



Financial Decision Making

Using EMA software to create real-world experiences in
a personal finance course



Four Profiles

- Medical Doctor
- Speech Pathologist
- Project Manager
- Elementary School Teacher

Medical Doctor

- Salary - \$185,000
- Marital Status - Divorced and remarried
- Kids - 3 kids (13 years old, 8 years old, 5 years old)
- Basic Budget (monthly)
 - Mortgage - \$3100
 - Food - \$1400
 - Gas - \$300
 - Entertainment - \$500
 - Saving - \$1000
 - Student Loan - \$600
 - Car Loan - \$550
 - Tax - 30%
 - Other Expenses - \$2,865
- Assets
 - Checking Account (Cash) - \$22,000
 - Retirement Savings - \$375,000
 - Home - \$575,000
- Liabilities
 - Credit Cards - \$25,000
 - Mortgage - \$488,000
 - Student Loans - \$87,250
 - Auto Loans - \$38,000
- Goals
 - Save \$50,000 by year end
 - Set aside money for private school (\$30,000)
 - Pay \$25,000 down on student loans
 - Create your own giving goal
- Prioritize your goals

Speech Pathologist

- Salary - \$70,000
- Marital Status - Married
- Kids - 2 kids (11 years old, 9 years old)
- Basic Budget (monthly)
 - Mortgage - \$1800
 - Student Loans - \$200'
 - Car Loan - \$250
 - Food - \$350
 - Gas - \$125
 - Entertainment - \$200
 - Saving - \$500
 - Tax – 20%
 - Other Expenses - \$750
- Assets
 - Liquid Savings - \$5000
 - Retirement Savings - \$33,000
 - Home - \$180,000
- Liabilities
 - Credit Cards - \$15,000
 - Mortgage - \$156,000
 - Student Loans - \$32,000
 - Auto Loans - \$4500
- Goals
 - Pay \$8,000 down on student loans
 - Pay off car loan of \$4500
 - Increase retirement savings to \$40,000
 - Create your own giving goal
- Prioritize your goals

Project Manager

- Salary \$95,000
- Marital Status - Married (non-working spouse)
- Kids - 2 (10 year old and 4 year old)

- Basic Budget (monthly)

- Mortgage - \$2100
- Student Loans - \$180
- Car Loan - \$300
- Food - \$500
- Gas - \$200
- Entertainment - \$340
- Saving - \$1000
- Tax – 20%
- Other Expenses - \$1,225

- Assets

- Liquid Savings - \$3500
- Retirement Savings - \$58,000
- Home - \$210,000

- Liabilities

- Credit Cards - \$11,000
- Mortgage - \$190,000
- Student Loans - \$8500
- Auto Loans - \$9000

- Goals

- Put \$200 a month toward college savings
- Pay off \$11,000 of credit card debt
- Increase retirement savings to \$70,000
- Create your own giving goal

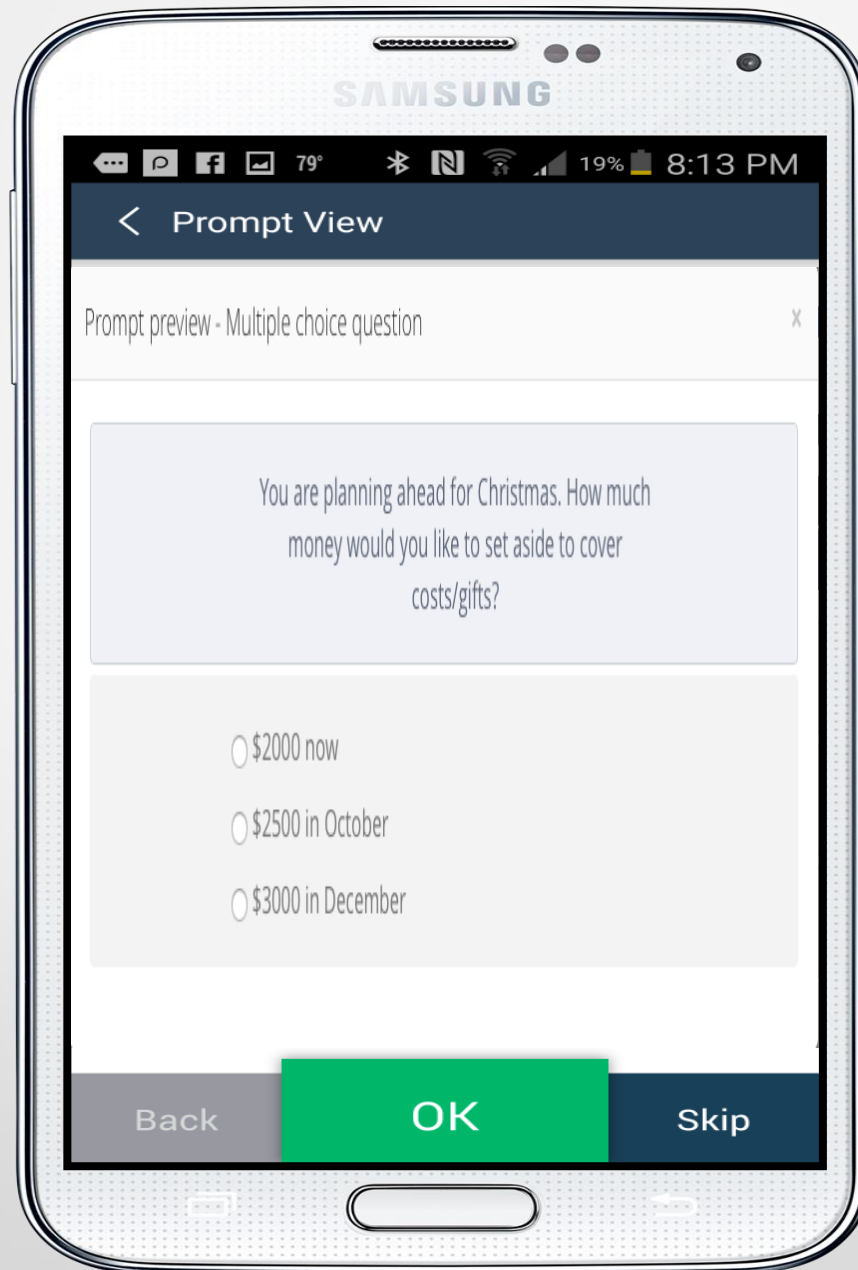
- Prioritize your goals

Elementary School Teacher

- Salary - \$38,000
- Marital Status - Single
- Kids – 1 child (8 years old)
- Basic Budget (monthly)
 - Mortgage - \$700
 - Student Loan - \$120
 - Food - \$200
 - Gas - \$175
 - Entertainment - \$250
 - Saving - \$350
 - Tax 15%
 - Other Expenses - \$445
- Assets
 - Liquid Savings - \$800
 - Retirement Savings - \$28,000
 - Home - \$115,000
- Liabilities
 - Credit Cards - \$5000
 - Mortgage - \$108,000
 - Student Loans - \$18,000
 - Auto Loans - None

