



9-1998

PB1559 Getting on Financial Track

The University of Tennessee Agricultural Extension Service

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Recommended Citation

"PB1559 Getting on Financial Track," The University of Tennessee Agricultural Extension Service, PB1559-500-9/98 (Rep) E12-2015-00-090-99, http://trace.tennessee.edu/utk_agexfinman/14

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Getting on Financial Track

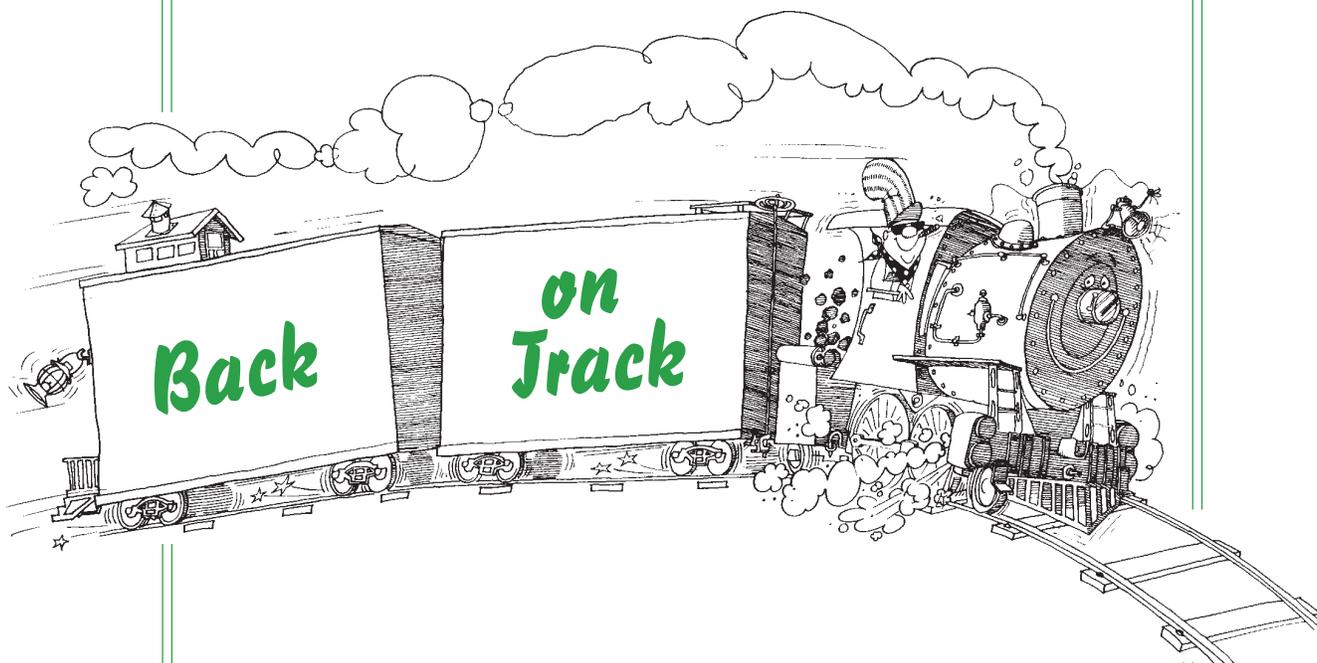


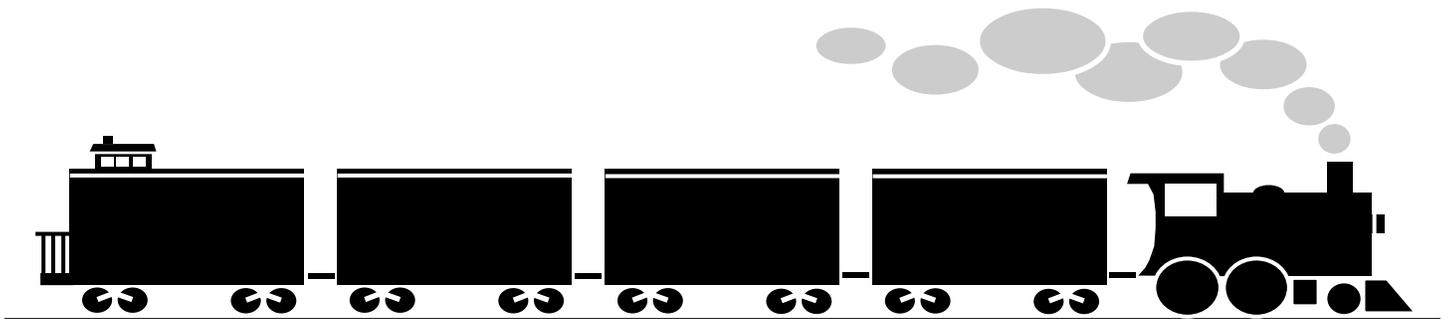
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Transparencies-slides*

* Transparencies-slides used for the this program have been selected from the savings series developed by Michael Rupured, Family Financial Education Specialist, Kentucky State University Cooperative Extension Program.

Appreciation is expressed to the District 1 staff: Alpha Worrell, Mary DeFoor, Cindy Emison and Susan Kee for their support in the development of the bankruptcy project. I am also grateful to Michelle Roth and the Chapter 13 Bankruptcy court in West Tennessee for their assistance in collecting data and sharing invaluable information to help make this program possible.



Getting on Financial Track

Developed By:
*Celvia S. Dixon, former Associate Professor
Family Economics*

Introduction

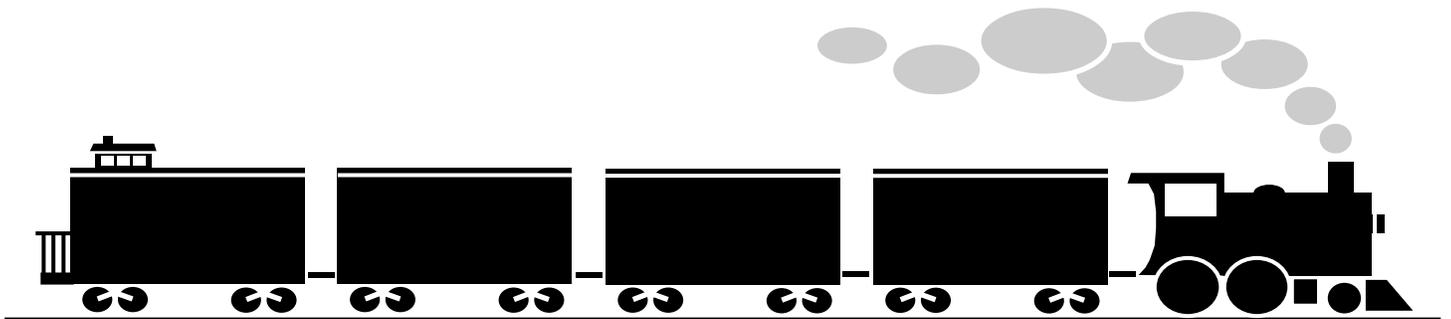
This **four-part** bankruptcy training is designed to help families who have filed for bankruptcy or are contemplating filing for bankruptcy get back on financial track. The teaching materials can be used to conduct training or to train volunteers to provide training.

