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Melisande Holingue
*California State University, Monterey Bay*

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# Financial Literacy for Justice-Involved Women

Mélisande Holingue

A Capstone Project for the Bachelor of Arts in Human Development and Family Studies

Financial Literacy for Justice-Involved Women

## Introduction

Many incarcerated women are limited in their financial literacy and skills necessary to be financially savvy and independent. This lack of financial literacy may inhibit their success transitioning from incarceration back into independent living in the community and therefore putting them at risk for re-offending. Therefore, I created a two-part financial literacy workshop for justice-involved women, at both the Gemma transitional program in Live Oak, California and the Gemma Day program at the Blaine Street Women's Jail in Santa Cruz, California.

## Needs Statement

Women in the United States typically seek out less financial counseling than men, with more than 23% of women having never sought out financial advice (PR Newswire, 2017). This lack of resource utilization leads to a gap in understanding how to save, how to budget, and overall money management skills. Financial management skills are essential for everyday life, and can also impact self-esteem and self-efficacy in women (Poby, 2009). Justice-involved women are at an even higher risk of being financially illiterate (Poby, 2009). While there has been a recent increase in gender-responsive rehabilitative programming in women's jails, few programs focus on money management for female inmates (Sanders, 2016). Three issues impacting women and their financial literacy include financial illiteracy impacting women's quality of life, that the male partners tend to take on the money management role in the family (therefore reducing women's opportunities to take on financial planning) , and that incarcerated women often return to abusive partners after leaving jail because they are not financially stable on their own.

Little research exists regarding incarcerated and paroled women and their finances. Though, when women are financially literate and manage their own money, they are more empowered and in control of their own lives (Sanders, 2016). Recent research showed that finances are frequently a factor in women's crimes, such as committing fraud, robbery, and drug sales, which are often crimes of survival (Sanders, 2016). When formerly incarcerated women re-enter society, one of the biggest challenges they will face is financial instability , including being able to pay for housing, healthcare, and food (Sanders, 2016). When money management pilot programs have been implemented in minimum security prisons, women tend to benefit from the experience (Poby, 2009). Additionally, when women are financially literate, their health benefits as well. A study conducted in 2018 found that financial education had a significant effect on the health and quality of life of low-income, single women (White et al., 2018). In a two-year study on the impact of financial planning two-year financial education programs, half of the women lost weight, and there was a significant decrease in the amount of fast food consumed by the participants (White et al., 2018).

A survey of women found that while 85% took care of the day-to-day expenses in their family, only 23% were responsible for the long-term financial planning (Frazier, 2019). This long-term planning includes being prepared for retirement, investing money, and being prepared for disasters. Financial literacy refers to being aware and having the knowledge and skills necessary to make appropriate financial decisions to be financially independent (Kaur &Vohra, 2014). Being financially literate allows women to take control of their finances, know how their money is being spent, and how to make informed financial decisions (Kaur & Vohra, 2014). This financial literacy, in turn, leads to women being independent in other areas of their lives, such as being able to leave toxic relationships, choose better jobs, and live in safer neighborhoods (Kaur & Vohra, 2014).

There is evidence to suggest that implementing financial literacy programs may mitigate the impact of domestic violence and overall improve women's financial wellbeing in the long run (Warren, Marchant, Schulze, & Chung, 2019). In fact, "lacking financial knowledge or resources is the number one indicator of whether a domestic violence victim will stay, leave, or return to an abusive relationship",(Allstate, 2019, p.1). When women are taught basic financial literacy skills, they are less prone to financially depend on an abusive partner, less isolated from financial resources, and better able to manage financial problems (Sanders, 2016). For women who are survivors of intimate partner violence and domestic violence, being able to manage finances and staying out of debt could play a role in being able to leave and stay out of abusive relationships (Poby, 2009).

Given how vital it is that women, and especially justice-involved women, to be financially literate and have access to financial planning resources, I intend to provide a 2-day workshop on money management, which I will present to the incarcerated women at the Blaine Street Women's jail in Santa Cruz and to the justice-involved women at the Gemma transitional program in Live Oak, California.

