Leaders' Guide to the
Four Directions of Financial Security

The Four Directions curriculum aims to inspire all families to move farther into asset-building, and away from debting and living financially on-the-edge. It is intended to build on the previous curriculum, *Four Cornerstones of Financial* Literacy, and shares the same concern that many low-income and working poor families are routed by default into a second tier of financial life and financial apartheid. This time, the aim is to de-mystify investing so that these families can grow their savings and be safe in keeping and using them. Unlike many other curricula which focus on accumulation and "wealth," financial security here means **having enough**, for now and for the future, for yourself and for the community. *Enough* is an attainable goal for everyone.

The Four Directions of Financial Security are:

- Thrifty living to build your savings
- Investing to grow your savings
- Protecting to secure your savings
- Building a future with your savings

The material is divided into these four topics and each one can be taught in a two-hour session, making an overall four-session (eight-hour) curriculum. Adult learner principles are at the core of successful programs, so each session uses learning circles and experiential methods.

Adult Learner Principles to Use in Financial Literacy Training

1. Trainers need to be *on tap*, not on top.
   Treat adult learners as equals in the learning process -- ideal leaders act as a resource who is *also learning*, and avoid being put in the "kindergarten teacher" or "expert" authority role.

2. Money management is a sensitive topic, probably more so for families with less income. Actively reduce shame by sharing your own mistakes, using encouragement and humor and sometimes even channeling shame into anger/determination to *rise* rather than be left out.

3. Adults are practical and need straight-forward coaching in order to master fear of unknown. No dry "theoreticals." Minimize use of tools with set "right" answers, maximize methods that make basic concepts easy to "get" and apply – small steps toward a kind of freedom.

4. Adults may come with no asset experience, but still have money knowledge worth tapping. Often low-income families or new immigrants are already superb budgeters or savers who can leverage their survival skills into increased savings – IF inspired to reach for dreams.

5. Adults master challenges easiest with the support of their peers.
   Structure trainings to promote dialogue and sharing. Remember that what peers say is worth ten of what you say. This allows for leveling in group dynamics as they see others try, too.

6. Adults need leaders who establish an ambiance of welcome and safety in class.Be direct in explaining confidentiality, learning from each other, respect for differences, hope.

The Learning Circle Method

Adult learners require methods of financial education that do not talk-down to them, since unlike children, they often have many years of life experiences with money. Money issues are often a sensitive area, and feelings of inadequacy or failure, shame or defensiveness can arise unless the trainer actively works to disarm those feelings. Investments and security may feel unattainable.

The *learning circle* method taps into attendees' life experiences by having participants share stories in a circle exercise used in every session. This structured exercise minimizes discomfort about being perceived as stupid or "less than", since universal themes emerge quickly, and everyone is a de facto equal with life experiences to share. Paolo Friere first developed this method working with Brazil's poor, and later it was used by the Highlander Center to train civil rights movement leaders. Circle storytelling exists in many cultures.

The format is to ask the group to reflect on a financial topic (see examples below), and then each person shares one story/experience they have had about that subject. The exercise starts with the leader, who models openness in sharing, and continues around the circle until each person has shared. It may be helpful to pass an object, which the sharer holds, then passes on. The leader may need to gently remind participants to limit sharings to a minute or two in length, and may need to nudge/encourage reluctant sharers with a firm assertion of the value of their experiences to the group. Often it is helpful to emphasize that differences in the group are useful and OK. It also may be useful to state aloud some ideas about levels of self-disclosure and confidentiality.

The results of the learning circle can include:

- Adults are more willing to learn from you after they tell you how it's been for them.
- Adults find it safer to challenge their old money habits after group reflection.
- Sharing of experiences creates group member bonding and peer support networking.
- It promotes dialogue versus a tuned-out, passive, compliant lecture format.
- It creates leveling and an equality atmosphere, which minimizes money shame.
- After initial anxiety, leaders get energized by remarkable stories and break from lead role.

Sample Questions to Use in Financial Education

- What's one experience you've had in your life with successfully saving toward a goal?
- When you think about your future, what do you want most for yourself, financially?
- From where you are now, to where you want to be financially, what's one challenge you will need to tackle in order to make that goal happen?
- What's one experience you've had where you noticed that the rules of money management have changed a lot since the time when you were a child watching how your parents did it?
- What's one traditional American value that you hold stronger in your life than consumerism and materialism when it comes to your personal finances? Give an example.
- What's one thrifty tip you use in order to reduce spending?
- What's one time when you learned to tune out the emotional "noise" around a financial problem and just make a good decision?