It is recommended that training groups remain small enough to allow trainer(s) an opportunity for personal interaction with participating families. It will also be important that the training facility is large enough to provide each family with a table and private space for a “hands-on” planning session which will take place in part four.

Training Objectives:

Participants will leave the training with an understanding of:

1. Fixed, variable and occasional expenses.
2. How to develop a **personal** family spending plan.
3. How to use a calendar to plan spending.
4. How to establish or re-establish a credit rating with banks after bankruptcy.
5. Ways to decrease family medical expenses.
6. Why insurance rates may increase after filing for bankruptcy and how reasonable insurance coverage may be obtained.
7. How employees can maintain a good relationship with their employer after bankruptcy.



Materials Needed for Training:

- Large meeting room with enough tables to allow families private planning space
- A large calendar to plan spending
- Pencils
- Bankruptcy visuals — overheads or slides
- Panel of community resource people
- Paper to develop an income/expense sheet
- Blank typing paper (for ice breaker activity, for questions for the panel, etc.)
- Tape (if using activity 4)

(Optional materials needed for ice breaker exercises)

- Blank typing paper to draw pictures (Activity 1)
- **VALUE STATEMENT PACKETS** or colored paper strips for each family member (Activity 2)
- **VALUE SHEETS** (Activity 3) for each participant
- **WORD CARDS** (Activity 4) to place around the room for the spending and saving assessment exercise (will need tape for cards)

Teaching Guide

A. Opening

1. Welcome training participants
2. Introduce program instructors
3. Explain the purpose and objectives of the training

B. Ice Breaker Exercises

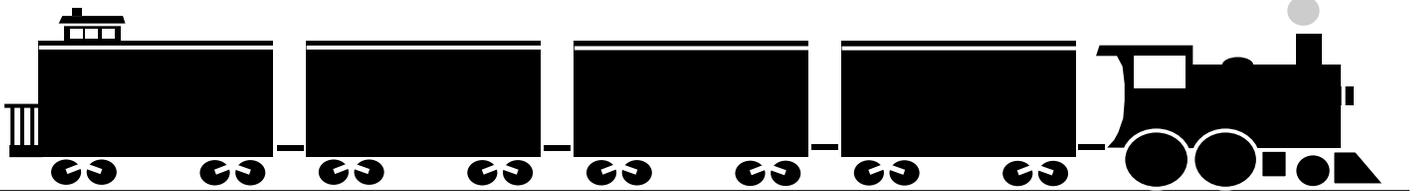
Select one of the following exercises to use as an ice breaker and to help participants relax. **Remember**, most people are not comfortable discussing money, especially if they are having problems managing it. Therefore, it will be very important to create a **relaxed** and **non-threatening** atmosphere at the beginning of the training.

1. Ask participants to draw a picture of how they were feeling before they filed for bankruptcy and a picture of themselves after filing for bankruptcy. Explain that the picture does not have to be an

artistic masterpiece. Using stick people, objects or whatever will help describe how they felt before and after the decision to file for bankruptcy.

Ask for volunteers to share their picture (you may want to start by showing a picture you have prepared).

After show and tell, summarize the exercise by saying, "Most people filing for bankruptcy have many of the same feelings you have indicated. Many feel out of control, guilty and embarrassed. These feelings are normal, but it is important to gain control of your feelings and learn how to move on. Accept bankruptcy as a part of your past and learn from the past. Let's understand that maybe the way you managed before was not the best way; maybe the circumstances you faced before were things beyond your control. It is not too late for you to learn how to get back on track and learn new ways to manage."



2. *Sorting out economic values:* Have participants read each value statement in the envelope and make two stacks (use adapted version if you are unsure of audience reading level). One stack will contain statements that are very important to the individual; the second stack will contain statements that are not so important or the participant is undecided about. The individuals will count the color appearing more often in the stack of important statements. The instructor will read aloud what value each color represents. For example, “If you have more blue statements...” (See attachment for Activity 2).

3. *Read aloud each statement on the “My Economic Values” sheet.* Ask participants to rank each value in order of its importance to them. If families have several members present, ask them to rank their values first and then compare their values to the values of other family members. This may explain why people have different saving and spending habits.

4. *Read statements from the “My Economic Values” sheet.* Ask participants to respond to each question with a “thumbs up” if the statement is important to them, a “thumbs down” if the statement is not important to them and “show open palm” if they are undecided about their response. After each question, you may elaborate on the value or have participants share why they responded the way they did.

5. *Spending and saving assessment exercise:* Make a card for each of the following words: Agree, Uncertain and Disagree. Place the cards in different areas of the room before the training starts. Read aloud each of the spending and saving assessment statements and ask participants to stand near the sign that best describes how they

feel about the statement. Ask for volunteers to share why they responded in the manner they did.

C. Important Statements to Make prior to Starting Training

“Personal information shared in this training is confidential and should not be shared with individuals not participating in the training.”

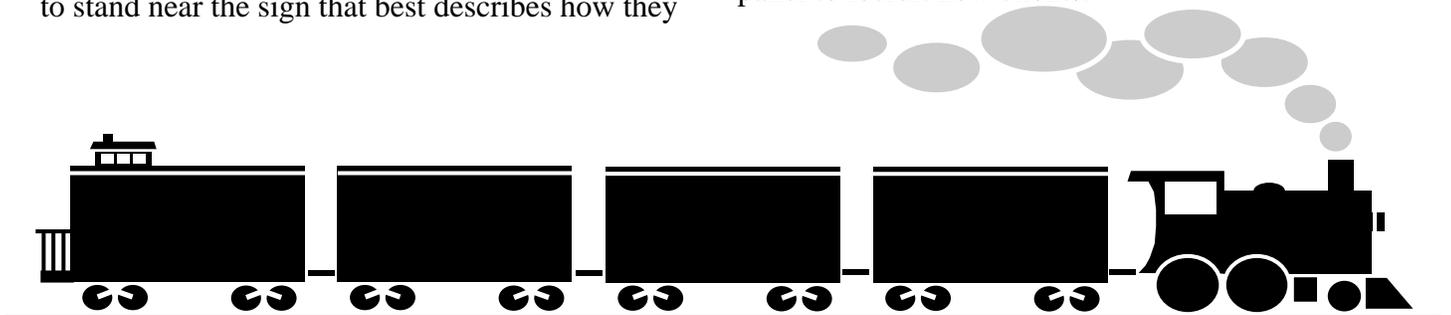
“We understand families are different and have different needs. Therefore, families should develop their own spending plans. It will be important that participants understand what is important to their family members and allow all family members to share in family financial decision making. Remember, family members are more likely to make a plan work if they agree with the plan and help in the development process.”