## Theory

Relational-Cultural Theory examines the complexity of human relationships and was developed in the 1970s by a group of female psychologists at Wellesley College in Massachusetts (McCauley, 2013). The cultural piece of the theory examines the impact of culture on the quality and the nature of relationships (McCauley, 2013). The relational part of the theory is a bit more complex and essentially posits that human nature drives people to seek out connection. Baker Miller, one of the psychologists who developed this theory, coined the term "growth-fostering relationships", which encompasses the five characterstics of healthy relationships (known as The Five Good Things): a sense of energy, an increased sense of worth, clarity and knowledge of the relationship, productivity in the relationship, and a desire for more connection (McCauley, 2013). Growth-fostering relationships bring meaning to people's lives and are essential to humans (Jordan, 2018).

Relational-cultural theory also examines how non-responsive relationships early in life affect an individual throughout the lifespan. When someone is treated as if she does not matter, that individual will cope by "twisting herself to fit into the relationships with powerful others in her life" (Jordan, 2018). This twisting of self can lead to depression, isolation, confusion, and the exact opposite of The Five Good Things. The population of formerly and currently incarcerated women at Gemma House and the Blaine Street jail, respectively, often reflect on how their relationships in early life have played a role in the choices they have made as adults and in the poor and conflictual relationships they now have. This project focuses on helping the participants make a connection between their current financial habits and those they observed in childhood. Accordingly, an aspect of the financial literacy curriculum in this project includes tracing one's money history back to childhood, reflecting on how one was raised and taught about money, and learning about how generational money cycles can continue to impact us in adulthood. Engaging in these kinds of reflective activities is consistent with the relational-cultural theory because the activities address the cultural inequality of women learning about financial management, and especially, justice-involved women for whom money has been a determining factor in their past relationships and choices they have made.

The relational-cultural theory also describes how survivors of trauma feel the impact of post-traumatic stress disorders in many aspects of their lives (Kress, 2017) and how codependent tendencies can impact daily life. The financial literacy curriculum in this project focuses on defining how financially independent, codependent, and interdependent relationships can either harm or benefit individuals in their quest towards financial health. In addition, the trauma the women may have experienced is addressed in their own self-reflection of how money was handled when they were growing up and how they were taught about money.

Relational-cultural theory also states that when one begins to move toward transformation and away from non-responsive relationships, one must first name the problem and claim strength (McCauley, 2013). The financial literacy curriculum emphasizes identifying how financially codependent relationships negatively affect not just finances, but other areas of their lives, such as independence. As the theory states, one of the most powerful ways to change relational patterns is to identify and name it (McCauley, 2013). Therefore, I created a two-part financial literacy workshop for justice-involved women, at both the Gemma House transitional program in Live Oak, California and the Gemma Day program at the Blaine Street Women's Jail in Santa Cruz, California to help them better understand their personal finances and their relationship to money.

## Consideration of Diversity

I will be implementing my Capstone project at the Gemma reentry program and the Blaine Street Women's Facility. At the Gemma House, the five participants are female and range in age from early twenties to early thirties. All five women are white and are all socioeconomically disadvantaged. None of the participants have children. The five participants are fluent in English. At the Blaine Street Women's Facility, the sixteen participants are all female and range in age from early twenties to early forties, with one participant in her sixties. Of the sixteen participants, fourteen are white and two are Hispanic or Latino. Twelve of the participants are parents to children ranging in age from toddlerhood to adolescence. All of the women are socioeconomically disadvantaged. All of the women are fluent in English (A. Zargosa, personal communication, February 5, 2020). Both groups of participants are representative of the average population of justice-involved women in Santa Cruz County.

This project is designed for justice-involved women in Santa Cruz County and would not be applicable to another gender group, individuals who are not justice-involved, and individuals not residing in Santa Cruz County (due to local resources referenced and provided to participants). The curriculum is specifically designed to target women who are currently or recently incarcerated in Santa Cruz County and specifically examines the way financial illiteracy has impacted the women's life choices. This curriculum could be modified to fit a more diverse group by focusing on broad financial literacy concepts, such as credit, credit cards, debt, budgeting, and national financial resources, as opposed to examining women's financial histories, their family's money history, how money has impacted their relationships, and other gender-specific topics.