Session One: Thrifty living to build your savings

ORIENTATION – 10 minutes

Hand out packets and pens, make name tags, summarize today's topic, and set basic ground rules about participation, levels of self-disclosure, confidentiality, learning from each other, and hope.

Show online clip, or have 3 volunteers read script, of an anti-consumerist skit, and ask the group what lessons about real life did they hear in the story. Tie into the topic. *Affluenza, Merchants of Cool, Story of Stuff, and Saturday Night Live's "Don't Buy Stuff" skit* are DVD clips or online.

ASSETS VS LIABILITIES – 20 minutes

Draw a four-square chart on an easel or board. Label the left side rows "assets you own" and "debts you owe"; label the top side columns "productive" and "unproductive." Fill in the boxes:
Productive asset: write "retains or increases in value over time" and "no or low cost to keep it"
Unproductive asset: write "does not keep value over time" and "cost to keep it"
Productive debt: write"debt related to purchase of a productive asset"
Unproductive debt: write "debt related to purchases of stuff" (other than productive asset)

Give four clear examples of what might fit in each box: savings account, car or furniture, house with mortgage, credit card balance. Ask group where other examples fit (eg- timeshare, ATV).

Summarize these two key points:
a) buy and retain mostly *productive assets*
b) take on as little debt as possible, mostly *productive debt* used as leverage to purchase assets

Do an "Asset and Debt Road Map" exercise. Describe these three paths toward future:
Borrowers: deep in the debt trap, late fees, high interest, paying debt with new debt, no savings
Consumers: manage their debt but only pay minimum so no progress, no savings
Savers: first thing from every check is pay themselves first into savings, keep debts short/small

Ask for three volunteers, assign one to each path, start back-to-back, then walk ahead five steps. Once there, highlight happenings on each life path; use the following, plus ideas from the group:
Borrower: collection calls, "life happens" events like car repair, more desperate types of debting
Consumer: new car, big TV, spend to the max, pay min on credit cards, token amount to 401K
Saver: keep paid-off car a long time, eat out once/month, make their gifts, savings on automatic

Have them walk two steps more; ask group "where are they headed?" & "how are they feeling?"
Borrower: future garnishments, bankruptcy, feel unlucky, trapped, angry, powerless, left out
Consumer: had to ask family for bailout, own kids seem materialistic, feel worried, on edge
Saver: enough to be OK thru ups and downs, looking forward, feel in charge, some pride, secure

Summarize these two key points:
a) it's not the cards you are dealt, but how you play the hand, that matters most
b) it doesn't matter where you are *right now*, what matters most is *which way are you walking*

LAYERS OF SAVINGS – 20 minutes

Describe the three types of savings needed. Teach "no wrong door" concept of getting started on all three types, and the best types of accounts to use for each.

TOPICAL ICEBREAKER: Do a "Why I Can't Save" exercise. Own up that "there are a lot of barriers to saving, some inside us (like wanting nice things) and some outside us (like rising gas prices) but by facing them, we can overcome them." Have each person write down one barrier to saving that they have faced, then collect the cards, shuffle and redistribute – and when shuffling, quietly mix in some humorous pre-made 3x5 cards with messages that help group laugh. Have each person start with the phrase "Why I can't save" and then read aloud to the group the card(s) they have (someone else's anonymous experience). Some suggested pre-made messages:
I don't want to lose all my friends at the debt collection agency who call me day and night.
Back when I had money, my wallet was too thick for my clothes pockets. Thin is in.
Sleepless nights filled with worry allow me to see some great infomercials and talk shows.
With credit card bills and sales catalogs, I make sure I always get mail every day.
Summarize that barriers are real problems, but most will yield to new choices and determination.

Read story #1 aloud from Real-life Stories from Savers in leader's guide, as example of priority.

Take a 5 minute break and during that time, list on the board the four categories of "ways to find money to save": reduce spending, pay off debts, add income, claim tax credits. You will be making the transition from assets and savings to practical "how to" ideas for the rest of class.

REDUCING SPENDING – 20 minutes

Read section about spending leaks and how to track spending in order to gain control.

