Hawaii Credit Union League
in cooperation with
Hawaii Cooperative Extension Service
College of Tropical Agriculture and Human Resources
University of Hawaii, USDA Participating

THE FINANCIAL SOUND SYSTEM
An HCUL Member Promotion and Support System
Offering Financially Sound Education, Counseling and Service

Come Grow with Us!

A Proposed Program
Designed and Developed
for
Hawaii Credit Union League and Member Credit Unions

by

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Introducing
THE FINANCIAL SOUND SYSTEM

MEMBER PROMOTION AND SUPPORT
OVERVIEW

FINANCIAL SOUND SYSTEM
An HCUL member promotion and support system
offering financially sound education, counseling and service
Come Grow with Us!

ASSUMPTIONS

It is in the interest of Hawaii's credit unions and members:

To increase membership, especially among those who are and who will be financially interested, active, sound and responsible;

To increase the number and value of loans made to members for purposes that are sound and under conditions that are sound;

To increase the accumulated wealth and health of members through savings, retirement accounts, home ownership and other assets;

To increase the capability of members to withstand financial setbacks and resolve financial problems whenever they occur.

GOALS

Increase Membership of Hawaii's Credit Unions

Increase Member Attraction, Satisfaction and Loyalty

Increase Sound Financial Activity of Members

Increase Financial Health and Wealth of Members

OBJECTIVES

Increase Financial Awareness and Interest of Non-Members

Increase Financial Awareness and Interest of Members

Increase Financial Knowledge and Activity of Members

Increase Problem Prevention and Resolution among Members
INFORMAL AGREEMENT OF COOPERATION
BETWEEN
Hawaii Credit Union League
AND
HAWAII COOPERATIVE EXTENSION SERVICE
College of Tropical Agriculture and Human Resources
University of Hawaii, USDA Participating

In the interest of the residents of Hawaii, this informal, nonbinding agreement of cooperation is entered into by the Hawaii Credit Union League and the Hawaii Cooperative Extension Service for the purpose of recognizing, encouraging and supporting those efforts, activities and outcomes stated below. It is understood that this agreement is one of voluntary cooperation and in no way places requirements on either party or their members to participate in this cooperation or continue in its furtherance beyond that which is individually and separately decided by the parties. Furthermore, the agreement does not presume parity in the contribution of either party to any given element or activity in this agreement. The agreement simply provides a description of the general nature and content of the cooperation anticipated.

The parties hereby agree to cooperate in the design, development, marketing and implementation of a series of community, financial education workshops which will be open to credit union members and the general public and made available on Oahu and selected neighbor islands over a period of several years.

The parties hereby agree to cooperate in the design, development, marketing and implementation of training workshops in financial counseling which will be open to credit union employees and other interested persons space-permitting and made available on Oahu and selected neighbor islands over a period of several years.

The parties hereby agree to cooperate in the design, development, and duplication or publication of financial education and counselor training handouts, learning packets, publicity and other materials determined to be integral to the workshops noted above.

The parties hereby invite but do not insist upon the individual participation of their members in supporting and furthering the spirit and terms of this agreement. This agreement serves to declare the intentions of the parties to cooperate in a manner that will effectively produce the intended products, activities and outcomes, thereby improving the financial knowledge, capabilities and strengths of Hawaii's people and those who serve them.
THE FINANCIAL SOUND SYSTEM
TOOLBOX

SPECIAL WORKSHOPS, TRAINING AND PRODUCTS
FINANCIAL SOUND SYSTEM TOOLBOX

The FSS Toolbox consists of products and services available to members on a continuous and revolving basis. The Toolbox integrates the financial products and services of the credit unions with educational workshops and financial counseling. Included are: (1) financial products and services of credit unions; (2) lifecycle core of financial education workshops; and (3) client-centered financial counseling for members only. The financial products and services are to be delineated by the credit unions themselves. The other two elements are delineated below.

FINANCIAL EDUCATION WORKSHOPS

Calculating Your Finances. This workshop is for anyone interested in gaining control of his/her financial decision making through the use of a financial calculator. This easy-to-use tool can enable anyone to make better, more informed decisions.