## Learning Outcomes

For my capstone project, I will design and implement a two-part financial literacy workshop at the Blaine Street Women's Facility in Santa Cruz and at the Gemma transitional reentry program in Live Oak. The purpose of the workshops is to empower women through financial independence. When women have control of their money and know how to be financially responsible, they have the freedom to make their own choices: leave a relationship, move to a new city, leave a job and start a new one, and more.

**The Learning Outcomes:**

By the end of the project, participants will be able to:

1. identify two feelings towards money.
2. indicate two behaviors of financial responsibility.
3. create a mock budget , identify three needs and three wants, indicate one financial goal, and create a plan to work towards said goal (i.e. save $X in savings account, pay half of credit card off, save $50 a month for a new car, etc.).

## Method

**Gemma House Transitional Reentry Program**

**Day 1**

I began the workshop by explaining the agenda for the evening and what they would be focusing on, financial literacy. I then asked participants to introduce themselves, share how they are feeling, share who taught them about money, and share one thing that they wish they better understood about money. I also participated in this activity. Once introductions were complete, I passed out the Gemma Program foundational handout titled “Introduction” and they read the handout out loud going around the room. See Appendix A. I then passed out a handout titled “Wants Vs. Needs”. See Appendix B. Two participants read the short handout out loud. I passed out the exercise titled “Wants Vs. Needs Exercise.” See Appendix C. They spent about five minutes working independently on this exercise and then participants shared their responses and thoughts they had while working on exercise. I then passed out the handout titled “Prioritizing Needs” and participants read it aloud. See Appendix D. I explained that knowing how to prioritize one’s needs is the first step towards budgeting . I then passed out the exercise titled “Prioritizing” and as a group, participants worked on exercises. See Appendix E. Afterwards, participants shared their experience completing the exercise and shared what was challenging and what was new to them. I then passed out the “Budgeting Basics” handout. See Appendix F. I read the handout to participants and set aside time for questions and/or thoughts. They spent about ten minutes focusing on their specific financial questions. I passed out the homework titled “Spending Habits” and explained the instructions. See Appendix G.

**Day 2**

I began our second workshop by asking the participants to introduce themselves, share how they are feeling, and one thing they learned from the workshop last week. We reviewed the homework I assigned at the end of last week’s workshop. See Appendix G. Participants shared their homework responses out loud for about 15 minutes. I had originally planned to spend Day 2 of the workshop focusing on spending habits, reflecting on our money histories, and discussing how to prevent shopping binges. However, during Day 1 of the workshop, the Gemma House participants had many questions about what credit is, how to use credit cards wisely, and what a credit score is. Because of this, I modified my original plans and came to the second workshop prepared with a handout I created with information regarding their specific credit card questions. See Appendix H. We spent one hour reading the handout out loud and participants asked questions and shared reflections. I ended the workshop by having participants write down one way that money has held them back, crumple the paper up, throw it into a bowl, and set an intention to let that money habit go.

**Blaine Street Women's Facility**

**Day 1**

In the previous week's class, I had handed out homework titled "Gemma Day Program Financial Management" to be turned in on the first day of the financial literacy workshop. See Appendix I. I began class by asking participants to introduce themselves, share how they are feeling, share who taught them about money, and share one thing they wish they better understood about money. I then asked participants to share what doing the assigned homework was like for them. We spent 20 minutes reviewing the previous week's homework. I passed out the Gemma Program foundational handout titled "Introduction" and we read the handout out loud going around the room. See Appendix A. I then passed out the Gemma Program foundational handout titled "Financial Codependency ". See Appendix J. After reading the handout together, the participants made a chart on the white board detailing what codependent, independent, and interdependent financial behavior looks like. I passed out the exercise titled "Wants Vs. Needs Exercise ". See Appendix C. We spent about five minutes working independently on this exercise and then participants shared their responses and thoughts they had while working on exercise. I had intended to also discuss how to prioritize needs and wants, but participants had many questions about identifying wants and needs, so they spent fifteen more minutes reviewing the exercise. I then passed out the "Budgeting Basics" handout. See Appendix F. I read the handout to participants and set aside time for questions and/or thoughts. I told the participants that their homework was to review the budgeting basics handout on their own time and to bring it back to class the following week.

