Financial Education Boot Camp 2014: Creating Financially Capable Students

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Personal Introduction

- Distinguished Professor and Extension Specialist in Financial Resource Management

- Rutgers Cooperative Extension employee for 36 years

- CFP® for 30 years

- Teach undergraduate *Personal Finance* class

- Frequent trainer for teachers and library staff

- Twitter handle: moneytalk1
Workshop Objectives

• Increase knowledge of
  
  – Assessment tools to determine financial strengths and weaknesses
  
  – Common consumer frauds
  
  – Three technology teaching tools

• Increase knowledge of creative and hands-on teaching methods

• Increase knowledge of financial education tools and resources
Workshop Format

- Financial Capability Quiz
- Content Chunks #1-#3 and Activities #1-#3
- Lunch Break
- Content Chunks #4-#5 and Activities #4-#5
- Final Q & A
- Evaluation
- Door Prizes
Homeland
Financial
Insecurity
Abstract: An on-line survey of K-12 teachers was conducted to determine teachers’ background and capacity to teach personal finance. Results indicate that while teachers recognize the importance of teaching personal finance, few have had formal preparation for teaching this subject matter; also, the teaching of personal finance is highly concentrated by grade level and discipline. Teachers feel limited in preparedness in both subject matter and pedagogy, particularly in the more technical topic areas of risk management and insurance and saving and investing. Perceived preparation and prior personal finance background varies greatly among disciplines. Teachers also have concerns about their own personal financial well-being, especially future retirement income adequacy.
How Much Do You Know About Personal Finance?

Take the FINRA National Financial Capability Study Knowledge Quiz:
http://www.usfinancialcapability.org/quiz.php
National Financial Capability Study Knowledge Quiz

Five financial literacy quiz questions:

- Interest rate question
- Inflation question
- Bond price question
- Mortgage question
- Risk question

<table>
<thead>
<tr>
<th>Number of correct answers</th>
<th>2009</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>One</td>
<td>11%</td>
<td>12%</td>
</tr>
<tr>
<td>Two</td>
<td>17%</td>
<td>19%</td>
</tr>
<tr>
<td>Three</td>
<td>24%</td>
<td>23%</td>
</tr>
<tr>
<td>Four</td>
<td>27%</td>
<td>25%</td>
</tr>
<tr>
<td>Five</td>
<td>15%</td>
<td>14%</td>
</tr>
</tbody>
</table>


http://www.usfinancialcapability.org/quiz.php
Question

What check-up tools and techniques do you use to assess your financial wellness?

Financial Check-Up Webinar Link: https://learn.extension.org/events/1316
Financial Check-Up Metrics

- Financial goals
- Net worth
- Financial ratios
- Cash flow (income and expense) statements
- Spending plans (budgets)
- Credit cards
- Marginal tax brackets
- Insurance analyses
- Retirement analyses
- Investment performance
- Asset allocation
- Retirement and estate planning
Chunk #1
Financial Capability Metrics
Part I
1. Online Financial Self-Assessment Tools (Personalized Quizzes)

- *Financial Fitness Quiz* (20 questions); available online at [www.rce.rutgers.edu/money/ffquiz.asp](http://www.rce.rutgers.edu/money/ffquiz.asp)

Other Online Assessment Tools

- Identity Theft Risk Assessment Quiz: [http://njaes.rutgers.edu/money/identitytheft/](http://njaes.rutgers.edu/money/identitytheft/)
- Investment Risk Tolerance Quiz: [http://njaes.rutgers.edu/money/riskquiz/](http://njaes.rutgers.edu/money/riskquiz/)
- Personal Resiliency Assessment Quiz: [http://njaes.rutgers.edu/money/resiliency/](http://njaes.rutgers.edu/money/resiliency/)
- Wise Credit Management Quiz: [http://njaes.rutgers.edu/money/wise-credit/](http://njaes.rutgers.edu/money/wise-credit/)
2. Incremental Progress Toward Financial Goals

- Financial goals should be SMART
  - Specific (date, cost)
  - Measurable (progress)
  - Attainable
  - Relevant
  - Time-related (deadline)

- Short-, intermediate-, long-term goals (match investments to goal time frame)
### Financial Goal-Setting Worksheet

http://njaes.rutgers.edu/money/pdfs/goalsettingworksheet.pdf

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goals</td>
<td>Approximate Amount Needed</td>
<td>Month &amp; Year Needed</td>
<td>Number of Months to Save</td>
<td>Date to Start Saving</td>
<td>Monthly Amount to Save (2-4)</td>
</tr>
<tr>
<td>Short-Term (under 3 years)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medium Term (3-10 years)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-Term (10 or more years)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Then Do the Math!

- Approximate amount needed
- Number of months to save
- Divide number of months into goal amount
- Try to automate savings

**Example:** $15,000 goal divided by 48 months = $312.50 per month to save
3. Incremental Changes in Net Worth

- **Assets:** everything that you own
  - Liquid (cash assets)
  - Tangible (property)
  - Investment

- **Debts:** everything that you owe
  - Short-term (a.k.a., current debt; < 1 year)
  - Long-term

- Assets minus debts equals **net worth**
Net Worth Calculation Worksheet

An important step in gaining financial control is to calculate your net worth (assets - debts). Every year, your net worth should be tabulated to review your progress and compare it with your financial goals. In addition, a net-worth statement is a valuable aid in planning your estate and establishing a record for loan and insurance purposes.

