

IMPACT

University of Idaho
Extension

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Class Series “Making Change” Teaches Simple Financial Changes that Make a Difference

The Situation

During 2006, one out of every 207 households in Idaho filed for bankruptcy and in 2007, one in every 949 homes were in foreclosure, a rate that has more than tripled since 2006. There were 718 identity theft victims in Idaho in 2006. These alarming statistics are a reflection of the lack of knowledge, attitudes and behavior necessary to create a sound financial situation in the lives of Idahoans.

Our Response

Collaborating with the Bank of Commerce, the University of Idaho Extension responded by offering a financial class series *Making Change* in three different counties in eastern Idaho. This four week class series was designed to teach sound financial strategies to improve personal finances by incorporating simple changes that make a difference. Two topics were covered each night.

The first class focused on Dollar Decisions: Managing spending and Preparing for emergencies. This session taught the simple but invaluable skills of separating needs from wants, and exploring fun and easy ways to increase income and decrease expenses, including a motivational tool called the step down principle. Participants were taught strategies on setting a realistic spending plan and techniques for saving money on household expenses. The often overlooked step of building up emergency



savings was also discussed in great detail. Participants were taught how to quickly and easily build up savings, so as to avoid dependence on debt in emergency situations, and to allow that money to grow in a high yield account if unused.

The second class Credit Cents: Building credit and becoming debt free discussed the importance of establishing an excellent credit history which influences credit score and borrowing power. This class utilized the Credit Cents fact sheets by teaching participants how to read and understand their credit report, how credit scores are figured and what can be done to improve credit scores. Participants were taught how to request their free credit report. Also emphasized was the importance of avoiding unnecessary debt, which includes nearly all types of consumer debt. Emphasis was placed on getting compound interest to work in their favor instead of against them. An effective and motivating method referred to as the Debt Snowball was taught to help participants rid themselves once and for all of their burdening and financially destructive debts.

The third class in the four week class series, Prepare for Retirement: Investing and planning for later life, taught about the simple but vital principles behind effectively saving and investing for the future. Topics included the 10% “pay yourself first” method of saving, dollar cost averaging, estimating retirement needs, and the time value of money including the phenomenon of compound interest.

The final class addressed the topics of Taming the Paper Tiger: Organizing records and guarding against identity theft. The participants were taught organizational strategies to use in de-cluttering their homes and what records are necessary to keep and for how long. Examples of how a person's identity can be stolen were shared with the class and ways to protect your identity were explained.

Program Outcomes

The *Making Change* class series was offered in Bannock county on Tuesdays, Madison county on Wednesdays, and Bonneville county on Thursdays during the fall of 2007. The Bank of Commerce sponsored newspaper advertisements, and \$100 savings bonds for each location used for perfect attendance incentives. The Identity Theft portion of the last class was taught by the Bank of Commerce personnel. The University of Idaho Extension provided the classroom, the handouts, and the instruction of the other classes. Forty adults enrolled in the *Making Change* class series.

An evaluation completed during the final class of the series revealed the following data.

before	Knowledge	after
25%	I understand how to track spending and prepare financially for emergencies.	100%
35%	I understand credit reports and how to become debt free.	95%
16%	I know how to save and invest for retirement.	63%
16%	I know how to organize my records and protect myself from identity theft.	95%

before	Behavior	will do
25%	I track spending and save for emergencies.	95%
35%	I work on building credit and becoming debt free.	95%
25%	I regularly save and invest for retirement.	80%
15%	I keep my records organized and take steps to reduce my chances of identity theft.	90%

For More Information

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