Financial Preparations for Marriage. This workshop for single, engaged and newly married couples is aimed at building a firm and cohesive financial foundation in marriage. Topics include: setting your financial style; communicating about money; tools for managing cash-flow and expenditures; ways to build savings, using credit wisely, all about installment loans and home mortgages.

Building Your Financial Future. This workshop for parents with young children focuses on common issues of financial growth and responsibility in families. Topics include: setting priorities; avoiding common pitfalls; calculating your finances; long-range planning for savings and loans; achieving protection and growth.

Dealing with Financial Difficulties. This workshop for families and individuals anticipating or experiencing financial difficulties focuses on ways to prevent, address and resolve financial difficulties. Topics include: how to budget when income drops; how to protect your credit, ways of rearranging and restructuring debt; and how to make sound decisions for the present and future.

Preparing for Your Retirement. This workshop for those who are planning for a future or imminent retirement focuses on ways to build, organize and arrange savings, investments and other assets in preparation for retirement. Topics include: understanding the economics of retirement; building a secure nest egg; determining retirement income and when to retire; understanding and choosing pension options; and checking your preparations for retirement.

Managing Your Retirement Nest Egg. This workshop for retirees and their families focuses on ways to manage, protect and tap retirement resources. Topics include: understanding the phases of retirement and old age; rearranging your retirement finances; protecting and tapping your nest egg; understanding retirement annuities; making housing plans for the rest of your life; and knowing and using the basics of estate planning and transfer.
MEMBERS-ONLY FINANCIAL COUNSELING

The private and uniquely individual nature of family and personal finances requires one-on-one instructional counseling to assist those with specific information and education needs applicable to their financial situation. Counseling provided by trained credit union staff members enables and encourages members to: become more financially aware and interested in nurturing their financial development; set up specific savings plans; plan the maturities of their certified deposits; use individual housing accounts and individual retirement annuities more purposefully; prepare for the purchase of a first home or a retirement home; manage their use of credit and installment loans effectively over time; avoid the pitfalls of saving too little and borrowing too much; make sound financial plans and effective budgets to support those plans; use effective tools to manage cash-flow, track expenditures and calculate financial problems; be better prepared to withstand financial difficulties and cope effectively and responsibly with those that arise; and be better able to effectively analyze financial situations and make appropriate decisions.

Trained credit union staff members would be fully trained in the products and services of the credit union, the content and application of the six core workshops, and the principles and practices of financial counseling. Based on this training, CU financial counselors would be able to assist members in understanding and utilizing credit union products and services and understanding and applying the information presented in the six workshops described above and contained in a self-study manual. A partial list would include such assistance to members as:

1. Using a budget to analyze, plan, direct and control spending.
2. Using a checkbook register to track cash-flow and expenses.
3. Using a budget calendar to plan and record both regular and irregular income, expenses and payments over twelve months.
4. Using a long-range financial planner to develop and track multi-year plans for integrating large scale goals and expenditures with available income, savings and debt.
5. Using applied credit knowledge to prevent credit problems, avoid credit risks, and fulfill credit responsibilities.
6. Using a financial calculator to develop specific savings, plans, figure asset appreciation, determine loan payments, assess borrowing capacity, and annuitize retirement funds.
7. Using credit union products and services to manage cash-flow, accumulate savings, purchase assets, build wealth, prepare for retirement, and manage during retirement.
FINANCIAL SOUND SYSTEM SPECIAL FEATURES

* Integration of credit union products and services with fully compatible and supportive educational workshops and counseling.

* Workshops that cover the major financial issues, decisions and initiatives associated with the total membership's lifecycles.

* Workshop content that is presented to audiences in discrete segments which can be reproduced and distributed to members.

* Workshop content that can be segmented and reproduced in a variety of formats and media to meet staff and member needs.

* Training of selected credit union staff members in a system of credit union products and services, workshops and counseling that are integrated, compatible and reaffirming.

* Approach to financial counseling which is concrete, focused and contained within a limited and achievable scope of mastery.

* Training in financial counseling for credit union staff members which entails only three specialized workshops in the financial counseling area in addition to the content made available in any three of the six community education workshops.

* Featured products—budget calendars, checkbook registers, and financial calculators—which are introduced and used in certain of the community education workshops and which can be made more available to members as part of various membership promotions.