<table>
<thead>
<tr>
<th>Assets (What You Own)</th>
<th>Liabilities (What You Owe)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash:</td>
<td>Current Debts:</td>
</tr>
<tr>
<td>Cash On Hand</td>
<td>Household</td>
</tr>
<tr>
<td>Checking Account</td>
<td>Medical</td>
</tr>
<tr>
<td>Savings Accounts</td>
<td>Credit Cards</td>
</tr>
<tr>
<td>Money Market Funds</td>
<td>Department Store Cards</td>
</tr>
<tr>
<td>Cash Value of Life Insurance</td>
<td>Back Taxes</td>
</tr>
<tr>
<td>Other</td>
<td>Legal</td>
</tr>
<tr>
<td>Real Estate/Property:</td>
<td>Other</td>
</tr>
<tr>
<td>Home</td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
<tr>
<td>Investments: (Market Value)</td>
<td>Mortgages:</td>
</tr>
<tr>
<td>Certificates of Deposit</td>
<td>Home</td>
</tr>
<tr>
<td>Stocks</td>
<td>Land</td>
</tr>
<tr>
<td>Bonds</td>
<td>Other</td>
</tr>
<tr>
<td>Mutual Funds</td>
<td></td>
</tr>
<tr>
<td>Annuities</td>
<td></td>
</tr>
<tr>
<td>IRAs</td>
<td></td>
</tr>
<tr>
<td>401(k), 403(b), 457 Plans</td>
<td></td>
</tr>
<tr>
<td>Pension Plan</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
<tr>
<td>Personal Property: (Present Value)</td>
<td></td>
</tr>
<tr>
<td>Automobiles</td>
<td></td>
</tr>
<tr>
<td>Recreational Vehicle/Boat</td>
<td></td>
</tr>
<tr>
<td>Home Furnishings</td>
<td></td>
</tr>
<tr>
<td>Appliances and Furniture</td>
<td></td>
</tr>
<tr>
<td>Collections</td>
<td></td>
</tr>
<tr>
<td>Jewelry and Furs</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
<tr>
<td>Total Assets</td>
<td>Total Liabilities</td>
</tr>
</tbody>
</table>

Total Assets Minus Total Liabilities = Net Worth
Benefits of a Net Worth Statement

- Determine adequacy of emergency savings
- Determine home equity
- Analyze portfolio diversification
- See gaps in planning (e.g., no IRA)
- See total amount of debt owed
- Use to track progress annually
- Needed for large loans and divorces
4. The “Wealth Test”

**Source:** The Millionaire Next Door (Stanley & Danko)

- Multiply your age by pre-tax income from all sources except an inheritance
- Divide by 10
- This is what your net worth should be for your age and income level
- **Example:** 35 x $40,000 = $1,400,000 divided by 10 = $140,000 minimum net worth
Wealth Test Worksheet

Your net worth (assets minus debts) ________________

Your annual household income (from all sources (excluding income from inherited wealth)) ________________

Your age (if both spouse work, average your ages) ________________

Multiply your income by your age ________________

Divide line 4 by the number 10 to get expected net worth for someone with your age and income __________

Divide your net worth (line 1 by line 5) to get your final score. ________________

Interpretation of your Score

2.0 or higher, you rank in the top 25% of wealth builders called PAWs (prodigious accumulators of wealth)

1 to 1.99, you rank in the top half of Americans in your wealth building prowess.

0.51 to 0.99, you’re a below average generator of wealth for your age and income level.

0.50 or lower, you are one of Stanley and Danko’s UAWs (under accumulators of wealth)

5. Cash Flow Statement

- Relationship of income and expenses
- Track expenses
  - Fixed
  - Variable
  - Periodic/irregular
- Track income (all sources)
- Income Minus Expenses = Cash Flow
Improving Cash Flow

• Relationship between income and expenses
  – Positive cash flow
  – Negative cash flow

• Three sustainable ways to improve cash flow
  – Increase household income
  – Decrease household expenses
  – Do both
Ways to Increase Income

- Adjust tax withholding/tax benefits (EITC)
- Add a second job or work overtime
- Start a small business
- Increase/collect child support/alimony
- Access public benefits
- Sell assets
- Upgrade job skills
- Charge adult children room & board
- Bartering
- Other?
Ways to Reduce Expenses

- Housing
- Food
- Transportation
- Clothing
- Utilities
- Other expenses
6. Review Irregular Expenses

- List all expenses that come irregularly throughout the year
  - Examples: car registration, school tuition, birthdays, holidays, vacations, quarterly property tax payment, water and sewer bills, insurance premiums

- Total each expense and divide by 12

- Save that amount monthly in a “holding” savings account to cover irregular expenses
Irregular Expense Worksheet

