



## **Saving to Build Wealth**

Seminar Lesson Plan Packet

# Saving to Build Wealth

## Seminar Lesson Plan

### Course Purpose

To help participants embrace the goal of saving money in order to achieve personal financial goals and build wealth.

### Course Objectives

Participants will learn that:

- Saving is a step-by-step process.
- Debt and overspending keep you from saving money.
- Setting financial goals can help you save money.
- The importance of emergency savings.
- Your savings can earn interest and increase in value.
- There are many ways to help your money grow.

### Materials

#### ***Participant's folder, which includes:***

- "Make Your Money Work for You" (brochure)  
Note: The brochure is available in Chinese, English, Korean, Spanish and Vietnamese.
- Activities (attached at the end of this lesson plan)
  - ***What's Your Net Worth?***
  - ***Dream Up Some Goals***
  - ***Write a Savings Slogan***
- Evaluation of the MoneyWi\$e Saving to Build Wealth Seminar

#### ***For the trainer:***

- "Help Your Savings Grow" Leader's Guide
- "Make Your Money Work for You" slides (PowerPoint presentation with notes)
- Easel, pad and markers

**Seminar Duration:** There will be two sessions of two hours each. Each two-hour session will include a 15-minute break.

# Training Outline

## First Session (Two Hours)

### Suggested Time Allotment:

5 mins.  
15 mins.  
10 mins.  
15 mins  
15 mins.  
10 mins  
15 mins  
20 mins.  
10 mins.  
5 mins.

### Topic:

Welcome and Training Overview  
Group Introductions  
Saving to Build Wealth  
Emergency Savings  
Break  
Personal Financial Goals  
Dream Some Goals (Activity)  
Savings Accounts  
Individual Development Accounts  
Wrap Up First Session

## Second Session (Two Hours)

### Suggested Time Allotment:

5 mins.  
15 mins.  
15 mins  
10 mins.  
15 mins.  
15 mins.  
10 mins.  
15 mins.  
15 mins.  
5 mins.

### Topic:

Welcome Participants  
Risks and Rewards  
Certificate of Deposits  
U.S. Treasury Issues  
Break  
Saving for Retirement  
Saving for Education  
Write A Savings Slogan (Activity)  
Questions and Answers  
Wrap Up and Evaluation

## Training Design/Lesson Plan

### Session One (Two Hours)

Before conducting the training, familiarize yourself with this lesson plan, the “Make Your Money Work for You” brochure, the “Help Your Savings Grow” Leader’s Guide and the PowerPoint presentation.

#### Welcome and Training Overview (5 mins.)

Welcome participants. Introduce yourself. Hand out folders.

##### ***Review the topics you will cover:***

- How saving can help you build wealth.
- How to establish an emergency savings fund.
- How to determine and work toward personal financial goals.
- How savings accounts and other interest-bearing accounts can help your money grow.
- Tax-favored accounts that can help you save for retirement-Suggest they speak with their HR or an investment advisor..

Review the day’s agenda, emphasizing that the topics will be broken down into short, easily digestible sections of 10-20 minutes each and that there will be a 15-minute break about half-way through the session.

#### Group Introductions (15 mins.)

Ask participants to introduce themselves and say what they hope to get out of the seminar.

Write down participants’ expectations on the easel pad. This activity will serve as a brief ice-breaker to help workshop participants get to know each other and feel more comfortable, and to give you an idea of what participants are expecting from the seminar. Save the page for the final wrap-up and evaluation at the end of the second session, so that you can revisit it and ask for feedback on how participants feel about the seminar.

**RESOURCE:** Direct attention to the savings brochure in participants’ folders. Give the class five minutes to review the brochure before you continue.

#### Saving to Build Wealth (10 mins.)

Building wealth is like building a brick wall. You place one brick on top of another and make sure the wall is solid before you put on the next brick. Saving to build wealth is similar—you have to set realistic goals and work to accomplish each step before moving on to the next one.

It can be hard to save. Daily we are bombarded by ads and sales pitches to get us to spend our money. To start saving, you have to separate your needs from your desires.

Ask participants why they think a lot of people find it difficult to save money. Write down some of their responses on the easel pad.

**Questions to generate discussion:**

• ***What is the difference between a NEED and a WANT?***

— Needs are things you use or require every day, such as a place to live, water, heat and electricity, a way to get to work and clothing. Wants are things you would love to have but can live without.

• ***How do credit and debt keep people from saving?***

— Easy access to credit can tempt many people into charging items or buying things they can't really afford. Credit card balances can get out of control and require large amounts of your income in order to pay the monthly charges.