Is personal assistance after the training available? If so, let participants know.

“Personal assistance is available by appointment. Please feel free to make an appointment after the training or get one of our cards and call for an appointment.”

D. Resource Panel and Questions

The following are suggested questions to use with a panel of resource people invited to the bankruptcy training. Resource people should be contacted and given questions prior to the training. Make sure resource panel participants are aware that only generic information should be presented. This should not be an invitation for the panel to recruit new clients.



1. *Banker* - Would you suggest ways a family filing for bankruptcy could re-establish a credit rating with their bank.

2. *Medical Person* - Many families do not have insurance and face bankruptcy because of medical expenses. Would you provide suggestions on ways a family can decrease medical expenses.

3. *Insurance Person* - Obtaining insurance after filing for bankruptcy is often very difficult and expensive. Would you explain why insurance costs may go up after bankruptcy, and give suggestions on how families can get reasonable coverage.

4. *An Employer* - After filing for bankruptcy, many employees fear losing their jobs. Would you provide suggestions on how employees can maintain a good relationship with their employer after bankruptcy.

E. Bankruptcy Training Script for Slides/Transparencies

The number of the recommended slide or transparency to use with the text is in front of each statement. Slides and transparencies are from the *Saving Series* produced by Kentucky State University Cooperative Extension Program.

Visuals (copies attached)

#1 Your past can be a guide to your future. How you managed in the past can determine the type of financial future you have. You are responsible for the money you earn and the money you spend.

#2 Your money has a job to do.

#3 However, you must be in control of your money and understand how to make it work for you.

#4 Before putting your money to work, decide what you want your money to do for you and what type of expenses you have.

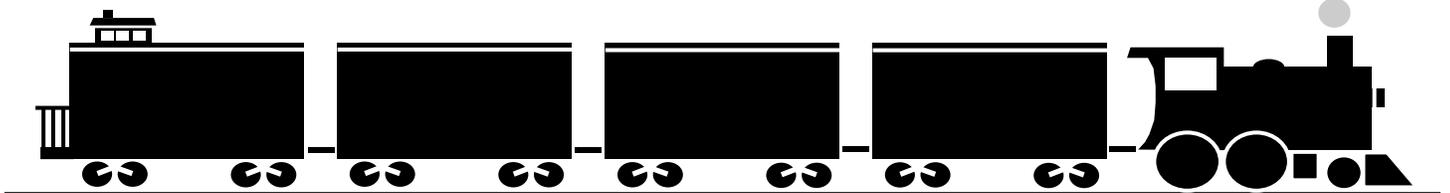
ASK what kind of work most people want their money to do? pay bills, provide security for the future, etc.

EXPLAIN that most family expenses will fall into three basic groups: fixed, flexible and occasional.

ASK participants to listen closely and see if they have these expenses.

#5 Fixed expenses are those expenses over which we have little control. Fixed expenses are usually determined by others. Do you have fixed expenses?

ASK audience for examples of fixed expenses (**rent, car note, child care, etc.**).



#6 Variable expenses are those expenses we have more control over. We can decide how much we spend in these areas. What are your variable expenses?

ASK audience for examples of variable expenses (**food, clothing, entertainment**).

#7 Occasional expenses are those expenses that occur every three months, six months or once a year. They are not every payday expenses. Do you have occasional expenses?

ASK for examples of occasional expenses (**gifts, some insurance premiums**).

#8 It is important that you know where your money goes. Tracking where your money goes will help you see where problems exist. It will also help you make wise decisions about the way you spend your money.

#9 Once you know where your money is going, ask yourself and your family these questions: Are we using our money to get the things we want? Are we happy about the way we spend our money?

If you answered **NO** to these questions, a spending plan will be a must. A spending plan is a written plan of how much income you have coming in and how much of the income you have going out.

#10 Family members should work together to develop a spending plan which meets the needs of the entire family.

#11 Make sure your family spending plan is easy to use because...

#12 Once the plan is made — you must stick to it!

ASK why participants think some people make spending plans but fail to use them.

- Plan doesn't work, allows too much flexibility or maybe is not flexible enough.

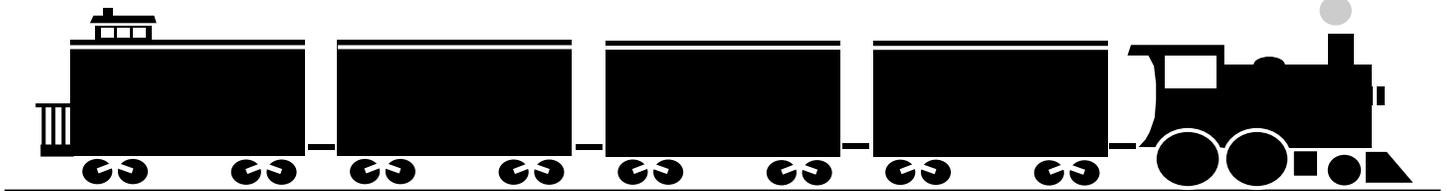
#13 An easy-to-use plan will help you meet expenses on time.

ASK why it is very important to make payments on or before due date.

- Late payments can affect credit rating and do not make the individual look very responsible.

ASK if there are ever times when a person can not pay bills on time. If so, how should this be handled with creditors?

- Sometimes people are not able to pay bills on time. If this is ever your situation, contact creditors and let them know that the bill will be late. Also explain your situation and let them know how you plan to handle the situation. In most cases, creditors are willing to work with consumers and will let you know what will be acceptable.



#14 A financial calendar is another tool that can assist in making sure bills are paid on time. A financial calendar will be very important when developing a family spending plan. Use the calendar to identify paydays and bill due dates.

ASK how a person can determine when a bill is due.

- Due dates are usually on the bill, or you can call the company to make sure.

#15 Make a list of all bills and the due dates. Write this information on the calendar. Also write in each payday. Keep in mind that you may have to make several spending plans before you have one that really works for your family.

ASK why a family may need to make a new spending plan each month or each payday.

- expenses may change
- plan did not meet the needs of the family

#16 Understand that a spending plan is not set in concrete and may be changed if it does not work.

