

Lasting Change

A sustainable approach to financial literacy

Annie Ormsbee • Catholic Charities of Lexington • 859.253.1993

In Brief: Lasting Change is a financial literacy program which is specifically geared toward unbanked, low-income individuals who rely upon community organizations to supplement their basic needs. Lasting Change utilizes a holistic asset building approach by combining mentors, facilitation-based workshops, peer support groups, and banking incentives. By discussing underlying belief systems and attitudes about money, participants will be more likely to make the necessary changes to escape poverty.

Workshops: The Kentucky Society of Certified Public Accountants (KSCPA) and the Financial Planning Association (FPA) will provide pro bono workers and volunteers to facilitate the hands-on workshops. These volunteers will use a curriculum developed by the National Endowment for Financial Education (NEFE) entitled Making Money Work! This is an experiential program designed to encourage group participation. It consists of six modules and will be taught over a six-week period. These workshops exist to build mental resources.

Asset Mentors: Community volunteers will act as 'asset mentors' who will facilitate discussion groups during the class. The purpose of the mentorship is to offer individualized attention to address the specific needs of participants. Mentors should be aware of various community resources and supply participants with helpful, relevant information. These mentors exist to provide social capital and role modeling resources.

Peer Support Groups: An optional peer support group will follow the weekly workshops. During this time, participants can celebrate each others' successes, share problems, and come up with solutions. These support groups exist to provide social capital and role modeling resources.

Banking Incentives: If participants attend all six sessions and complete the supplemental homework, they will be eligible for the banking incentive. Successful graduates will be offered \$100 by a local bank to open a checking account provided that they invest \$25 of their own money in a savings account. This banking incentive exists to provide financial resources.

When, Where, and How: Lasting Change is a six-week course offered six times out of the year. Classes will be held on weekday evenings at a local community center. Dinner and childcare will be provided. Class size is limited to 20.

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Target Audience

- The 'Working poor'
 - Those who spend at least 27 weeks in the labor force (working or looking for work) a year
 - Individuals whose income falls below the official poverty level
- The 'At risk' for homelessness
 - Those who are currently housed and able to meet their basic needs, but are at considerable risk
 - Individuals who rely heavily upon community organizations for supplemental assistance
- The 'Unbanked'
 - Individuals without an account at a bank or other financial institution
 - Those who rely upon the services of check cashers and payday lenders
- Residents of Fayette County, specifically:
 - West Central
 - This area is bounded by W. Main Street on the northeast; Cox Street, W. Maxwell Street, and S. Limestone Street on the east; Virginia Avenue on the south; and Red Mile Road and S. Forbes Road on the west.
 - 53% of households were determined to be working poor or below, given household size and income
 - 25% of households report having an urgent basic need such as food, shelter, or paying a bill in the past 12 months
 - When faced with a financial crisis, 8% of households turn to banks for assistance while 21% of households turn to cash-checking services.
 - North Central
 - The area is bounded by W. New Circle on the north; Russell Cave Road, W. Loudon Avenue, and N. Limestone Street on the East; W. Third Street and Newtown Pike on the south; and W. Main Street and railroad tracks on the west.
 - 65% of households were determined to be working poor or below, given household size and income
 - 14% of households report having an urgent basic need such as food, shelter, or paying a bill in the past 12 months
 - When faced with a financial crisis, 24% of households turn to banks for assistance while 10% of households turn to cash-checking services.

* Information taken from The Lexington-Fayette County Self Assessment, January 2003, conducted by The University of Kentucky Research Center for Families and Children (RCFC) and LexLinc.

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Overview of Class Sessions*

Session 1: Assess Your Relationship with Money

In this first class session, participants will discuss what they want to learn about money, explore environmental money messages, learn the difference between needs and wants, examine the feelings behind purchases, calculate the work required to earn the money to make a purchase, and apply the “step-down” method of identifying less expensive purchase alternatives.

Objective: To motivate participants to examine their feelings about money and explore the difference between needs and wants, the labor required to make a purchase, and alternative purchasing methods.

Session 2: Develop a Plan

This class begins with a “Coat of Arms” activity to start participants thinking about their financial dreams and goals, which are further clarified in subsequent activities. Participants also explore their values, strategies to adjust their goals to fit their cash flow, and potential obstacles and how to overcome them.

Objective: To motivate participants to think about their dreams for the future and to develop specific goals and action plans to achieve them.

Session 3: Review Your Finances

Participants start out describing successful accomplishments in their lives. They are then provided with worksheets to list their sources of income and brainstorm ways to increase household income. Worksheets are provided for totaling property, assets, and household expenses and debts.

Objective: To motivate participants to better understand their financial situation by taking an inventory of their income, expenses, assets, and debts.

Session 4: Create a Spending Plan

The class begins with a review of household income and expenses and how to bring the two figures in line with one another. Other topics covered include agencies and organizations that provide financial assistance; income taxes; homeownership; and “money traps,” such as payday lenders and credit card cash advances. Participants are given a worksheet to start developing a spending plan.

Objective: To motivate participants to use the information they have collected about their household income and expenses to create a spending plan.

Session 5: Manage Your Money

Participants share information gathered about the services and pricing of local financial institutions. Other learning activity topics include check writing, calculating the savings possible by increasing credit card minimum payments, credit card comparisons, calculating debt-to-income ratios, and identity theft risk-reduction strategies.

Objective: To motivate participants to handle their money wisely by increasing their knowledge of financial institutions, checking and savings accounts, credit cards, debt management, and identity theft.

Session 6: Protect Your Finances and Invest in Your Future

This final class session begins with participants writing a “savings sound bite” and taking a pretest about insurance, saving, and investing. It also includes an auto insurance simulation and activities to explain the power of compound interest and different types of investments. The class concludes with small group discussions of ways women can prepare financially for various life events.

Objective: To motivate participants to save and invest money, protect their assets, and prepare financially for expected and unexpected events.

Investing in Lasting Change

What is Lasting Change?

- Lasting Change is a financial literacy program which is specifically geared toward unbanked, low-income individuals who rely upon community organizations to supplement their basic needs.
- Lasting Change utilizes a holistic asset building approach by combining mentors, facilitation-based workshops, peer support groups, and banking incentives.
- By discussing underlying belief systems and attitudes about money, participants will be more likely to make the necessary changes to escape poverty.

Why is this important?

- According to the latest census, Kentucky is the fifth 'poorest' state in the nation, with 42,413 living below the poverty line in Fayette County alone.
- For the past ten years, Kentucky has consistently scored lower than the national average in financial literacy.
- While education is important, studies have shown that it is not enough to change behavior. More is needed...

You can make a difference!

- By becoming an asset mentor you can directly impact the lives of those living in poverty.
- Asset mentors commit to spending one hour a week for six weeks developing a one-on-one relationship with a program participant.
- Mentors develop these relationships at the Fayette County Cooperative Extension Center, and will provide participants with encouragement and resource information.
- For more information, contact Annie Ormsbee at (859) 253-1993