Keys to Your Financial Future

Financial education curriculum

JIM CASEY YOUTH OPPORTUNITIES INITIATIVE
Keys to Your Financial Future is a financial education curriculum specifically written for you—a young person in or transitioning from foster care. Why a curriculum just for you? Because there are specific things you need to know about before you leave foster care when it comes to managing your finances. *Keys to Your Financial Future* is designed to help you plan how to get, manage and use money now and in the future so you can have the life you envision for yourself.

The goal of Keys to Your Financial Future is to give you keys to your financial future so you can be financially independent and financially capable.

What does it mean to be financially independent? What does it mean to be financially capable?

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Why keys?

*Keys provide access to things*—an apartment, a car, a home and a business—including many of the assets you may be saving for. *Keys provide security*—locking your apartment, car, home or business can. *Keys are about control*—when you have keys you have control over something. *Keys provide answers*—answer keys. Information that is “key” is considered essential or important.

There is a lot of information in this workbook. You will cover some of it in training at your Opportunity Passport™ site. You may need to review some of it on your own. And, you may need to go through it more than once.

Depending on your age or where you are in your life, some of this information may not apply to you right now. If you find this is the case, try to think of how it will apply later. Think about how knowing this information now, before you need it, may help keep you from making common money mistakes.

A journey of a thousand miles begins with a single step.

— LAO TZU
Specifically, *Keys to Your Financial Future* has been designed to help you increase your:

- Financial knowledge and skills to transition out of the foster care system, which includes the ability to do the following:
  - Set and achieve personal and financial goals.
  - Open and maintain savings and checking/debit accounts.
  - Describe the qualities of an affordable, stable and secure place to live and how to find and keep a stable and secure place to live.
  - Describe the qualities of safe, reliable and affordable transportation and how to find and pay for it.
  - Pay for education or training to achieve job-related/career goals.
  - Keep sources (income and benefits) and uses (expenses, debt repayment, saving, asset building, charitable contributions) of resources in balance.
  - Describe sources of unsecured debt and how to avoid it.
  - Describe forms of identity theft and use specific strategies to protect identity.
  - Know what key documents you need and how to access and protect them.
  - Develop knowledge and understanding of community resources and access/use them when needed.
  - Continue to build assets and protect those you have.
  - Savings for both asset building and emergencies.
  - Knowledge about the access, use and management of credit.
  - Connections with financial service professionals within the community.
  - Ability to manage financial accounts.
  - Confidence in getting and managing financial resources and assets.

There are seven modules to the entire curriculum. They include:

**Module 1:**
**Asset Building**
Unlocking the door to long-term benefits building

**Module 2:**
**Good Credit**
Our score in the game of life

**Module 3:**
**Money Management**
Cashing in on financial success

**Module 4:**
**Education and Training**
The power of knowledge for work and college

**Module 5:**
**Housing**
Reality in reality

**Module 6:**
**Transportation**
Enjoy the ride

**Module 7:**
**Saving and Investing**
Making the change by keeping it
Throughout the curriculum, you will notice several recurring elements in each module:

- **Quotes**—inspirational or thought-provoking statements related to the content of the module.

- **Key Questions**—either questions for reflection or questions that may be used in the training. Use the space provided to write your answers or ideas from others in your training group.

- **Key Activities**—case studies or problems that may be used during the training or can be used individually to get more practice in understanding a specific idea or concept covered in the curriculum.

- **Key Concepts**—additional important information that will help get the right keys as you move forward.

- **Keys to Your Financial Future Step #**—elements of your overall asset building plan. These are numbered by module and in the order they come within a module. For example, “Keys to Your Financial Future Step 2.2” would be the second “assignment” in module 2. When you complete all of these steps, you will have a key ring full of keys and your own plan for financial independence and capability.

Before you start *Keys to Your Financial Future*, take some time to think about what you really want to get out of this workbook and training.

*What do you want to know or be able to do? How do you want to feel about finances and your future? Write your learning goals in the space below:*

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“All of life is a journey which paths we take, what we look back on, and what we look forward to is up to us. We determine our destination, what kind of road we will take to get there, and how happy we are when we get there.”

— ANONYMOUS
Unlocking the door to long-term benefits building
Module 1: Asset Building
Unlocking the door to long-term benefits building

*Keys to Your Financial Future* is designed to help you plan how to get, manage and use money now and in the future so you can have the life you envision for yourself. The first module of *Keys to Your Financial Future* focuses on building assets.

Assets can help you reach your goals, give you options and provide money in the case of an emergency. There are many different kinds of assets. The matched savings account available to you as part of the Opportunity Passport™ is one example of an asset. A car is another type of asset. Social capital is another example of an asset. This module will focus on helping you plan a balanced portfolio of assets so you can be financially independent as and after you transition from foster care.

In addition to asset building, this module of *Keys to Your Financial Future* covers the process of developing a vision for your life and setting goals. Vision and goals give you clear direction to how you manage your finances.

When you finish this module of *Keys to Your Financial Future*, you will be able to do the following:

- Describe your vision for your life and relate achieving your vision to the benefits of sound financial decisions, financial management practices and asset building.
- Create short- and long-term goals.
- Define assets and identify different kinds of assets.
- Describe how a balanced portfolio of assets leads to reaching goals and financial independence.
- Explain the relationship of income and assets and assets, liabilities and equity.
- Understand social capital as an asset.
- Explain the role of savings in asset building.
- Define saving.
- Describe how and where to save money.
- Explain the risks and rewards of saving.
- Explain the role of emergency savings as a foundation for financial independence.
Your Vision
The Key to Making Your Financial Future

You may have heard people say that someone has a “vision for his or her life.” What does it mean to have a vision for your life? Having a vision is not only about knowing what you want to do with your life, but also about seeing what you want to do or where you want your life to go.

Why is having a vision important?

How is having a vision related to managing your money?

“To the person who does not know where he wants to go there is no favorable wind.”

— SENECA

“"If you talk about it, it’s a dream. If you envision it, it’s possible. But if you schedule it, it’s real.”

— ANTHONY ROBBINS

Dreams can help you begin to think about where you really want to go or what you really want from life. Dreams are images, thoughts or emotions. Your dreams are often your biggest wishes in life. They can also be the starting point of having a vision.
Keys to Your Financial Future

Step 1.1: Your Vision

Use the following questions to help you develop a vision statement for yourself.

What do you dream about for yourself?
What career do you envision for yourself?
Do you plan to run your own business?
Do you hope to have a partner/spouse?
Do you hope to have children? Do you want to own a home? Or do you want to travel the world? Write down those things you dream about. Describe your vision for your life.

Values

Values are the beliefs that are most important to you. Your dreams for your life are based on your values. Your values drive your vision and are the foundation for your goals. In fact, many of your decisions and actions are based on your values including the way you get and use money. Your values even drive your asset goal choice in Opportunity Passport™.

What are examples of values?

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“So many of our dreams seem impossible, then improbable, then inevitable.”
— CHRISTOPHER REEVE
There are two different kinds of values. One kind describes what is most important to you. These are sometimes called your “end state” or terminal values. Examples of terminal values include: security, social connection, equality, a comfortable life, and happiness.

There are also values that describe how you will behave to get what is most important to you. These are called your operational values. Examples of operational values include: being ambitious, open-minded, honest, helpful and forgiving.