Identify the months that you pay irregular expenses, what they are, & the cost (Example: February, property tax: $1,600). Then add up all of your irregular expenses and divide the total by 12 to determine the monthly savings amount

- Jan ____________________
- Feb.____________________
- Mar ____________________
- Apr ____________________
- May ____________________
- June ___________________
- July ____________________
- Aug ____________________
- Sept ____________________
- Oct ____________________
- Nov ____________________
- Dec ____________________

- Total of Annual Irregular Expenses____________________
- Monthly Savings Amount ____________
7. Use Financial Ratios

- **Liquidity Ratio:** Liquid assets divided by monthly expenses
  - Should be 3 (months expenses) or more
  - **Example:** $10,000/$4,000 = 2.5

- **Consumer Debt-to-Income Ratio:** Monthly consumer debt payments (not including a mortgage) divided by take-home pay
  - Should be less than 15% to 20% (overextension)
  - **Example #1:** $250/$2,000 = 12.5%
  - **Example #2:** $350/$2,000 = 17.5%
More Financial Ratios

• **Savings Ratio**: Amount saved per month divided by gross monthly income
  - **Example**: $100/$2,300 = 4.3%
  - Experts recommend at least a 10% savings ratio

• **Current Ratio**: Liquid assets divided by current liabilities
  - **Example #1**: $4,000/$2,000 = 2
  - **Example #2**: $8,000/$2,000 = 4
  - The higher the ratio number, the better
  - More back-up cash to pay expenses
Chunk #1 Activities
Chunk #2
Financial Capability Metrics
Part II
8. Assess Spending Plan (Budget)

- List after-tax sources of income
- List expenses
  - Fixed (including revolving savings)
  - Variable
  - Irregular (periodic)
- Compare budgeted amount with actual amount
- Adjust as necessary
Spending Plan Worksheets

- Excel Spreadsheet: http://njaes.rutgers.edu/money/#resources

- Downloadable printed worksheet: http://njaes.rutgers.edu/money/pdfs/fs421worksheet.pdf
Spending Plan Leaks
9. Credit Card Check-Up

- Are there credit cards you don’t use that can be cancelled without hurting your credit score?
- Can you find or negotiate a better interest rate?
- Have you checked your credit report?
  - [www.annualcreditreport.com](http://www.annualcreditreport.com)
- Do you have a summary list of credit card info (e.g., account numbers and 800 numbers)?
- What is the status of your rewards?
10. Income Tax Check-Up

- What is your marginal tax bracket?
  - See [http://njaes.rutgers.edu/money/taxinfo/](http://njaes.rutgers.edu/money/taxinfo/)

- Would you do better in taxable or tax-exempt investments?

- Are you contributing to tax-deferred savings plans such as IRAs and the TSP?
  - If yes, could you contribute more?

- Is your tax withholding accurate?
  - If not, complete a new W-4 form.
Taxable Equivalent Yield Formula

Use to compare tax-exempt and taxable bonds

Taxable Equivalent Yield = \( \frac{\text{Tax-exempt yield}}{1 - \text{Your tax rate}} \)

Example:

Taxable Equivalent Yield = \( \frac{0.03}{1 - 0.28} = 0.0416 = 4.16\% \)

See http://njaes.rutgers.edu/money/taxinfo/
11. Life Insurance Check-Up

• Follow these steps to determine life insurance need:
  – Estimate annual income needed by survivors
  – Calculate # of years income is needed
  – Add expenses (e.g., funeral, debt, other)
  – Subtract income, such as government benefits and survivor’s income, and existing assets

• Review periodically as needs change
# Life Insurance Worksheet #1

<table>
<thead>
<tr>
<th>Item</th>
<th>Example</th>
<th>Your Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Income Replacement</strong></td>
<td>$30,000</td>
<td>$___________</td>
</tr>
<tr>
<td>Enter 75% of your current income.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2. Years Income Will Be Needed</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Years</th>
<th>10</th>
<th>15</th>
<th>20</th>
<th>25</th>
<th>30</th>
<th>40</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factor</td>
<td>8.98</td>
<td>12.84</td>
<td>16.35</td>
<td>19.52</td>
<td>22.39</td>
<td>31.42</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Enter the factor number.</th>
<th>$___________</th>
</tr>
</thead>
<tbody>
<tr>
<td>$___________</td>
<td>22.39</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>3. Subtotal (#1 x #2)</strong></th>
<th>671,700</th>
<th>$___________</th>
</tr>
</thead>
</table>

| **4. Funeral Expenses** | | |
| Enter the amount for funeral expenses and other final-expense needs. | + 10,000 | $___________ |

| **5. Debt** | + 140,000 | $___________ |
| Enter the total amount of all debt owed. | |

| **6. Other** | + 0 | $___________ |
| Consider other needs such as college expenses, a readjustment period for a spouse, or day care. | |

| **7. Total Expenses** | 821,700 | $___________ |
| Add lines 3, 4, 5, and 6. | |

| **8. Government Benefits** | | |
| Take the monthly amount of Social Security survivor benefits and other benefits and multiply by 12, and then multiply by the number of years they will be received. Subtract that amount from line 7 (e.g., $1,237 x 12 mos. x 14 yrs). | - 207,816 | $___________ |

| **9. Other** | - 300,000 | $___________ |
| Subtract other items such as current assets or income from other family members for the same time period as above (e.g., 14 years). | |

| **10. Total** | $313,884 | $___________ |
| This is an estimate of how much insurance is needed to cover the needs of your survivors. | |