#17 It is important that your family's spending plan allows you to look ahead to the future.

ASK why one would consider the future when developing a plan to spend money.

#18 Thinking of the future may help to avoid many unpleasant surprises and emergencies.

ASK if there is a difference between a surprise and an emergency.

#19 What is an emergency?

ASK if buying a new dress for a party is an emergency. Is having a tire blow out an emergency?

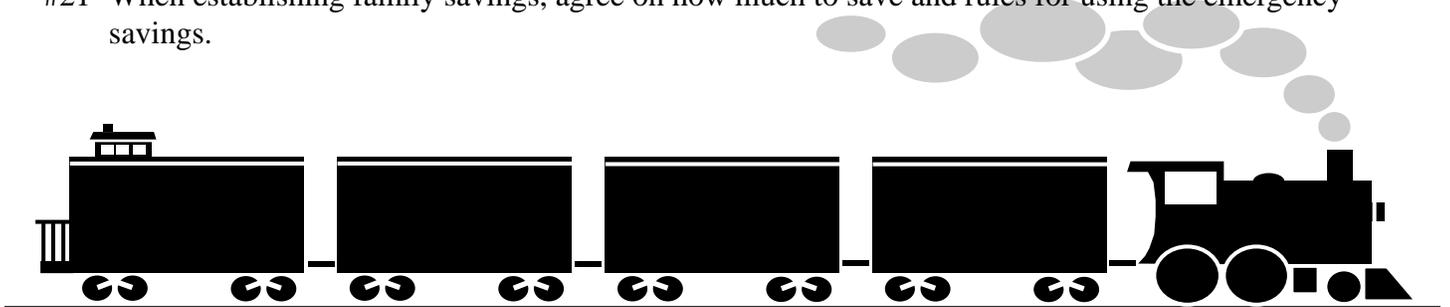
Why is one of the above situations not considered an emergency?

ASK how families can prepare for surprises and emergencies.

#20 Prepare for surprises and emergencies by having a savings fund to cover such expenses. This should be a part of your family's spending plan.

EXPLAIN: building savings into your spending plan may be hard at first. Start small and add to it each month.

#21 When establishing family savings, agree on how much to save and rules for using the emergency savings.



#22 To determine if your income will cover both your expenses and the amount you want to save, add the amount you plan to save in with your expenses for the month. Then subtract total expenses from the total amount of monthly income. If your income exceeds expenses — GREAT.

SHOW: how to make a simple balance sheet by folding a sheet of paper down the middle lengthwise and writing income on one side and expenses on the other side. A line for a total should be at the bottom of each column.

#23 If expenses exceed income, look for ways to reduce expenses.

#24 Reducing may mean eliminating some of your present expenses.

ASK: what are some expenses that may be cut or decreased in a family? Remember, all families have different values; therefore, what some families may be willing to give up may not be acceptable for other families.

WHAT IF after adjusting spending and reducing expenses in all possible areas, your family continues to have difficulties meeting needs...

#25 Find out if there are other resources in your county that may be helpful. The county Extension office can help identify resources in the county for which you may qualify.

#26 These resources are available to assist families with short-term financial problems. Many of the programs are funded by your tax dollars and can be helpful to families as they go through a financial adjustment process.

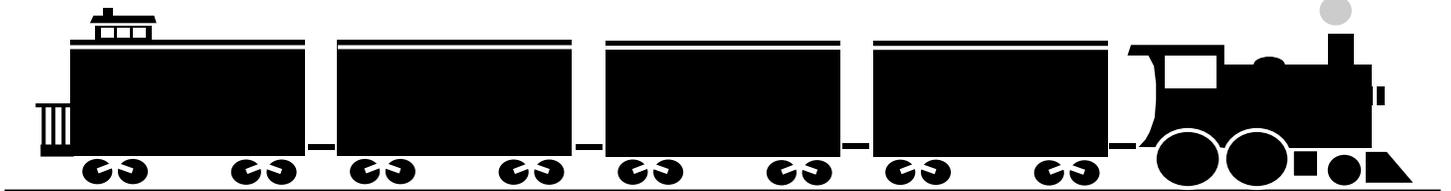
#27 Remember, your money is a tool that works for you. How well the job is done will be determined by your management style.

ASK if there are any questions.

F. Family “Hands-On” Experience

After the slide presentation, have families complete the following activities. Make sure each family is located at a separate table to allow confidential communication about financial issues.

1. Have each family group complete a financial calendar. On their calendar write in:
 - a. paydays
 - b. all monthly living expenses due dates (rent, mortgage, car, etc.).
2. Using calendar dates, have families make an income and expense sheet by folding a sheet of paper down the middle lengthwise. At the top of one side write *INCOME*, on the other side write *EXPENSES*.



List all income for the month under the income heading and all monthly expenses under the expense heading. Add the income column and expense column. This sheet will allow families to see if their income will cover their expenses. **Trainer may want to demonstrate this procedure for participants.**

Does income cover expenses?

If not, have families re-check their spending plan to determine if there are expenses that may be decreased or eliminated.

3. Make a family plan for six months.

My Economic Values

Rank each of the values below in the order of importance to you. Put a 1 in front of the most important value, 2 in front of the next important value and continue until all 8 values have been ranked.

___ **Emergency money**
Have money to cover “emergencies” such as sickness, accidents or other unexpected costs.

___ **Sharing**
Have money to help others, such as my family and friends.

___ **Good credit rating**
Have money to pay off debts or pay bills on time.

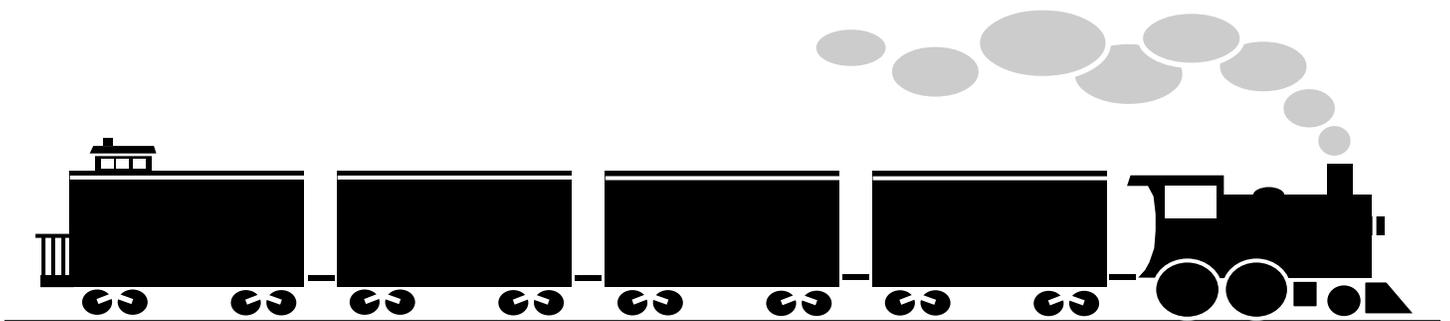
___ **Personal satisfaction**
Have money because it makes me feel good when I have it.