• ***What is the difference between "good debt" and "bad debt"?***

— By borrowing strategically, you can achieve financial goals such as owning a car or a home. A car loan or a mortgage are examples of good debt. For example, when you have a mortgage you can deduct the interest you pay on your income taxes.

— We work hard and often view material things as a way to reward ourselves. But using credit to buy things you want but don't really need can be considered bad debt. Instead, save money to buy yourself those special treats or rewards.

**EXERCISE:** Hand out the "What is Your Net Worth?" Activity. Go over the form with participants so that they understand how to figure their own net worth.

## Emergency Savings (15 mins.)

Review Leader's Guide page 3.

**Key points:**

- You can't build wealth overnight.
- A good first goal is a savings account for emergencies.

**Questions to generate discussion:**

• ***What is an emergency savings account?***

— An emergency savings account is money you set aside to cover expenses in case you lose your job or suffer an injury that keeps you out of work.

• ***How much should you have in your emergency savings account?***

— Emergency funds should equal three-to-six months of take-home pay for the family's primary breadwinner.

**TIP:** The important thing is to get started. Any amount of emergency savings can be helpful. It will take time to build up three or more months' salary.

• ***Can you think of a way to make saving more automatic?***

— Schedule automatic pay-day deposits that go to your savings account account.

• ***Do you know what it means if money is "liquid"?***

— Money that is easily available is said to be liquid. Money in a savings account is liquid because you can withdraw it at any time. Money invested in stocks is not liquid, because you might lose money if you have to sell stocks to get cash.

— In a government-insured savings account, your money won't earn much interest, but it will be safe and easy to access.

**TIP:** On the Internet, Bankrate.com can help you compare interest rates at different institutions.

### **Break (15 mins.)**

Announce a 15-minute break.

### **Personal Financial Goals (10 mins.)**

Review the Leader's Guide section on page 4.

#### **Key Points:**

- Financial goals are personal benchmarks that you set for yourself throughout life.
- They often fall into short-term and long-term categories.
- Knowing your goals can help you save for them.

Discuss the difference between short-term and long-term goals and encourage participants to start thinking about their financial goals.

#### **Questions to generate discussion:**

- What is the difference between a short-term goal and a long-term goal?
- What are some ways that you can start working toward your goals?

### **Dream Your Goals (Activity) (15 mins.)**

Ask participants to take out the "Dream Your Goals" worksheet. (The worksheet is attached to the end of this lesson plan.)

Review the directions: Short-term goals are ones you would like to achieve in one or two years. Long-term goals may take more time to reach. Take five minutes to dream up some short- and long-term goals that you can share with other participants. Can you put an estimated price tag on these goals?

#### **Key Points**

- Ask participants to guess how much it might cost to hold a wedding, pay for a college education or buy a late model used car. Discuss realistic timelines for achieving such goals.
- After five minutes, ask for volunteers to share some of the goals they have "dreamed" of.

### **Savings Accounts (20 Minutes)**

Suggested introduction: Savings accounts are accounts at financial institutions designed to keep your money safe and help it grow. Savings accounts at banks and credit unions are insured by the federal government for up to \$250,000. The financial institution pays you interest on the money you have in a savings account. You can make deposits into your account and withdraw money when you need it.

#### **Interest**

Explain that interest is the cost of using money. Your bank pays you when you leave your money on

deposit. If you borrow money, you pay interest to the lender. Interest is usually expressed as an annual percentage yield (APY)—the amount your money would earn if left on deposit for one year.

**There are two kinds of interest, simple and compound.** Compound interest is better, because it allows you to earn interest not only on your initial deposit, but also on the interest you earn. In contrast, simple interest is calculated using the original amount only.

**Credit unions** are nonprofit savings and lending organizations that provide services to members who have a common bond, such as working for the same company, living in the same community or belonging to the same church.

— Like banks, credit unions offer savings accounts (called share accounts) and other financial services. Credit unions pay “dividends” on accounts rather than interest. Credit union deposits often earn higher returns than those paid at banks.

— Deposits in federal and state chartered credit unions are insured for up to \$250,000 through the National Credit Union Administration (NCUA).

### **Opening a savings account**

- When you open a savings account, most banks require two pieces of ID, one with a picture on it. You will usually need a Social Security number to open an interest-bearing bank account.

- If you are in the United States temporarily, you may obtain a non-work Social Security number from the Social Security Administration, a U.S. government agency.

- The amount required for an initial deposit varies. Some banks require only \$1 no minimum deposit to open an account—others ask for \$50, \$100 or \$500. Our Opportunity Card does not require a minimum opening deposit. You may use cash or a check to open an account.

### **Questions to generate discussion:**

• ***Do you think that every bank pays the same rate of interest?***

- No. It pays to compare rates at different banks and credit unions because some banks pay more interest than others.