- Goals
 - Pay down on student loans by \$5000
 - Pay off credit card of \$5000
 - Put aside \$2000 for college for fund her child
 - Create your own giving goal

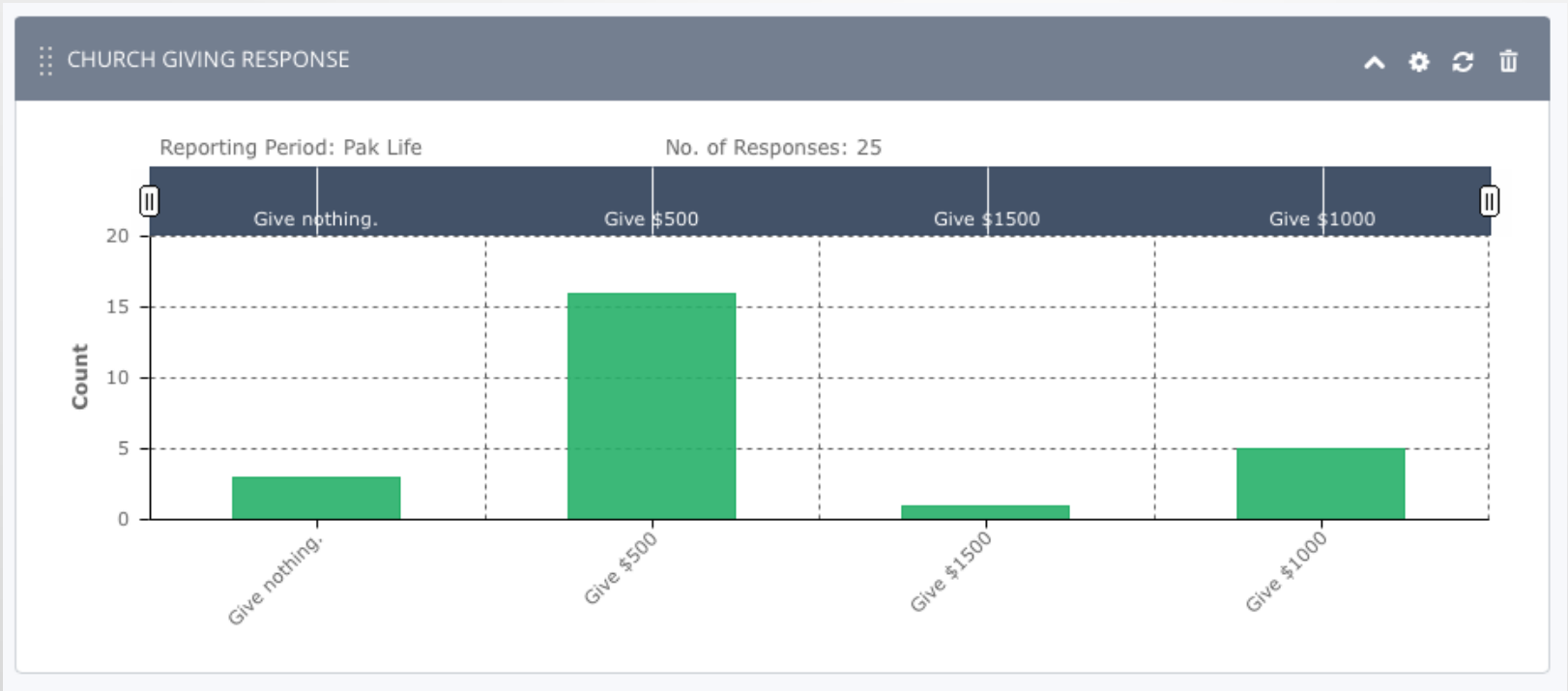
- Prioritize your goals



What would you do?

- Your church is expanding and your pastor is asking for sacrificial giving from everyone. What do you do?
 - Give \$1500
 - Give \$1000
 - Give \$5000
 - Give Nothing