You may not be thinking about your values when you do something, but your values are a part of every choice you make and everything you do. And when you do something that goes against your values, you will generally know.

**How will you know actions are not based on your values?**

Generally, you will not feel “right” about doing something if it goes against your values.

All of your values taken together make up your value system. Your values and your value system cannot easily be changed.

**Where do values come from?**

Your values and value system come from all of the people you’ve been around. Family, friends, school, faith-based organizations, agencies, and culture have helped create the values you have.

Another big influence on your values is the media.
What is “the media?”

The media also shapes your values. The media can also influence you to make choices that do not reflect your values.

Sometimes your expectations of what you should have—things and stuff—get in the way of your living a life that reflects your values. Where do your expectations about things and stuff come from? The media—it raises your expectations for things and stuff. You are so busy keeping up with the Joneses that you lose sight of what is important to you.

What does “keep up with the Joneses” mean?

This is why it is important to list and study your values. Develop your values so you can keep your expectations for things and stuff in balance.

Most people don’t spend time thinking about their values. Being aware of your values can provide you with information about the reasons you make some of the choices you make. This can be very helpful when trying to make a plan about ways you want to get and use your money.

Your values will also drive the goals you set.
Setting Goals: Turning your dreams and vision into reality

Goals are related to your vision and your values. **Goals** are specific statements about what you want to do. Setting and writing goals can help you take your vision and values and turn them into things you can reach for and achieve. Goals are simple, clear statements about where you want to end up.

Just thinking about your goals is not enough. Writing your goals is an important step. Post your goals somewhere you will see them every day. Personal coaches even recommend saying your goals out loud to yourself every morning. Seeing them and hearing them daily will increase your chances of reaching your goals.

Sometimes you may have a goal for the day. You may have a goal you want to achieve by the end of the week. What are some of these things you want to do soon?

**Do you have a goal you want to achieve by the end of tomorrow? Write it down.**

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

**What do you want to do by the end of the week? Write it down.**

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

“People with clear, written goals, accomplish far more in a shorter period of time than people without them could ever imagine.”

— Brian Tracy
Goals can be short term or long term. A short-term goal is something you want to do within a year—it can be by the end of a day, end of the week, within a month, or by the end of the year. Short-term goals are what you wrote above. A long-term goal is one that takes more than a year.

**What are some of your long-term goals?**

Write them down.

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**SMART Goals**

One way to make goals simple and clear is to make them SMART, which stands for:

- **Specific**—Your goals are focused, not general.
- **Measurable**—You can tell whether your goals have been achieved; there is some way to measure your results.
- **Achievable**—Your goals are realistic; goals should be challenging and cause you to reach, but they should be attainable.
- **Results-oriented**—Your goals are written about the end you are trying to get to.
- **Time-bound**—There is a specific time by which the goals will be reached; they are not open-ended.

Goals state your destination. They give direction for your plans. So, you can’t make a plan without a goal. This applies to financial plans as well. Goals provide direction and purpose to asset building and financial planning.

This applies to how you get and use your money, too. A budget is just a plan for how you get and use your money to reach your goals. You can’t make a budget without having goals.

"Write it down. Written goals have a way of transforming wishes into wants; can’ts into cans; dreams into plans; and plans into reality. Don’t just think it—ink it!"

—Author Unknown
KEY ACTIVITY

Identify the SMART Goals

Following are example goals. Identify which are SMART (specific, measurable, achievable, results-oriented and time-bound). For those that are not SMART, check the reasons the goal is not SMART.

<table>
<thead>
<tr>
<th>Example Goals</th>
<th>SMART</th>
<th>Not SMART</th>
</tr>
</thead>
<tbody>
<tr>
<td>I will save more money.</td>
<td></td>
<td>Not specific</td>
</tr>
<tr>
<td>I will complete my emergency management technician (EMT) certification by January of next year.</td>
<td></td>
<td>Not specific</td>
</tr>
<tr>
<td>I will buy a car.</td>
<td></td>
<td>Not specific</td>
</tr>
<tr>
<td>I will save $1000 in my matched savings account during the next 12 months for a car.</td>
<td></td>
<td>Not specific</td>
</tr>
<tr>
<td>I will research three apartment options by the end of this week.</td>
<td></td>
<td>Not specific</td>
</tr>
</tbody>
</table>
Keys to Your Financial Future Step 1.2: Turning Your Goals into SMART Goals

Rewrite the goals you wrote as SMART goals.

<table>
<thead>
<tr>
<th>SMART Goals</th>
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</thead>
<tbody>
<tr>
<td></td>
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<td></td>
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<td></td>
</tr>
</tbody>
</table>
Saving for Your Goals

All goals require commitment. Many goals require money. Your budget will be your plan for reaching those goals that require money. The first step in making a budget or financial plan for yourself is setting your goals. You have done this!

The second step is figuring out the resources including money you need to reach your goal. Once you know the resources you need, you can figure out how much you need to save each month to reach your goals. Resources are all of the things you can use to help you reach your goals.

Resources and Your Goals

Resources are all of the things you can use to help you reach your goals. Examples of resources are:

- Time
- Expertise—other people
- Money
- Information
- Good credit scores

Each goal you try to achieve will require resources. Not all of your goals will require money. But all of your goals will require your commitment and dedication.
KEYS TO YOUR FINANCIAL FUTURE

KEY ACTIVITY

Saving for Goals: Part 1

Suppose you were helping your friend, LaTonya, set goals.

Her SMART goal is:

I will save $1000 for college during the next six months.

What are some of the resources LaTonya might need to reach her goal?

Since money is one of those resources, you can figure out how much LaTonya needs to save each month to reach the goal within her timeframe (6 months).

<table>
<thead>
<tr>
<th>Amount Needed:</th>
<th>$1,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Months to Save:</td>
<td>6 months</td>
</tr>
<tr>
<td>Monthly Savings Goal:</td>
<td>$1000 ÷ 6 months = $166.67</td>
</tr>
</tbody>
</table>

In this case, you could round up to $170 to make the math a little easier.

You could also estimate how much she needs to save each week by dividing the monthly number by 4 weeks.

<table>
<thead>
<tr>
<th>Monthly Savings Goal:</th>
<th>$170</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weekly Savings Goals:</td>
<td>$170 ÷ 4 weeks = $42.50</td>
</tr>
</tbody>
</table>

If LaTonya saves $170 each month or $42.50 each week, then she will reach her goal in six months. She will also need to work on getting and using the other resources you identified for her. In most cases, money alone is not enough to reach goals.

Once you have the monthly savings target for your goal, you can develop a budget to help you reach this as well as other goals. Figuring out your goals and the amount you need to save each month (or week) gives your budget and financial planning purpose and direction. It also makes your budget and financial plans about more than just paying bills—now your budget and your financial plans are about using your money to reach your goals and realize your vision.
Keys to Your Financial Future Step 1.3: Turning Your SMART Goals into Savings Targets

Use the following worksheet to identify the resources you need to achieve each goal. Then calculate the amount you need to save monthly or weekly to reach each goal.

To figure out your monthly savings target, divide the total money you need by the number of months you have to save for your goal. To figure out your weekly savings target, divide your monthly savings target by four (4 weeks).

Add the monthly or weekly savings targets for all of your goals to figure out how much you need to save each month or week to reach all of your goals.

