So I know why you’re here: I bet you’ve got some questions about your money: what to do with it, how to make the most of it and how to hopefully get more of it. You’ve got questions and the good news is you’re not alone. We’ve talked to people like you all around the country to find out where they need help and what they want to know. And we’ve rolled that all into one workshop.

YOU ARE NOT ALONE

Hello, my name is <name> and I’m <title>.
Today’s workshop is designed to give you a solid foundation to help make smart choices with what you’ve got and help to build a solid foundation for the future. And all it takes is five simple money concepts.

But first let’s talk about how we make money choices...
“What would you do if you were given $1000?” (Use following prompts for assistance)

What would you want to do with it?
What do you think you should do with it?
What do you think would help you most today?
What do you think would help you most in one year? In ten years?
Describe the focus of workshop: using money to manage today’s reality while making the most of your future

Using Action Plan, walk through each core concept

Budgeting - How to make the most of the money you have (no matter how much it is)

Credit - How to use credit and boost it to your advantage

Debt - How to handle debt smartly

Investing - How investing can help reach your money goals

Retirement - How to think about retirement (even when it’s really far away)
Core Concept #1: Budgeting, or making the most of what you’ve got
Ask audience about their experience with budgeting or dealing with unexpected expenses

Have you ever had a moment when you were shocked by how much you spent in a month? What did that feel like? Do you know why it happened?

Have you ever had an unexpected expense that threw off your finances?

Have you ever tried budgeting? Why or why not?

Since today we’re talking about building a strong money foundation, we’re going to start with the most essential piece: the B word (yes, budgeting). Making sure your money is going into the right buckets is the first step to set yourself up for financial success. The good news: you actually don’t need to keep track of every little dollar you spend. We’re going to talk about a general rule of thumb you can follow to keep track of what’s essential and be flexible with everything else.
Before we get into our rule of thumb, let’s take a look at the four common places our money goes: essentials, non-essentials, short-term and long-term savings.

Ask: What do you think goes under each of these categories? (e.g. housing, food, healthcare, debt payments, cell phone, transportation in essentials; entertainment, shopping, in non-essentials; travel fund and emergency fund in short-term savings; retirement and saving for a house in long-term savings)
Suggested talking points: So now that we know where our money typically goes, we can follow a simple rule of thumb to funnel our funds into the right place. It’s called the 50/15/5 Rule:

- 50% or less of your income should go to essential expenses (housing, food, healthcare, debt payments)
- 15% to retirement savings
- 5% to short-term savings

As long as you stay within those guidelines, the remaining 30% is yours to save or spend as you see fit.
Review Action Plan, ask about Budget Buckets:

How do you think your spending stacks up against these buckets?

What is one thing you can do to help funnel your money into the right buckets? (e.g. automate money, lower major living expenses, watch discretionary spending, contribute to retirement, etc.)
Core Concept #2: Credit, and how to use it to your advantage
Ask audience about their experience with credit and why they think it matters

Where have you heard of the phrases “good credit” or “bad credit” being used? (commercials, offers, your own life, etc.)

What do you think makes credit good or bad?

How do you think good or bad credit affects your money choices in life?

Credit comes in two flavors: there’s credit you use (like borrowing money and taking out a loan) and there’s credit you can build. The credit you use affects how you build credit - and the credit you build impacts so many other pieces of our money. Your credit history is one snapshot of your financial health. And it’s an important one, since many places will check on your credit to determine how trustworthy you are with your money. It can affect what kind of apartment you can rent to what kind of car you can buy. Luckily, you’ve got a lot of say in how healthy your credit history looks.
Your credit history is measured by your credit score - like a grade on a report card. And your credit score is made up of five slices:

- **Payment history** (or how you repay your debts) (35%)
- **Credit utilization** (or how much of your available credit you're using) (30%)
- **Length of your credit history** (15%)
- **Credit mix** (this is all your credit cards, auto loans, home loans, etc.) (10%)
- **New credit accounts** (10%)

What is something in your life that falls into one of these categories? (e.g. credit cards, student loans, rent, cell phone bill, etc.)