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Adapted with permission from The Financial Check-Up by Alena Johnson. To order a copy, call 800-303-5235.

http://njaes.rutgers.edu/money/pdfs/session-ii.pdf
HOW MUCH IS ENOUGH?
THE LIFE INSURANCE WORKSHEET

Assuming that your death occurs this year, how much life insurance would your family need to secure your financial health. To guide you, we’ve included some typical expense amounts. But real numbers from your own personal records are best. So if you have them, be sure to use them.

YOUR COST OF LIVING

Day-to-day living expenses for all of your survivors (spouse/domestic partner and dependent children)
For example, you might use 75% of current net income.
$____ per year x ____ years* = $____

Future education funding
Typically $10,000 to $20,000 annually for a full-time student.¹
Multiply by the number of children, then by the number of years each will attend.
$____ per year x ____ years* = +____

Final expenses (funeral, estate administration, etc.)
A typical funeral can cost $5,000 or more.²
= +____

Other expenses
E.g., anticipated major purchases.
= +____

Your total cost of living (A)
= $____ (A)

*The number of years you expect to incur this cost.

YOUR AVAILABLE RESOURCES IF YOU WERE TO DIE THIS YEAR

Cash and savings accounts
= $____

Retirement savings
IRA, 401(k), etc.
= +____

Stocks, bonds, and mutual funds
At their current market value
= +____

Other principal household income (spouse or significant other)
Multiply by 60%.³
Annual Gross Salary $____ x .60 x ____ years* = +____

Other assets
(antiques, art collections, jewelry, real estate, etc.)
= +____

Your total available resources (B)
= $____ (B)

*The number of years you expect to receive this income.

YOUR LIFE INSURANCE NEED (THE GAP)

Your total cost of living
= $____ (A)

Minus your total available resources
= $____ (B)

Equals your life insurance need
If your current level of life coverage differs from this number, you may want to consider adjusting your coverage.
= $____

¹ National Funeral Directors Association data
² The number of years you expect to incur this cost.
³ Your spouse’s likely income as the sole provider. This should include your estimate of Social Security benefits to surviving spouse and dependents. The 60% factor above is used to account for taxation so that a net income figure can be derived. Vary this factor if you feel combined...
12. Other Insurance Check-Ups

- Is your home insured for at least 80% of its replacement cost?
- Do you have replacement cost riders on property?
- Do you have at least $300k of auto liability?
- Do you have long-term disability insurance?
- Do you have a umbrella liability policy?
- Have you considered LTC insurance?
- Have you recently compared health insurance options (coverage and cost)?
13. Retirement Planning Check-Up

- Estimate required annual income (% of pre-retirement income)
- Subtract SS, pension, earnings, etc.
- Estimate life expectancy and retirement age
- Determine total required savings
- Add up value of existing retirement savings
- Subtract future value of savings
- Calculate total savings needed and annual (or per-paycheck) savings amount
The Ball Park Estimate

• Six easy steps; one of the simplest planning tools

• Tells savings amount needed to reach retirement goal (can then divide by number of paydays)

• Can download paper worksheet or do online at www.choosetosave.org

• Flexible annual retirement income and life expectancy figures

• Assumes a 3% constant real rate of return
INTERACTIVE BALLPARK

1. Enter your age: 

2. Enter current annual salary/wage: 

3. Enter planned retirement age: 

4. Enter the desired replacement rate (the percentage of your current income you would like to receive during retirement): 

5. Enter expected age of death: 

6. Input inflation assumption: 

7. Input wage growth assumption: 

8. Input the rate of return you assume you will earn on your investments BEFORE you retire. (Note: we need you to enter a nominal rate for this calculation, in other words, do NOT subtract out the rate of inflation to produce a real rate of return.) 

9. Input the rate of return you assume you will earn on your investments AFTER you retire. (Note: we need you to enter a nominal rate for this calculation, in other words, do NOT subtract out the rate of inflation to produce a real rate of return.)
14. Social Security and/or Pension Check-Up

- Review annual SS benefit report: http://www.ssa.gov/myaccount/
  - Retirement benefits at 62, full retirement age, 70
  - Disability benefits
  - Annual earning amounts (check accuracy)

- Statements will also be mailed at 5-year intervals (ages 25-60) to those without online accounts as of 4/14: http://money.msn.com/business-news/article.aspx?feed=OBR&date=20140419&id=17538174#scpshrmh$

- Get a benefit estimate (defined benefit) or check account balance (defined contribution)

- Be alert to pension plan changes
Chunk #2 Activities
Chunk #3
Financial Capability Metrics
Part III
15. Investment Performance Check-Up

- Can do for each investment individually or for total portfolio

- Write down beginning balance and ending balance

- Add half of annual contributions (deposits) to beginning balance and subtract half of annual contributions from ending balance

