An Overview of The Smith Family’s MoneyMinded© course.

The Smith Family’s MoneyMinded© course is an adult financial literacy program that provides the tools, techniques and motivation for participants to achieve their financial goals. The course provides technical and practical steps for managing money such as preparing an accurate picture of your cash flow and understanding Australia’s credit reporting system. Equally important, it addresses participant’s behaviour towards money and urges them to investigate their patterns and habits with money. The course is tacitly built around the concept of “Opportunity Cost”, with participants motivated to assess the impact of their financial choices. As an example, in the “Sources of finance” activity the group is shown the Total term and Total Cost of paying minimum payments on a credit card for a $2500 purchase (34 years, $9k). Contrasted with this is the “Spending leaks” activity where participants can see that small daily savings (preparing lunch rather than buying) can generate large yearly savings. Underpinning the course is the ability for participants to be able to accurately complete a fortnightly personal money plan. This enables participants to assess their financial position and prepare realistic financial goals.

The course is suitable for earners of all income levels. It does not assume that participants are struggling to pay debt or they are debt free and have surplus income left over to invest. The course is free of any conflict of interest and no financial products or services are promoted. Participants are not directed to any financial services providers. The course enables participants to master the essentials of money management and to build a platform from which they can then establish strategies appropriate to their financial position.

The participants are given a course manual, calculator and satchel to hold their paperwork. There is a fortnight’s break between the three two-hour sessions to allow the participants time to gather and collect data necessary to complete their Personal money Plan. It also develops a sense of belonging within the group and a sense of purpose. It allows rapport to be established between participants and builds social inclusion. Group participation is an important element of the course with the sharing of experiences, tips, skills and learnings between group members greatly contributing to the success of the course.

The course is consistent with the definition of financial literacy adopted by the Financial Literacy Foundation in Australia in that it provides participants with the knowledge to “make informed judgements and effective decisions about the use of and management of money” ¹ The course materials come from the MoneyMinded resource developed by the ANZ Bank. MoneyMinded was developed for use by community educators and financial counsellors, in particular for their work with Australians on low incomes. ANZ initiated and funded MoneyMinded’s development and continues to support its rollout by funding community organisations across Australia, including The Smith Family, to deliver the program.

Session One begins with introductions and icebreakers and then explores why participants may have already previously learned how to “budget” or attended other financial seminars but have not started, or sustained, the plans developed there. The facilitator begins a discussion on the importance of setting a “SMART” goal rather than a vague dream such as “I want to get out of debt” or “I want to be rich”. Examples are given to demonstrate the SMART goal setting technique and participants are given time to practice. They are not pressured to write their own financial goal in the session but it is emphasised that they will get the most benefit from the course if they develop, and write down, their goals before the next session. The next two activities, Needs and Wants and Spending leaks, flow naturally from the goal setting activity as participants are now more likely to critically analyse their spending and purchases if they have a realistic and specific goal they are

¹ Refer the Foundation website at www.understandingmoney.com.au
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aiming to achieve. These activities generally produce fun and humour and the facilitator is non-judgemental stressing the need for the participants to make effective decisions as opposed to telling them what they should do. Participants are shown how to develop a Spending Diary to help track expenses necessary to complete the sample Personal Money Plan distributed at the end of Session One.

Session Two moves into exploring everyday financial needs and consumer credit issues. A brainstorming session is done on Payment Methods. Choices such as Internet banking, BPay, Direct Debit and Centrepay are discussed. Group members are encouraged to share their experiences with their preferred methods with the facilitator filling any gaps of knowledge. Participants can then incorporate their new knowledge about different payment methods that suit and enhance their financial position such as using Centrepay to save on fees and to smooth out household bills that do not coincide with their financial position.

Current and popular scams are then discussed and participants discuss looking for recurring themes such as Headlines of “Make money easily and quickly” and “Above market returns guaranteed”. There is no set material in the manual for this activity as participants generally offer up experiences of Phishing, the Nigerian Bank fraud, chain letters and pyramid schemes.

Sources of finance are then discussed in another brainstorming activity with the question put to the group of “if you had to borrow money, from $500 up, where could you go?”. This activity allows the facilitator to provide information on lenders such as Payday lenders, “Buy now, pay later schemes” and loan sharks. The essence of this course is demonstrated when a discussion occurs on the advantages and disadvantages of borrowing money from family or friends. Participants share their experiences ranging from negative to positive and all steps in-between. Importantly the facilitator does not state what is “right” or “wrong” but allows the group discussions to flow appropriately. A mathematical demonstration on how paying the minimum payment significantly extends the term and cost of paying out a credit card ends the activity. The remainder of session two is spent on showing participants how to incorporate the data they have collected since session one into their personal money plan.

Session Three’s first activity is on Australia’s credit reporting system and opens with a discussion on what the phrase “A good credit rating” means. A sample credit file is then analysed and all entries explained. Participants are then shown how to access their own consumer credit file. The “Dealing with Debt” activity is the course’s largest. Information on specific items such as using the financial hardship clause of the Consumer Credit Code and the difference between secured and unsecured loans is explained. There are also several group discussions on case studies using common themes such as a consumer unable to maintain payments on a debt as well as a consumer left with debts but no assets after her partner walks out on the relationship. Again the group sharing experiences is vital to the learning and adding to the shared knowledge. The emotional side of debt is discussed and terms such as good debt/bad debt are explored as well as looking at strain of being unable to repay debt causes. Issues such as self-esteem, status anxiety and relationship boundaries are discussed. Referral points for assistance with advocacy on debt issues are provided. The session, and course, concludes by revisiting the Personal Money Plan and allowing time for participants to calculate their cash flow to begin the journey towards their financial goals.