___ **Future**
Have money to save for future expenses such as trips, college education for children, to buy a home or other things.

___ **Self-sufficiency**
Have money because it makes me feel good when I don’t have to depend on others to help me financially.

___ **Comfort**
Have money for necessities and some of the luxuries in life.

___ **Raise level of living**
Have money to raise present level of living by increasing education or making investments which will result in more money.



Spending and Saving Assessment

For each statement indicate whether you **AGREE**, **DISAGREE** or are **UNCERTAIN** about the statement. Thumbs up indicates you agree. Thumbs down indicates you disagree and holding up palms of the hands indicates you are uncertain.

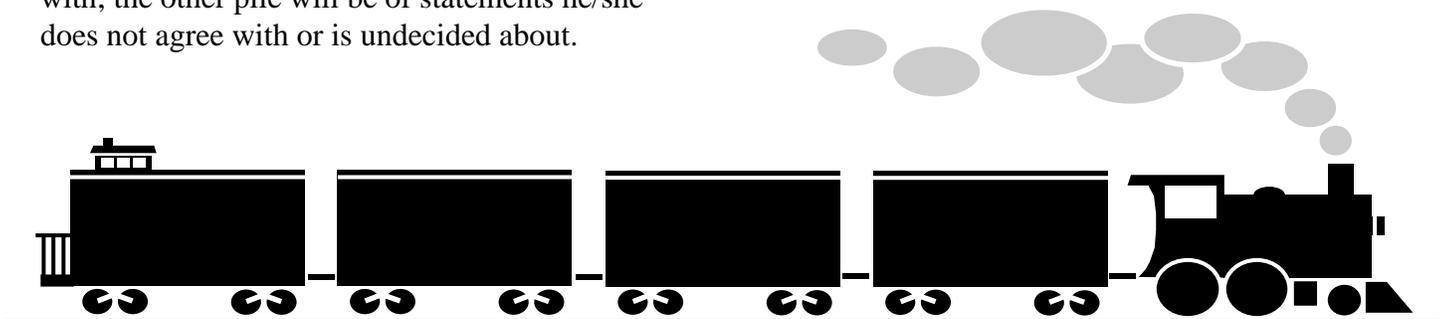
1. I remember seeing my parents make decisions about money when I was a child.
2. My values about spending and saving money are very similar to my parents.
3. I always plan how I spend my money.
4. I always use a written budget.
5. It is OK to purchase unplanned items if they are on sale.
6. It is very important to save some of my money.
7. Having more money would be the answer to most of my problems.
8. I know how much I owe each of my creditors.
9. I often worry about how I will pay my bills.
10. I know where all of my family's income goes.

Sorting Economic Values

This activity includes 75 statements, representing five economic values. Each value is illustrated with 15 economic statements. Duplicate these on colored paper as indicated at the top of each page of statements. Then cut the statements into strips and place in envelopes.

Give each person an envelope of statements and ask him/her to sort statements into two piles. One pile will represent those statements he/she agrees with; the other pile will be of statements he/she does not agree with or is undecided about.

After they have sorted statements, ask participants to select a statement they agree or disagree with. Participants should read the selected statement aloud and tell why they agree or disagree. Participant's explanations will usually give insight into the financial values they hold. You may want to ask couples to discuss any differences they have relating to values and money.



Adapting the Game to Use with Low-Reading-Level Audiences:

- 1) Cut strips of colored paper (pink, green, blue, white, yellow) to match each set of economic value statements. Read statements from the colored sheets in your notebook to the group. Ask participants to raise their hands if they agree with the statements read. Give each person with a hand raised a strip of paper that matches the economic value statement read.
- 2) Place colored paper strips matching economic value statements on each table. As the economic value statements are read, ask participants agreeing with the statements to pick up a colored paper strip corresponding with the color of paper from which the statement was read.

When all statements have been read, ask participants to sort and count color strips. The color appearing most often will likely predict the economic values an individual holds.

Economic Values Represented by Different Colors:

Pink Person values money for itself as a symbol of **SECURITY**.

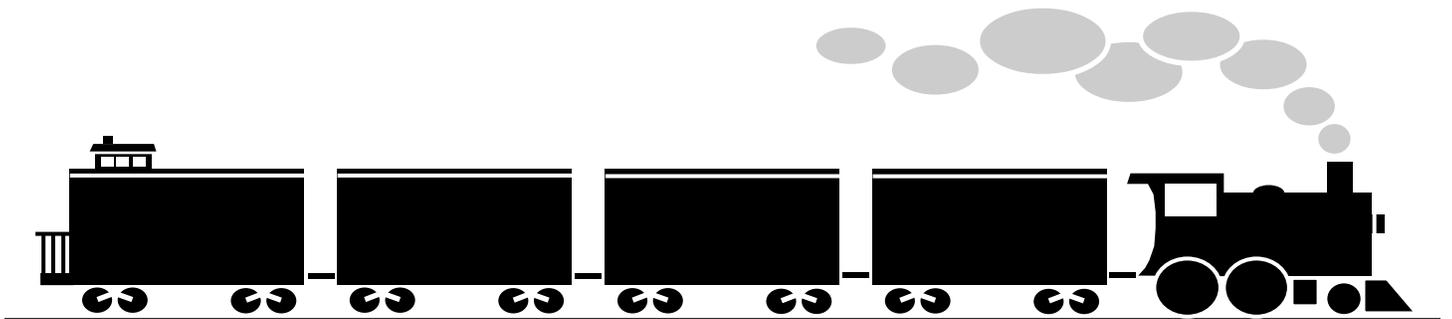
Green Person is primarily concerned with using money to buy **STATUS** (prestige) items.

Blue Person is likely to be **SELF-INDULGENT**. Behavior is marked by a great urgency of wants.

White Person sees money itself as unimportant; its importance is related to how it **HELPS** a person **FULFILL** himself or herself—and what it contributes to life.

Yellow Person is **NOT CONCERNED** about money; he or she feels there is no reason to worry about it.

NOTE: Research for the above economic values was identified and tested by Dorothy Z. Price in her doctoral thesis.



Sorting Economic Values — Duplicate on Green Paper

Children should go to the top schools; cost is secondary.