- Divide adjusted ending balance by adjusted beginning balance

- Convert into a percentage
Example of Calculating Investment Performance

- Invest $200 /month or $2,400 over a year
- January 1 balance: $15,368
- December 31 balance: $19,627
- $15,368 + $1,200 = $16,568
- $19,627 - $1,200 = $18,427
- $18,427 ÷ 16,568 = 1.11
- Subtract one and multiply by 100 to convert to a percentage = 11.1%
16. Investment Risk Tolerance Check-Up

• Check online quizzes (Rutgers Cooperative Extension, investment firms)

• Ideally risk tolerance should be stable

• Most people are more sensitive to potential losses than potential gains

• Have clients consider possible losses in dollar figures (e.g., $3,000)- NOT percentages
Rutgers Risk Tolerance Quiz

http://njaes.rutgers.edu/money/riskquiz/

Investment Risk Tolerance Quiz

Want to improve your personal finances? Start by taking this quiz to get an idea of your risk tolerance—one of the fundamental issues to consider when planning your investment strategy, either alone or in consultation with a professional. Choose the response that best describes you—there are no “right” or “wrong” answers. Just have fun!

When you’re done, click on the “View Results” button to see how you’re doing.

Note: This quiz was developed by two university personal finance professors, Dr. Ruth Lytton at Virginia Tech and Dr. John Grable at Kansas State University. By taking this quiz you will be contributing to a study on measuring financial risk tolerance. Your results will be recorded anonymously. We are not collecting any identifying information.

Investment Risk Tolerance Quiz

1. In general, how would your best friend describe you as a risk taker?
   - A real gambler
   - Willing to take risks after completing adequate research
   - Cautious
   - A real risk avoider

2. You are on a TV game show and can choose one of the following. Which would you take?
17. Investment Asset Allocation Check-Up

• Review your desired asset allocation (% of portfolio in stocks, bonds, cash, real estate, etc.)

• Rebalance back to the original weightings
  – If percentages shift by a certain amount (e.g., 5%)
  – Periodically according to a certain schedule

• Can rebalance by selling assets or directing new deposits to underweighted asset classes
Asset Allocation Basics

• Important factor in overall investment success

• The more stock in portfolio, the more aggressive the asset allocation
  • Guidelines: 100 to 115 – age = % of portfolio in stock
  • Conservative portfolio: lower stock percentage

Conservative               Moderate               Aggressive

S C B                       S C B                       C B S
18. Estate Planning Check-Up

• Do you have a current will?

• Have you recently reviewed beneficiary designations on insurance and retirement accounts?
  

• Are there any conflicts between your will and the titling of assets?

• Do you have a living will, power of attorney, trusts (if needed)?
Quick Estate Planning Check-Up

- Do you have a Will or Trust? (Yes/No)
- Do you rent your home? (Yes/No)
- Do you have a Power of Attorney for Financial Matters? (Yes / No)
- Do you have a Power of Attorney for Healthcare Decisions? (Yes / No)
- Do you have a Living Will? (Yes/No)
- Have your estate planning documents (Wills, Trusts, Powers of Attorney been prepared or reviewed in the last five years? (Yes / No)
- Are all of the beneficiaries of your estate over 18 years old? (Yes/No)
- Are all of the beneficiaries of your estate without disabilities (i.e., not receiving any type of government assistance)? (Yes/No)
- Do you want your estate to go to probate court after your death? (Yes/No)
- Have you done any type of planning for long-term care? (Yes/No)

If you answered “No” to any of these questions, you need an estate planning review.
19. Compare Yourself With Other Americans

- Median U.S. household income in 2012: $51,100
  

- Median net worth of all U.S. households in 2010: $77,300
  
  Under age 35:   $  9,300  
  Age 35 to 44:  $  42,100  
  Age 45 to 54: $117,900  
  Age 55 to 64: $179,400  
  Age 65 to 74: $206,700  (Source: Federal Reserve SCF, 2010)

Net Worth: How Do You Stack Up? CNN Money Online Calculator

http://cgi.money.cnn.com/tools/networth_ageincome/

Example: Age 40, $30,000 annual income
## 20. Top Percentage Income and Asset Thresholds

<table>
<thead>
<tr>
<th>Household Annual Income</th>
<th>Household Net Worth</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Top 1%:</strong> $521,411</td>
<td><strong>Top 1%:</strong> $6,816,200</td>
</tr>
<tr>
<td><strong>Top 5%:</strong> $208,810</td>
<td><strong>Top 5%:</strong> $1,863,800</td>
</tr>
<tr>
<td><strong>Top 10%:</strong> $148,688</td>
<td><strong>Top 10%:</strong> $952,200</td>
</tr>
<tr>
<td><strong>Top 20%:</strong> $107,628</td>
<td><strong>Top 20%:</strong> $415,700</td>
</tr>
</tbody>
</table>

Chunk #3 Activities
Chunk #4

Common Consumer Frauds and How to Avoid Them
Workshop Objectives

- Describe identity theft
- Describe phishing
- Describe common investment frauds
- Provide links to online consumer fraud resources
Back in the Day....

....What did people do when they wanted to steal money?