* Featured product descriptions:

  **Budget Calendar**: 12-month calendar designed by and for the Hawaii Credit Union League and personalized for each member credit union. The budget calendar is a regular wall calendar with notations for encouraging and enabling budget entries in keeping with the month and date appropriate to each entry. Calendar could be given away or sold for a nominal charge.

  **Checkbook Register**: Every checkbook (or share-draft book) has a register for recording checks as they are used. A few minor alterations to this design encourages and enables the member to keep track of income and expenses by categories determined by the member. The system is simple and effective.

  **Financial Calculator**: Sometimes called a business calculator encourages and enables the user to plan savings and retirement accumulations, determine the expected interest or appreciation on savings and investments, determine installment loan and mortgage payments, annuitize retirement savings, and make many other financial determinations, estimates and comparisons.
FINANCIAL EDUCATION WORKSHOPS
for the Community, Members and Staff

EDUCATION FOR A LIFETIME
Hawaii Credit Union League
IN COOPERATION WITH
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FINANCIAL EDUCATION WORKSHOPS
A life-cycle core of educational workshops for the community, members and staff offered on a revolving and continuous basis.

CALCULATING YOUR FINANCES

FINANCIAL PREPARATIONS FOR MARRIAGE

BUILDING YOUR FINANCIAL FUTURE

DEALING WITH FINANCIAL DIFFICULTIES

PREPARING FOR YOUR RETIREMENT

MANAGING YOUR RETIREMENT NEST EGG
CALCULATING YOUR FINANCES

A two-hour workshop for anyone interested in gaining control of his/her financial decision making through the use of a financial calculator. This inexpensive, easy-to-use, hand-held calculator can enable any borrower, saver or investor to determine monetary values, make valid comparisons, choose between options, develop strategies, figure costs, and spot any dubious financial offers based on illustrations that are inaccurate and/or misleading.

PROGRAM HIGHLIGHTS

* Discover what things a financial calculator can do for you
* Calculate the difference in monthly payments for various car loan amounts, interest rates and time periods
* Determine how much your home, stock, mutual fund, or other assets have appreciated in value since you bought them
* Develop a monthly income plan based on the amount in your retirement account and the expected rate of return on it
* Compare the difference in accumulated values of a taxed versus tax-deferred investment plan over various time periods
* Estimate how much $10,000 in current expenses will cost during the first, tenth and twentieth year of your retirement
* Determine how big of a mortgage loan you can afford if you can only afford a monthly payment of a certain amount
* Estimate the amount of money you will accumulate in your IRA if you contribute $2,000 every year until you retire
* Compare the difference in monthly payments and total interest for a 15-year mortgage loan versus a 30-year mortgage loan
* Figure how much you could save in finance charges by saving and buying versus buying and borrowing
FINANCIAL SOUND SYSTEM

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FINANCIAL PREPARATIONS FOR MARRIAGE

A two-hour workshop for single, engaged and newly married couples aimed at building financial skills, understanding and teamwork as a firm foundation for marital growth, stability and happiness.

PROGRAM HIGHLIGHTS

* Using romance and reality to envision your financial future
* Keys to understanding, appreciating and melding your separate ways into a winning style
* Deciding who's responsible for what when it comes to making, spending and managing money
* Finding the best ways to make the most of your differences
* How to settle a financial argument before it starts
* How to use credit cards and loans to your best advantage
* Three financial pitfalls to avoid at all costs
* The easiest way to track expenditures and control cash-flow
* The seven most important financial tips for young couples
* Why it's so important to focus on doing first things first
* How to develop and use a first-rate financial plan
* What every couple would do if they had a second chance
FINANCIAL SOUND SYSTEM

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BUILDING YOUR FINANCIAL FUTURE

A two-hour workshop for single, married and divorced parents of young children aimed at providing financial knowledge, skills and understanding which can offer help in coping with the challenges of both providing for the present and building for the future.

