Financial Planning Day
Volunteer Boot Camp

How to successfully provide pro bono financial advice at the Financial Planning Day!

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What is Financial Planning Day?

- Opportunity for the public to receive free, no-strings-attached, financial advice and education from highly qualified and experienced financial planners
- Designed to benefit the underserved, young adults, and those individuals facing special life circumstances or crisis, by empowering them with financial planning information to achieve their life goals

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What is Financial Planning Day?
(continued)

- Financial Planning Day is brought to you by:
  - Certified Financial Planner Board of Standards
  - Financial Planning Association®
  - Foundation for Financial Planning
  - U.S. Conference of Mayors

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Organizers

- The Financial Planning Days program will be held in U.S. cities identified by the U.S. Conference of Mayors; powered by the financial planning communities of FPA and the CFP Board; and supported by key funding from the Foundation for Financial Planning

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How Does it Work?

Financial Planning Day is a free event for the public consisting of two main activities:

- One-on-one Advice: Financial planners meet one-on-one with attendees to address their specific financial questions and concerns
- Classroom-style Presentations: Financial planners conduct educational presentations on diverse and popular financial planning topics

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Volunteer Rules and Guidelines

Please take note of the following rules and guidelines for Financial Planning Day volunteers:

- Volunteers in one-on-one counseling sessions will meet with one individual or family at a time
- Try to limit conversations to 15 minutes

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Volunteer Rules and Guidelines
(continued)

- No Strings Attached:
  - No Business Cards or Marketing Materials
  - No Sales
  - No Follow up
- Program materials given to all attendees contain a directory of volunteers' names and contact information
- You may circle your contact information in the program handout

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Important Note

Please take note of the following disclaimer for Financial Planning Day volunteers and attendees:

- Advice received at the Financial Planning Day is for informational purposes only
- Attendees agree to hold all parties harmless
- No client relationship may be formed at the event

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Financial Planning Day Boot Camp

The remainder of this Boot Camp will focus on helping you to assist various types of attendees you may encounter at the Financial Planning Day:

- Underserved - no access to a financial planner due to low income, cultural background, etc.
- Young adults
- Individuals and families facing special life circumstances or crisis

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Why Pro Bono?

- Help people and make a difference in your community
- Advance our profession
- Increase financial planners' visibility as a resource in the community
- Strengthens ties within community
- It just feels good

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What Is Pro Bono?

- Pro Bono is free financial planning for:
  - Underserved, young adults, and individuals facing special life circumstances or crisis who cannot afford to engage a financial planner
  - Others in need as determined by your community
- Pro Bono is a form of Community Service:
  - No expectation of remuneration or client development
  - Clients must be qualified in some way

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The Ground Rules

- No sales or promotion
- Client services must be led by:
  - CFP® certificant; or
  - FPA member (CFP® *or* non-CFP® certificant)
- Volunteers must be in good standing and must complete this boot camp
- Advice only – no implementation or monitoring

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Regulations and Compliance

- CFP Board's *Rules of Conduct* and FPA's *Code of Conduct* apply to pro bono engagements
- Compliance - Your firm's compliance process applies
- Don't give advice on topics for which you are not qualified
- Most topics will be basic, e.g., budgeting

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Liability

- The best protection is good practices
- Check your own E&O insurance
- Follow the Financial Planning Day Guidelines
  - No soliciting
  - No recommendations of specific products
- Federal Volunteer Protection Act of 1997

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Working with Low Income Individuals

- Are low income pro bono clients different from paying clients? Yes and no.
- Think basic – major problems are likely to be cash flow, debt, limited resources, and short time horizons
- Knowledge of the financial system (banking, credit, investing, etc.) may be limited
- Relationships with family and community members may be complex

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Working with Low Income Individuals (continued)

- Those on public assistance may face various eligibility thresholds that can affect planning
- Adjust language, expectations & recommendations
  - Jargon: terms like asset or liability may be unfamiliar
  - Expectations: Don't project your priorities in making choices and setting goals
  - Recommendations: Solutions need to be simple. Some common products may be unsuitable.