You must spend a little more than you can afford to get ahead in life.

A big income means that a person has really arrived.

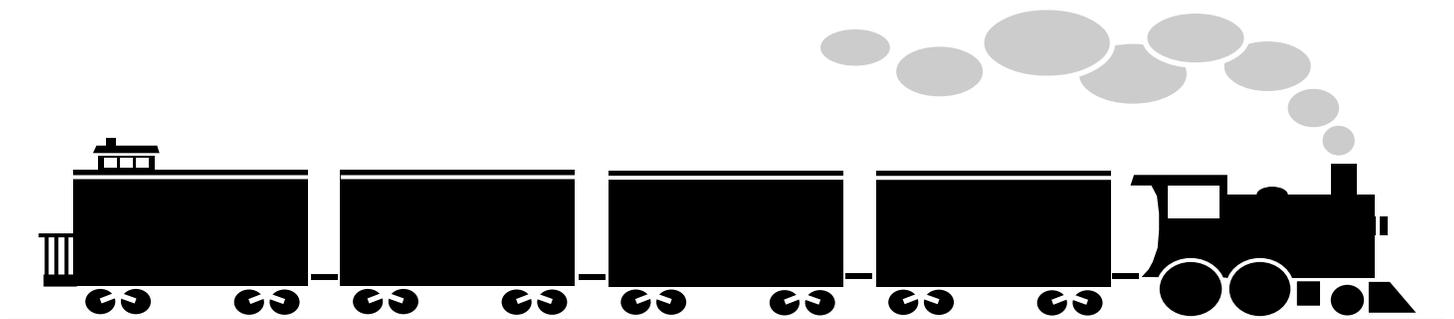
Clothes should look expensive.

A good address is really necessary.

A person has to look successful.

Buying at the best stores is important.

At a restaurant, it's nice to be the one who picks up the check for the whole group.



Sorting Economic Values — Duplicate on Green Paper

A fancy car and a good-looking house spell success.

If you have to scrimp and save, other people shouldn't know.

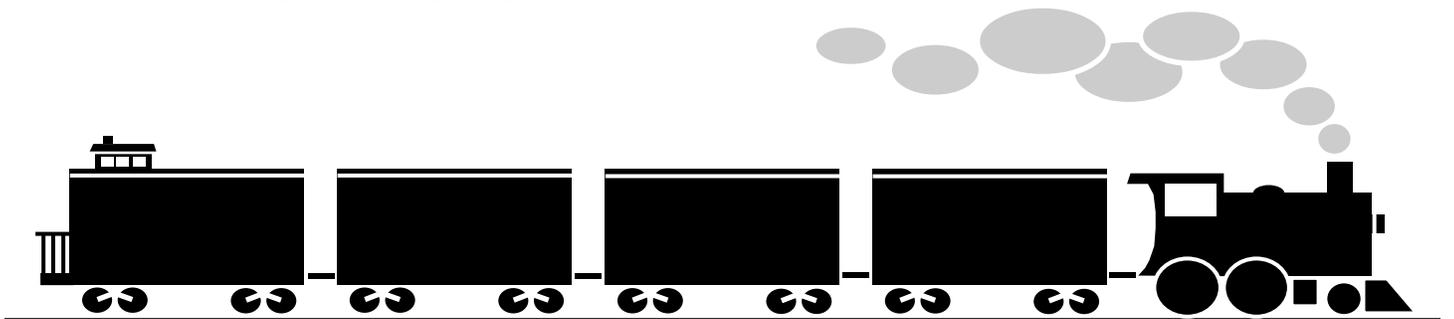
None of that cheap stuff is worth much.

I'd like to have nothing but the best.

Money and prestige — they go hand in hand.

Nothing is too good for one's children.

Children should live in a neighborhood that will bring them into contact with important people.



Sort Economic Values — Duplicate on Pink Paper

Don't buy until you have to have something and then try to be sure.

It's a good feeling to have money in your pocket.

A certain amount of money should be allotted for each item each month.

It's important to record every penny spent.

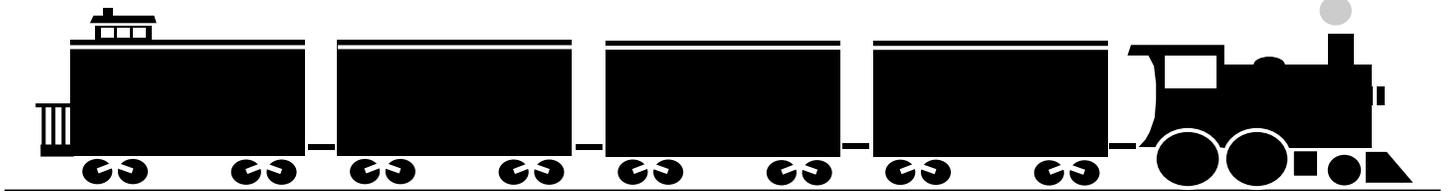
Look around until you find the best price.

Spend only for necessities.

Thrifty people manage best.

When the price of something you need is "two for __," it's best to always get two.

Don't buy anything unless there's enough money to pay for it.



Sorting Economic Values — Duplicate on Pink Paper

Every debt should be cleared up as one goes along.

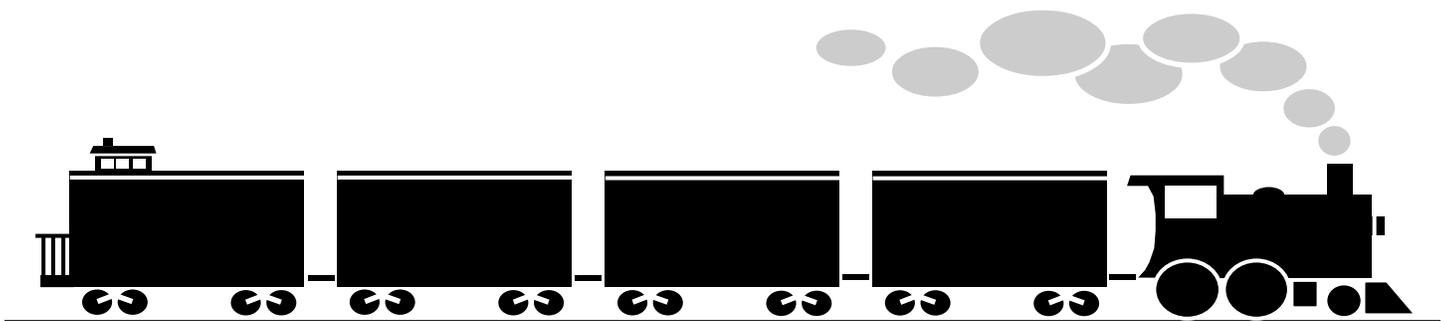
There should always be a good balance in the checkbook for emergencies.