**Day 2**

I began class by asking participants to share their name, how they are feeling, and one thing they learned about money management the previous week. I titled the white board "Last Week's Class" and had participants recall what we discussed in class and wrote their ideas on the board for everyone to see. I asked participants to bring out the budgeting basics handout they were given at the end of class the previous week. See Appendix F. I had intended to spend 15 minutes reviewing this handout but participants had many thoughts on this exercise. We spent 30 minutes discussing the handout. I had intended to segway into an activity about financial independence and interdependence, but participants were not ready to move to this activity. I spent the rest of class time engaging participants in a large group discussion about some of their specific financial situations. I ended class by connecting financial responsibility to self-care (next week's class topic).

## Results

Learning outcome 1 was that participants would identify two feelings towards money. I believe that at both sites (Gemma House and Blaine Street Facility) this learning outcome was met. To assess this learning outcome, I led a discussion and recorded the participants' answers. At Gemma House, each participant named several feelings towards money and at Blaine Street each participant named at least one feeling. See Table 1 for a complete list of the participants' feelings towards money. I believe this learning outcome was met.

Learning outcome 2 was that participants would identify two behaviors of financial responsibility. To assess this learning outcome, I led a discussion and documented their responses. At the Gemma House, this learning outcome was met, and, at the Blaine Street Facility, this was partially met. At the Gemma House, all participants were able to identify a variety of financially responsible behaviors. At the Blaine Street Facility, four of the 16 participants were able to identify financially responsible behaviors. Given the few responses of the participants at the Blaine Street Facility, I believe the learning outcome was partially met. See Table 2.

Learning Outcome 3 was that participants would create a mock budget, identify three wants and needs, indicate one financial goal, and create a plan to work towards said goal. To achieve this learning outcome, the participants completed worksheets I created that allowed participants to look at personal household expenses, identifying needs and wants, and financial goal setting. At the Gemma House, all participants were able to begin creating their individual budgets, identified multiple wants and needs, identified at least one financial goal, and created a plan to reach this goal. Therefore, they met this learning outcome. At the Blaine Street Women's Facility, this learning outcome was partially met, and only by four participants. The rest of the participants expressed frustration, confusion, and inability to complete this learning outcome. See Table 3.

## Discussion

I believe that this project was successful at the Gemma House and somewhat successful at the Blaine Street Women's Facility. At the Gemma House, participants were engaged, participated in the conversation, asked numerous questions, and displayed a strong understanding of the content presented. The participants at the Gemma House were most interested in how they can better manage their money, how they can use credit cards to improve their credit score, and how they can use their money to improve their quality of life. In general, all of the learning outcomes were met at the Gemma House and participants learned how to create a budget, how to save money to meet a financial goal, and identified financially responsible behavior.

At the Blaine Street Women's Facility, on the first day of the workshop, nearly all of the 16 participants were deeply engaged in the dialogue. They contributed to the conversation, shared vulnerable stories of how they have managed their money in the past, and shared their frustrations with money management. When participants returned for the second workshop, most of the participants expressed frustration at needing to participate and several commented that thinking about their money, or lack of money, was contributing to their stress levels. Several participants shared that they do not feel that they have the skills to ever hold down a job and will most likely go back to the streets upon their release. Because of this, they felt that the workshop content did not apply to them and expressed frustration. From this, I learned that I could have slowed the curriculum down to include reflective activities to boost confidence and self-esteem of the participants.  Of the 16 participants, only four remained deeply engaged and showed a strong interest in the topic. Of those four participants, all of them showed a strong desire to gain more financial literacy skills, asked for more financial resources, and expressed a desire to continue how to better manage their money. For these four participants, most of the learning outcomes were met, and participants were able to identify financial wants and needs, create a budget, and identify their feelings towards money.