<table>
<thead>
<tr>
<th>SMART Goals</th>
<th>Resources</th>
<th>Money Needed</th>
<th>Months to Save</th>
<th>Monthly Savings Target \ Money Needed + Months to Save</th>
<th>Weekly Savings Target \ Monthly Savings + 4 Weeks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Example</td>
<td>I will save $1000 for college during the next six months.</td>
<td>Savings account (Federally insured) ID to open savings account Income Budget $1000</td>
<td>$1000</td>
<td>6</td>
<td>$166.67 or $170</td>
</tr>
</tbody>
</table>

TOTAL MONTHLY SAVINGS TO REACH ALL GOALS: MONTHLY SAVINGS TARGET TOTAL

TOTAL WEEKLY SAVINGS TO REACH ALL GOALS: WEEKLY SAVINGS TARGET TOTAL
Sometimes you may find that the amount you need to save is more than your budget can handle.

**What can you do if the amount you need to save for your goals (your monthly savings target) is more than you can manage?**

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**Prioritize your goals.** Some goals may have hard deadlines such as submitting an application for a college or a technical school. You may want to put these goals first. You may also want to consider which goal is most important to your reaching your vision. Focus on that goal first.

**Find other resources.** Before saving your own money, see if there are other resources for the goal. Are there other resources to help you start a business? Are there other resources to help you go to school? Other resources can help you direct your money to those goals where there are no additional resources.

**Change the time frame.** With goals that do not have a hard deadline, consider changing the timeframe. This will mean you will reach these goals a little later. You will also have to save for a longer period of time, but you will save less each month or week. Here is an example:

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**KEY ACTIVITY**

**Saving for Goals: Part 2**

LaTonya decided she did not have $170 to save per month given her income and her other financial obligations. Since she still has two years before going college, she decided to try making this a 12 month goal.

<table>
<thead>
<tr>
<th><strong>Amount Needed:</strong></th>
<th>$1,000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Months to Save:</strong></td>
<td>12 months</td>
</tr>
<tr>
<td><strong>Monthly Savings Goal:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Weekly Savings Goal:</strong></td>
<td></td>
</tr>
</tbody>
</table>

LaTonya knows she can save this amount toward her goal and still meet her other financial obligations.
Keys to Your Financial Future Step 1.4: Revising Your Goal Savings Targets

Go back to the SMART Goal Savings Target chart you completed. Review the monthly (or weekly) savings target total. Can you save this much? If not, use the three strategies listed below to revise your goal worksheet:

- Prioritize your goals.
- Find other resources.
- Change the time frame.

Once this is done, make a copy of this worksheet and put it somewhere you will read it every day.

Things that Can Get in the Way

Even if you have a clear vision, know your values, and have SMART goals, things can still get in your way as you work towards your goals and vision. These are often called obstacles.

Obstacles can be big or can be small. Obstacles can be things you create. These obstacles are called internal. An example of an internal obstacle is fear of success. Fear of success keeps people from taking the steps they need to achieve their goals.

Obstacles can be caused by something or someone else. These obstacles are called external. An example of an external obstacle is having a flat tire.

Why is it important to think about obstacles BEFORE they happen?

Identifying potential obstacles is a foundational financial management skill. Being able to see what could possibly go wrong and preparing for those situations is called contingency planning.
**KEY ACTIVITY**

Possible Obstacles

Individually or with your group, list obstacles you can anticipate as you work toward your goals and your life vision.

<table>
<thead>
<tr>
<th>Obstacles that You May Create (Internal)</th>
<th>Obstacles that May be Caused by Something or Someone Else (External)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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</tbody>
</table>

**Key to Your Financial Future Step 1.5: Making Contingency Plans**

Use the worksheet below to develop contingency plans for the obstacles you listed above.

<table>
<thead>
<tr>
<th>Obstacles that You May Create (Internal)</th>
<th>Possible Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Obstacle</em></td>
<td></td>
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<tr>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>
Obstacles that are Caused by Something or Someone Else (External)

<table>
<thead>
<tr>
<th>Obstacle</th>
<th>Possible Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tbody>
</table>

Thinking through obstacles to reaching your goals and vision and their possible solutions now prepares you for dealing with them in the future—on the way to reaching your goals and vision.

**Assets: The Key to Reaching Goals and Financial Independence**

You may know that the Opportunity Passport™ was designed to help you build assets. To understand asset building, it is important to understand what an asset is.

**What is an asset?**

There are many different kinds of assets, which can help you do different things.

—I learned that if you want to make it bad enough, no matter how bad it is, you can make it. — GALÉ SAYERS
What are examples of assets?

The definition of an asset is simple: an asset is something that you own that has value. For something to be your asset, you must own it, be able to control it, and be able to make decisions about it. Value means the asset can be exchanged for money.

Some assets you can see and touch. These are called physical assets. Physical assets include cars, houses, and business inventory. If you live where there is little public transportation, a car will get you to school or your job. A house provides shelter and may help you build wealth. Business inventory is sold to make money for the business.

Assets also can be financial. Common financial assets are cash, savings, stocks, and bonds. Cash helps you pay for things. Savings helps you pay for things in the future or deal with an emergency. Stocks and bonds are investments that may help money you have saved grow faster.

Finally, some assets are not financial or physical. These are often called productive assets. While these would never show up on a financial statement, they are extremely valuable. Productive assets help you get and keep other assets.

Examples of productive assets are your education, your skills, good work habits, good credit scores, and your networks. These are the assets you generally “sell” to an employer. You get a paycheck and the employer gets a skilled worker. Investing in education and training is investing in your future—your future ability to earn money to take care of yourself.

Asset building is the key to financial independence. Having assets helps you do the following:

- Avoid financial crises—savings in the bank can help you deal with emergencies.
- Get a job—education or training may help you get a good job.
- Start a business.
- Own a home.
- Provide for your family.
- Achieve your goals and realize your vision.

Finally, having assets can also provide connection to people and places that are important to you.
**KEY ACTIVITY**

**Where is the Asset? (Option 1)**

With a partner or your team, figure out whether each item listed below is an asset. If yes, determine which kind of asset it is. If no, check “not an asset.”

<table>
<thead>
<tr>
<th>Physical</th>
<th>Financial</th>
<th>Productive</th>
<th>Not an Asset</th>
</tr>
</thead>
<tbody>
<tr>
<td>computer</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>credit card</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>social work degree</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>inventory in a business</td>
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<td></td>
<td></td>
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<tr>
<td>good credit history</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>lunch at a restaurant</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>an apartment</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>on-the-job experience</td>
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<td></td>
</tr>
<tr>
<td>savings account</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>cell phone</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a house</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>cable television</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>health insurance</td>
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</tbody>
</table>
### Key Activity

**Where are the Assets? A Case Study (Option 2)**

Read the case study. With a partner, answer the questions that follow the case study.

**At the age of 18, Zimani was ready to go on to community college to get her LPN degree (licensed practical nurse). She had a long-term goal of becoming a Physician’s Assistant (PA), but wanted to get practical experience and be able to earn money while she worked toward her long-term goal. After many conversations with her school guidance counselor, her mentor, and Opportunity Passport™ site staff person, she outlined a path that included earning her LPN first and then her RN (registered nursing) degree before applying to a PA program.**

She had been working since she was 16 years old in a nursing home as an aide making $8.75 per hour. Her mentor had personal contacts to get her that job even though she had no experience and limited availability in terms of her schedule because of the demands of high school. In fact, it was her experience in this job that helped her figure out what she really wanted to do after high school.