Hand out blank pieces of paper as "tracking tool" to reinforce that this can be a simple process. Add tips to the core instructions, to maximize chance of success:
For four weeks, *every day* write down what you spent money on and how much you spent. Round up to whole dollar amounts. Put the tracker under your bed pillow and do this nightly before sleep. At the end of four weeks, add up the month *by categories* such as how much on groceries, on gas, on dining out. You'll spot areas of overspending.

Show examples of impact of leaks on the board, Have group identify ten common areas of leaks.

Hand out blank letter-size envelopes and describe envelope system of controlling spending in targeted areas. Choose an example and put a target amount of play money in the envelope, then walk thru two scenarios: one where all used up in first week or two, one where some left over. Summarize with message that envelope helps you learn you can wait and stay within own rules, and have them write down on their envelope one target area for more-aware spending this month.

Highlight key ideas from the section on support networks and frugal pleasures, so can manage the sense of loneliness or deprivation that often come even with positive changes in lifestyle.

Highlight key ideas from Reducing Spending- buying and keeping a used car. Remind group that car-buying can be emotional, so good to bring friend or family member to shop/inspect with you.

PAYING OFF DEBTS FASTER – 20 minutes

Explain concept of powerpay and do a board example of paying only minimum due versus extra. Key point is that even $10 extra per month can pay off some debts in half the time.

*<u>Powerpay</u>: Let's look at $1000 balance on a credit card charging 18% interest. Creditors typically ask for only a 2% monthly payment (2% of the balance owed), and fees and interest eat up that small payment.You just received your monthly bill and the minimum due is $20. You'd think that after you paid your $20, your new balance would be $980 (1000 minus 20), but you'd be wrong. That 18% interest rate per year means 1.5% interest per month. So the interest charged each month is 1.5% of $1000, or $15. That means when you sent in the $20, $15 went to interest and only $5 paid down the balance. You still owe $995. It will take you 93 months (almost 8 years) at that rate. And that assumes you never miss a payment – if you do, interest rates might jump to a default rate of 27% and late fees of $30 added each month.But if you pay **more than minimums**, you can pay the debt off a lot faster. If they ask for $20, send $30. That way $15 of each payment pays down the debt, not just $5. Then the debt is paid off in half the time, less than four years (47 months), and with a lot less interest paid.*

Do board example of paying extra *penny* on debt, then give each person a penny toward freedom.

<u>Pennypay</u>: Look at $10,000 balance on credit card charging 18% interest and you make payments of $150 monthly. How long does it take to repay the debt? [Forever, since 18% APR means all your payment went to the $150 interest charged] How about if I add just one penny to that payment, so I sent $150.01 each month, how long will it take? It takes 53 years and 10 months, but instead of forever, it does get paid off. If I add two pennies and send $150.02 each month, it will be paid off in 50 years. That one penny knocked off almost four years and about $7000 less interest. Was it worth the extra $6.00 out of pocket? [50 years = 600 months, so 600 x one cent = 600 cents or $1]

Explain concept of Debt Management Plan, which allows payment in full but faster since lower interest rates and structured plan. Be sure to differentiate from debt *settlement* companies which do not pay full debt, often lead to creditor legal actions, and mar credit as if not paid. Share some generic DMP terms: paid in full within five years or less, small monthly fee to agency, must stop all new credit use and live just with cash/debit card; no FICO score reduction, NFCC important.

Explain strategy with non-interest debts like medical bills. Dictate sample payment letter aloud.

Explain strategy with student loans. Deferment and forebearance as short-term solutions only; safe ways to bring out of default; concept of loan cancellation; key to not take every loan offered.

Explain strategy with income tax debts; promote free filing resources and caution against refund anticipation loans. Dictate aloud another sample payment plan letter, showing reasonable amount to pay off tax debt within a few years. Caution against tax *settlement* companies or fraud.

ADD INCOME THRU PT JOB, RENTER, OR TAX CREDITS – 15 minutes

Before reviewing the section on ways to add income, divide into teams and play "One Minute to Win the Loot." (pronounce it min-OOT for playfulness) Team A gets 60 seconds to brainstorm a list *of ways to add income thru a PT job* – but it must be a real-life experience they have had, or someone they personally know has had. Write down as many ideas as they generate in that time. Then team B (etc) gets turn; declare a winner, or add a 30-second overtime period to add ideas. Have a bag of quarters and at end, award a quarter to each member of winning team.