In terms of diversity, my project could have been more inclusive towards lower-functioning individuals. I overestimated the cognitive abilities and the life skills the women at Blaine Street possess. Most of the group needed more scaffolding and for the curriculum to be broken down to encourage comprehension. I now know that most of the women I worked with at Blaine Street have not had the experience of receiving a paycheck, paying rent, and buying groceries- all activities I assumed they had done and would therefore be able to discuss. I could have scaled back the content presented at the Blaine Street Women's Facility and started smaller, such as breaking down the concepts of saving money and focusing more on participants' feelings towards money.

If I did this project again, I would make sure to create two separate curricula for both sites, as participants at both sites were at vastly different cognitive levels, as well as in very different places in their lives. I would create a third workshop for the Gemma House location, focusing solely on debt management, as this was a topic of great interest to Gemma participants. I would simplify the content presented at the Blaine Street Women's Facility and spend one entire workshop focused solely on their feelings towards their money and their money histories, and then slowly incorporate small pieces of financial literacy into their weekly class content, to not overwhelm them. However, given that four participants had a very positive experience with the project, I consider the project successful because it was meaningful to these women.

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Table 1

*List of the participants' feelings towards money (from both sites)*

| **Participants' Feelings Towards Money** |
|---|
| Anxiety |
| Stress |
| Uncertainty |
| Frustration |
| Thrill when spending |
| Chaos |
| Euphoria |
| Satisfaction |
| Excitement |
| No money so no feelings |
| Confusion |
| Don't know how to feel |
| Never thought about it |
| Happy |
| Fear |

Table 2

*List of financially responsible behaviors (from both sites)*

**Financially Responsible Behaviors**

| **Gemma House** | **Blaine Street Women's Facility** |
|---|---|
| Saving receipts | Keep a log of what I spend |
| Tracking how much I spend each week/month | Figure out how much I make each month |
| Putting money in my savings account | Look for resources, like free diapers and kids' food |
| Checking my credit score often | Save my receipts |
| Not spending money I don't have | |
| Deciding if I really need something before buying it | |
| Picking up more hours at work if I need more money | |
| Use my online banking app | |
| Buying discount items | |

Table 3

*List of participants' ideas of how they will reach their financial goals (both sites)*

**Financial Goals and Plans to Get There**

| Gemma House | Blaine Street Women's Facility |
|---|---|
| "I want to pay off my debt and restitution...I can start tracking how I spend my money and see how much I can afford to pay off each month." | "I want to fix my credit score..it's really bad. I want to learn how to be better with my money." |
| "I want to save more money...I want to save 15% of my paychecks for my savings account." | "I want to be able to save. I feel like when I get out I can keep track of what I'm spending money on." |
| "I want to stop my shopping addiction. I want to learn why I spend money the way that I do so that I can be better with my money." | "This feels do-able. I want to be better about tracking my money so I can save for me and my son." |
| "I want to track where my money goes so that I know how much money I have each month." | "I want to have more money...like, work smarter, not harder. I want to find a job that I like that can pay for my bills and what I need." |
| "I want to be able to buy the things that I need...I'm going to start tracking where my money is going." | |
| "I want to not live paycheck to paycheck... I want to learn more about how I can save each month." | |

## Introduction

*Appendix A*

What's the point of learning how to manage money if I have limited access or ability to earn it right now? Well, you will not likely always be in this position and having limited funds is an even greater reason to budget and plan for what you do have.

People who control their finances instead of letting their finances control them have less stress in their lives and less triggers for relapse and risky behaviors. Planning and saving for things and reaching our goals also gives us a sense of accomplishment and feeling of success.

Another reason to learn about money is that it is more expensive to not have money than it is to have money. *Huh?*

If you do not have money or credit, odds are you do not have a savings or checking account. If you don't have a checking account, you have to pay a check-cashing place to cash the checks you receive. That is **expensive** and is you giving away money that you have worked hard to earn.