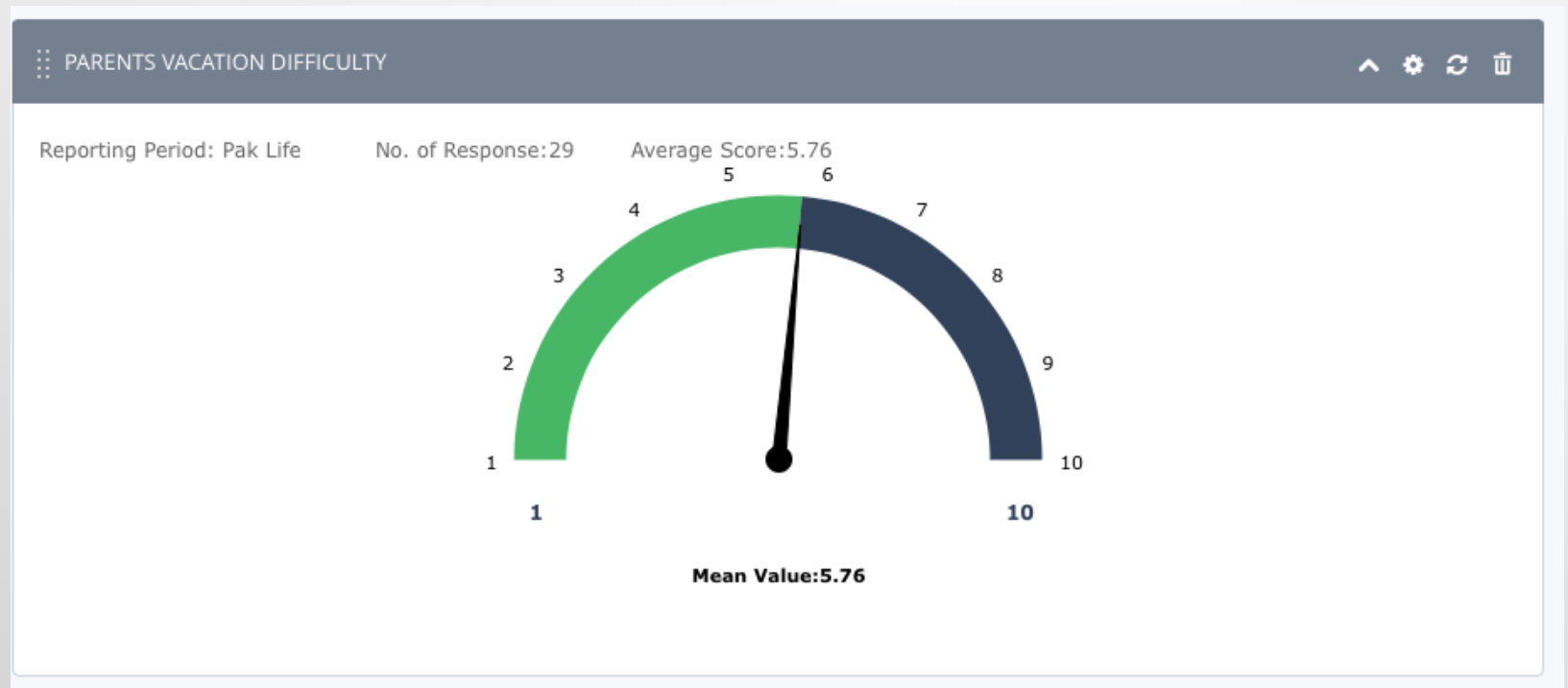
Instructor Dashboard



What do you do?

- Your siblings want to send your parents on a vacation for their 50th wedding anniversary and ask if you can help? Do you:
 - Give \$500
 - Give \$250
 - Give nothing

Instructor Dashboard

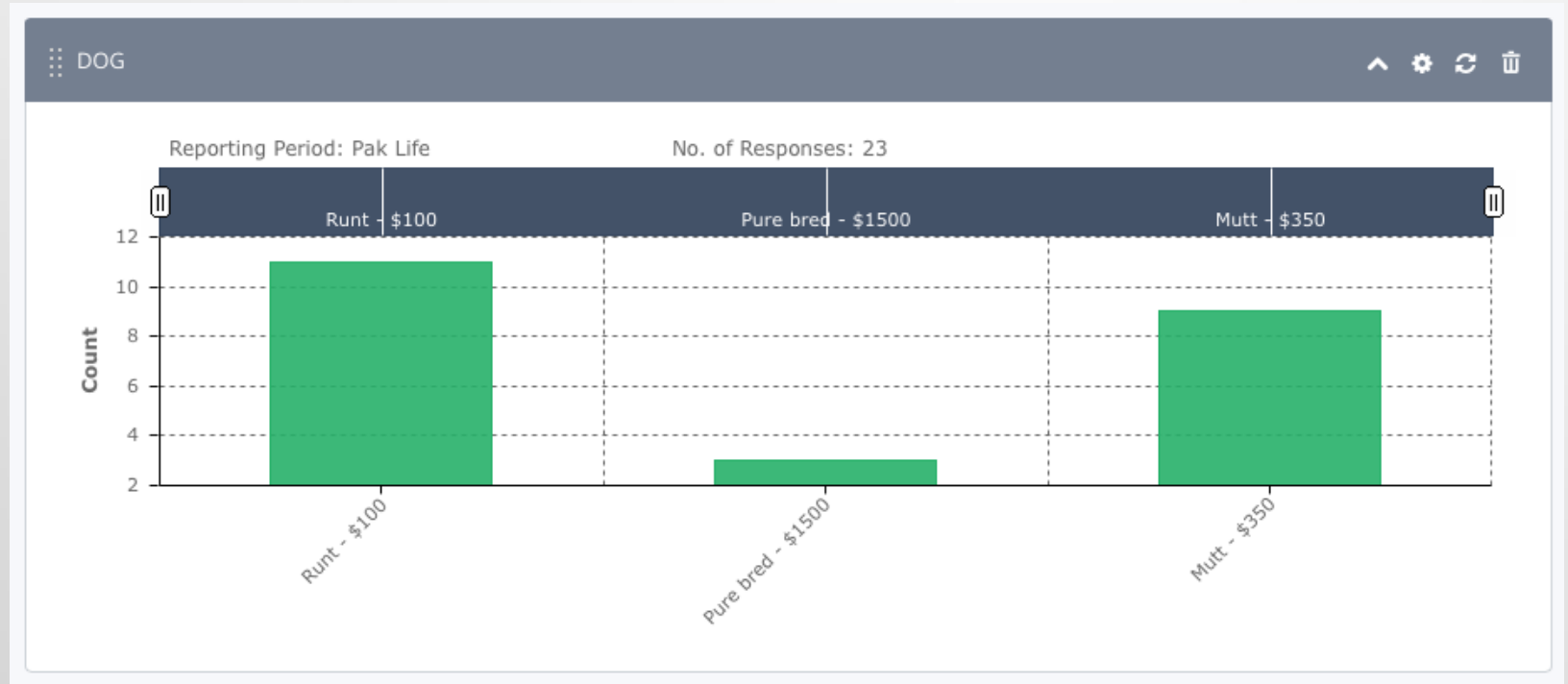


What do you do?

- Your spouse and kids really want to get a dog. IF you decide to get a dog, do you:
 - Get a pure breed at \$1500
 - Get a mutt for \$350
 - Get a runt for \$100.

If you decide to get a dog, add \$100 a month to your “other expenses” category.