She was saving for a car—she was going to need a car to get to and from classes at the community college. She would have her savings matched through the Opportunity Passport™ matched savings. Initially, she kept the money she was saving for the car in a box in a closet in her bedroom. Her mentor discussed some of the risks of keeping all of her savings in a box in her room, so she opened a savings account at a credit union.

She had also taken a class on how to buy a reliable car and maintain the automobile through the Opportunity Passport™. Her mentor provided her with guidance during her first year of owning a car reminding her to take care of routine maintenance on her car and keep up her insurance payments.

Because of her status as a young person in foster care, she was able to get educational and training vouchers and some additional state financing to attend the community college for her LPN degree. Because she was able to continue working (and she actually received a raise to $9.50 per hour), she incurred only some credit card debt during her first year of college.

**Case Study Questions**

What were the assets Zimani either had or got during the course of the case study?

<table>
<thead>
<tr>
<th>Physical Asset</th>
<th>Financial Asset</th>
<th>Productive Asset</th>
</tr>
</thead>
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</table>
Describe what three of the assets helped her do in her life.


Which asset was the most important? Why?


Social Capital and Asset Building
You may have heard people talking about social capital. You have probably heard it’s really important for you and other young people in foster care to have social capital. Or to have the opportunities to build social capital. Some people think social capital is so important that they call it an asset. And others will go so far to say it is the most important asset of all!

What is social capital?


How is social capital an asset?


"Friends are treasures."
— Horace Bruns
Is social capital the most important asset?

There is no single definition of social capital that everyone agrees on. An example of a definition is that social capital is: “social relations that have productive benefits.” One goal of the Opportunity Passport™ is to ensure you have supportive relationships in your community that can help you reach your goals. This is another definition of social capital.

Having social capital means you are connected to other people. Sometimes those connections are strong and sometimes they are not strong. Sometimes the connections are the result of a formal relationship such as belonging to an organization or a program like Opportunity Passport™. Sometimes they are based on informal relationships.

Social capital is based on formal and informal networks where people help one another. People who study social capital call this the “norm of reciprocity.” Another way of understanding the norm of reciprocity is: Do a good deed for another and the favor will be returned. Within a network where you have social capital, you can expect people to do things for you. But, there is an unspoken expectation that you will also do things for others.

Social capital is important because it can help you build assets. Having assets can also help you build social capital.

How does social capital help you build assets?

How do other assets help you build social capital?

---

Does Tiesha Have Social Capital?

Read the case study. With a partner, answer the questions following the case study.

Tiesha is 16 years old. She has been living in a congregate care facility for eighteen months. She is starting to get used to it, although she would much rather have a foster parent. She lives in a home with six other girls. She really likes her house parent, Shawna, and has recently opened up to Shawna about her life dreams.

Tiesha told Shawna that one day she wants to be a designer or interior decorator. Tiesha’s house parent did two things with this information: 1) She bought her a sketch pad, rulers, and drawing pencils including colored pencils. She asked Tiesha to start drawing her ideas in this book. She also asked Tiesha to share the drawings with her.

2) Shawna also set up Tiesha to meet her friend from high school who was an interior decorator. Tiesha was able to job shadow her twice.

After her second opportunity to job shadow, Shawna’s friend introduced Tiesha to the head of school of design at the local university. Tiesha learned about requirements for getting into this program and was invited to sit in on classes during the semester to get a feel for the program.

Tiesha was so excited about her job shadowing and meeting the chair of the school of design that she immediately sent an email to her school guidance counselor and the staff person at the Opportunity Passport™ site.

The school guidance counselor met with Tiesha the following week and reviewed her high school performance. Together they determined that Tiesha would need to pull up her grades in math and social studies to get into the university. The school guidance counselor arranged for tutoring during study hall. Finally, she helped her write thank you letters to Shawna’s interior designer friend and the chair of the design school.

Tiesha had recently started going to a community of faith weekly. It was the same place of worship her brother attended with his foster family. They were in the same youth group and thankful for the time they were able to spend together. The youth group leaders were also very supportive of Tiesha and her brother and were helping them raise money to go on a youth group trip in the fall.

Case Study Questions

Where does Tiesha have social capital?

Rate each of the above as:

• strong or not strong
• formal or informal
How has her social capital helped her?

How might her social capital help her in the future?

How can she strengthen her social capital?
Key to Your Financial Future Step 1.6: Charting Your Social Capital

Have you ever thought about your social capital? Have you thought about how social capital can help you become financially independent? Or how it can help you become financially capable? Use this exercise to help identify the social capital you have and the social capital you feel you need.

<table>
<thead>
<tr>
<th>Source of Social Capital</th>
<th>Strong or Not Strong</th>
<th>How can this relationship help me build assets?</th>
<th>How can this relationship help me become financially capable/independent?</th>
<th>What should I expect to give to this relationship?</th>
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Your Asset Building Portfolio

You know that asset building is about saving money and investing that money in assets that will help you achieve your goals and your life vision. Do you know what a portfolio is? A portfolio is basically a grouping of assets. Your asset-building portfolio is basically the assets you have and are working towards.
When it comes to your asset building portfolio you are looking for balance. This means you want to make sure you are investing in the following:

- Physical assets
- Financial assets
- Productive assets
- Social capital

Sometimes people get focused on building one kind of asset without thinking about the others. What are the risks of not having a balanced asset-building portfolio? What could happen if you don’t invest time, money and other resources in building one kind of asset?

**KEY ACTIVITY**

**The Risks of an Unbalanced Asset-building Portfolio**

Individually or with your group, identify the risks associated with the asset-building portfolios. List your recommendations for bringing this asset-building portfolio into balance.

**Asset Building Portfolio #1**

<table>
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<tr>
<th>Risks</th>
<th>Recommendations</th>
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Asset Building Portfolio #2

<table>
<thead>
<tr>
<th>Risks</th>
<th>Recommendations</th>
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</thead>
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**Assets, Liabilities and Equity**

To help you make the right choices about investing in assets, you need to know how assets build wealth. Just as different assets help you do different things, the ways assets contribute to your financial security can depend on the kind of assets you have.

The most common way assets help build financial security is through equity. In order to understand equity, you need to know what a liability is, too.

A liability is something you owe. When people buy assets they often borrow money to afford the asset. This creates debt. Debt is money you owe to another person, a business or the government. Debt is a liability.

The difference between the value of an asset and the liability owed on that asset is the equity of the asset. Here is an example.

José is nineteen years old. He wants to buy a car to get to his job and his classes at the career and technical training center. He has saved $400. This will be matched with another $400 Opportunity Passport™ matched savings. He will use $500 for his down payment ($250 of his savings + $250 match) and $300 ($150 of his savings + $150 match) to start his insurance coverage. He has found a good, used car. (He knows it's reliable and a good value from the research he did using Consumer Reports Online and Edmunds.com.)
The car’s value is $5,000. He needs to get a loan for $4,500. His equity on the day he buys the car is:

\[ \text{Equity} = \text{Asset value} - \text{Liability or loan amount} \]

\[ \$5,000 (\text{Asset value}) - \$4,500 (\text{Liability or loan amount}) = \$500 (\text{equity}) \]

When Jose’ purchases this car, he will have an asset that is worth about $5,000, a $4,500 liability, and $500 in equity.