Having no cash savings is frightening.

A person can't have too much insurance.

Paying cash is the best way.

Every penny should be carefully watched.



Sorting Economic Values — Duplicate on Yellow Paper

No system or plan — if you're spending too much, just stop.

Why worry about money?

Live with confidence in the future and the help of the installment plan.

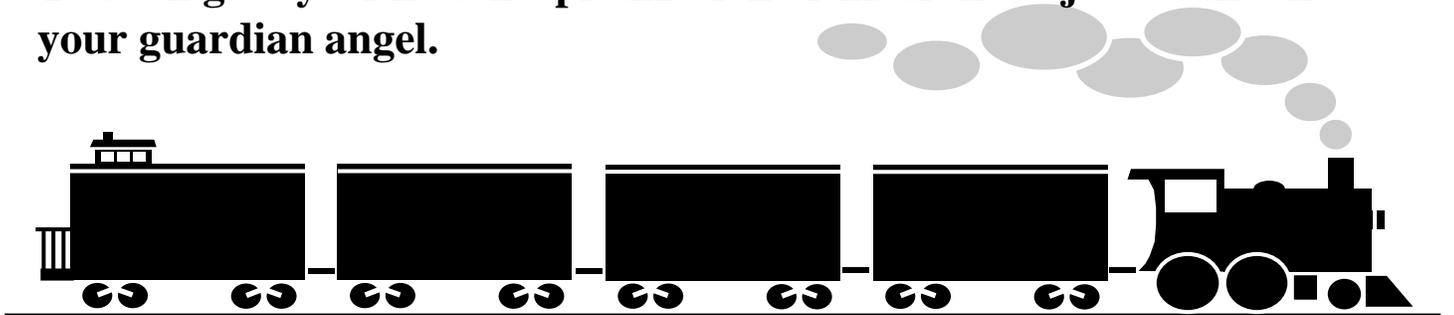
If you have really serious financial problems, someone will always help.

Live from paycheck to paycheck and don't fret about it.

A person can get along without saving.

Why even try to make plans about money?

You can get by without hospitalization or insurance - just count on your guardian angel.



Sorting Economic Values — Duplicate on Yellow Paper

There's no need to budget — either you have it or you don't.

Worrying about money never helps.

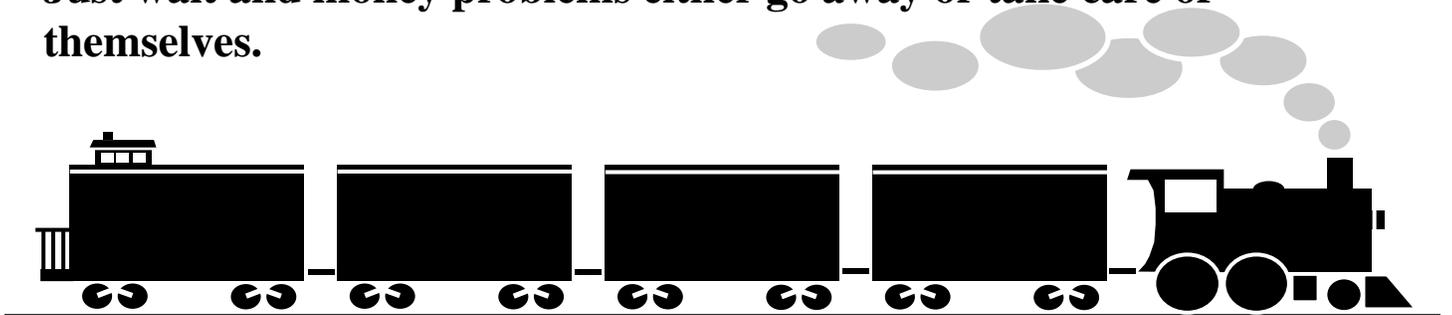
There's no need to worry even if there isn't a cent in the bank.

A budget is only for someone who thinks money is everything.

Keeping track of every penny and nickel can drive a person crazy.

If you need money, it will come from somewhere.

Just wait and money problems either go away or take care of themselves.



Sorting Economic Values — Duplicate on Blue Paper

A list of “things to buy some day” is usually endless.

Does anyone ever really have enough — money or things?

There are always more things to do than there is money to do them.

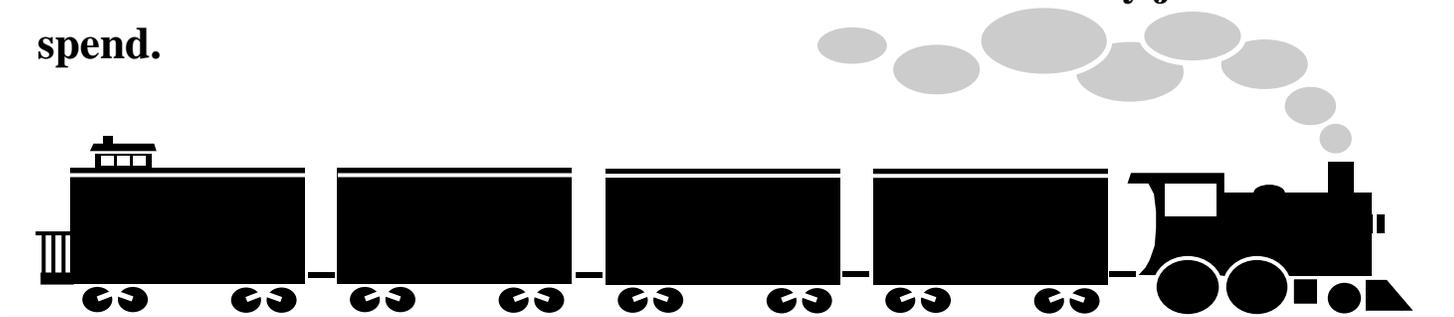
Happiness is buying something brand new.

It’s terrible to have to wait for something you really want.

The more money you make, the less you have left.

What did people ever do before credit?

It would be wonderful to be a millionaire—all that money just to spend.



Sorting Economic Values — Duplicate on Blue Paper

No matter how much you have, you want more.

If you want something, you should have it right now.