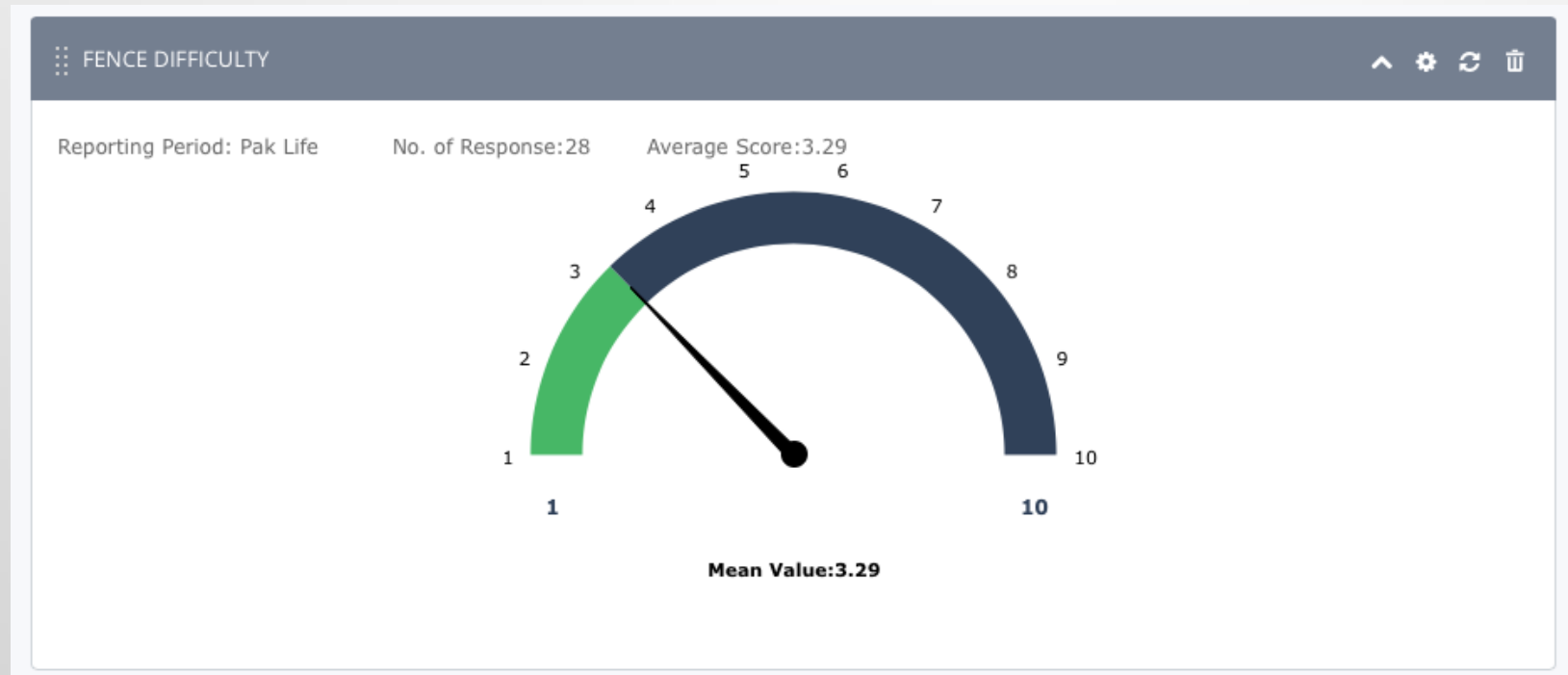
Instructor Dashboard



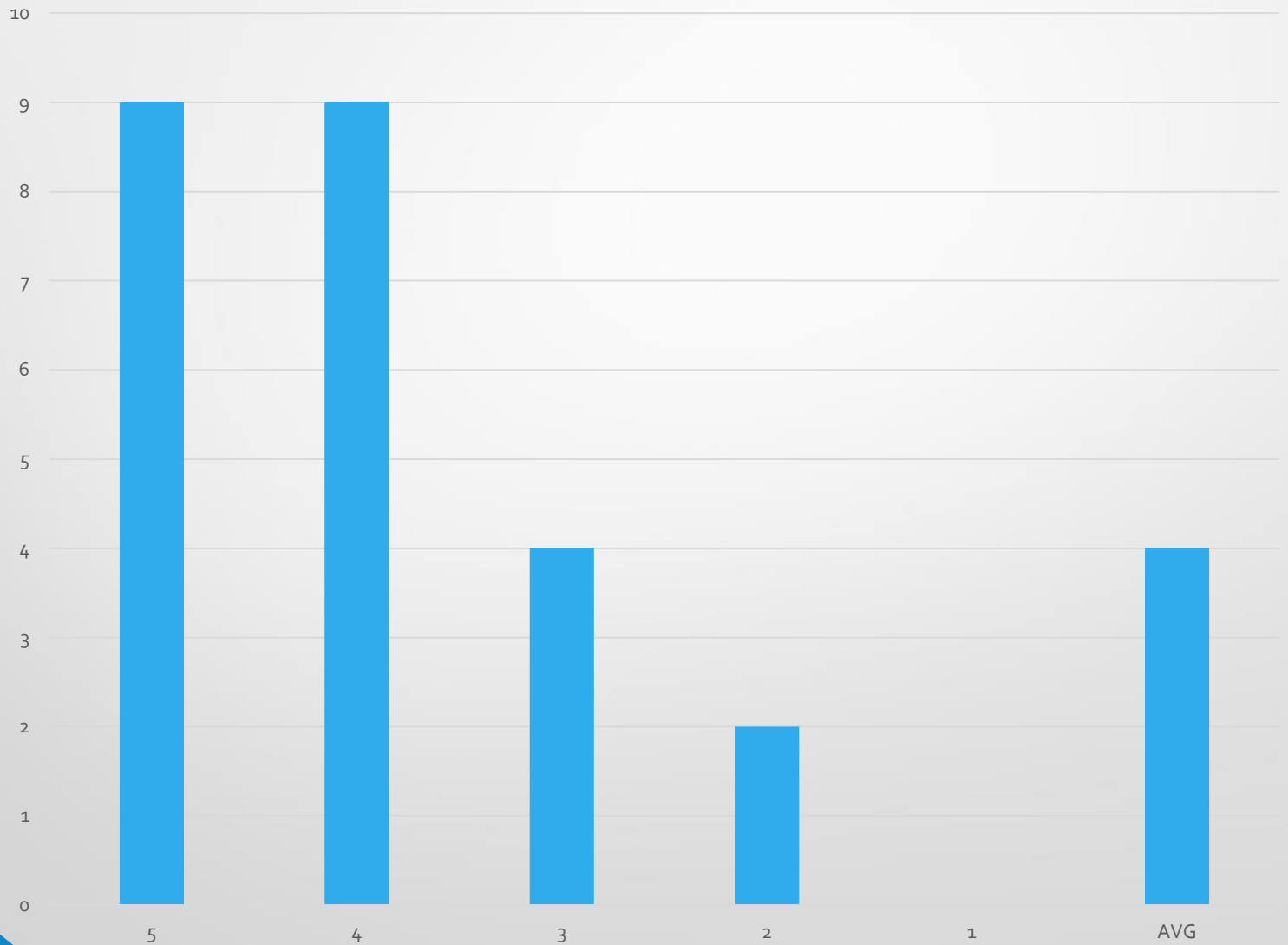
What would you do?