**Equity** is the part of the asset’s value that would be left after a loan is paid in full.

Although cars actually decrease in value over time, if they are well maintained they can remain productive even if they are not worth much. **So a car is both a physical asset and a productive asset.**

People often invest in assets hoping their value will increase. While assets such as homes, businesses, and investments can increase in value, this is not always true. All assets have the potential to decrease in value. This situation can be made even worse if the liability for an asset is more than the value of the asset. When the value of the asset is less than the liability, you are **“upside down” in the asset.** Being upside down means there is negative equity. Here is an example.

Alicia is 23 years old. She has good, steady job and wants a truck. Many dealers are offering great deals on trucks. She has no money for a down payment, but the dealer is willing to give her financing. The new truck’s value is $23,500. She borrows the full amount. Her equity on the day she buys the car is:

\[ \text{Equity} = \text{Asset value} - \text{Liability or loan amount} \]

\[ \$23,500 (\text{Asset value}) - \$23,500 (\text{Liability or loan amount}) = \$0 (\text{equity}) \]

When Alicia purchases this truck, she will have an asset that is worth about $23,500, a $23,500 liability and $0 in equity.

After one year, her truck would be worth about $18,095. Her loan balance would be $19,941.26. After one year of owning the car, her equity would be:

\[ \text{Equity} = \text{Asset value} - \text{Liability or loan amount} \]

\[ \$18,095 (\text{Asset value}) - \$19,940 (\text{Liability or loan amount}) = -\$1,845 (\text{equity}) \]

Even if she sold her vehicle for the full asset value (which is not always possible), she would have to come up with another $2,000 to pay off the loan. While her truck is still productive, it has put her in a financially unstable position.

To avoid a situation like Alicia’s, do the following:

- Understand whether an asset is likely to increase or decrease in value.
- Avoid borrowing the full amount of the asset.
- Understand what you can afford in terms of an asset and then buy something that is worth about 60% to 80% of what you can afford. If you can “afford” a $10,000 car, consider looking at cars that cost $6,000 - $8,000. This builds in a cushion or margin for error.

This can prevent you from being “upside down” in an asset. It can also help ensure that the assets you invest in help build wealth.

---

\(^3\) The depreciation rate used was determined using the Money-zine.com car depreciation calculator. The average depreciation in one year is $5,405. The loan balance was determined by amortizing a $23,500 loan at 9% over 5 years.
How Can Building Assets Help You?

*Use the space below to brainstorm all of the ways building assets can benefit you.*

______________________________________________________________
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*Asset building has been shown to benefit individuals economically, socially and psychologically.* Economically, individuals have savings accounts, a financial safety net and can weather economic crises. The asset investment also leads to higher income.

Socially, individuals with assets are shown to be more likely to vote, engage in community-based volunteer work, and have expanded personal and professional networks—assets lead to social capital.

Finally, individuals with assets are likely to have longer planning horizons—they are not only focused on the here and now, but have a stake in their future. They also have less stress.

But there are costs associated with asset building, too.

*Use the space below to brainstorm all of the ways building assets can cost you.*

______________________________________________________________
______________________________________________________________
______________________________________________________________
______________________________________________________________
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______________________________________________________________

You will need to decide for yourself whether the benefits of owning and building assets are greater than the costs.
Asset Building and the Opportunity Passport™

As part of the Opportunity Passport™, you can start asset building through matched savings. When you save money to invest in an asset, your Opportunity Passport™ site will match your savings up to an annual limit.

What does matching mean?

The match rate at your site is $1 for each $1 you save. If you save $275 in one year, how much will your site match?

Your savings can be matched for investments in these assets:

- **Housing:** first month’s rent, security deposit for an apartment, down payment and closing costs for a house, one-time payment of renter’s or homeowner’s insurance (with 1st month’s rent or down payment).

- **Medical, dental and health expenses:** doctor or dentist visit co-payments, health insurance premiums, prescription co-payments, glasses or contacts, eye examination, current or past due medical bills, all dental or orthodontia work.

- **Education and Training:** tuition and registration fees, textbooks and equipment (required for courses), and computers.

- **Vehicle:** purchase cost of vehicle, one-time payment of car insurance (together with vehicle purchase), title and registration fees (with vehicle purchase).

- **Investments:** certificates of deposit (CDs) at banks or credit unions, mutual funds, exchange traded funds (ETFs), stocks and bonds.

- **Microenterprise or small business development or expansion:** initial start-up costs identified in a business plan which might include business insurance, licenses and permits, equipment and supplies (e.g., phone, computer hardware and software), and rent.

Credit repair and credit building: repairing your credit history or building a credit history.

The match money is only released when you have saved money and are ready to invest in your asset goal. The match money goes directly to the business providing you the asset (a third party).

Begin thinking about how you will use your matched savings now. The matched savings is designed to get you started in asset building. Think about your vision and your goals. Think about what asset will help you achieve your goals and life vision. Finally, remember the idea of a balanced portfolio of assets.

By matching your savings, your money will grow faster than it can anywhere else. You could never expect to earn $1 for every dollar saved in a savings account, certificate of deposit, mutual fund or stock. And there is no risk of losing your match once you have used it. So, be sure to think about how matched savings can best help you build assets.
Key to Your Financial Future Step 1.7: Planning for Your Opportunity Passport™ Matched Savings

Answer each of the questions below about your plans for your Opportunity Passport™ matched savings.

**What asset will you invest your matched savings in?**

*Response area*

**How much can you save every week toward this asset?**

*Response area*

**If you save that amount every week, how much will you save in one year?**

*Response area*

**What is your site’s match rate?**

*Response area*
What is your site’s match limit?

If you save the full amount you have planned, what will be the total value of your matched savings given your site’s match rate and match limit?

Savings: The key to asset building

Saving money is the key that opens the door to asset building and financial stability.

What does saving money mean?
**Saving money** means setting aside income today for use at some time in the future. It means not spending a portion of the money you have now. This is the act of saving. Saving can be hard. You may not have enough income to cover your current obligations, needs or wants. You may have never saved money before. Or, you may not want to save right now.

As with asset building, there are both benefits and costs to saving. Consider these to determine whether saving and asset building is something you can or want to do.

**KEY ACTIVITY**

**The Costs and Benefits of Savings**

Use the following space to list the benefits and costs of savings. A benefit is something that provides a gain or enhances well being. A cost is the price you pay for something: your time, money, or sacrifice, for example.

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<th>Costs of Savings</th>
<th>Benefits of Savings</th>
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Saving money means you can’t use it today. This is the most obvious cost of saving. There are many things you may need or want to spend money on right now. Saving often requires giving up some of those things. The benefit of saving is having money in the future to do the following:

- Cover the financial costs of emergencies or other obstacles. You have already identified some of those obstacles.
- Avoid paying the high costs of loans to cover emergencies for which you don’t have savings.
- Reach your goals. You have already written your goals and figured out how much you need to reach them.
- Build assets.

Saving money also provides flexibility and options—you won’t have to borrow money if your car breaks down if you have savings. Finally, you’ll have less stress knowing that you have money to fall back on.
Finding Money to Save

Even with these benefits, it can be hard to save. One tool some savers use to help them save rather than spend is thinking about opportunity costs. **Opportunity costs** are the costs of what you give up when you make a choice.

Every time you make a choice you are giving something up. For example, a group of friends may be going to a movie. You may have already planned to study for an exam. If you go to the movie, you have opportunity costs—you’ve lost study time and you may not do as well on your exam. If you don’t go to the movie, you have an opportunity cost—you’ve missed social time with your friends.

