

In class # 2 we:

* Reviewed methods to prepare a Cash Flow Statement (aka budget)
* Recognized that building wealth requires a household’s annual cash inflow to exceed its outflow
* Focus on Income building – not expense reduction
* Discussed the importance of educating children about multiple career opportunities AND that there is a strong relationship between careers and finances.(Handout 10
* Discussed Student loans (subsidized and non-subsidized) – see handout 5.21 Student Debt
* How to obtain a full credit report (Handout 5.01)
* How to improve your credit score (Handout 5.02)
* How to prepare a personal financial statement. (Handout 4.00 and 4.01)

These topics should be discussed with young people aged 18-25, especially credit and debt, as most people who get into life-long debt begin the downward slide in their 20s

I forgot to review items to discuss when negotiating with an employer (handout 1.25), so I am asking you to read on your own/.

**ASSIGNMENT #2 – WORKSHEET (from -) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

1. Prepare Maria's Personal Financial Statements
* Read handout 4.00
* Complete Exercise 4.11a.
* Transfer the information on form 4.11a to form 4.01

Note that the assets and liabilities in which Maria has a PARTIAL interest may be challenging to list. However, think creatively about how to share the information so it gives the full picture

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**ATTACH Maria’s Personal Financial Statement on FORM 4.01 and answer**

|  |  |
| --- | --- |
| 1. What is Maria’s Net Worth?
 | $ |
| 1. How much value does her ownership in her parent’s house contribute towards her net worth?
 | $ |
| 1. If Maria quit her job tomorrow, how much would her Retirement Assets decrease since she is not fully vested?
 | $ |

THEN…

|  |  |
| --- | --- |
|  | **CIRCLE or CHECK WHAT APPLIES** |
| 1. Prepare **your own Personal Financial Statement on** form 4.01.

If married your spouse's assets and liabilities should be included. Do not share it with me now but I am happy to review it if we have a private session.  | I did not try – leaving this to tackle on another dayI made a first rough draft of my PFSI got it pretty close to getting the PFS done and have a good estimate of my net worth – need still to make some adjustments.I nailed this and I now know my Net Worth  |
| 1. **READ 5.01 and get your full credit report (FREE) –** download and save it to your computer.
 | I did not try – but will do it another dayI got my report but have questionsI got my report and understood it |
| 1. **READ 5.02 and get your credit score – by downloading Credit Karma (FREE)** –
 | I did not get credit karma – leaving this to tackle on another dayI got my score and utilization rateI know my current score and utilization rate and I have an action plan to improve both which includes:  |
| 1. Read handout 10.34 **One Pot-Two Pots-Three Pots,** which discusses methods couples use to keep their money separate or combined finances.

 If you are in a relationship, I would appreciate hearing about how you manage finances what has worked and what has not. We all have stories!  | I am single – so this does not applyI share household expenses with another person (spouse, friend, relative) and we keep our money in \_\_\_\_ pots |

**HANDOUTS**

* If you did the homework exercise last week, I sent you the below answer sheets. They are NOT on the website.

|  |  |
| --- | --- |
| 3.11b | Answer Sheet for Maria's Cash Flow Statement - Budget – part 1 |
| 3.11c | Answer Sheet for Maria's Cash Flow Statement - Budget on long-form 3.01 |
| 3.11d | Answer Sheet for Maria's Cash Glow Statement - Budget on long-form 3.01 consolidated to eliminate non-used categories prepare your Budget in this manner |

* If you did not do it – it is not too late. Do Maria's Budget, and I will send you the answer sheets. None of this will stick unless you do the work.

**RELATED TO THIS WEEK's CLASS or Assignment – all on the web for download**

<https://money101education.com/handout-money-lifecycle-segment/>

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| --- | --- | --- |
|  |  | Check when read |
| 1.25 | Employment – Items to discuss when being offered employment |  |
| 4.00 | Introduction to a Personal Financial Statement |  |
| 4.01 | FORM – Personal Financial Statement (sending as both an Excel sheet and pdf) |  |
| 4.03 | Three examples of personal financial statements  |  |
| 4.11a | EXERCISE – Prepare Maria's Personal Financial Statement |  |
| 5.01 | How to get a free credit report |  |
| 5.02 | Key Factors which influence your credit score |  |
| 5.21 | Student loans – subsidized and unsubsidized loans – some facts |  |
| 10.22 | Careers and Earning Potential and Ranking of Colleges Regarding Ability to Help with Upward Mobility |  |
| 10.23 | Occupations and Earnings Data from US Department of Labor |  |
| 10.32 | Couples and Finances – one pot, two pot, three pots |  |