- A fence comes down due to a tree branch in a neighbor's yard, but they won't pay to fix it. Which will you choose?
 - Pay \$400 and do the repair yourself
 - Pay \$800 and have it professionally repaired

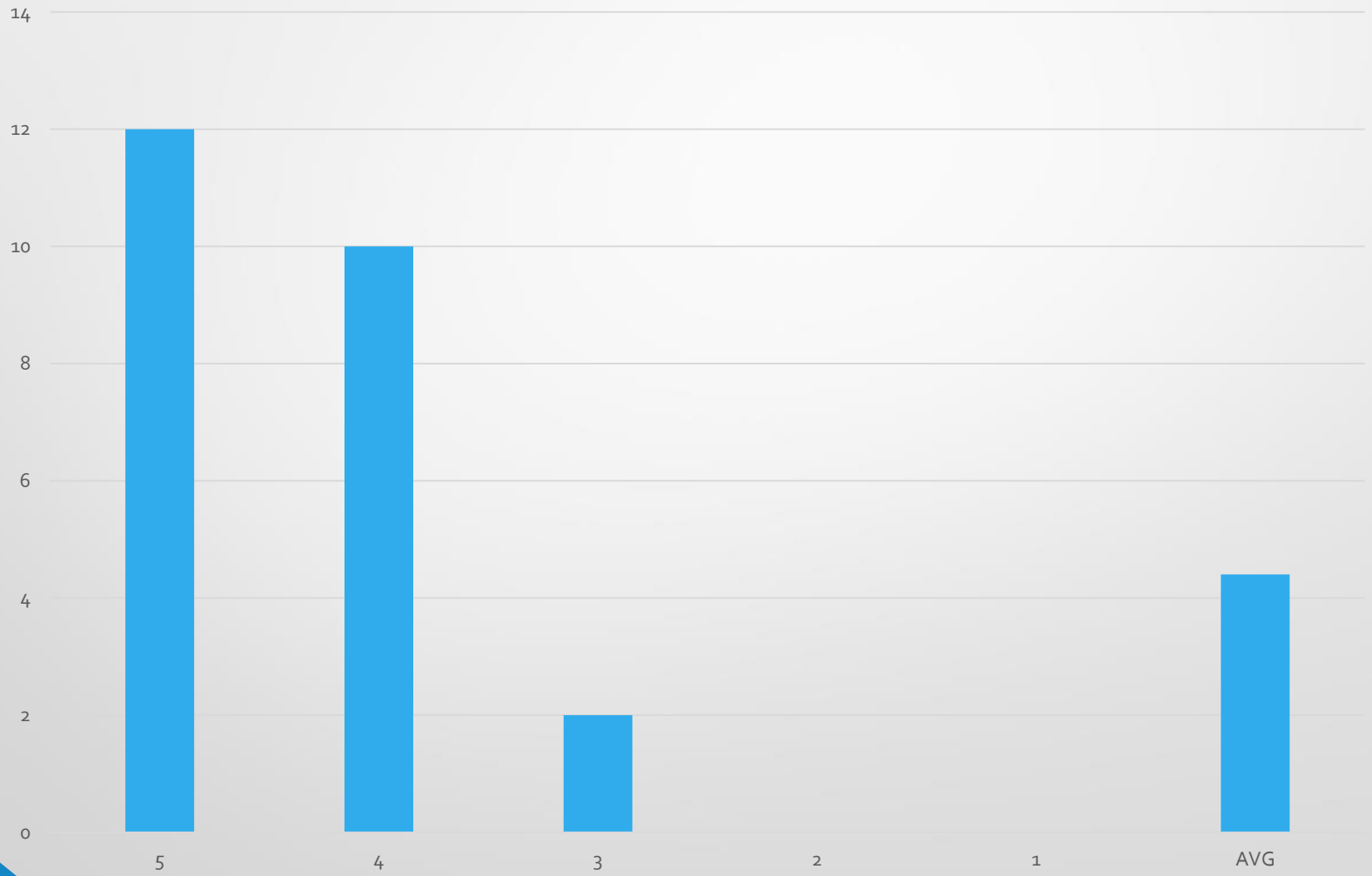
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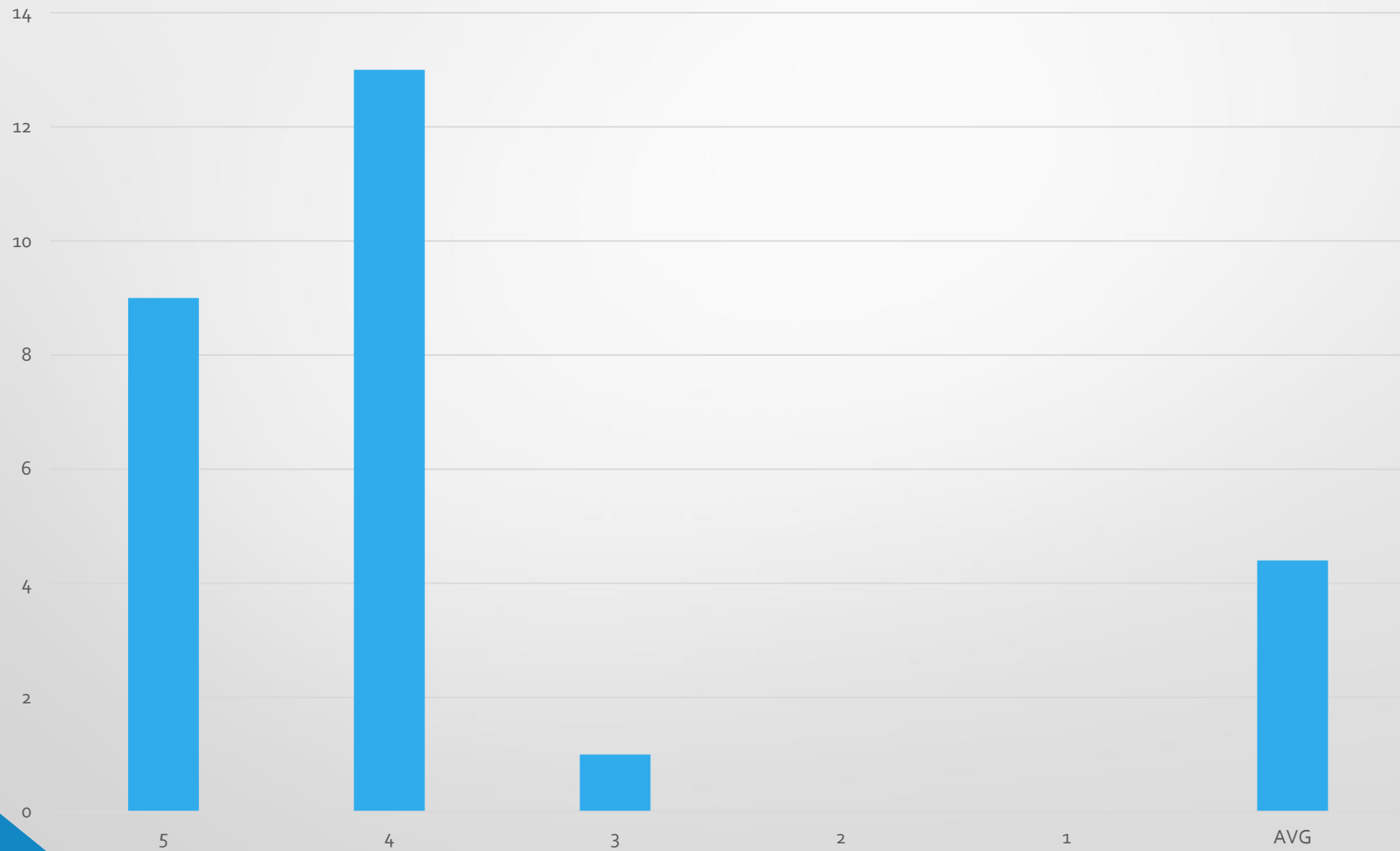
As a result: I have a better grasp that there are no independent financial decisions.