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Working with Low Income Individuals (continued)

- Educate, Motivate, Support
  - Despite their limitations, people still want to improve their lives and achieve their goals
  - Help them identify choices and connect them to useful resources in the community

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Special Planning Challenges

- Overwhelming debt
- Lack of access to financial services
- Predatory lending
- Income thresholds for public assistance
- Asset thresholds for public assistance

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Tips for Success

- To understand clients' financial situation, especially issues that might affect eligibility for public assistance, and identify financial services
- To understand clients' life situation. Don't go beyond your expertise.
- Respect the client
- Poverty or ignorance does not mean lazy or stupid. Your job is to find a way to channel some of their effort toward life-improving goals and wealth building rather than just survival.

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Basic Debt Management Tips

- Help the client figure out what is owed
  - Balances, interest rates, minimum payments
  - Confirm that the debt must be repaid
- Figure out how much the client can pay
  - Create a budget
- Set up a SNOWBALL repayment plan
  - Highest interest rate first – economical
  - Smallest balance first – psychological

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Debt Management Worksheet

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More Debt Tips

- Discuss wants and needs
- Listen to the client
  - What is the barrier to financial wellness?
- Start that EMERGENCY FUND
  - Even $500 can make a difference
- Foster POSITIVE HABITS
  - Set goals to aim for, track spending and rebuild credit

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Creating a Spending Plan

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Techniques To Track Spending

"Envelope"
"Register"
"Left Over"
"Calendar"
"Receipts"

- No one method is perfect
- Track expenses for at least one month to get a baseline

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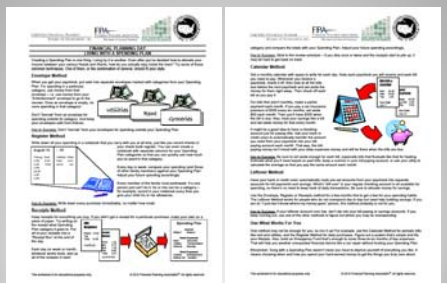
Living With a Spending Plan



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What If They Can't Pay?

- Have the client contact the lender
  - Explain why the client fell behind
  - Present a repayment plan
  - Present a budget that backs up the plan
  - Ask for rate reductions and fee waivers
- Get any creditor agreements in writing
- Letter to creditor template: extension.umd.edu/publications/PDFs/FS436.pdf

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More Tough Choices

- Prioritize repayment of debts needed to:
  - Maintain a household (food, rent, utilities)
  - Work (car payments)
  - Meet legal obligations (taxes, child support)
- Priortizing Debts: www.nclc.org/images/pdf/domestic_violence/16guidelinesforprioritizingdebt.pdf
- Fair Debt Collection Act: www.ftc.gov/bcp/edu/pubs/consumer/credit/cre18.shtm

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When (and How) to Seek Help

- The client needs more handholding
  - Credit Counseling Agencies www.NFCC.org
  - HUD Housing Counselors www.hud.gov/offices/hsg/sfh/hcc/hccprof14.cfm
- If the client can't repay in 3-5 years or risks losing house/retirement funds
  - "Seek legal advice" (Don't say "bankruptcy")
  - www.lsc.gov or www.findlegalhelp.org

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Major Government Resources Available to Low Income Clients

- No need to be experts but know the basics
- Taxes
  - Earned Income Tax Credit (EITC) – refundable tax credit
  - Savers Credit – non-refundable credit for retirement savings
  - Taxpayer Advocate Service – service for distressed taxpayers

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Major Government Resources Available to Low Income Clients

- Major Public Assistance Programs
  - Food Stamps
  - Temporary Assistance for Needy Families (TANF)
  - Supplemental Security Income (SSI)
  - Medicaid & State low-income health insurance programs

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More Resources Available to Low Income Clients (continued)

- VITA/TCE – free tax preparation
- Individual Development Account (IDA)
- Community Development Credit Unions and Financial Institutions
- Legal Aid
- Veterans' Benefits

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More Resources Available to Low Income Clients (continued)

- Bank On
- Develop a list of local resources
  - Check www.govbenefits.gov for public benefits
  - Check United Way, etc., for nonprofit resources
- Investor Protection Trust
- America Saves
- HUD

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Print Materials Available at the Events

- Financial planning brochures from CFP Board and FPA
- Financial Prescription handout from the Foundation for Financial Planning
- Personal finance materials from the Government Services Administration

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Summary

- You don't have to "know it all"
- You can decide how you want to participate
- Community-Based Organization collaboration makes the engagement easier to manage
- It is amazing to help people change their lives for the better

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Thank You!

