

Your Dreams, Your Financial Plan

Notes:

Learner Outcomes

Outcome #1: Participants will be able to list two examples of what might be included in a personal financial plan.

Outcome #2: Participants will be able to explain what a net worth statement is.

Outcome #3: Participants will be able to explain how a personal financial plan can help them pursue their dreams.

Target Audience

Parents

Materials

1. Flip chart and markers or a dry-erase board and dry-erase markers
2. Name tags (downloaded for free from the Bank It Web site), one for each participant
3. A pen or pencil for each participant
4. Something to track time
5. Evaluation #3-DR-PT for each participant
6. Bank It Notes #3-DR-PT for each participant
7. Optional: PowerPoint Presentation PDF #3-DR-PT
8. Optional: Handout #3-DR-PT1 for each participant
9. Optional: Handout #3-DR-PT2 for each participant

Timing

1 hour

Want more background and training tips?

See the free, downloadable Bank It Leader's Guide at www.bankit.com.

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Notes:

1. Welcome and Overview (5 minutes)

Arrive early. Highly consider using the optional PowerPoint Presentation PDF and the optional Handout. Both will greatly enhance your sessions. If you're using the PowerPoint Presentation PDF, show the "Welcome to Bank It" slide as participants enter the room. Greet each participant individually and learn their names as they arrive. Have them create a name tag with their first name only.

Give participants a copy of the Bank It Notes #3-DR-PT and either a pen or pencil. Have them sit in clusters of about four people. If possible, have them sit at tables. Then welcome the whole group to the session.

Say: Welcome to Bank It. Bank It delivers real-world financial topics and tools for parents and teens that make it easier to understand, talk about, and manage your money. Bank It was developed by Capital One and Search Institute. I'm glad each one of you is here.

Today we will focus on your dreams and your financial plan, and we plan on meeting three goals. One: By the end of this session, you will be able to list two examples of what might be included in a personal financial plan. Two: You will be able to explain what a net worth statement is. Three: You will be able to explain how a personal financial plan can help you pursue your dreams.

Feel free to use your Bank It Notes to write what you learn as we go along. At the end of the session, we will take time to complete a short evaluation. (If this session is not the first session you're presenting to this group, consider briefly discussing the optional challenge that you may have given participants at the end of your previous session.)

2. Activity: The Big Picture (15 minutes)

Say: In order to manage your money and dreams well, it's important to have an overall plan. This is called your personal financial plan.

Let's do a quick activity. If you agree with a statement I make, hold your ears. If you disagree with a statement I make, hold your nose. (Have participants practice both gestures.) Explain that there are no right and wrong answers.

Then say this statement: I have an overall plan of where I want to go with my money. (Give participants time to show whether they agree or disagree.)

Then say statements such as these, one at a time, giving participants time to

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gesture for each statement: *I have made a plan before. Once I make a plan, I am good at following that plan. I wish I were better at knowing when to change a plan so that it works better for me.*

I tend to procrastinate—or put things off. I am good at making plans. I have made a plan in the past and followed it until I accomplished what I set out to do.

Afterward, debrief the activity. On a flip chart, write what you say: *A personal financial plan may include a number of different features. 1. Budget. 2. Financial goals. 3. Net worth statement. 4. Cash flow statement. 5. Insurance plan. 6. Investment plan.*

Some people do all six parts of this personal financial plan. Some people do only one. Others do a few. What’s important is to start thinking about your personal financial plan. The most important feature, if you were to choose only one, would be the budget.

How can a budget help you pursue your dreams? A budget gives you specific information about how your money is coming in and going out. It helps you make decisions about how to use your money.

3. Present: Net Worth (15 minutes)

Say: Another important part of a financial plan is a net worth statement. A net worth statement measures a person’s financial health at a point in time. It includes what the person owns, called “assets,” and what a person owes, called “liabilities.”

Write “Net Worth” at the top of a flip chart. Create two columns. Label the left one “Assets.” Label the right one “Liabilities.”

Say: An asset is something that has a monetary value. (On a flip chart, list these common assets: cash, value of home you own, IRAs, stocks and mutual funds, bonds, collections.)

Say: Many people have only one asset: cash. They rent their home, and they don’t own any IRAs, stocks, or bonds. As people learn more about managing their money well, they notice how important it is to invest in assets, like buying a house, getting an IRA, and possibly investing in the stock market.

What’s one common asset that is not mentioned here? (Give participants time to

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respond. The answer is: A car.) Say: *A car can be an asset, but cars often aren't listed as an asset. Why not?* (Give participants time to respond. The answer is: Cars decline in value very quickly. It doesn't take long for a car to lose all of its value. In contrast, a home, an IRA, and stock-market investments tend to hold their value better.)

Say: *This doesn't mean you shouldn't own a car. In fact, owning a car can be an important expense since it's a great form of transportation. However, many people say it's important to invest in other assets to build your net worth. Now let's look at the other category: Liabilities.*

Liabilities are what you owe. (On a flip chart, write the examples that you say.) Liabilities include: credit card debt, a mortgage (which is a loan to pay for a house), student loans to pay for college, and other loans, such as car loans or personal loans. If you have borrowed money from a family member or friend, that is also considered a liability.