When you use a savings account and save money, you actually get to keep your money *and* you earn interest on the money you are saving, which means you have *more* money than when you started.

If you are not in control of and making smart, thoughtful decisions about money, odds are you feel stress, worry, concern, pressure or fear about it. All of these emotional responses often lead us to making risky decisions for ourselves.

As we work through this manual we will cover common areas of confusion as well as areas in which many of us get into trouble. By the time you are finished you will have a better understanding of and ability to make informed financial decisions for yourself and increase your financial independence and power.

**What Is Money?**

Money has no value in itself. Its value is in what we as a society say it is worth. Some say that it is tied to the value of the human labor that goes into earning it.

When you work, you trade the value of your skills and your time for money. You then trade the money for things that you want or need. Another question might be-How much are the hours of my precious life worth? You are valuable and your time is valuable.

What role has money had in your life? What has the value been in comparison to what you have both earned and what you have lost?

You have heard that money can't buy happiness or love, but it can definitely make life easier. Money doesn't make people happier, but having enough money to cover all of your needs and some of your wants can make your life a lot more comfortable and reduce stress on us which allows us to participate in our lives in a more full and empowered capacity.

Conversely, always being unable to make ends meet and having a steadily growing burden of debt can definitely lead to some severe unhappiness.
So, why are you sitting here learning about money?

People who are in control of their finances:
Feel good about themselves
Teach their children valuable lessons
Spend their money on things that they truly want
Get maximum value for their money
Feel more in charge of their lives

You don't need to be a math whiz or financial guru to be in control of your finances. You simply need to learn how to:
**Plan** where your money is to go
**Record** where it went
**Review** your plan and results a couple of times each year

## Wants Vs. Needs

*Appendix B*

What's the difference? A wise person can distinguish what is important from what is not or what is necessary from what is not. People in our society spend a lot of time targeting us in marketing and advertising to blur the difference between wants and needs. They blur the difference between what we think we want and what we think we need. It's sort of a con and it affects every economic class in America. Understanding wants vs. needs is one of the most important aspects of successful money management. Before you begin making a budget, it is important to understand the difference between your needs and your wants.

Needs are the essentials in life we cannot live without. Food, shelter, clothing, health care, debt repayment and basic transportation are all examples of needs. Wants are items, activities or services that increase one's quality of life. These items can be detrimental to your budget if your income is limited. Some examples of wants include movies, name brand clothing, eating out, new vehicles, concerts, vacations, decorative items and many other things that are not necessary for one's survival.

It is important to realize that this does not mean you need to abandon everything you want in life. What is important is that you are able to analyze your monthly spending in a non-judgmental way to figure out how much of your spending is on wants and how much of it is on needs. By doing so you will be able to figure out areas to cut back when you are planning your budget post Gemma so that you can afford all of life's necessities while saving money for long term financial goals.

**Wants Vs. Needs Exercise**
*Appendix C*

*Circle if you think the item/utility is a want, a need, or if you aren't sure.*

| | | | |
|---|---|---|---|
| Housing/Rent | Want | Need | Don't Know |
| Internet Bill | Want | Need | Don't Know Groceries |
| Want | Need | Don't Know | |
| Bus Passes | Want | Need | Don't Know |
| Coffee | Want | Need | Don't Know |
| Items for Kids | Want | Need | Don't Know |
| Cigarettes/vape | Want | Need | Don't Know |
| Health Insurance | Want | Need | Don't Know |
| Manicure (gel/acrylic nails) | Want | Need | Don't Know |
| New Clothes | Want | Need | Don't Know |
| New clothes for kids | Want | Need | Don't Know |
| Gym Membership | Want | Need | Don't Know |
| Tampons | Want | Need | Don't Know |
| A Bed | Want | Need | Don't Know |
| Gifts for your family | Want | Need | Don't Know |
| Cell phone | Want | Need | Don't Know |
| Oil change/car maintenance | Want | Need | Don't Know |
| Car insurance | Want | Need | Don't Know |
| Make up | Want | Need | Don't Know |

**Prioritizing Needs**

*Appendix D*

As we learned in the last section, it's really pretty simple. Needs have to do with the things that keep you alive and healthy like food, shelter, clothing, and healthcare.