Do a board example of tax credits:

Single parent with one child age 12, earns $24,000 gross annual income and pays $3000 in income taxes. By claiming EITC 3200 + Child Credit 800 + Property Tax Refund 400 + Retirement Savers Credit 600 (if contributed $100/month so 1200/year and 50% back) = $5000 back.

LEARNING CIRCLE – 10 minutes

Explain that we all have life experiences with money: earning it, spending it and saving it, and that we learn from our mistakes. Predict that for some people "enough" means hopes and dreams and for others, "enough" means safety and freedom from worry – every person sees it uniquely.

What's one part of "enough" that I don't have now, but want for my future?

Or

What's one time in my life when having $1000 in a savings account would have made a big difference?

CLOSING – 5 minutes

Thank everyone for his or her participation, and plant some motivational messages like "practice makes perfect" and "it doesn't matter where you are, it's which way you're heading" and "keep your eyes on the prize."

Session Two: Investing to grow your savings

ORIENTATION – 5 minutes

Review some key messages from first session:
a) thrifty living in order to find money to save
b) the first two layers is pure savings; now we'll tackle third layer: investing savings for growth

KEEPING SAVINGS 100% SAFE AND LIQUID – 20 minutes

Highlight the advantages of savings and checking accounts at mainstream credit union or bank. Teach FDIC and NCUA insured protection. Give tips for structuring your use to avoid all fees.

Review the types of retirement savings plans and do board example of benefit of putting $100 into 401k/403b versus keeping that amount in paycheck. Repeat example with a 50% match.

HOW INVESTMENTS GROW– 15 minutes

Review Rule of 72 on the board and use a checkerboard with pennies doubling each square to show amazing visual of compunding.

Discuss the tools of saving/investing and importance of understanding the *risk-return tradeoff*.

Review the basic types of risk, emphasizing that every type of investment carries some risk.

LEARNING CIRCLE – 15 minutes

Explain that investing can feel complicated and alien, like only for the rich or the experts. But if we keep it simple and learn basic investment strategies, we become able to grow our savings into *enough* – enough for financial security, enough for retirement, and enough for a future.

What's one time in my life when I learned something new by breaking it down and practicing until I got it right?

This is one topic where you will need to allow extra "thinking" time and model one theoretical example before the topic, and share your own life experience example to start the circle. Avoid "know-it-all" position by choosing to share an experience where you're improving, not master.

BREAK TIME – 10 minutes

Complex topics like investing can overwhelm learners – take a break to restore learn-ability. Play some inspiring music, open a window for fresh air, and take a break as a leader too.

STRATEGIES FOR INVESTING AND REDUCING RISK – 50 min

Review importance of time horizon and need to move towards safety as goal when time is short. Review advantages of no-load index mutual funds. Emphasize that diversification exposes you to opportunity in many markets and protects you overall from swings in any one market.

Point out Risk Tolerance style quiz for each person to do as homework. Look at the three sample asset allocation mixes and importance of matching that mix to your risk tolerance. But also talk about the three methods to *increase* your risk tolerance, since many need to allow *planned* risk in order to have a rate of return that will grow investments fast enough before retirement.

Do retirement savings motivator example on board; then hand out calculators, each do their own.

Play Investment Family Feud. Divide into teams. Alternate asking each team one question. If they say right answer, they get a point. If not, the other team can "steal" that question and get a point if they give right answer, and still get next turn. Set a playful tone. At the end, review these tradeoff examples of risk:

- Stocks have market risk since any company can go down in value or even out of business.
- Savings accounts have inflation risk because prices may rise faster than the interest rate paid.
- Bonds have interest rate risk because the value of your bond decreases if interest rates rise.
- CDs have liquidity risk because if you take your money before the term is up, you will have to pay a penalty.
- Keeping your money under the mattress is the worst risk of all – getting stolen or destroyed.

Emphasize the idea that all investments have risk but there are ways to invest and reduce risks.

Read story #2 aloud from Real-life Stories from Savers in leader's guide, on theme of choices.

CLOSING – 5 minutes

Teach the group an investing song and sing it as a group to energize and drive home a theme. Choose a well-known popular or children's song and rewrite some lyrics to drive home themes. *Happy Bithday, You are my Sunshine, Itsy Bitsy Spider, Jingle Bells* all can widely known, require no musical talent, and set a playful tone.