**Resource:** Choose to Save ([www.choosetosave.org](http://www.choosetosave.org)) offers information on personal finance and wealth development, including credit management, college savings, home purchase and retirement planning.

## **Individual Development Accounts - IDAs (10 mins.)**

***The Corporation for Enterprise Development has an online directory of individual development account programs nationwide ([www.cfed.org](http://www.cfed.org)). Before your presentation, you may want to go online and identify some local organizations that sponsor IDA programs so that you can share the information with participants.***

Individual development accounts (IDAs) are special sponsored savings accounts that help low-income families save money to:

- pay for post-secondary education
- obtain job training
- buy a home
- start their own business

**Individual Development Accounts (IDAs)** are administered by local community based agencies.

Contributions are augmented or matched by private and public institutions.

Most participants in IDAs also take part in mandatory money management classes to help them:

- repair their credit
- create a budget
- stick to their savings plan

### **First Session Wrap-up (5 mins.)**

**Thank the class for its attention and participation. Quickly review the topics that will be covered in the upcoming MoneyWi\$e session:**

- The risks and rewards of investing money
- Certificate of deposits (CDs)
- U.S. Treasury investments, such as Savings Bonds
- Saving for retirement
- Saving for education

Let participants know that there will be a question-and-answer period at the next session. If they have questions about today's session, suggest that they make a note and keep it in their folder.

***Ask participants to read the savings brochure before the next session.***



# Session Two (Two Hours)

## Welcome Participants (5 mins.)

**Greet participants and welcome them back. (This time will allow the group to reconnect.)**

Quickly review the topics that will be covered in the upcoming session. *(See list just above.)*

## Risks and Rewards (15 mins.)

**Everyone would like to earn the highest possible return (profit) on their savings. But as the possibility of profit goes higher, so does the risk that you might lose your money.**

Savings accounts and bank CDs that are insured by the FDIC offer a smaller return than other types of investments because they are safer.

Stocks, bonds and mutual funds are not insured.

When you are considering an investment, it's important to ask about:

- Risk (There is no guarantee that you will make money on stocks or other uninsured investments)
- Liquidity (How easy it is to get your money when you need it?)
- Possible returns (profits) (Is there a guaranteed "return" on your investment?)

You probably won't find a single investment that gives you high return, low risk and ease of access.

**Mutual funds:** Mutual funds are portfolios of stocks, bonds and other securities in which the public can buy shares. Each investor in a fund shares in the fund's gains, losses and expenses.

- Many individuals invest in mutual funds to "diversify," or spread out the risk of investing in stocks.

Banks sell UNINSURED investments:

- The fact that you purchase an investment from your bank does not mean that your investment is government-insured.
- Mutual funds, annuities and other investments are NOT insured by the Federal Deposit Insurance Corporation (FDIC).
- Even if they are sold by your bank or an affiliate, these investments are NOT deposits or obligations of the bank.

**Questions to generate discussion:**

- ***Why can it be risky for individuals to invest in stocks?***
  - There is no guarantee that stock prices will go up or that you will make money on stocks.
- ***How can you increase your chances of making money in the stock market?***
  - Many advisors feel that stock market investments should be for the long term. This is why stocks and mutual funds are offered to investors in retirement savings plans and employee retirement benefits programs.
  - By sticking with your investment for the long term, you may increase your chances of a solid return. **Remember:** Stocks are not insured and you can lose your money.

## Certificates of Deposit (15 mins.)

Review the Leader's Guide section on page 9-11.

### **Certificate of deposits (CDs), or "time deposits," are a safe way to make your money grow:**

- CDs sold by banks and some brokerage companies are insured by the FDIC up to \$250,000 per depositor.
- CD rates vary widely, but are usually higher than rates paid on savings accounts.
- You leave your money in the CD for a specified period and in return you earn favorable interest rates.
- In general, the longer you leave your money on deposit, the higher interest rate you'll earn.
- The times vary from one month to 5 years.
- Most CDs do not allow additional deposits during the current term. However, when the CD matures, you can purchase a new CD for any amount.

### **Downside to investing in CDs:**

- CDs pay a little more interest than your typical savings account, but your money is off limits until the CD matures.
- If you cash out a CD before the maturity period ends, you'll pay a penalty.
- When you buy a CD you are locking in an interest rate for an extended period of time. If CD interest rates rise while your money is tied up, you will miss out on a more favorable rate of interest.

### **"Callable" CDs**

- CDs are not the greatest short term investments. You can purchase CDs with terms as short as one month they don't pay that well.
- Money in CDs is not as "liquid" as funds in a savings account.
- Avoid "callable" CDs. They are a good deal for the bank and a bad deal for you. The bank is allowed to "call," or terminate, your CD when interest rates fall if the bank is paying you more than the going rate.

