spend, spend! People want to have access to things they don’t have right now. We are not saying that is right or wrong but we just want to make people aware of these influences and encourage them to think about them and consider the outcomes.

**Question:** So how do you know what kind of credit you have?

**Answer:** You look at your credit report and your credit score.

**So what is the difference between a Credit Report and a Credit Score?**

**Answer:** A credit report is a document of one’s financial history which specifically details one’s history of borrowing and paying back money that was borrowed.

Basically it is a history of doing what you said you were going to do or not. There are three main consumer credit reporting agencies: Equifax, TransUnion and Experian.

A credit score takes into account several different factors (which can be seen in the graph below), primarily based on your credit report, and computed to give a three digit number. The most common credit score is the FICO credit score (Fair Isaac Corporation). Lenders use them to determine who qualifies for a loan, at what interest rate and what credit limits.
Explain that you can receive a free copy of your credit report every year from the three main companies. The link is www.annualcreditreport.com. The site was created by the three companies because of a law that was passed ensuring that the consumer could obtain one free credit report a year. Most people suggest spreading out the three reports over the year and only looking at one every four months.

As for your credit score you cannot look at it for free, even if the website is freecreditscore.com. Sites like these take your credit card information and they are not truly free.

Resource: www.annualcreditreport.com

When it comes to fixing credit, people want that quick fix that will magically change their score. Ultimately, it takes a lot of time and you will have to change your behavior. It will take time, energy and focus and that can be hard when you have a lot going on. But if it is important to you, then you can take those small steps and work towards it.

It won’t change your score overnight but you will see small and steady improvements. And when lenders look at your score or report they will see that change in behavior and the longer the record of on time payments, the better.

**Credit Module: Discussion Points**

While the term “credit” seems to conjure up some pretty harsh reactions, almost everyone seems to understand the importance of credit in our society. The case manager should always keep in mind that, much like with Internal Inconsistency, participants will often explain away their credit issues or blame someone else (including the person granting them the credit) for their problems – not really wanting to take a look at their behavior.
Access Exercise

Please put a check mark next to what you have access to. Then circle what you’d like to have access or more access to, in order to help you achieve your goals:

<table>
<thead>
<tr>
<th>Transportation</th>
<th>Physical Capability</th>
<th>Networks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shelter</td>
<td>Internet</td>
<td>Water</td>
</tr>
<tr>
<td>Legal Services</td>
<td>Healthy Food</td>
<td>Phone</td>
</tr>
<tr>
<td>Health Care</td>
<td>Heat</td>
<td>Jobs</td>
</tr>
<tr>
<td>Community</td>
<td>Family</td>
<td>Counseling</td>
</tr>
<tr>
<td>Clothing</td>
<td>Education</td>
<td>Grooming/Hygiene</td>
</tr>
<tr>
<td>Electricity</td>
<td>Government Programs</td>
<td>People</td>
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<tr>
<td>Entertainment</td>
<td>Income</td>
<td>Credit</td>
</tr>
<tr>
<td>Religion/Spirituality</td>
<td>Library</td>
<td></td>
</tr>
</tbody>
</table>

Identify three things from the list above (or other items) that you want to have more access to. Write them in the Asset column below. Then think of one or two barriers that are keeping you from accessing each item and write those things in the Barrier column. In the third column, write down a few resources that could help you build your access (they can be resources you already have or resources you want to have).

<table>
<thead>
<tr>
<th>ASSET</th>
<th>BARRIER</th>
<th>RESOURCES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Next, think about where you have some control or influence for each asset and write that down. In the last column, write one small step you can take to improve your access to each of these Assets.

<table>
<thead>
<tr>
<th>WHAT CAN I CONTROL?</th>
<th>STEPS I CAN TAKE</th>
</tr>
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<tbody>
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Shelter Exercise

There are many different forms of shelter. Physical spaces like houses, apartments or the corner of a shared room can be shelter. Even a tent or an overhang at a bus stop that provides a bit of cover. Shelter is any place or situation that helps protect us and makes us feel secure.

Write down the kind of shelter you are currently living in:

________________________________________________________________________________________

In what ways is your current shelter an asset? In what ways is it a barrier?

________________________________________________________________________________________

In the umbrella below, write down the places, situations and people that help you feel sheltered. Outside of the umbrella, write down anything that interferes with your sense of security, safety and shelter.
Write down three sheltering things or places that you want to have more access to. Write them in the Asset column below. Then think of one or two barriers that are keeping you from accessing each item and write those things in the Barrier column. In the third column, write down a few resources that could help you build your access (they can be resources you already have or resources you want to have).

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Your Environment and Community

Think about all of the things you have access to or would want more access to. In each circle, briefly note how your friends and family, community and other influences can act as an asset or a barrier for you. Draw pictures if you want to.
When you think of all of these assets and barriers in your environment and community, what about the situation would you like to improve? Write down three things you would like to change.

1. 

2. 

3. 

Next, think about where you have some control or influence for each thing you would like to change and write that down. In the last column, write one small step you can take to improve your access to each of these Assets.

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