Sometimes you are faced with more than one option. You may be deciding among three, four or more choices. People who study economics would say the opportunity costs are the costs of the **next best alternative you are giving up.**

---

**Obligations, Needs and Wants**

**KEY CONCEPT**

What is the difference between an obligation and a need? A need and a want?

An **obligation** is something that you must pay. Examples of obligations are: rent, car payments, student loan payments, and child support payments.

A **need** is something you must have to live. But within many needs there are choices. You need water to live. Bottled water is a choice.

Finally, a **want** is something that is not a need or obligation. These are the things you spend on after your obligations and needs are covered.

“**If you would be wealthy, think of saving as well as getting.**”

— Bен Franklin

---

**All your [INSERT WORD HERE] needs**
KEY ACTIVITY

Identify the Opportunity Costs

Lorenzo is saving money to buy a car. He has $475 dollars in a savings account. But prom is at the end of the month. He wants to rent a tuxedo, rent a limo with some of friends, and take his date to dinner.

He estimates his prom expenses are going to be about $350.

What are Lorenzo’s opportunity costs if he makes these choices:

<table>
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<tr>
<th>He goes to prom.</th>
<th>He decides to skip prom because of the expense.</th>
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Many of your goals are about the future. You are saving money today to achieve a goal in the future. When you save you are giving some things up.

What are the opportunity costs of saving?

Another way to use this idea of opportunity costs is to evaluate spending. If you buy something today, what are you giving up in the future?

For example, you may want a new couch for your apartment. You have a couch, but it’s out of date in terms of style. A new couch will cost $700.
What is the opportunity cost of buying the couch instead of using the money for your Opportunity Passport™ matched savings?

Being able to think in terms of opportunity costs can help keep you focused on or motivated to save.

What are some of the ways people find money to save?

People that save successfully think about ways to make it automatic—you make the decision to save one time and then set up a system to make that happen. When selecting your savings strategies, see if you can find ways to automate your savings.

Here are some other ways people save.

- **Keep the change.** Designate a jar or box. Put all of your change into this box at the end of each day. Count it after one month. You may be surprised to see how quickly your change can add up.

- **Commit to saving in advance.** Decide in advance that you will save 25% of all money you get. If you get $10 from a family member or friend as a gift, you put $2.50 into your savings jar or account.

- **Use direct deposit.** If you have a job, have your paycheck deposited into a savings account or into a checking account and have a portion of that transferred to a savings account.

- **Cut back you spending on one thing.** Eliminate spending on coffee, meals out, and music downloads and redirect those funds to saving.

- **Round up.** If you pay for bills with checks or even online, round UP the amount when you enter it into your check register. You will think you have less money than you actually have. This creates savings.

- **Make a commitment to yourself.** Commit to putting $100 per month or any lump sum into your checking account, but don’t record it in your register. You’ll forget you have the money there, but can get it in case you have an emergency.
KEY ACTIVITY

Savings Strategies that Work for You

Review the list you developed and the list below and circle three strategies you think could work for you if you have decided saving is something you want to do.

Figuring Out Where to Save

Once you have saved money, you still need to decide where to put that money. There are many options.

Successful Saving

People that save figure out ways to make their savings automatic. What does this mean? They generally make a decision once and set up a system that enables them to “save without thinking about it.”

Direct deposit is the easiest way to do this, but you need to have a paycheck and a bank account to use this approach. Module 3 will cover other ways to automate your savings.

Here is a list of places to put your savings:

- A jar, a shoebox or under your mattress.
- Ask a family member or friend to keep it for you.
- An account at a credit union or bank including the following:
  - A savings account—an account used to deposit money, keep principal safe and earn interest.
  - A checking account—a deposit account against which checks can be written.
  - A money market deposit account—like a savings account with generally three differences:
    1) requires a higher minimum deposit
    2) pays a higher rate of interest and
    3) allows checks to be written, but limits the number of checks per month.
  - A certificate of deposit—a deposit account that requires larger deposits to be held in the account for a certain amount of time in exchange of a higher rate of interest.

*The art is not in making money, but in keeping it.* — ANONYMOUS
An account at an online bank or credit union.

A stored value card—a prepaid debit card onto which funds can be deposited and used most places debit or credit cards can be used. These may or may not be insured.

There are many things to think about when deciding where to put your money. Here are some things to consider:

- **Savings Goal**—there are many places to save, but determining the best place to save depends on:
  1) what you are saving for,
  2) when you need the savings, and
  3) how much you need to save.

- **Convenience**—you want to make sure the place you are saving is one you can get to easily or is part of your routine. A jar in your bedroom may be very convenient. It may be harder for you to get to a credit union if you have to go out of your way to get there.

- **Safety**—you want to make sure that the money you have saved is protected from loss. Savings in a jar in your room (or under your mattress) could be stolen, lost or destroyed in a fire or flood. Federally insured banks and credit unions guarantee your savings will be there.

- **Access**—you want to make sure you can get the money when you need it. If saving is hard for you, though, you may not want to have easy access to your savings.

- **Cost**—you want to make sure the costs of saving are low. It doesn’t cost anything to save money in your home. You may have to pay fees in a bank or credit union especially if you have a low balance in your account.

- **Interest**—some banks and credit unions pay you interest for money you put into savings accounts. This means your money can actually make money. Interest rates change. Interest rates have ranged from less than 1% to more than 5% between 1987 and 2005 for regular savings accounts.

---

**Bank and Credit Union Insurance**

Money you put into accounts at banks or credit unions will be insured. This insurance protects you in the case of a failure, fraud or disaster. Funds in federally insured accounts are insured up to $250,000.

Banks are insured by the FDIC (Federal Deposit Insurance Corporation). You can know whether a bank is insured by looking for this logo on the bank’s website, materials and door:

![FDIC Logo](image)

Credit unions are insured by the NCUA (National Credit Union Administration). This is the logo you should look for at a credit union you may be considering:

![NCUA Logo](image)

Not one dollar in a deposit account at a federally insured bank or credit union has ever been lost.

Not one dollar in a deposit account at a federally insured bank or credit union has ever been lost.
Key to Your Financial Future Step 1.8: Your Savings Plan

You have already written your goals and figured out how much you need to save to reach your goals. Use this worksheet to plan how you will find this money to save and where you will put your savings.

<table>
<thead>
<tr>
<th>Savings Goal</th>
<th>Goal Amount</th>
<th>Weekly or Monthly Savings</th>
<th>Savings Strategies How will you find this money to save?</th>
<th>Savings Location Where will you save the money?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Example:</td>
<td></td>
<td></td>
<td>Cut back on one meal out per week with friends.</td>
<td>Savings account at a credit union</td>
</tr>
<tr>
<td></td>
<td>$500</td>
<td>$85</td>
<td>Commit to saving $15 per week from pay check.</td>
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<tr>
<td>To have $500 in for emergency saving by the end of six months.</td>
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<td>$40/month</td>
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<td>$60/month</td>
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If you don’t yet have regular income, can you still make a savings plan? Yes. You can save using your youth board stipend, you can save from the summer employment program, and you can save from gifts or odd jobs you may be able to pick up. The key to saving is to plan on it before you get the income.
Emergency Savings Fund: Being prepared when things go wrong

It’s not a matter of “if something will go wrong.” Rather, it’s a matter of when something will go wrong. Planning for emergencies can keep you from getting off track as you work toward your goals and your life vision. Having an emergency savings fund can keep you from turning to credit. Using credit to cover emergencies obligates your future income—you have borrowed from your future earnings. And you will of course pay interest, too. Finally, emergency savings can keep you from having to sell other assets. Emergency savings protect the assets you have worked so hard to build.