## Write a Savings Slogan (activity) (15 mins.)

Ask participants to take out the "Savings Slogan" activity sheet from their folders. Stress that this is not a test, but a learning activity. This activity is designed to get participants to think "outside the box" about what it means to save. Condensing their ideas about saving into one quick convincing slogan for the public may also help participants internalize the lesson that saving is important.

**Definition of a "slogan:"** A phrase that is used repeatedly in advertising or in a promotion. Examples: "A mind is a terrible thing to waste"® (United Negro College Fund); "The Breakfast of Champions" (Wheaties cereal); "A diamond is forever" (De Beers Consolidated Mines).

### **Go over the instructions:**

You are an advertising executive. Your boss calls you because a leading consumer advocacy organization called Building Wealth has received a grant to pay for a full-page national advertisement in the New York Times to promote the importance of saving. Your boss tells you that he has agreed to donate agency time to create a catchy, meaningful slogan. He asks you to write it.

The boss says the slogan must speak for itself and be:

- Short and sweet. (No more than 15 words.)
- Inspirational.
- Persuasive to people of all ages and all walks of life.

Allow participants 10 minutes for the activity. Ask participants to share their slogans with the class.

### **Questions and Answers (15 mins.)**

Open the floor to questions. The Leader's Guide is written in Q&A format to help you anticipate frequently asked questions.

### **Wrap-Up and Evaluation (5 mins.)**

Review participants' expectations from the beginning of the course. Discuss whether or not the seminar lived up to those expectations.

Congratulate participants on their attention and participation in the day's training. Ask them to fill out the "Seminar Evaluation Form" and leave it with you on their way out. The feedback from the evaluations can help you fine-tune future presentations.

**Evaluation of the MoneyWi\$e "Savings" Seminar**  
**(For class distribution)**

Thanks for attending! Before you leave today, please help us improve future presentations by giving us your opinion of today's seminar. **Check the response that reflects your feelings about each statement:**

I have a better understanding of ways to promote saving and help people's savings grow.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Strongly Agree</i>	<i>Agree</i>	<i>Disagree</i>	<i>Strongly Disagree</i>

I have a better understanding of how setting financial goals can help people save money.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Strongly Agree</i>	<i>Agree</i>	<i>Disagree</i>	<i>Strongly Disagree</i>

I have a better understanding of the importance of adequate emergency savings.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Strongly Agree</i>	<i>Agree</i>	<i>Disagree</i>	<i>Strongly Disagree</i>

The instructor was well informed.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Strongly Agree</i>	<i>Agree</i>	<i>Disagree</i>	<i>Strongly Disagree</i>

The materials I was given are easy to read and understand.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Strongly Agree</i>	<i>Agree</i>	<i>Disagree</i>	<i>Strongly Disagree</i>

I would like to attend another class like this.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Strongly Agree</i>	<i>Agree</i>	<i>Disagree</i>	<i>Strongly Disagree</i>

**On a scale of 1 to 10 (10 being the highest), how would you rate the seminar? \_\_\_\_\_**

What else would you like to tell us about how we could improve future MoneyWi\$e seminars?

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**Return this form to the instructor. Thank you for giving us your thoughts!**



# What is your net worth?

Your net worth is the total of your assets—property and possessions that you own—minus the total of your liabilities, or money that you owe.

Here is a simple example: John and Mary live in a house that is currently worth \$200,000. They have a car with a current market value of \$15,000; a savings account with \$20,000 in it and retirement accounts worth \$80,000. Added up, their assets are worth \$315,000. They have a mortgage on their house of \$100,000 and the balance on their car loan is \$5,000, making their liabilities \$105,000. If you subtract \$105,000 (liabilities) from \$315,000 (assets), you find that John and Mary's net worth is \$210,000.

Use this form to estimate your own net worth.

## Assets

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Cash

Savings account

Stocks, bonds, other investments

401 (k) or IRA retirement plan

Market value of home

Market value of car

Other assets

Total assets

## Liabilities

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Home mortgage

Car loan balance

Credit card balances

Student loan

Child support

Miscellaneous liabilities

Total liabilities

Net worth

Total Assets

Subtract Total Liabilities

**Your Net Worth**

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## MoneyWi\$e Activity

### Write a savings slogan

You are an advertising executive. Your boss calls you because a leading consumer advocacy organization called Building Wealth has received a grant to pay for a full-page national advertisement in the New York Times to promote the importance of saving. Your boss tells you that he has agreed to donate agency time to create a catchy, meaningful slogan. He asks you to write it.

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