



FINANCIAL LITERACY FOR INMATES

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GRAB and GO

POSITIVE CHANGE
CAN HAPPEN AT ANY
MOMENT:
BE THERE WHEN IT
HAPPENS!

THE MORE SKILLED
INMATES BECOME WITH
MANAGING THEIR MONEY,
THE MORE POSSIBLE
THEIR DREAMS CAN BE.

Personal Finance is
20% Head
Knowledge
and
80% Behavior
~Dave Ramsey



Debt Snowball Method



Steps to Getting Out of Debt

- 1. List** all your debt in ascending order from the smallest balance to the largest.

Steps to Getting Out of Debt

2. Commit to pay the **minimum payment** on every debt.

Steps to Getting Out of Debt

3. Determine how much **extra** can be applied towards the smallest debt.

Snowflaking



Five **GOLDEN** Rules for Snowflaking

- Snowflake early and often.
- No amount is too small to be a snowflake.
- Anything can be a snowflake.
- Snowflake as immediately as possible.
- Keep track of your snowflakes to use for motivation.

Steps to Getting Out of Debt (cont'd.)

4. Pay the minimum payment plus any extra amount **until the smallest debt is paid off.**

Steps to Getting Out of Debt

5. Once the first debt is paid in full, add the old minimum from the previous debt (**plus any “snowflakes”**) and apply to the new sum repaying the second smallest debt.

Steps to Getting Out of Debt

6. Repeat until all debts are **paid in full.**

Example Chart 1

ITEM	TOTAL PAYOFF	MINIMUM PAYMENT	NEW PAYMENT	PAYMENTS REMAINING	CUMULATIVE PAYMENTS
PENNY'S	\$150	\$15	\$0	0	Garage Sale
SEARS	\$250	\$10	\$25	11	11
VISA	\$500	\$75	\$100	PD	11
M.C.	\$1,500	\$90	\$190	5	16
CAR	\$4,000	\$210	\$400	4	20
STU. LOANS	\$4,000	\$65	\$465	6	26

Example Chart 2

ITEM	TOTAL PAYOFF	MINIMUM PAYMENT	NEW PAYMENT	PAYMENTS REMAINING	CUMULATIVE PAYMENTS
Court Costs and Fines	\$500	\$25		19	20
Child Support	\$4,800	\$400	\$425	11	12
Restitution	\$5,000	\$208	\$633	7	24

Your Example

ITEM	TOTAL PAYOFF	MINIMUM PAYMENT	NEW PAYMENT	PAYMENTS REMAINING	CUMULATIVE PAYMENTS

ADVANTAGES OF USING THE DEBT SNOWBALL

FAST RESULTS
BUILD CONFIDENCE
CREDIT SCORE IMPROVEMENT

DISADVANTAGES OF USING THE DEBT SNOWBALL

POTENTIAL HIGH COST

References

www.daveramsey.com
www.Creditsesame.com
www.wikipedia.org

National Endowment for
Financial Education