Thank you for sharing your expertise and building awareness of the importance of financial planning!

The Financial Planning Day may be the first face-to-face contact with a financial planner for many consumers.

We hope this Boot Camp will help make your Financial Planning Day experience as enjoyable as possible!

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Financial Planning Days Questions and Answers

- To learn more about the Financial Planning Days initiative, visit www.FinancialPlanningDays.org or e-mail info@FinancialPlanningDays.org
- For immediate questions about this Boot Camp, e-mail fpaprobono@FPAnet.org

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Financial Planning Day
Boot Camp Exam

- Visit the Financial Planning Days Web site to take the exam:
  www.FinancialPlanningDays.org
- Go to the Volunteer Login section to access the exam Web page
- When prompted, enter code **FPD2010** on the exam Web page

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Financial Planning Day
Volunteer Boot Camp
Addendum

How to successfully provide pro bono financial advice at the Financial Planning Day!

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Pro Bono Clients – Considerations

- Cultural
- Family (e.g. biological; non-traditional)
- Emotional
- Life cycle and age
- Client's level of knowledge, experience, and expertise
- Risk tolerance
- Values-driven planning

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Planner Characteristics

- Be positive
- Show empathy
- Watch body language

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Communication

- Create an atmosphere where clients feel comfortable sharing financial information
- Listen and show the client that you are fully engaged
- Ask appropriate questions

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Financial Planning Day Video

- What to expect at your Financial Planning Day program?

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FINANCIAL PLANNING DAY
DEBT MANAGEMENT PLAN

List all of your creditors, the amount owed to each, the interest rates, and monthly minimum payments.

CREDITOR	TOTAL OWED	INTEREST RATE	MINIMUM PAYMENT
1.	$	%	$
2.	$	%	$
3.	$	%	$
4.	$	%	$
5.	$	%	$
6.	$	%	$
7.	$	%	$
8.	$	%	$
9.	$	%	$
10.	$	%	$
Total	**$**		**$**

Re-order your debts according to which you want to get rid of first. One way is from highest to lowest interest rate – that should save the most money in the long run. Another is from smallest to largest – that may help you build momentum by successfully eliminating one creditor from your list relatively quickly.

CREDITOR	TOTAL OWED	INTEREST RATE	MINIMUM PAYMENT
1.	$	%	$
2.	$	%	$
3.	$	%	$
4.	$	%	$
5.	$	%	$
6.	$	%	$
7.	$	%	$
8.	$	%	$
9.	$	%	$
10.	$	%	$
Total	**$**		**$**

Now attack Debt No. 1, repaying as much more than minimum as you can each month until it's gone while paying minimums on the rest. Then attack Debt No. 2. Keep going until all your debts are gone.
THE KEY TO SUCCESS – DON'T BUILD UP NEW DEBTS WHILE PAYING OFF THE OLD ONES!

CREDITOR	REPAY MORE THAN MINIMUM	REPAY JUST THE MINIMUM
1.	$	
2.		$
3.		$
4.		$
5.		$
6.		$
7.		$
8.		$
9.		$
10.		$
Total	**$**	**$**
TOTAL of all debt repayments	**$**	(Put this in your spending plan)

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FINANCIAL PLANNING DAY
SPENDING PLAN – CURRENT

Get out your pay stubs, checkbooks, credit card and bank statements, and write down how much you make and how much you spend now every week, month and/or year – to the penny!