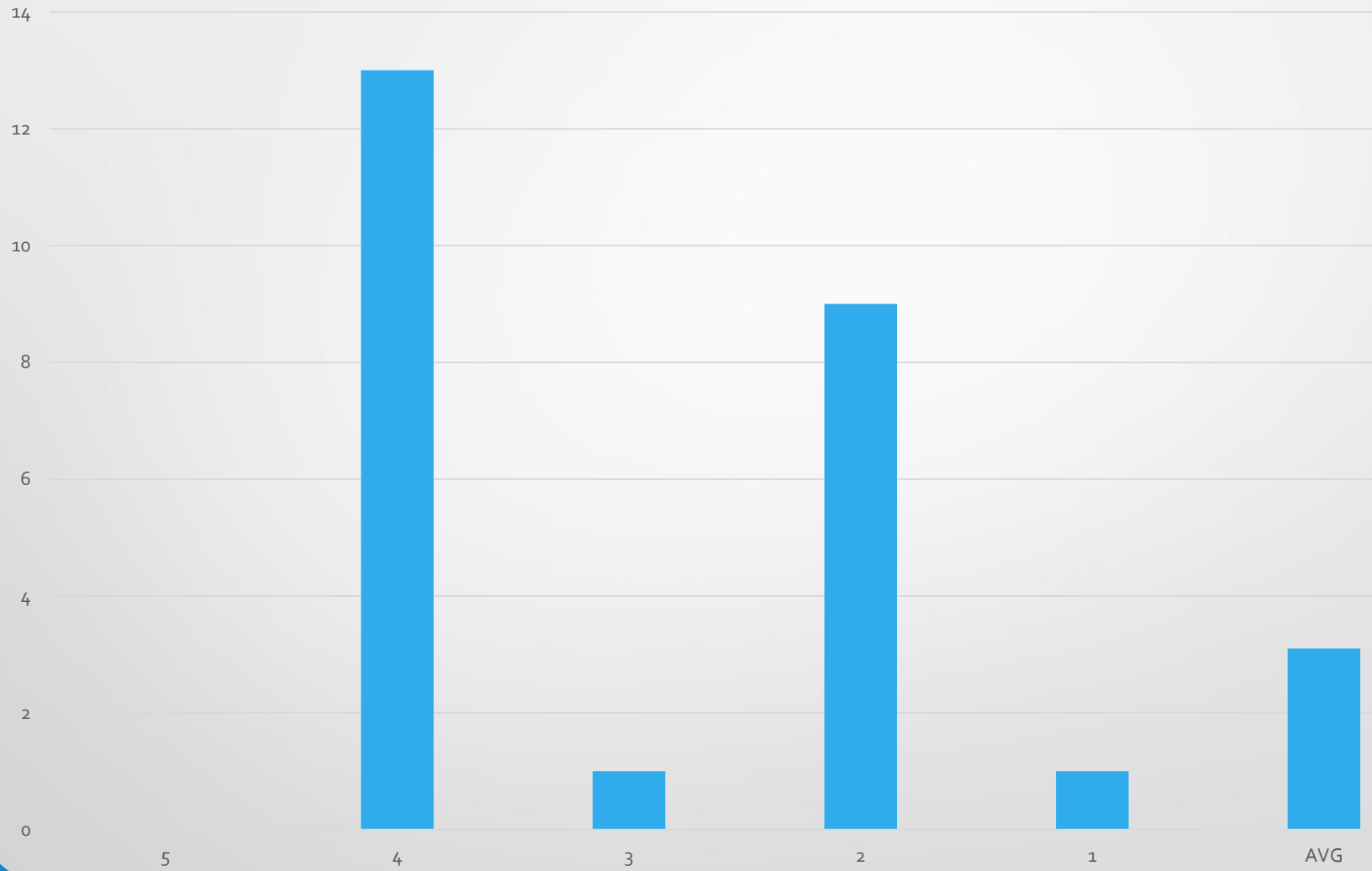
The System was easy to use



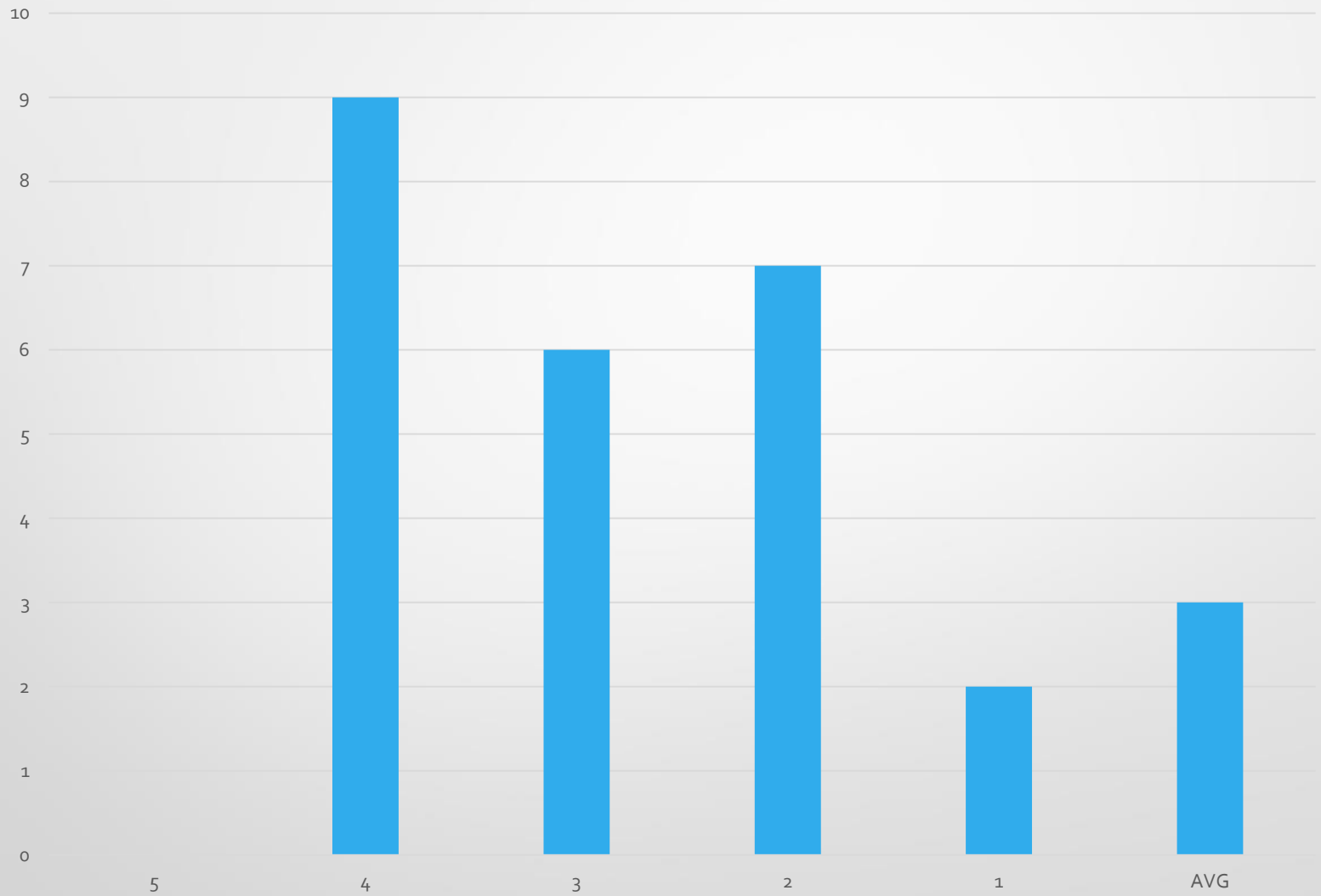