They robbed banks!
Some Famous Bank Robbers

- Bonnie and Clyde
- John Dillinger
- Willie Sutton
Today Much Financial Theft is Through Identity Theft

- Fastest growing U.S. white collar crime
- Thief may not know victim
- No need to use physical violence
- Less risk of being caught
- Technology and carelessness with data help thieves
Common Forms of Identity Theft

- Credit card fraud
- Communications services fraud
- Bank fraud
- Fraudulent loans
- Fraudulent tax returns
- Internet fraud
What is Identity Theft?

Identity theft is a crime of stealing key pieces of someone’s identifying information, such as:

- Name
- Address
- Social Security number
- Birth date
- Mother’s maiden name
- Driver’s license number
- Military ID number
FTC Identity Theft Video #1: How Identity Theft Happens

http://www.youtube.com/watch?v=-lEBVlh7bzc
FTC Identity Theft Video #2: Case Stories of Real People

http://www.youtube.com/watch?v=OoPJI mjP1ZQ
What is Phishing?

- The act of sending e-mails falsely claiming to be an established enterprise in an attempt to scam the user into surrendering private information that will be used to commit identity theft.

- The e-mail directs users to visit a Web site where they are asked to update personal information, such as passwords and Social Security, credit card, and bank account numbers, that the legitimate organization already has.
Whiteboard Phishing Video

http://www.youtube.com/watch?v=K8lWLwuiDwk
Red Flags of a Phishing Scam

- E-mails that direct users to a Web site to “validate” or “verify” or “update” personal info
- E-mails warning that accounts will be closed
- Grammatical errors and typos
- References to current events in the news
- Words Like “Urgent” and “Important”
Rutgers Cooperative Extension
Identity Theft Risk Assessment Quiz:
http://njaes.rutgers.edu/money/identitytheft/
Investment Fraud
“Pump and Dump” Scams

- Promoter urges you to “buy now or lose out”
- Price rises sharply
- Fraudsters sell at peak
- Price drops when the hype stops
- Investors lose money

http://www.sec.gov/answers/pumpdump.htm
## Pyramid Schemes

<table>
<thead>
<tr>
<th>Levels</th>
<th>Number of Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>2</td>
<td>36</td>
</tr>
<tr>
<td>3</td>
<td>216</td>
</tr>
<tr>
<td>4</td>
<td>1,296</td>
</tr>
<tr>
<td>5</td>
<td>7,776</td>
</tr>
<tr>
<td>6</td>
<td>46,656</td>
</tr>
<tr>
<td>7</td>
<td>279,936</td>
</tr>
<tr>
<td>8</td>
<td>1,679,616</td>
</tr>
<tr>
<td>9</td>
<td>10,077,696</td>
</tr>
<tr>
<td>10</td>
<td>60,466,176</td>
</tr>
<tr>
<td>11</td>
<td>362,797,056 - more than U.S. Population</td>
</tr>
<tr>
<td>12</td>
<td>2,176,782,336</td>
</tr>
<tr>
<td>13</td>
<td>13,060,694,016 - more than double World Population</td>
</tr>
</tbody>
</table>
Ponzi Schemes

- The difference between a pyramid scheme and a Ponzi scheme is that a Ponzi schemer will only ask you to invest in something. You won't be asked to take any action other than handing over money.

- On the other hand, a pyramid schemer will offer you an opportunity to make money yourself by recruiting new “investors” into the “franchise” similar to a multi-level marketing firm.
Affinity Frauds

• Target members of a group
  – Race
  – Profession
  – Religion
  – Age

• Recruit group leader to spread the word

• Keys to scheme = trust

How to avoid: Ask questions!
Chunk #4 Activities
Engaging Students with Twitter, PowerPoint Games, and Animated Videos
Question

How many of you....

• Use Twitter personally?

• Use Twitter professionally?

• Use another type of social media?

• Don’t do any of the above...but want to?
Why Use Social Media?

If Facebook were a country, it would be the third largest in the world. There are more Facebook users than people in the United States.

The world’s second most popular search engine (after Google) is YouTube.

More than 645 million people were active registered Twitter users in January 2014. 135,000 users sign up every day.

An average of 58 million tweets are sent daily.

Source: http://www.statisticbrain.com/twitter-statistics/
My Twitter Story

• Began tweeting in July 2009 as part of eXtension CoP project (peer support); 5 years in 7/14

• Have sent > 10,000 tweets and have ≈ 1,000 followers

• **Goal #1**: Increase # of tweets by 1,000 and # of followers by 100 every 4 months

• **Goal #2**: Devote 30 minutes/day most days to professional development and outreach via Twitter
Develop a Twitter “Game Plan”

• Professional use only? Personal and professional use? Two separate accounts: personal and professional?

• Links to other social media (e.g., FaceBook)

• Write a “Twitter Mission Statement” to guide your tweeting activity

  – Personal Example:

  “To provide useful, research-based personal finance information (and occasional non-controversial personal anecdotes) to an increasing number of followers.”
New! Retweet to spread the word

Share interesting tweets with your followers by hovering over a tweet and clicking "Retweet". A retweet from someone you follow will look like the example pictured here. Learn more

Handy icon for spotting a retweet

NASA Today’s space shuttle mission status briefing will air live on NASA TV at 12:30pm ET.
www.nasa.gov/ntv
about 4 hours ago from web
Retweeted by PersonYouFollow and 2 others

You’ll only see retweets from users you follow

What’s happening?