So how do people get through life without getting into money trouble? Most people just make enough to make ends meet. Their income barely covers what they spend each month. They have to make choices. They have to prioritize. They have to budget.

The steps to creating a budget: The first step is separating needs from wants, which we just finished working on. The next step is prioritizing those needs and wants. (Making a list that ranks things from most important to least important.) The final step is to apply those priorities to a timeline so that you can plan ahead as much as you can and decide what to spend when.

Because you cannot have everything that you need or want at one time, the next step is learning how to prioritize.

## Prioritizing Exercise

*Appendix E*

*Instructions: Read over the issues, come up with an answer for yourself, and discuss your answers with your classmates.*

You rely on the bus to get to work everyday. You do not get paid for a few more days and you do not have enough money to purchase a bus pass. What do you do? How can you prevent this from happening in the future?

Your rent is due in three days. Your excellent budgeting and planning skills tell you that you are about $100.00 short. Your next check is coming in five days. What are your options? Are there things in your budget that you could do without for a couple of days?

It's late and you need a carton of milk for breakfast in the morning. At Safeway it costs $3.50 for a gallon. At 7-11 it costs $3.00 for a quart and it's just around the corner. Safeway is six blocks further away. What do you do? Why is saving a couple bucks a big deal? Is there something you could do to make sure that you don't have to make this same decision again next week?

You have a new job and feel you will need to buy a car. Your excellent budgeting skills tell you that you will have an extra $200.00 each month. At present you can take the bus to and from work, but it adds an hour to your busy day. Maintenance, insurance, registration and gas will cost about $1200.00 during the first year of ownership. The loan payments on the car will be $250.00 per month. What do you do? Are there any alternatives?

**Budgeting Basics**

*Appendix F*

1. Identify how much money you make per month. How can you track this?

2. Identify how much money you spend per month. How can you track this?

3. Identify where your money goes (ex: half goes to rent, $50/month goes to manicures, etc.)

4. Set an attainable goal and set yourself up for success! (ex: aim to save $500 by July).

   *My money goal is* ______________________________________________.

5. Identify any debt or restitution that needs to be paid. If possible, tackle debt with the highest interest rate.

6. Check your credit score on a regular basis.

**Spending Habits**

*Appendix G*

How are your money spending and saving habits similar or different from those of your parents?

How did your parents' money management affect you (positively or negatively)?

If you overspend, how do you attempt to hide your tendency to overspend?

How often do you break your budget by spending more than you make? How can you fix this situation?

In what ways do your spending and saving habits ever cause conflict between you and significant others?

**Spending Habits (Continued)**

*Appendix G*

What risk would you like to take with your money that you have been afraid to in the past?

What risks would you like to stop taking?

What is your greatest fear related to spending and saving money? Why do you have this fear?

What feelings do you experience when spending money?

What types of activities could you engage in to get the same pleasure you get from spending money?

If your life, or the life of your family, has suffered because you spend money on things you cannot afford or do not spend money on things you can afford, write about it.

## Credit Card Basics

*Appendix H*

**What is a credit card?**

A credit card allows you to borrow money from a bank to make purchases. As
A credit card allows you to borrow money from a bank to make purchases. As long as you pay back that money within the "grace period" of 25-30 days, you don't have to pay extra. If you go longer, though, you'll have to pay interest — a percentage of the money you owe — on top of what you borrowed. In addition to being a tool for short-term borrowing, credit cards can provide valuable rewards and perks when used responsibly.

**Credit cards are not for everyone.**

Like tools, in the wrong hands, they can be dangerous. If you have personality traits like a tendency to lack self control, if you're in the process of repairing your finances, or if you're not ready for personal responsibility, avoid credit cards until you are mentally and emotionally prepared.

**What are the benefits of having a credit card?**

There are three major benefits to credit cards, without which, it wouldn't be worth the hassle to use these products instead of debit cards or cash.