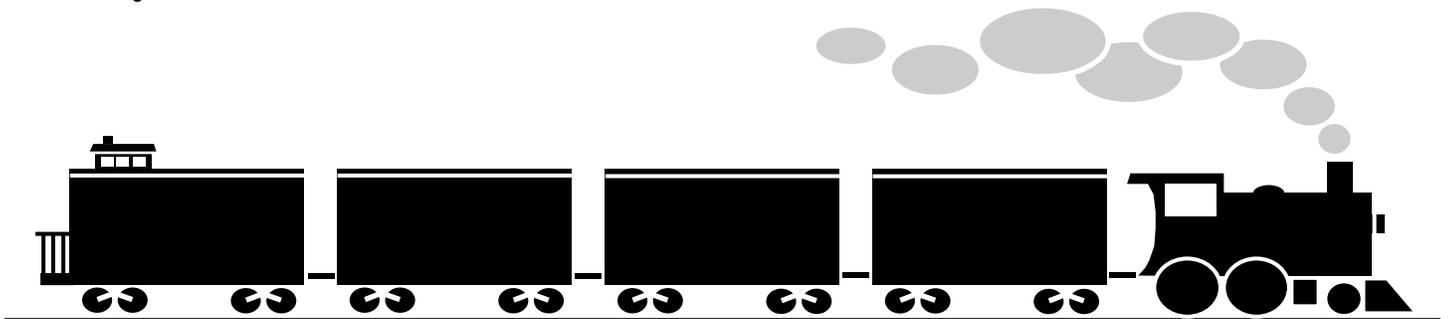
What's more fun than just spending money?

A person is entitled to some of the “nice things” from life.

It would be easy to spend \$5,000 in just a couple of days.

Money is to spend.

Walking through stores can be depressing—there's too much to see that you'd like to have.



Sorting Economic Values — Duplicate on White Paper

We spend our money on what we care most about.

Children should learn not to put a dollar value on everything.

It's nice to make gifts, even if you can afford to buy them.

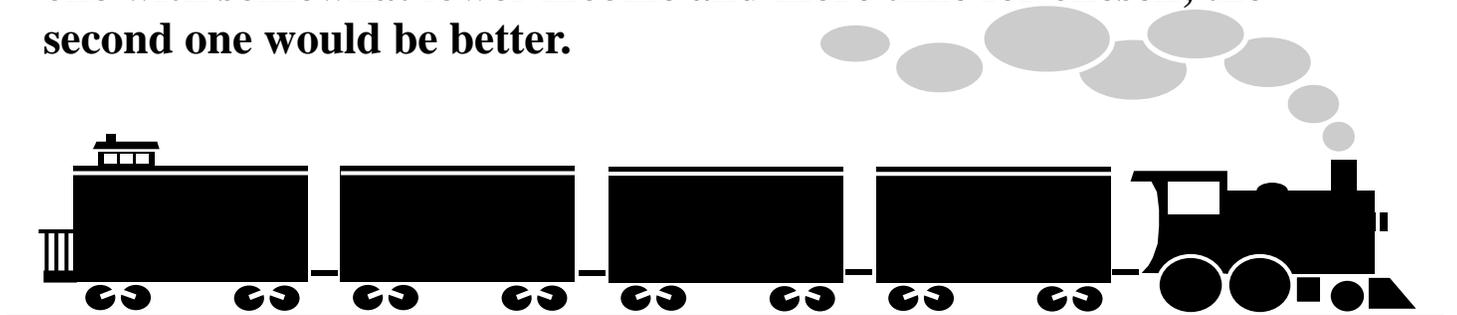
The purpose of money is to serve the family, not to be served by the family.

Money doesn't buy happiness.

Education, the warmth of family life, trips together, shared pleasures — these are the real products of a family.

It doesn't make sense to want the best, nicest and shiniest just because it is the best, nicest and shiniest.

If the choice was between a job with long hours and high income and one with somewhat lower income and more time for oneself, the second one would be better.



Sorting Economic Values — Duplicate on White Paper

There are a lot of things more important than money.

It's hard to see why a person would let himself or herself become a slave to money.

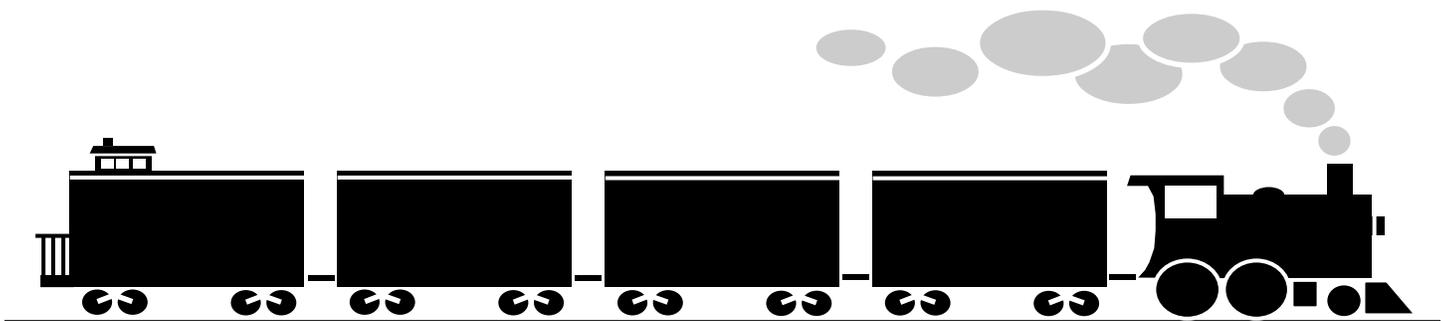
It seems silly to try to keep up with the Joneses.

Enough money to live comfortably but not necessarily luxuriously — that's enough for happiness.

A lot of money would be nice, but not really essential.

It's easy to have fun with simple things, not necessarily connected with spending money.

It's all a matter of deciding what things are most important and then planning outgo to fit income.



AGRIE

DISAGREE

UNCERTAIN

FAMILY FINANCIAL CALENDAR

Family Income & Expenses

Evaluation

Please help us understand how helpful this class has been to you. Answer each question below and return the completed evaluation to the instructor before leaving the training.

1. How helpful has this training been to you?
 very helpful helpful not too helpful

2. List 3 new things you learned at this training:
1. _____
2. _____
3. _____

3. What was the most useful thing you learned in this training? _____

4. What was the least useful thing you learned in this training? _____

5. How will you use the information you learned in this training? _____

6. What is your gender? Male Female

7. What is your age?
 Less than 20 years 40-49 years
 21-29 years 50-59 years
 30-39 years Over 60 years

8. Are you employed? Yes No

9. How many people live in your household? _____

10. How many children live in your household? _____
How old are the children living with you? _____

11. In the next 6 months what financial goal would you like to reach? _____

12. What other things would you have liked to learn? _____

13. If you would like to be added to the Extension mailing list and receive newsletters or information about future programs please complete the information below.
Name: _____
Mailing Address: _____
Phone: _____
Hobbies or special interests: _____