PROGRAM HIGHLIGHTS

* The keys to analyzing and improving your family finances
* How to make financial headway with little or no money
* Deciding family priorities in the midst of competing claims
* What to do to insure & protect your family's financial future
* The easiest way to track expenditures and control cash-flow
* How to make your children super shoppers and financial allies
* How to figure the future value of the dollars you invest
* Ways to make credit cards work for you and not against you
* What you should know about tax-deferred saving and investing
* Why you should carefully plan your use of installment loans
* How to tread financial waters safely when income is scarce
* The best financial investment you can ever make for under $40
DEALING WITH FINANCIAL DIFFICULTIES

A two-hour workshop for families and individuals anticipating or experiencing financial difficulties focusing on various ways to prevent, address and resolve financial difficulties associated with loss of income, unemployment, debt, divorce and widowhood.

PROGRAM HIGHLIGHTS

* Envisioning a whole new future and the means to get there
* Taking stock of your assets, liabilities and future needs
* How to assess and revise your finances when income is low
* Determining the possibilities for restructuring your debt
* What to tell creditors when there's no money to pay them
* How to rearrange your debt payments to your best advantage
* Examining the three best alternatives to going bankrupt
* Understanding and appreciating the meaning of bankruptcy
* Why you and your creditors want and need you to succeed
* What to tell your children when hard times come knocking
* How to take advantage of the strengths you already possess
* What to do when you just can't think straight or get moving
PREPARING FOR YOUR RETIREMENT

A two-hour workshop aimed at those interested in preparing for a future or more imminent retirement. The workshop focuses on various ways to use, organize and arrange savings, investments, assets and liabilities in preparation for a secure retirement.

PROGRAM HIGHLIGHTS

* Understanding the economic realities of retirement and old age
* Appreciating the impact of inflation on retirement costs
* The wisdom of a first-things-first approach to retirement
* Determining how much you need to put away for your retirement
* Understanding the variety and similarities of retirement plans
* Developing a strategy appropriate to your age and stage
* Exploring and assessing the variety of investment options
* What you should know about stocks, bonds and mutual funds
* Determining the best time for you to begin your retirement
* Maintaining a portfolio that reflects your changing needs
* Understanding and choosing between pension settlement options
* Developing and signing off on your pre-retirement checklist
MANAGING YOUR RETIREMENT NEST EGG

A two-hour workshop aimed at retirees and their families which focuses on ways to manage, protect and tap retirement resources in a manner that addresses both immediate and long-term needs.

PROGRAM HIGHLIGHTS

* Reviewing the major concerns and financial implications of the various ages and stages of retirement
* Gathering, protecting and nurturing your retirement nest egg
* Designing and developing your monthly retirement income plan
* Changing your investment goals, objectives and strategies to fit your immediate and long-term needs
* Safe and sane ways of annuitizing your retirement nest egg
* The pros and cons of purchasing an annuity for lifetime income
* Understanding and assessing various annuity settlement options
* The wisdom of developing alternative housing plans to cover the rest of your life under varying circumstances
* Little known facts about FHA and Fannie Mae reverse mortgages
* What to do about long-term care insurance and protection
* Tax rules and regulations regarding qualified retirement plans
* Wills, trusts, and estate planning strategies for retirees
FINANCIAL COUNSELING CERTIFICATE PROGRAM
A Special Employee Training Program

DEDICATION TO MEMBER SERVICE
FINANCIAL SOUND SYSTEM
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FINANCIAL COUNSELING CERTIFICATE PROGRAM
A special employee training program consisting of the following sessions to be completed within a one- to three-year time period.

THREE OF THE SIX FINANCIAL EDUCATION WORKSHOPS

plus these three training sessions

FINANCIAL COUNSELING AS A MEMBER SERVICE

ESSENTIALS OF FINANCIAL COUNSELING

APPLICATIONS IN FINANCIAL COUNSELING
FINANCIAL SOUND SYSTEM

Hawaii Credit Union League
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CTAHR, University of Hawaii, USDA Participating

FINANCIAL COUNSELING AS A MEMBER SERVICE

A two-hour workshop aimed at introducing credit union managers and staff members to envisioning the meaning and significance of financial counseling as an integral member service providing the type of information and assistance members need to make financial decisions, resolve difficulties, make plans and avoid problems.