INCOME	PER MONTH	WITHHOLDINGS	PER MONTH
Salary/wages1	$	Federal income tax	$
Salary/wages2	$	State/local income tax	$
Pensions/investments	$	Social Sec./Medicare	$
Social Security/Disability	$	Other	$
Other	$	Total Income	$
Other	$	Less Total Withholdings	$
Other	$	**SPENDABLE INCOME**	**$**

A "need" expense is something you absolutely must pay ... or else.

NEED EXPENSES	PER MONTH		PER MONTH
Home: mortgage/rent	$	Insurance: medical	$
property tax	$	life	$
insurance	$	other	$
electric/gas	$	Debts: credit card 1	$
water/sewer	$	credit card 2	$
telephone	$	other	$
maintenance	$	Savings: emergency	$
Car: loan payment	$	retirement	$
insurance	$	other	$
gas/oil	$	Daily: groceries	$
maintenance	$	child care	$
Medical: doctor/dentist	$	other	$
medicine	$	other	$
other	$	**TOTAL "NEEDS"**	**$**

A "want" expense is something that makes life better but isn't truly necessary. You can be flexible – items like work clothes or charity may be necessary for you – but don't put everything into the "need" list

WANT EXPENSES	PER MONTH		PER MONTH
Cable TV/Internet	$	New clothes/shoes	$
Entertainment/Dining out	$	Charity	$
Hobbies/Clubs/Pets	$	Other	$
Vacation	$	**TOTAL "WANTS"**	**$**

Occasional Expenses Worksheet						
Don't forget expenses you incur once or twice a year, like property taxes or holiday gifts. Divide the total by 12 and include that amount in your monthly plan	Jan	$	May	$	Sep	$
	Feb	$	Jun	$	Oct	$
	Mar	$	Jul	$	Nov	$
	Apr	$	Aug	$	Dec	$

If expenses are greater than income, you need to make changes – starting with a new spending plan.

SPENDABLE INCOME	$
LESS TOTAL NEED AND WANT EXPENSES	$
MONTHLY SURPLUS OR DEFICIT	**$**

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FINANCIAL PLANNING DAY
SPENDING PLAN – FUTURE

Write down where you want to direct your spending – cut back on what's not important so that you can spend more on what is important. Do this periodically, especially if your financial situation changes.

INCOME	PER MONTH	WITHHOLDINGS	PER MONTH
Salary/wages1	$	Federal income tax	$
Salary/wages2	$	State/local income tax	$
Pensions/investments	$	Social Sec./Medicare	$
Social Security/Disability	$	Other	$
Other	$	Total Income	$
Other	$	Less Total Withholdings	$
Other	$	**SPENDABLE INCOME**	**$**

"Need" expenses are difficult to eliminate, but you may be able to reduce them. A different insurer or a smaller house may help, but these are big decisions that require care. The best way – get rid of that debt!

NEED EXPENSES	PER MONTH		PER MONTH
Home: mortgage/rent	$	Insurance: medical	$
property tax	$	life	$
insurance	$	other	$
electric/gas	$	Debts: credit card 1	$
water/sewer	$	credit card 2	$
telephone	$	other	$
maintenance	$	other	$
Car: loan payment	$	Savings: emergency	$
insurance	$	retirement	$
gas/oil	$	other	$
maintenance	$	Daily: groceries	$
Medical: doctor/dentist	$	child care	$
medicine	$	other	$
other	$	**TOTAL "NEEDS"**	**$**

You don't have to cut out all "wants" – but you should pick and choose what's truly important to you.

WANT EXPENSES	PER MONTH		PER MONTH
Cable TV/Internet	$	New clothes/shoes	$
Entertainment/Dining out	$	Charity	$
Hobbies/Clubs/Pets	$	Other	$
Vacation	$	**TOTAL "WANTS"**	**$**

Occasional Expenses Worksheet						
Don't forget expenses you incur once or twice a year, like property taxes or holiday gifts. Divide the total by 12 and include that amount in your monthly plan	Jan	$	May	$	Sep	$
	Feb	$	Jun	$	Oct	$
	Mar	$	Jul	$	Nov	$
	Apr	$	Aug	$	Dec	$

Did you balance income and expenses or achieve a surplus? Great! If not, try again.