What emergencies have you experienced? Describe some of them below.

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KEY ACTIVITY

Estimating the Cost of Emergencies

Now go back to your list of emergencies and write how much each cost. This will give you an idea of how much emergencies do require in terms of money.

Most financial experts recommend saving 3, 6, or even 12 months’ worth of your living expenses for your emergency fund. While this is a great goal, for most people it does not feel very achievable. Start your emergency fund with a goal of $500 to $1,000. Why $500 to $1,000? This amount will cover a lot of emergencies people often cover with high cost loans. Also, $1000 feels achievable to most people who have income. It means saving $42.50 to $85 per month for a year. Or $21.25 to $42.50 per month over two years.

If you didn’t have setting up an emergency savings fund as one of your goals, consider adding it to your SMART goal worksheet (Keys to Your Financial Future Step 1.2: Turning Your Goals into SMART Goals). Then add it to your Savings Plan (Keys to Your Financial Future 1.8: Your Savings Plan).
Protecting Your Identity

What is identity theft?

Identity theft happens when someone steals your personal or financial information for the purpose of using your identity to:

- **Get credit**—the identity thief may open a credit card in your name or may take a student loan in your name.
- **Make purchases**—the identity thief may buy things over the phone, online or even at a store with your personal and financial information.
- **Get other services**—the identity thief may get phone service, electric service, food stamps, or even medical care using your personal and financial information.

How Do You Know You Have Been a Victim of Identity Theft?

Most people find out their identity has been stolen only when the thieves have used the information to get services. Here are the most common signs of identity theft:

- You get calls or letters from debt collectors or businesses about things you didn’t buy.
- You are denied credit or other services—phone service, insurance or even the chance to rent an apartment—because of your credit history or scores (and you have never used credit before).
- You receive credit cards you did not apply for.
- You receive bills you don’t know anything about OR you fail to receive bills you are supposed to receive. (An identity thief may have taken over your account and changed your billing address.)
- You see items on your credit reports that do not belong to you.
- You have open accounts or debts that you cannot explain.
- The best way to catch that identity theft has happened early is to pay attention to:
  - ✓ Bills you receive
  - ✓ Bank account statements
  - ✓ Credit card statements

"The saving man becomes the free man." — CHINESE PROVERB
The Ways Your Identity is Used

According to the Federal Trade Commission, the most common ways your personal and financial information will be used when you are the victim of identity theft include:

**Phone or utilities fraud**
- They may open a new phone or wireless account in your name, or run up charges on your existing account.
- They may use your name to get utility services like electricity, heating, or cable/satellite TV.

**Bank/finance fraud**
- They may create counterfeit checks using your name or account number.
- They may open a bank account in your name and write bad checks.
- They may clone your ATM or debit card and make electronic withdrawals in your name, draining your accounts.
- They may take out a loan in your name.

**Government documents fraud**
- They may get a driver’s license or official ID card issued in your name but with their picture.
- They may use your name and Social Security number to get government benefits.
- They may file a fraudulent tax return using your information.

**Other fraud**
- They may get a job using your Social Security number.
- They may rent a house or get medical services using your name.
- They may give your personal information to police during an arrest. If they don’t show up for their court date, a warrant for arrest is issued in your name.

Check these documents every time they come for activity that is not yours. If there is something wrong, contact your service provider, financial institution or credit card company immediately.

**What can you do to protect your identity?**

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There are many things that you can do to protect your identity. But the primary ways is to protect anything that has your personal or financial information on it. What has your personal or financial information on it? This could be official identification such as your birth certificate, social security card or ID card. This could be bank statements you receive in the mail. This could include medical records at a doctor’s office. This could include information you store on your computer or put on the Internet.

**Why are young people in or who have been in care especially vulnerable to identity theft?**

Many people have had access to the personal information of young people who have been or are in care. This includes family members, foster families, social services workers and court employees to name a few. If a young person has had many different living situations, this could mean multiple records and increases the likelihood that personal information is even more accessible to more people than it should be. Young people in care may also lack a safe place to keep personal and financial information. Finally, a young person who is or has been in care may lack a personal computer or secure Internet connection.

Identity theft is generally a crime of opportunity and motive. The more available your information is, the higher the risk of it being stolen. The more people who have access to it, the higher the risk of it being stolen.

**Why Does Knowing about Identity Theft Matter?**

If your identity has been stolen for financial or other purposes, you could be denied basic services like phone service, utilities, medical care, benefits payments, the ability to rent, access to financial aid and more. It can prevent you from building assets, cause you to lose assets, or keep you from achieving your goals. Finally, identity theft can create financial chaos, and it takes time and a lot of follow up to get the damage done by identity theft repaired.

**How Do Thieves Steal Your Identity?**

Identity thieves are always finding new ways to get and use personal and financial information.
**KEY ACTIVITY**

With your partners, identify which of the following are actual ways thieves commit identity theft, scams or cons. Rank each item as “real” or “not real.”

<table>
<thead>
<tr>
<th>Con, Scam or Identity Theft Technique</th>
<th>Real</th>
<th>Not real</th>
</tr>
</thead>
<tbody>
<tr>
<td>You get an email from a financial institution or other business requiring information to update your file. You will be asked to enter your username and password. This is called “phishing.”</td>
<td></td>
<td></td>
</tr>
<tr>
<td>You receive an email from a friend claiming some kind of disaster that requires you to send money.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>You get a text message from a bank or other business that requests updates to your file. You are asked to enter your username and password. This is called “smishing.”</td>
<td></td>
<td></td>
</tr>
<tr>
<td>You receive a letter or email from Nigeria claiming a big reward for you or a great investment opportunity.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>You go to a website you regularly use (Facebook), but you are unknowingly redirected to another website that looks exactly like Facebook where you enter your log in information. This is called “spoofing.”</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Someone fills out a change of address form on you so all of your bills and personal information are diverted to another address.</td>
<td>Real</td>
<td>Not real</td>
</tr>
<tr>
<td>You click on a link sent to you via email by someone you may or may not know. You unknowingly download spyware or malware onto your computer.</td>
<td>Real</td>
<td>Not real</td>
</tr>
<tr>
<td>Someone looks over your shoulder while you are completing a transaction or filling out a form.</td>
<td>Real</td>
<td>Not real</td>
</tr>
<tr>
<td>Someone calls you stating you have won a vacation prize. They request some information to process your prize.</td>
<td>Real</td>
<td>Not real</td>
</tr>
<tr>
<td>Someone steals your credit card information because they have rigged a device in a credit card machine to skim your information at a gas station, convenience store or restaurant.</td>
<td>Real</td>
<td>Not real</td>
</tr>
<tr>
<td>You receive a pop-up message from a financial institution or other business while online and you click on the link to update your information.</td>
<td>Real</td>
<td>Not real</td>
</tr>
<tr>
<td>Every keystroke on your computer is recorded allowing someone to steal your log in names, passwords and more.</td>
<td>Real</td>
<td>Not real</td>
</tr>
<tr>
<td>Someone steals information out of the mail.</td>
<td>Real</td>
<td>Not real</td>
</tr>
</tbody>
</table>
Top Ten Ways Protect Your Identity

Protecting your identity can be summed up by two words: be vigilant. Being vigilant means you are keeping careful watch for possible dangers. In this case, it is danger to your identity. While there is some recourse if you identity is stolen, it takes time, patience and money to recover from identity theft. So the best thing to do is try to prevent the crime. Here are ten things you can do to help protect your identity:

1. *Take care of your trash* – shred anything that has personal or financial information on it before you put it in the garbage.