The best way to manage your credit is to give yourself a regular credit check up. Like going to the doctor to check on your physical health, a regular check-in with your credit will ensure that this important snapshot of your finances is as healthy as possible.

- **Check your credit health**: Check your credit report at least once a year to make sure your credit report looks healthy. You may request a free copy of your credit report once every 12 months from each of the nationwide credit reporting companies. Many credit cards also offer you an option to check your FICO score for free.

- **Build credit as needed**: If you don’t have any credit history to your name, you may need to build up your credit. No history can be just as challenging as a bad credit history. You can build credit by opening a new line of credit (like a credit card or loan) and managing it responsibly.

- **Check your debt load**: Your total monthly debt payments should not be more than **one-third** of your income.

- **Read the fine print**: If you need to use credit, read the fine print and compare offers. Watch out for introductory offers (like 0% APR annual percentage rate) and avoid short-term, high-interest loans.

- **Pay on time and pay at least the minimum**: Make sure you make all of your debt payments on time and you pay at least the minimum. Your payment history affects your credit history more than anything else!
Review Action Plan, ask about Credit Check Up:

What’s something you could do this week to check in on your credit health?  
What’s something you can do help keep your credit history healthy?
Core Concept #3: Debt and how to handle it smartly
Ask audience about their experience with debt
Who here has credit cards? Student loan? Or other types of debt?
How did you get that debt?
What's the most confusing or frustrating thing about your debt?
If you don’t have debt, how did you get to a place where you were debt free?

Everyone of us will encounter debt sometime in our life. And yet even with something so common, it can feel overwhelming to manage. But getting a handle on your debt - and even preventing it from happening in the future - only takes a few small steps.
When we think about handling debt, it’s easy to just think about the debt burden. But when comes to avoiding debt, there’s one surprising and necessary ingredient: savings.

When was a time in your life that you could’ve avoided debt if you had some extra savings?
The Ditch Debt and Start to Save map will not only help you pay off what you owe, but build a buffer for the future, too. And of course, we have to pay attention to interest rates to know where to start first!

1. Start an emergency fund: open/designate an account; start saving each month (even just $25)
2. Contribute to your 403(b): make contributions and understand your Duke benefits (employer contributions or defined benefit pension plan)
3. Pay off high interest debt: tackle credit cards and high-interest loans and make automatic payments. If there’s one thing that impacts your debt the most, it’s your interest rate, which affects how quickly that debt grows. That’s why it’s so important to tackle the high interest debt first.
4. Pay off private student loans: find out what you owe and set up an automatic payment plan
5. Contribute more to your retirement: bump up your contributions to retirement (even just 1%
6. Pay off lower interest, federal loans: find out what you owe and set up an automatic payment plan
Review Action Plan and ask about Ditch Debt and Save Money Map:

Where are you on this map?

Thinking about the debts you owe and what you have saved, where do you want to focus on first?
Core Concept #4: Investing, and how it helps you reach your money goals
Ask audience about their experience with investing

When you think of what you’ve heard about investing and the stock market (on the news, from parents, from friends, etc.), what words come to mind?

Why do you think investing is confusing or intimidating?

Investing can seem like a complicated and scary concept. We hear news stories all the time about fluctuations in the market, losses, gains… But while the stock market is portrayed as an unpredictable place for risking it all, there is a way for you to invest that can help minimize risk and actually help you reach your big goals over the long haul.
The key to investing is compounding. Compounding is when you earn money not just on the money you contribute, but also on the money you earn. It’s returns on top of returns on top of returns. Unlike a savings account, there’s risk involved in investing your money. There’s always a chance that the market could go down and you could lose a good portion of your investment.
Thinking about these long-term compounding returns, when do you think investing would make more sense over savings? When do you think savings would make more sense?

When we think about what we want to do with money in our lives, there’s a timeline we have to think about: from shorter-term goals and long-term goals. Knowing where our goals fall on our timeline can help us decide when and where to invest our money.

What are some goals in life and where do they fall on this timeline? (e.g. Short-term goal is travel, medium term is saving for housing, long-term goal is retirement, etc.)
Let’s talk about the different investment types.