SPENDABLE INCOME	$
LESS TOTAL NEED AND WANT EXPENSES	$
MONTHLY SURPLUS OR DEFICIT	**$**

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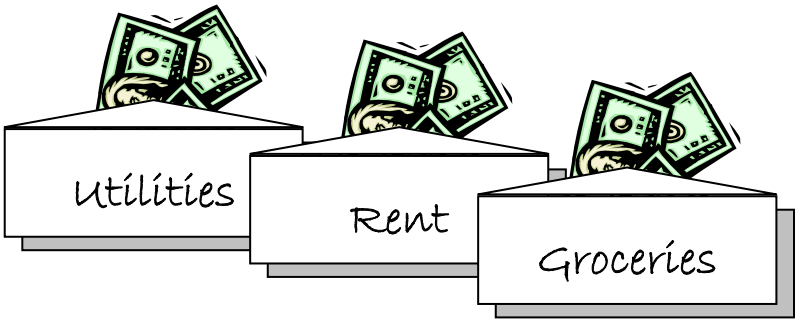
FINANCIAL PLANNING DAY
LIVING WITH A SPENDING PLAN

Creating a Spending Plan is one thing. Living by it is another. Even after you've decided how to allocate your income between your various Needs and Wants, how do you actually stay inside the lines? Try some of these common techniques. One of them, or the combination of several, should fit your style.

Envelope Method

When you get your paycheck, put cash into separate envelopes marked with categories from your Spending Plan. For spending in a particular category, use money from that envelope – i.e. use money from your "Entertainment" envelope to go to the movies. Once an envelope is empty, no more spending in that category!

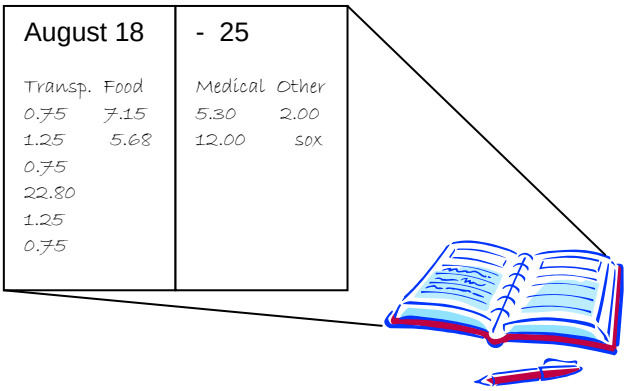


Don't "borrow" from an envelope for spending outside its category. And keep your envelopes safe from thieves.

Key to Success: Don't "borrow" from your envelopes for spending outside your Spending Plan.

Register Method

Write down all your spending in a notebook that you carry with you at all time, just like you record checks in your check book register. You can even create a notebook with separate columns for your Spending Plan categories so that you can quickly see how much you've spent in that category.



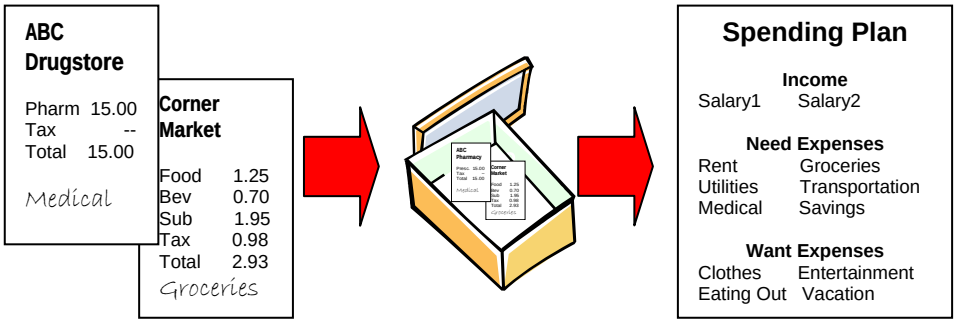
Every day or week, compare your spending (and those of other family members) against your Spending Plan. Adjust your future spending accordingly.