*Credit cards create a barrier between merchants and your own money.* If nothing else, credit card companies are good at handling fraud, and they create a line of defense between fraudsters and your money.

*Extended warranties and protections.* In most cases, buying a product or service with a credit card automatically gives you more choices if you have problems with the purchase. Many credit cards extend the manufacturer's warranty. Some offer purchase protection, where if you damage the purchase in some way not covered by the warranty, the bank will replace it.

*Credit card rewards.* This happens to be one of the best marketing tools of all time. In order to gain more users and more credit card transactions, banks offer a variety of incentives to encourage new customers to apply. The issuers entice customers with promises of sign-up bonuses, cash back rewards, airline miles, and 0-percent introductory interest rates.

**Credit Card Basics (continued)**

*Appendix H*

*Additionally, having a credit card allows you to **build credit**, which can then help you with bigger purchases such as buying or leasing a car, or renting or buying a home. Sometimes landlords ask to see your credit score as proof that you will be able to pay your rent or be likely to pay your rent on time.

**How do I choose the right credit card for me?**

Choose a credit card that matches your needs: a credit card with 0% APR on balance transfers (good for eliminating balances on high-interest cards when you aren't able to pay the full bill each month); a credit card that accumulates frequent flyer miles; a credit card with gas rewards (ex: getting points for every dollar spent on gas using the credit card).

**How many credit cards should I have?**

The average American has 2-4 credit cards, though there is no "right answer" of how many credit cards one should have.

**However, if you're new to credit cards, or just recovering from a bankruptcy or other bad credit incident…**

Start with one card, a secured card if necessary, then add a second card when you can prove to yourself that you are making your payments on time and paying your bill off in full each month.

**One last thing to know…**

**What is a good overall credit limit?**

It's a number that many experts say should stay below 20%-30%. Another way to put this is that your **total** available **credit** should be five times the **total** amount of debt. So, if your **total** available **credit** was $1,000 and your **total** balance is $300, then you're using 30% of your available **credit**. This applies for ALL of your cards at any given moment.

**Gemma Day Program: Financial Management**

*Appendix I*

*It is often helpful to look at how money was handled in your family when you were growing up. In what town(s), state(s), and/or country(s) did you grow up?*

*How did the location of where you grew up affect your family's money management style?*

*How financially comfortable was your family and how has this affected your current thoughts about money?*

*What were your father / male caregiver's thoughts about money and money management?*

*What were your mother / female caregiver's thoughts about money and money management?*

*How was money handled in your family?*

*What did you learn from your parents / caregivers about money management?*

## FINANCIAL CODEPENDENCY

*Appendix J*

Codependent behavior is essentially living one's life on behalf of someone else in ways that are detrimental to both parties. In financial terms it involves giving to others in ways that keep them from having to take responsibility for their own mistakes and behaviors.

One of the main focuses of Gemma's money management curriculum is for us to become financially independent. In order to do this we have to be aware of some things that can hinder our ability to do this. It is important to be aware of financial co-dependence for a variety of reasons. At the individual level it is important to make sure we are not enabling children, spouses, relatives and or friends. It is also important to be aware if someone is financially codependent with you and provides financial stability to the point that your ability to manage money appropriately is never learned. An example of this is when a partner or family member continually buys you items you cannot afford yourself. If you are always purchased things that you cannot afford on your own it is difficult to learn how to manage money responsibly. This continues the cycle of codependency because you may want out of these relationships or put distance between yourself and the other person but fear the loss of monetary items. Being financially independent frees you from being reliant on other people that may be hindering your growth and independence.

Furthermore financial codependence can be dangerous if someone stays in an abusive relationship because they do not have financial independence. Studies have shown that the number one reason women stay in abusive relationships is fear of being unable to take care of themselves and/or their children financially without the help of their significant other.
Judging when giving crosses the line from generosity to enabling has little to do with the amount of the gift.

Financial enabling generally has **three** components.

1) It involves taking care of what is legitimately someone else's responsibility.

2) It happens repeatedly.

3) It generates resentment and blame on both sides. The resulting conflict and tension are harmful to the relationship.