Home

@RutgersSEBS Our very own Equine Science Center Director, Karyn Malinowski, honored as 2009 'Horseperson of the Year'
http://tinyurl.com/ygbwwe7 #horse
37 minutes ago from HootSuite
Retweeted by RutgersNews

@moneytalk1 443 tweets
28 following 95 followers 4 listed
Fledgling Wine
n. a Twitter winemaking project for literacy around the world.

Home
@moneytalk1
Direct Messages 3
Favorites
Retweets
Search
Twitter Tips

• Use a # to facilitate searches (e.g., #credit)

• Or a # and an _ (e.g., #credit_cards) or #creditcards

• Use a @ to flag another user (e.g., @RutgersNJAES or @moneymattersNJ)

• Use a URL shortener to free up more characters (e.g., bit.ly) and to create links that can be tracked

• Use 120 characters (makes it easy for others to retweet your messages)

• Follow/contribute to conference Twitter feeds (e.g., #ExtG4 at Galaxy IV conference)
Twitter Chats

- Groups of Twitter users organized around a hashtag at a designated day and time; some have prize drawings

  - List of personal finance Twitter chats: http://www.slideshare.net/BarbaraONeill/social-media-resources-for-financial-education-0414

- Series of questions posed to participants: Q1, Q2, etc.

- Participants respond to questions with A1, A2, etc.

- Can be archived using Storify

  - Example: https://storify.com/wisebread/retirement-planning

- Can get outreach metrics for hash tag from TweetReach: http://tweetreach.com/
What is Your Experience With Interactive PowerPoint Games?
Uses of Interactive Games

- A class activity or Web page to review content
  - Example: [http://rci.rutgers.edu/~boneill/review/index.html](http://rci.rutgers.edu/~boneill/review/index.html)
- A pre-test to determine existing knowledge
- A Web-based learning activity
  - Example: [http://www.slideshare.net/BarbaraONeill/jeopardy-game-young-adults-moneycolor-changesyellow](http://www.slideshare.net/BarbaraONeill/jeopardy-game-young-adults-moneycolor-changesyellow)
- A free-standing presentation
- A recreational activity for youth
Two Ways to Create a PowerPoint Game

• Follow Written Instructions For
  – Action Buttons
  – Inserting Textboxes
  – Hyperlinking Slides

• Takes 4-5 Hours

• Use a Template File on CD-ROM

• Takes 1 hour or less

• See

Suggestion: Write out Questions and Answers First and Prioritize
Be Creative !!!

- Word Art
- Photos
- Digital Clip Art
- Sound
<table>
<thead>
<tr>
<th>Category 1</th>
<th>Category 2</th>
<th>Category 3</th>
<th>Category 4</th>
<th>Category 5</th>
</tr>
</thead>
<tbody>
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<td>500</td>
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</tbody>
</table>
The Answer is:

Text
The Question is:

What is...?
[Game Title]
PowerPoint Game
Question 1 for $100

A. XXX

B. XXX

C. XXX

D. XXX
Congratulations!

You have won

$1,000,000

15 $1 Million
14 $500,000
13 $250,000
12 $125,000
11 $64,000
10 $32,000
9 $16,000
8 $8,000
7 $4,000
6 $2,000
5 $1,000
4 $400
3 $300
2 $200
1 $100

$1,000,000
Phone a Friend!

Which student in class would you like to ask for help?
I’m Sorry!

That is not the correct answer!
What is Your Experience With Animated Videos?
Virtual Learning Platforms

**Second Life**

- Requires users to be able to access and use Second life
- Good for in-depth content
- Requires payment for land, clothes, etc. (Linden dollars)

**Other Platforms**

- Users access content through online searching or links sent to them
- Good for short content “sound bites” of 2-3 minutes
- Requires payment to publish videos or go beyond basic features
Animated Video Web Sites

• **Xtranormal**- SUSPENDED OPERATIONS 7/31/13- [www.xtranormal.com](http://www.xtranormal.com)

• **Go Animate**- [http://goanimate.com](http://goanimate.com)

• **Plotagon**- [https://plotagon.com](https://plotagon.com)

• **Creaza**- [http://www.creazaeducation.com/](http://www.creazaeducation.com/)
Five Uses for Animated Videos

• Teach concepts and promote the use of educational materials (e.g., SSHW)

• Provide case studies for staff training (e.g., NYPL)

• Student-created videos as class assignment

• Promote savings and America Saves

• Outreach to a specific target audience (e.g., service members)
#1. Teach Concepts and Promote Educational Materials

- Rutgers Cooperative Extension Small Steps to Health and Wealth™ program: [http://njaes.rutgers.edu/sshw/](http://njaes.rutgers.edu/sshw/)

- “SSHW encourages people to make positive behavior changes to simultaneously improve their health and personal finances” (elevator statement)