Every member of the family must participate. If a one person just can't do it, he or she can be a category – for example, record in your notebook every time you give your child his or her allowance.

Key to Success: Write down every purchase immediately, no matter how small.

Receipts Method

Keep receipts for everything you buy. If you didn't get a receipt for a particular purchase, make your own on a piece of paper. Try writing on the receipt what Spending Plan category it goes to. Put all of your receipts into a "Receipt Box" at the end of the day.



Each day (or week or month, whatever works best), add up all of the receipts in each

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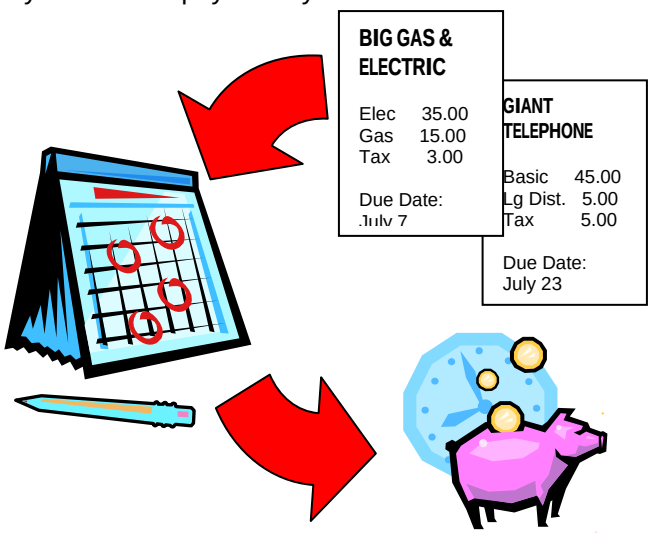
category and compare the totals with your Spending Plan. Adjust your future spending accordingly.

Key to Success: Stick to the review schedule – if you skip once or twice and the receipts start to pile up, it may be hard to get back on track.

Calendar Method

Get a monthly calendar with space to write for each day. Note each paycheck you will receive and each bill you need to pay. Whenever you receive a paycheck, check it off, then look at all the bills due before the next paycheck and set aside the money for them right away. Then check off each bill as you pay it.



For bills that aren't monthly, make a partial payment each month. If you pay a car insurance premium of $300 every six months, set aside $50 each month. Then you'll have $300 when the bill is due. Also, treat your savings like a bill and set aside money for that every month.

It might be a good idea to have a checking account just for paying bills. Ask your bank or credit union to automatically transfer the amount you need from your paycheck into your bill-paying account each month. That way, the bill-paying money isn't mixed with your daily expenses money and will be there when the bills are due.

Key to Success: Be sure to set aside enough for each bill, especially bills that fluctuate like that for heating. Estimate what you'll need based on past bills, keep a cushion in your bill-paying account, or ask your utility to calculate the average so that you pay the same amount each month.

Leftover Method

Have your bank or credit union automatically route pre-set amounts from your paycheck into separate accounts for bill payments and savings. What's "left over" in your regular checking account is all available for spending, so there's no need to keep track of daily transactions. Be sure to allocate money for savings.

Use the Envelope, Register or Receipts method for a few months first to get a feel for your spending habits. The Leftover Method works for people who do not overspend day to day but need help building savings. If you are an "I-just-don't-know-where-my-money-goes" person, this method probably is not for you.

Key to Success: If your leftover account runs low, don't dip into your bill-paying or savings accounts. If you keep running out, use one of the other methods to figure out where you may be overspending.

Use What Works For You

One method may not be enough for you, so mix it up! For example, use the Calendar Method for periodic bills like rent and utilities, and the Register Method for daily purchases. Figure out a system that's simple and fits your lifestyle. Also, build an Emergency Fund that's enough to cover three-to-six months of key expenses. That will help you weather unexpected financial storms like a car repair without busting your Spending Plan.

Remember, living with a Spending Plan doesn't mean you have to deprive yourself of everything you like. It means choosing when and how you spend your hard-earned money to get the things you truly care about.

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