

Financial Literacy 101: Building a Strong Financial Foundation

OBJECTIVE: The goal of this financial literacy class is to equip participants with essential knowledge and skills to manage their finances effectively, including basic budgeting, understanding the consumer credit report, understanding simple versus compound interest, tax strategies, establishing an emergency fund, savings strategies, and the basics of income protection and insurance.

TOPIC 1: Introduction to Financial Literacy

- A-Define financial literacy and its importance in everyday life.
- B-Discuss the benefits of being financially responsible.
- C-Introduce the topics to be covered throughout the course.

TOPIC 2: Building a Budget

- A-Explain the concept of budgeting and its role in financial management.
- B-Identify different sources of income and expenses.
- C-Guide participants in creating a personal budget tailored to their financial situation.
- D-Introduce budgeting tools and apps that can help track spending.

TOPIC 3: The Consumer Credit Report

- A-Explain the importance of consumer credit reports.
- B-Explain the components of a credit report.
- C-Interpret credit report information.
- D-Discuss the credit scoring system (FICO score) and its impact on loan approvals and interest rates.
- E-Show a sample credit report and walk through each section, explaining its relevance.
- F-What is the Fair Credit Reporting Act (FCRA)
- G-Disputing and correcting erroneous information on your credit report and maintaining a positive and credit history.

TOPIC 4: Saving Strategies

- A-Discuss the importance of saving and the different types of savings goals (short-term, medium-term, long-term).
- B-Explore various saving options, such as savings accounts, certificates of deposit (CDs), and investment accounts.
- C-Introduce the concept of risk and return in investments.

TOPIC 5: Establishing an Emergency Fund

- A-Explain the purpose and benefits of having an emergency fund.
- B-Discuss the ideal size of an emergency fund and how to build it.
- C-Provide tips for cutting expenses to contribute to the emergency fund.

TOPIC 6: Interest & Taxes

- A-Differentiate between simple and compound interest.
- B-Explain the power of compound interest and its impact on savings and debt.
- C-Discuss taking every LEGAL tax deduction you're entitled to is good stewardship.
- D-What's wrong with getting a huge tax refund every year?

TOPIC 7: Understanding Income Protection & Insurance

- A-Introduce the concept of income protection and its importance.
- B-Discuss various income protection options, such as disability insurance and unemployment insurance.
- C-Compare different insurance policies and providers.
- D-Define insurance and its role in managing financial risks.
- E-Explain the principles of insurance (risk pooling, premium, deductible, coverage).
- F-Discuss various types of insurance (health, auto, home, life) and when they are needed.