When you create a net worth statement, what's important is to list all your assets and all your liabilities. Then it's important to write what each asset and each liability is worth. For example, let's say you have cash and an IRA. (On a flip chart, write this example so people can see what a net worth statement looks like.)

Let's say you have \$2,000 in cash. You write \$2,000 next to "Cash." Let's say you have \$5,000 in an IRA. You write \$5,000 next to "IRA." Then at the bottom of your asset list, it's important to total up all of your assets. What is \$2,000 plus \$5,000? (Give participants time to respond. The answer is \$7,000.)

Okay, now we're only halfway done with our net worth statement. Now we need to move to the right-hand column called Liabilities. Let's say you have \$5,000 in credit card debt. You write \$5,000 next to "Credit card debt."

Then let's say you owe a family member \$1,000. You can add that to the bottom as "Family member, \$1,000." Then you need to add up the liabilities. What is \$5,000 plus \$1,000? (Give participants time to respond. The answer is \$6,000.)

To finish the net worth statement, you then take your total assets and subtract your total liabilities to find out your net worth. What is the total of the assets minus the total of the liabilities? (Give participants time to respond. The answer is \$7,000 minus \$6,000 equals \$1,000. So your net worth is \$1,000.)

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Say: *That's good. Ideally, you want your total assets to be higher than your total liabilities. (If you have time, feel free to do other examples, such as one in which the total liabilities are higher than the total assets or one in which the person owns a house, which would include a mortgage.)*

Ask: *So how does a personal financial plan help you pursue your dreams? (Give participants time to respond.) A personal financial plan can help you pursue your dreams by giving you a plan and an overview of what's happening with your money.*

If you plan to distribute the optional handout, use it at this time.

4. Discuss (10 minutes)

Say: *Take some time to talk to the people near you. Talk to about two or three people. I want you to do two things: 1. Say your first name. 2. Explain how you plan to keep track of your overall money situation. Start with the person who ate a meal at home with their family the most recently. Then have each person take a turn.*

5. Review and Evaluate (10 minutes)

Review what was accomplished during this session. Ask: *What are examples of what might be included in a personal financial plan? (Answers: 1. Budget. 2. Financial goals. 3. Net worth statement. 4. Cash flow statement. 5. Insurance plan. 6. Investment plan.)*

Ask: *How can an up-to-date budget help you pursue your dreams? (Answer: A budget gives you specific information about how your money is coming in and going out. It helps you make decisions about how to use your money.)*

Ask: *What is a net worth statement? (Answer: A net worth statement measures a person's financial health at a point in time. It includes what the person owns, called "assets," and what a person owes, called "liabilities.")*

Ask: *What are examples of household assets? (Answers: Cash. Value of home you own. IRAs. Stocks and mutual funds. Bonds. Collections.)*

Ask: *What is a liability? (Answer: A liability is what you owe.)*

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Ask: *How can a personal financial plan help you pursue your dreams?* (Answer: A personal financial plan can help you pursue your dreams by giving you a plan and an overview of what's happening with your money.)

At the end of the review, distribute Evaluation #3-DR-PT to each participant. Give participants time to fill out the evaluation. Collect all the evaluations after participants finish so you can find out the measurable outcomes for the session.

6. Close (5 minutes)

Say: *It's important to have dreams. It's important to use your money well in order to realize your dreams. Creating a personal financial plan gives you a road map of how to pursue your dreams and make them real. Budgeting. Creating a net worth statement. Having an insurance plan. Having an investment plan. These are all ways we can create a personal financial plan.*

People who succeed with their dreams and their money have a plan. They then follow that plan. They adjust the plan as situations arise. Having an overall plan of what's happening with your money can help you live the life you dream of.

Challenge participants to talk to family members about this topic, which is listed under the Talk About It section of their Bank It Notes. Thank participants for coming and for being involved.

Optional Activities

1. Distribute Handout #3-DR-PT1: My Dreams, My Hopes. Give participants the handout. Together, discuss it.

2. Distribute Handout #3-DR-PT2: Your Net Worth Statement. Give participants the handout. Together, discuss it.

3. Show the PowerPoint Presentation PDF #3-DR-PT. Use the presentation to accompany the one-hour session.

4. Give Participants a Challenge. Encourage participants to use the next week to talk to their teenagers about creating a financial plan (such as a budget or a net worth statement) that fits with one of their dreams. (If you wish, follow up during your next session to find out how the challenge went.)

Questions? Looking for more ideas? Visit www.bankit.com for answers and more resources.

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For More Information

- *National Standards in K–12 Personal Finance Education* (Washington, D.C., Jump\$tart Coalition for Personal Financial Literacy, 2007), standard 6 in the area of Planning and Money Management.
- *An Asset Builder's Guide to Youth and Money* by Jolene Roehlkepartain (Minneapolis: Search Institute, 1999).