PROGRAM HIGHLIGHTS

* Why is so much of financial education for consumers moving toward the inclusion of individual financial counseling?
* What is distinctive and fitting about financial counseling as a service particularly suited to credit unions?
* How can financial counseling services be integrated into the existing products and services of credit unions?
* How can financial counseling be tailored to the existing roles and responsibilities of credit union staff members?
* What credit union staff members will be trained? How will they be trained? And what will they be trained to do?
* What are the practical considerations and requirements of initiating a financial counseling service component?
* What are the legal responsibilities and liabilities of providing financial counseling services to members?
* What role can financial counseling play in nourishing and supporting the primary functions of a credit union?
* What is the Financial Sound System and how can this system help revitalize the credit union movement in Hawaii?
* What is the future outlook for credit unions in Hawaii and how would revitalized member services impact this outlook?
ESSENTIALS OF FINANCIAL COUNSELING

A 4-6 hour workshop aimed at training credit union personnel in the concepts, principles and practices of financial counseling as is applicable to a credit union setting and service-orientation.

PROGRAM HIGHLIGHTS

* What financial counseling is and is not
* The three primary conceptions of doing financial counseling
* The two most important ingredients of reality-based counseling
* How to facilitate member access and utilization of counseling
* One of the best and easiest ways to begin a counseling session
* What to do while clients fill you in on their situation
* Foolproof ways to keep the counseling practical and effective
* How to handle the various stages of the counseling session
* How to help clients come to their own best decisions
* What to say and not say to any client
* Six hallmarks of excellent financial counseling
* Why you shouldn't be afraid of doing financial counseling
* How to respond to common client questions and requests
* How to respond to seemingly impossible situations
* How to present recommendations to a client
APPLICATIONS IN FINANCIAL COUNSELING

A 4-6 hour workshop aimed at training credit union personnel in the practical application of financial counseling techniques and strategies to assisting clients and integrating member services.

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<th>PROGRAM HIGHLIGHTS</th>
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<tr>
<td>* Understanding client needs from the client's perspective</td>
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<td>* Demonstrations of two different styles of financial counseling</td>
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<td>* Using positive imagery to help clients find their own solutions</td>
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<td>* Exercises in financial counseling processes and protocols</td>
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<td>* Some practical tools for helping clients to help themselves</td>
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<td>* How to help a client compose and analyze a monthly budget</td>
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<td>* How to help a client resolve credit problems without bankruptcy</td>
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<td>* Methods and means for building a financial counseling component</td>
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<td>* Ways to facilitate, track and document counseling activities</td>
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<td>* How to integrate financial counseling into the overall scheme of credit union products, services, mission and reputation</td>
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TENTATIVE SCHEDULE OF OFFERINGS 1996-97
Oahu (O) and Neighbor Islands (NI)

1996
May: Introducing the Financial Sound System and Financial Counseling as a Member Service (O)
June: Introducing the Financial Sound System and Financial Counseling as a Member Service (NI)
July: Calculating Your Finances (for Staff) (O)
August: Calculating Your Finances (for Staff) (NI)
September: Preparing for Your Retirement (O)
October: Preparing for Your Retirement (NI)
November: Managing Your Retirement Nest Egg (O)
December: Managing Your Retirement Nest Egg (NI)

1997
January: Dealing with Financial Difficulties (O)
February: Dealing with Financial Difficulties (NI)
March: Financial Preparations for Marriage (O)
April: Financial Preparations for Marriage (NI)
May: Building Your Financial Future (O)
June: Building Your Financial Future (NI)
July: Essentials of Financial Counseling (O)
August: Essentials of Financial Counseling (NI)
September: Calculating Your Finances (O)
October: Calculating Your Finances (NI)
November: Preparing for Your Retirement (O)
December: Preparing for Your Retirement (NI)

Practical Considerations
1. All workshops requested and scheduled through HCUL
2. Workshops requested and sponsored by credit unions and HCUL
3. Sponsoring credit unions responsible for local arrangements
4. Travel and per diem for speakers arranged through HCUL
5. Program materials reproduced and paid for through HCUL
6. Materials designed and developed by Cooperative Extension Service, University of Hawaii, in cooperation with HCUL
7. Workshops taught by professional staff members representing Cooperative Extension Service (CES) and HCUL
8. Counselor advisories, mentoring and support provided by professional staff members representing CES and HCUL