Session Three: Protecting to secure your savings

ORIENTATION – 20 minutes

Summarize today's topic, emphasizing that it is better to shut the barn door than have to chase after the horse.

Review last session key ideas and make info visible by doing *Investment Risk-Return Timeline*.

CONSUMER PROTECTION LAWS – 10 minutes

Do quick overview of the laws, remind group that we will include them in a game later in class.

Remind group there are consumer protection resources that want to help them use these laws.

LEARNING CIRCLE – 20 minutes

Everyone has had experience with being insured or being uninsured, let's learn from each other.
What's one thing I've learned from my life experience about insurance? This can be any type of insurance: car, health, life, home, or disability.

INSURANCE AS PROTECTION – 15 minutes

Discuss tips for making good insurance decisions and core coverage most people need.

Focus most time on case scenarios finding at least *some* coverage for each of the core insurances.

CONSUMER SCAMS – 50 minutes

Review consumer scams and fraud, emphasize non-shame of could happen to anyone, report it.

Review investment scams, emphasize importance of avoiding risky promises, tune out ad "noise"

Discuss situations when a financial advisor might be important, how to choose one.

Review identity theft prevention and steps to take if ID theft happens

Divide the group into teams and play Consumer Protection Family Feud.

CLOSING – 5 minutes

Read story #3 aloud from Real-life Stories from Savers, on theme of getting out of a scam.

Ask group to each say aloud one message of encouragement to all those who were ever scammed

Session Four: Building a future with your savings

ORIENTATION – 5 minutes
Outline today's topic: assets create financial security of enough for you and enough to share.

SECURE AND MEANINGFUL RETIREMENT – 20 minutes

Have each person spend 10 minutes writing answers to the "what matters to me" questions and then each share *one* of their answers. Reinforce there is no one right way, get to know yourself.

Review basic legal tools needed by everyone.

FINANCIAL DECISIONS IN RETIREMENT – 20 minutes

Explain that first decision is planning for when to start taking Social Security, and review costs and benefits of taking it early or later. Remind people to sign up for Medicare right at 65 and to get free insurance counseling at a senior helpline to help understand their options.

Teach that robbing your retirement savings with early withdrawals is costly – do board example.

Introduce guidelines about 4% withdrawal norm and the option of SPIA if income needs a boost.

There may be detailed questions about this topic, as well as homebuying and college. Remind participants that you are learning too and that this session will review the Resource Guide where they can turn to learn more and get trustworthy information to answer their specific questions.

USING ASSETS FOR HOMEBUYING – 15 minutes

Review steps for getting finances ready, staying in control during home buying process, and tips to preserve homeownership.

USING ASSETS FOR HIGHER EDUCATION – 15 minutes

Review the three main options for saving for college, all tax-deferred for faster growth.

Review the financial decisions which can make college more affordable so no huge debt at end.

USING ASSETS FOR SHARING – 15 minutes

Review the four avenues of sharing your personal or financial assets. Teach about the *commons* and how most cultural communities believe we are all connected and need to help one another.

Share philosophy from Warren Buffett, the richest person in America, who wrote his will to give away all his assets to charities except for a set amount for family. He said "I want to leave enough so that my children can do anything…..but not enough so that they can do nothing."

LEARNING CIRCLE – 10 minutes

What's one experience I've had with benefiting from a free or public resource?

Or

What's one experience I've had with the power of sharing my time, talents, or money to better the community?

REVIEW RESOURCES GUIDE – 10 minutes

CLOSING – 10 minutes

Read story #4 aloud from Real-life Stories from Savers, on theme of enjoying new freedom.

Pour everyone a cup of apple juice and end the class with each person offering a toast to adults learning together, and sharing one thing that they are confident they know from what we learned together in these four sessions.

Hand out individual certificates of completion signed by you as leader.

REAL-LIFE STORIES FROM SAVERS – USE THESE FOR SUCCESS EXAMPLES

Story #1: Kim had immigrated to America one year ago and completed English language classes, green card, and had her first job. She knew there were better-paying jobs in the suburbs but she needed a car to get there. She made saving for a used car a top priority and after two months had saved $300. She looked on a "for sale by owner" car website and found two cars at that price. One owner warned her that the price was so low because after a side-impact accident, the door on the driver's side would no longer stay shut. Kim looked at him and said "I've got rope!" She drove that car for five more years and it allowed her to find a series of better jobs.