- Second edition published in February 2013

See [http://palspublishing.cals.cornell.edu/nra_order.taf?function=detailed&pr_id=159&UserReference=484E20A122FFE31150EEE5FC](http://palspublishing.cals.cornell.edu/nra_order.taf?function=detailed&pr_id=159&UserReference=484E20A122FFE31150EEE5FC)
SSHW Video

http://www.youtube.com/watch?v=PpYMxgZCtZ8
2. Provide Case Studies for Staff Training

- Used in training New York Public Library staff about financial education resources
- Short videos (approx. 2-3 minutes) featuring a library staffer and patron
- Ends with a question posed to the library staffer
- Segue to group discussion
Money Matters Pro Web Site

- URL: [https://sites.google.com/a/nypl.org/money-matters/](https://sites.google.com/a/nypl.org/money-matters/)

- Includes all resources developed for NYPL staff training (PowerPoints, handouts, resource lists, etc.)

- Video link is included in each training module
NYPL Xtranormal Videos (mp4 Files)

https://sites.google.com/a/nypl.org/money-matters/library-reference-scenarios
3. Student Created Videos

- *Personal Finance* class (DAFRE elective undergraduate class) Web site: [http://rci.rutgers.edu/~boneill/](http://rci.rutgers.edu/~boneill/)

- Financial Case Study Analysis assignment: [http://rci.rutgers.edu/~boneill/assignments/case-study.html](http://rci.rutgers.edu/~boneill/assignments/case-study.html)

- Capstone activity: integrates entire semester’s content: topics, financial analysis tools, etc.

- Teams of 3-4 students; requires both a paper and a presentation
Financial Case Study Presentation: Make Me Say WOW!

- Straight PowerPoint Presentation (bare minimum)
- Poems
- Fairy Tale: http://www.slideshare.net/BarbaraONeill/personal-finance-class-group-case-study-project-slides-1211
- Skits
- Xtranormal Videos
Xtranormal Video Case Study Presentation

• Case Study Scenario: http://www.youtube.com/watch?v=AJqE07zBvb8

• Financial Advice: http://www.youtube.com/watch?v=8FV6KkXJT6w
4. Promote Saving and America Saves

America Saves Video #1: Saving Money with America Saves
http://www.youtube.com/watch?v=yChFVQyzOGc

America Saves Video #2: Saving Money on a Tight Budget
http://www.youtube.com/watch?v=FV0Ib07WXOM

America Saves Video #3: Set a Goal
http://www.youtube.com/watch?v=1bc8VmugNE4

America Saves Video #4: Make a Plan
http://www.youtube.com/watch?v=1KWyCQz91N8

America Saves Video #5: Save Automatically
http://www.youtube.com/watch?v=4bhJ0ck2qSA

America Saves Video #6: The America Saves Challenge
http://www.youtube.com/watch?v=7UZPZUcwvww
5. Outreach to a Target Audience (Service Members)

- Saving Money With Military Saves: [http://www.youtube.com/watch?v=E0HqKb1xx5k](http://www.youtube.com/watch?v=E0HqKb1xx5k)
- Saving Money in the Thrift Savings Plan: [http://www.youtube.com/watch?v=SDY0Cc4kqZQ](http://www.youtube.com/watch?v=SDY0Cc4kqZQ)
- Debt-to-Income Ratios: [http://www.youtube.com/watch?v=IoV5ff8rt5o](http://www.youtube.com/watch?v=IoV5ff8rt5o)
- Credit Reports: [http://www.youtube.com/watch?v=bUXvc-jyrsk](http://www.youtube.com/watch?v=bUXvc-jyrsk)

Plus 6 other videos at [http://www.youtube.com/user/moneytalkBMO](http://www.youtube.com/user/moneytalkBMO)
Start a YouTube Channel as a “Home” for Your Videos

- Example: http://www.youtube.com/user/moneytalkBMO

- Promote the links in print and social media

- YouTube will track the views
Start Your Videos With a Plan!

- Video title and purpose
- Number and types of characters
- Key content concepts (2-3)
- Key marketing concepts (2-3)
- Title slide text content (e.g., organization Web link, mission statement, meaningful quotation)
Helpful Things to Know

• Review tutorials with screen shots

• Review pricing plans and features

• Simple words are best in video scripts
  – Example: “maybe” instead of “possibly”

• Spell words out as they are pronounced
  – Example: Four oh one kay plan for 401(k) plan
More Helpful Things to Know

- Publish video on YouTube and save as mp4 file
- Expect some “intonation issues” (like a GPS)
- Consider building a multi-video story line with the same characters
Go Animate Tutorials

- http://www.youtube.com/user/GoAnimate
- http://www.youtube.com/watch?v=NWkMCWP4wBA&feature=c4-overview-vl&list=PL5E41BB6F9F397D1C
- http://www.youtube.com/watch?v=33IjFmUoAPs&list=PL5E41BB6F9F397D1C
- http://www.youtube.com/watch?v=UCOCJKGi6xY&list=PL5E41BB6F9F397D1C
Chunk #5
Activities
Questions and Comments?

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