When you hear about “asset allocation,” that just means the different types of investments within your portfolio. Fidelity recommends that you have a blend of different types of investments that balances risk and reward. Investment Options to the right have potentially less inflation risk and more investment risk.

- Cash has potentially more inflation risk and less investment risk - but you’re not making money by just holding onto cash – so low potential for reward
- Bonds are on the lower end of the risk spectrum, but also take time to make you money – they’re better for longer-term investing needs
- Stocks or equities have potential less inflation risk and are the highest on the potential risk and return spectrum.

Your overall blend of the three investment categories is your asset allocation. Your personal needs and time horizon determine the mix that’s right for you. That’s why you need to clearly define your investing goals before choosing investments.

But there is one important thing to note here: Investing too conservatively for longer-term goals carries its own risk—the risk of not keeping up with inflation, and actually losing buying power. That’s why you need to have an appropriate balance
of risk and reward, depending on how far away from retirement you are.

That’s why you should keep in mind that investing isn’t about timing the market. It’s really about the amount of time you’re in the market, and benefiting from the market’s potential.

The good news is, you don’t have to be an expert at picking stocks, bonds, and cash investments. It really depends on your preferences and personality.
Review Action Plan and ask about Investing in Your Goals:

Pick out 3 short, medium or long-term goals. How would investing help you reach these goals?
Core concept #5: retire (and how to think about it, even if it seems really far away)
Ask audience about their thoughts on retirement
When you hear the word retirement, what do you think?
How much do you think of how much you need for retirement?

Retirement seems like a long ways off. And the amount of money that you’ll need to retire comfortably can feel like a lot to start thinking about it today. Well here’s the good news: you actually don’t need a lot of money to get started because retirement is one of the easiest ways to start investing.

We just talked about compounding returns and how they can work best when you give them a lot of time. Let’s take a look again at Jason and Emma, who each contribute the same amount to their retirement account but start at different moments in their lives.
This is a hypothetical illustration. This example is for illustrative purposes only and does not represent the performance or any security. Systematic investing does not ensure a profit or guarantee against lose in a declining market.

This is Emma: she’s 35, and is contributing $5,500/year to her IRA or individual retirement plan. Assuming her savings compound at a 7% rate of return, she could have $796,678 by the time she’s 70 years old.
This is a hypothetical illustration. This example is for illustrative purposes only and does not represent the performance or any security. Systematic investing does not ensure a profit or guarantee against loss in a declining market.

Now let’s take a look at Jason. Jason is 25 years old, and is also contributing $5,500/year to his IRA or individual retirement plan. Assuming his savings compound at the same 7% rate of return as Emma’s, he’s able to grow his savings to more than $1.6 million. As you can see, because Jason started saving early, he had more time to benefit from the power of compounding—allowing his savings to grow to more than double Emma’s.
So even if you only have a little to contribute to your retirement, you can still take small, simple steps today to make a big impact on your future.

1. Open an account: Make sure you have a place to start saving for retirement. Take advantage of your Duke Retirement Program and/or open up an IRA (Individual Retirement Account)

2. Make it automatic: Set up automatic contributions and build up your retirement without even thinking about it!

3. Bump up your contributions a little: Already saving? Start contributing a little more to retirement. Even just another 1% could go a long way
Review Action Plan and ask about Boosting Your Future Self’s Financial Power: Based on what you learned about retirement, what’s one thing you can do in the next year to give your future self a boost?
Summarize and Review Action Plan: Review each section and highlight the simple next steps in the action plan.
Review resources on MyMoney: Walk audience through site and highlight helpful resources and sections
IMPORTANT INFORMATION

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Diversification and/or asset allocation does not ensure a profit or guarantee against loss.

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In general, the bond market is volatile, and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. Unlike individual bonds, most bond funds do not have a maturity date, so avoiding losses caused by price volatility by holding them until maturity is not possible.

Stock markets are volatile and can fluctuate significantly in response to company, industry, political, regulatory, market, or economic developments. Investing in stock involves risks, including the loss of principal.