2. *Mind your mail* – get your mail as soon as you are able from mail boxes. A post office box is generally safer than a mail box.

3. *Find a safe place* – put all financial, personal and medical information and records in a safe place. Work with someone at your site to identify a safe place for you.

4. *Be skeptical* – any unsolicited offer over the phone via call or text, through email or through a pop-up ad online is likely to be a scam to get your personal information.

5. *Pay attention to web addresses* – any website requiring personal identifying information that is legitimate will start with https and have a picture of a padlock next to the web address. Click on the site’s security certificate to verify a website is legitimate.

6. *Protect your password* – set passwords that do not contain words that can be searched in the dictionary; be sure to include numbers, symbols and letters in your passwords; if possible, make them 14 characters long; never store them on your computer or phone; and change them regularly. With personal identification numbers (PINS), change them regularly and do not use your birthdate or any other number combination someone could figure out by knowing you.

7. *Be careful about who you give your information to* – question anyone that wants your social security number or other information that may not seem necessary. NEVER share your passwords or PINs with anyone (including a boyfriend or girlfriend).

8. *Check your credit reports regularly* – look at one of your credit reports every three months to see whether there is any activity that does not belong to you. If you are under 18, your case worker is required to do this for or with you every year starting at age 16. There will be more about this in the next module.

9. *Review all financial statements and bills* – review all information you are sent by financial institutions, credit card companies, cell phone companies, and other service providers. This is one of the first ways people detect their identity has been stolen.

10. *Take the time* – protecting your identity takes time. Make this a priority. Once your identity is stolen, it can take a lot of time and money to fix. And you may have missed other opportunities in the meantime because of your identity being stolen—not getting a credit card or a loan, not being able to rent an apartment, not being able to get medical care and more.
Finally, when online, always use a secure Internet connection. Never conduct any kind of financial transaction on a public wireless Internet connection or on a public computer (the library).

If Your Identity is Stolen

If you find out you have become an identity theft victim, take the following steps:

Place a Fraud Alert

Fraud alerts can help prevent an identity thief from opening any more accounts in your name. Contact:

- **TransUnion**: 1-800-680-7289  
  www.transunion.com  
  Fraud Victim Assistance Division  
  P.O. Box 6790, Fullerton, CA 92834-6790

- **Equifax**: 1-800-525-6285  
  www.equifax.com  
  P.O. Box 740241, Atlanta, GA 30374-0241

- **Experian**: 1-888-EXPERIAN (397-3742)  
  www.experian.com  
  P.O. Box 9554, Allen, TX 75013

You need to contact only one of the three companies to place an alert. The company you call is required to contact the other two, which will then place an alert on their versions of your report.

When a business sees the alert on your credit report, they must verify your identity before issuing you credit. As part of this verification process, the business may try to contact you directly. This may cause some delays if you’re trying to obtain credit.

Consider Placing a Credit Freeze

Many states have laws that let consumers “freeze” their credit. This restricts access to your credit file to potential creditors or others trying to get access to your credit report. It does not restrict businesses with which you already have a relationship from accessing your file. If you place a credit freeze, potential creditors and other third parties will not be able to get access to your credit report unless you temporarily lift the freeze.

This means that it’s unlikely that an identity thief would be able to open a new account in your name.

A credit freeze is stronger than a fraud alert, but it may cost money to place one and the rules vary from state to state.

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**Do Not Call Registry**

To limit the use of your telephone numbers including cell phone numbers, you can register them with the National Do Not Call Registry. This may not prevent all scammers from getting you on the phone, but does limit the chances since your phone number must be removed from all telemarketer lists once it is registered.

- To register your phone number, call: 1-888-382-1222
- Or you can register online at:  
  www.donotcall.gov

Once you register your number, it will remain on the registry until it is disconnected and reassigned, or when you choose to remove a number from the registry.

There are some calls from or on behalf of political organizations, charities, and telephone surveyors that would still be permitted. Calls from companies with which you have an existing business relationship are also permitted once you register. However, if you one of these companies to place your number on its own do-not-call list, it must honor your request. You should keep a record of the date you make the request.

Finally, hang up immediately if you get a phone call from someone representing the “National Do Not Call Registry.” This is a scam.
Complete Identity Theft Report

An identity theft report has parts:

1. File an identity theft complaint with the local police department, your State Attorney General, the FBI, the U.S. Secret Service, the FTC, or the U.S. Postal Inspection Service. When you file a report, provide as much information as you can about the crime, including anything you know about the dates of the identity theft, the fraudulent accounts opened, and the alleged identity thief.

2. The second part depends on the policies of the consumer reporting company and the information provider (the business that sent the information to the consumer reporting company). They may ask you to provide information or documentation to verify your identity theft in addition to that included in the law enforcement report. They must make their request within 15 days of receiving your law enforcement report.

Close Accounts

Call and speak with someone in the fraud or security department of every business where an account was opened in your name OR where an account was accessed. Close those accounts. Follow up in writing and send copies of supporting documents as necessary (never send originals). Send your letters by certified mail, and request a return receipt so you can document what the company received and when.

File a Complaint with the Federal Trade Commission or the Consumer Financial Protection Bureau

- Federal Trade Commission (FTC) at www.ftccomplaintassistant.gov
- Consumer Financial Protection Bureaus at www.consumerfinance.gov/complaint

Get Assistance

Work with staff from the Opportunity Passport™ to get help in dealing with identity theft. The process can be long and complicated, so get help and support.

“The real measure of your wealth is how much you’d be worth if you lost all your money.”

— AUTHOR UNKNOWN
Wrap Up – Asset Building:
Unlocking the door to long-term benefits building

Congratulations on finishing the first module of *Keys to Your Financial Future*.
You have:
- Described your vision.
- Debt goals.
- Developed a contingency plan.
- Learned about asset building.
- Outlined your savings plan.
- Considered setting up an emergency savings fund.
- Learned about protecting your identity.

Your work throughout this module serves as the foundation for the rest of this workbook, your participation in the Opportunity Passport™, and even the rest of your financial life. Here is a list of all of the steps you have completed:

- Keys to Your Financial Future Step 1.1: Your Vision
- Keys to Your Financial Future Step 1.2: Turning Your Goals into SMART Goals
- Keys to Your Financial Future Step 1.3: Turning Your SMART Goals into Savings Targets
- Keys to Your Financial Future Step 1.4: Revising Your Goals Savings Target
- Keys to Your Financial Future Step 1.5: Making Contingency Plans
- Keys to Your Financial Future Step 1.6: Charting Your Social Capital
- Keys to Your Financial Future Step 1.7: Planning for Your Opportunity Passport™ Matched Savings
- Keys to Your Financial Future Step 1.8: Your Savings Plan

Use this time to go back and review the work you have done. Get inspired to use your money to make the life you want for yourself, for the people you love, and for your community.