Story #2: Tanesha was a 23-year-old single mom with two kids. She had a full-time job and sometimes got child support, but she found ways to make ends meet. She signed up for a local matched-savings program called an IDA which required participants to save $50 every month. One day when she heard the other moms in the program arguing how they didn't have money to be putting into savings, she decided to speak up. She told the group "I say we are ALL investors, it's just what you decide to put your money into. Some people invest in $150 sneakers for their kids or getting their nails done every week. I'm investing in a better life for me and my kids." The next week, several other moms told her they appreciated her "hunk of burning truth."

Story #3: John is a person living with disabilities which made him unable to work. He had only $550 per month Social Security Disability income and he had taken on $2000 in credit card debt to buy things. What really burned him up was that he signed a contract with a debt consolidator and made payments to them only to find they were not paying his credit cards as agreed. He cancelled that contract and searched out a legitimate nonprofit agency's Debt Management Plan. When a counselor pointed out he had the option to walk away from his debt, he said "no way, I made this debt and I'm going to pay it off." He made his $100 payments every month for 2 years until he was paid in full, and is now saving that money for retirement when SSDI drops off.

Story #4: Juanita and Hector grew up in families which always had a car loan and they assumed they would always have one too. But one day, Juanita went to a financial education class at her church and got excited about saving. She and Hector started small but worked as a team and looked for every opportunity to build up their savings cushion. By the time they were 30, they had $5000 in their credit union account. They bought their next car used, and paid cash for it, and kept it running for years, then repeated that process. They are now 53 years old and have never had a car loan for over 20 years! They don't brag about it, they just smile at each other.

INVESTMENT FAMILY FEUD

1) Name the first 2 layers of savings you need to build before starting the third layer, investing.
(Put-and-take or periodic savings, emergency savings)

2) Name the 3 kinds of accounts that are guaranteed safe at federally insured credit unions and banks, even if those institutions failed or closed. **(Checking, savings, certificates of deposit)**

3) FDIC and NCUA are the guarantors for member banks and credit unions. Who guarantees investment accounts at brokerage services? **(Securities Investor Protection Corporation, SIPC)**

4) Using the Rule of 72, how many years would it take your investment to double in value if you are earning an 8% annual return? **(nine years, 72 ÷ 8 = 9) (number 72 divided by return rate)**

5) If you want to invest in a mutual fund which tracks the whole stock market or whole bond market, what kind of fund would you choose? **(total market index fund)**

6) Which of these three things <u>for sure</u> increases your rate of return in a mutual fund?
(really smart fund manager, 5 star rating, **<u>low expenses</u>)**

7) Bonds pay interest. TIPS and I-savings bonds pay a rate of interest plus another payment that is based on what? **(the rate of inflation)**

8) Bond investments face credit risk, which is the risk that the bond issuer will do what?
(default or be unable to pay bondholders)

9) One risk of <u>not</u> investing is that over time, rising prices will rob your savings of their purchasing power – what is that type of risk called? **(inflation risk)**

10) When looking at time horizon, if you are going to need your money within the next 5 years, your investment priority should not be growth, but should be what? **(safety)**

11) Name one way a Roth IRA is different from a regular traditional IRA.
(earnings are tax-free, can withdraw all contributions without penalty anytime)

12) Mutual funds which you can buy with no sales charges are called what kind? **(no-load)**

13) One method to lower risk is to steadily invest a set amount every month, ignoring the ups and downs of market prices. What is this method called? **(dollar cost averaging)**

14) Employer 401k or pension plans have a rule that you must work there a certain number of years before the employer part or match dollars become yours – what is that rule called? **(vesting)**

15) Hanging on to an investment for a long time can decrease the risk from price swings up and down. What is this strategy for hanging on for the long-term called? **(buy and hold)**

16) Your asset allocation is how much you invest in each of which 3 categories? **(stocks, bonds, cash)**

Investment Exercise: Hypothetical Risk-Return Timeline

Explain that you are going to demonstrate how risks and returns work. Get four volunteers to each play one type of investment and follow these instructions on a card for each year, but at 5-year increments, draw a chance card. You will start all together at one end of the room and go toward the other end on this twenty-year journey –pick a space long enough for 30 baby steps.