The experiences were easy to understand



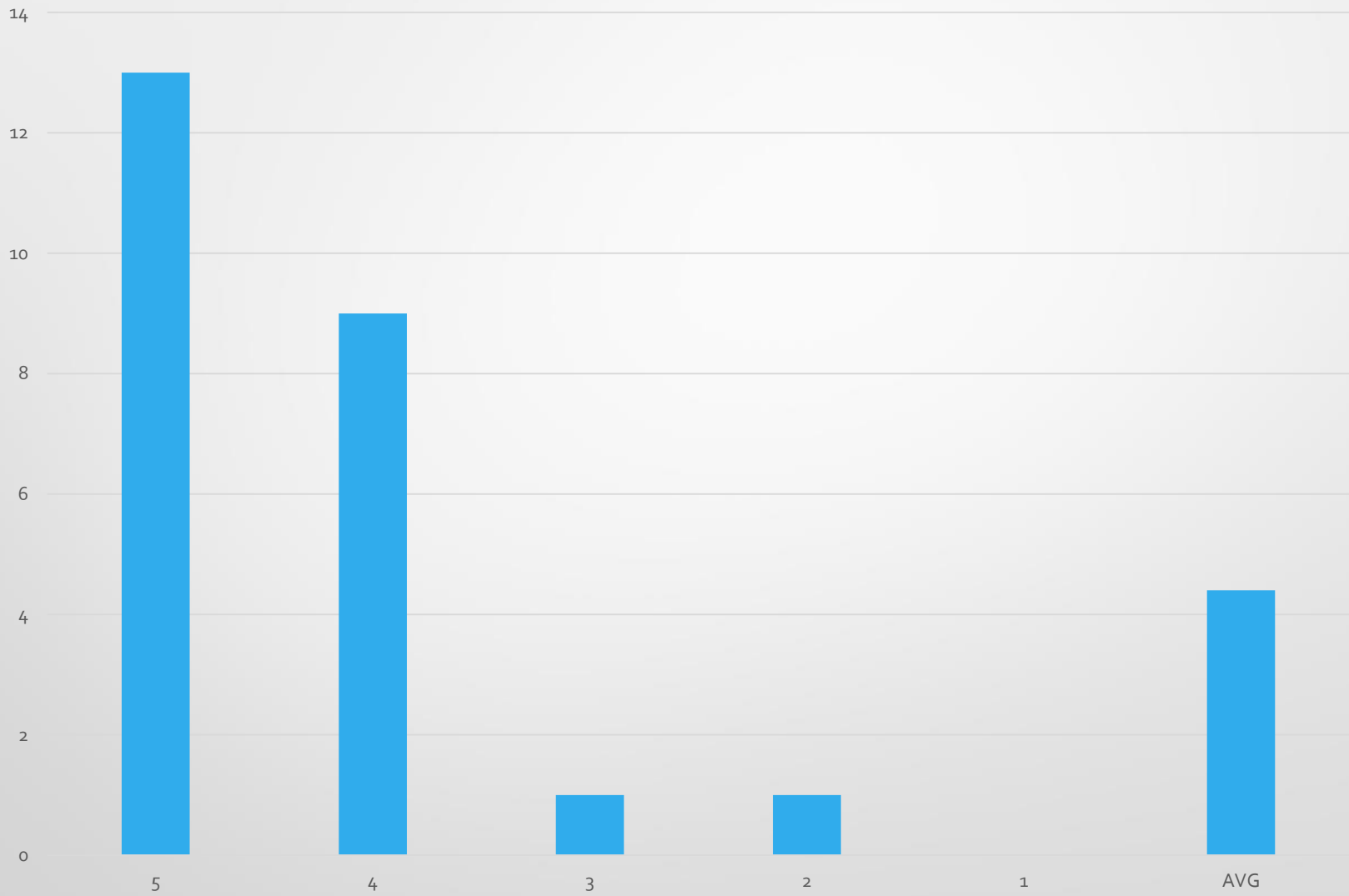
With each experience I considered how much time I would spend