- **Savings Account** – move ahead one step, only on even-numbered years
- **TIPS or I-savings bond** – move ahead one step, only on even-numbered years
- **Owning a home or other real estate** – move ahead one step, only even-numbered years
- **Total Stock Market Index Mutual Fund** – move ahead two steps each year

Timeline events per year:

Years	Events
1, 2, 3, 4	Follow the card for each year.
5	(chance card #1) Two countries default on their bonds, leading to global flight to buy US bonds; strong demand leads to reduced interest paid to savers; savings and TIPS stay still for years 6 and 7. However, cheaper interest rates allow home refinance so homeowner move ahead 2 steps.
6, 7, 8, 9	Follow the card for each year.
10	(chance card #2) Terrorist attack in US, stock market panics, loses 30%. Stock mutual funds take six steps back; others follow regular card year.
11, 12, 13, 14	Follow the card for each year.
Year 15	(chance card #3) Recession has ended, employment rate back to normal so stocks surge in a bull market. But drug dealers move into your block and home values sink. Home takes five steps back, mutual fund move four steps forward; others follow regular card.
16, 17, 18, 19	Follow the card for each year.
Year 20	(chance card #4) Inflation has averaged 3% every year so the purchasing power of your assets is less –home and TIPS stay put; others 6 steps back.

At the end of 20 years, "interview" each walker, using them as placeholders for rest of group to see the risks and returns in action over a long timeline, and compare growth and how it felt.

Highlight the four risks shown in action: currency, interest rate risk, market risk, inflation risk.

Highlight do-nothing risk as most risky of all since not even left at starting line, due to inflation.

Point out how asset allocation (owning different types of investments) moderates what happens to any one investment, since bad market conditions for one type might still boost another type.

Remind them that the best tools for growth over the long timeline may not be the best to use if you have a shorter time period, such as five years to save for a house downpayment. For shorter terms, it is better to stick with safer investments like savings accounts, savings bonds, and CDs. Savings is a great way to protect money you need access to; investment is for long-term growth.

CONSUMER PROTECTION FAMILY FEUD

1) Name the scam where an investment is hyped with hundreds of calls and emails, then crashes once all the new investors eagerly buy into it **(pump and dump or boiler room)**

2) Name two things a debt collector must do, if a conusmer requests it in writing **(give name/address of original creditor, cease contact, send verification or proof of the debt)**

3) Name three safety measures when using a computer **(firewall, antivirus, antispyware, no public computer, secure wireless router, strong passwords, only secure websites https)**

4) The type of ID theft where cons impersonate your bank via calls or email is called what? **(phishing)**

5) Junk faxes and spam emails often pitch high risk investments. Name two scams promising high returns but with high risk of losing your money **(land deals, oil/gas exploration, penny stocks, debt notes)**

6) Name three steps to reduce the risk of crooks obtaining your identity info **(opt-out of credit bureau mailing lists, do not call registry, use shredder, mail in postal service box, use online encryption)**

7) Name the type of police report you need to file if you are a victim of identity theft **(affidavit of theft)**

8) Give three examples of advance fee scams **(free vacation or prize offers, home-based business, fake cashier's checks, overseas lotteries, recovery fee scams)**

9) Deferred annuities are insurance contracts that promise future payments. Name two disadvantages of buying these **(high sales fees, huge surrender fees, company could go broke, you could die early)**

10) What is the cost for victims of ID theft to put a freeze on their credit reports? **(zero)**

11) Name two strategies you can use to stay in control of your home improvement contract **(check to see licensed and insured, get estimates from 3 different contractors, pay only ½ up front, ½ when done)**

12) Name three situations where you are entitled to a free credit report from all three bureaus **(once every 365 days, if unemployed and looking, if victim of ID theft,if denied credit in past 60 days)**

13) Name three requirements of any dispute made under the Fair Credit Billing Act **(dispute in writing, within 60 days, over $50, to billing inquiries address, good faith effort to resolve directly first)**

14) Name the fraud where investors are drawn in with testimonials of very high returns paid to early investors with the next set of investor's money, until this house of cards collapses **(ponzi scheme)**

15) The scam where con artists befriend others in order to trick them into giving big loans for fake emergencies is called what? **(lonely hearts scam)**

16) Under the Pension Protection Act, if your company contributes company stock to your 401k, what are you allowed to do after three years? **(sell the stock and use it to buy another investment in the plan)**