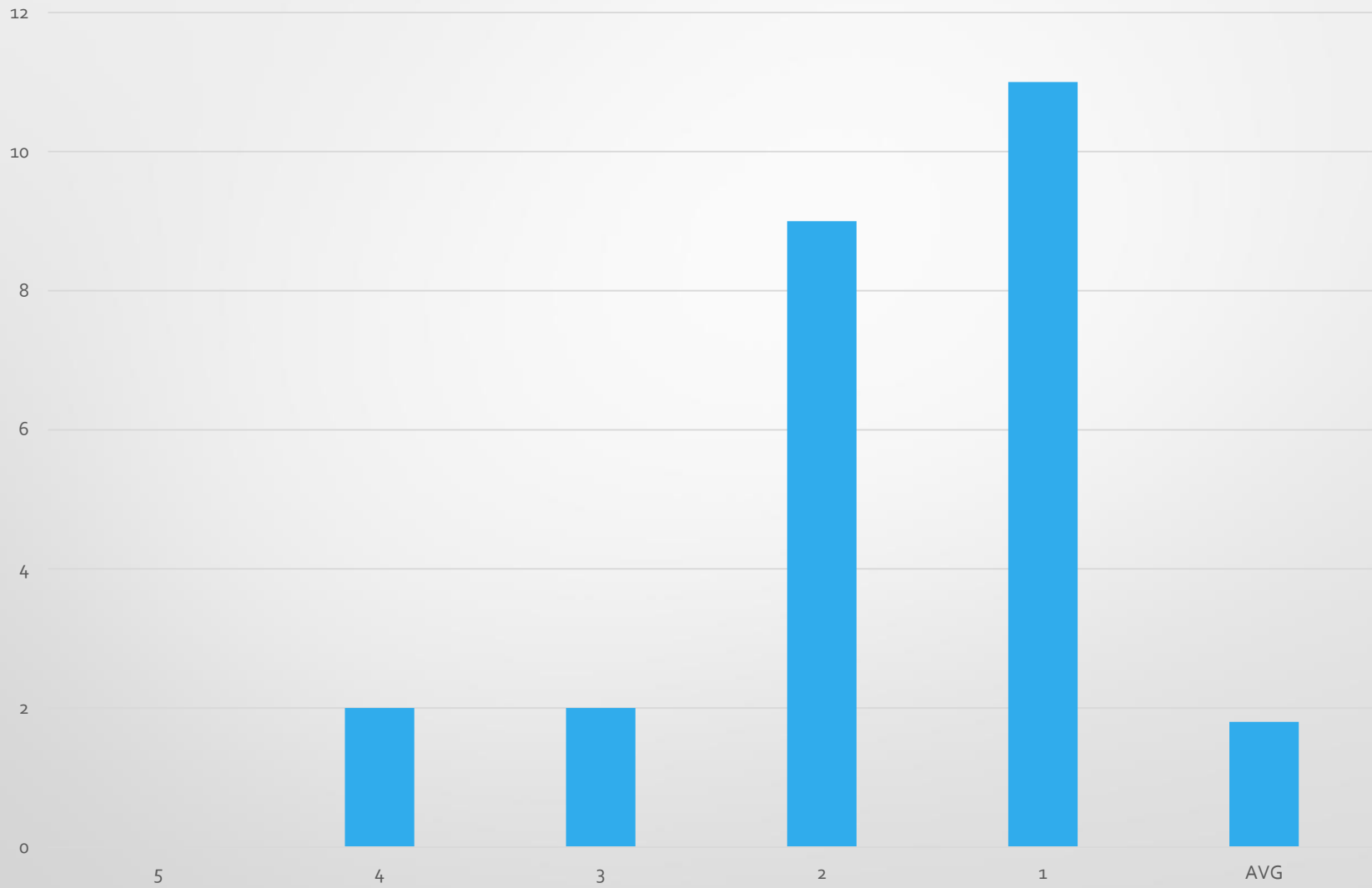
With each experience I considered my relationships



I recommend the system to future classes



I had significant technical issues using the system



Impact!

- The notifications were realistic in occurrence and price. Even the profiles were relatively realistic in terms of salary and lifestyle for each individual.

While answering the notifications I learned a lot about the emotional toll finances can take on a family and the stress it can add to a monthly budget when unexpected events happen!

There were ups and downs in my “virtual life” but having a significantly low salary, I learned to manage my money well enough to accomplish one of my three goals given at the beginning of the assignment.

- Courtney – Elementary School Teacher

Once the baby complications came I had a really hard decision to make. Right away when the life experience came I decided I was not going to put this expense on my credit card, because that would put me further into debt. I also decided that I could not take this money from my retirement savings because that would complicate accomplishing my retirement savings goal. The only decision in the end that satisfied not hindering any of my goal attainment progress during that current moment, was to make the \$1,000 payments for 7 months.

After looking back at this choice I regret my decision. If I would have put the expense on my credit card I could have saved \$1,000. I would have still paid off the \$1,000 a month so that after the year was over I did not owe from this life experience. Even though I did not want to increase the debt on my credit card, I could have had an additional \$1,000 to pay off my credit card at the end of the year, if I had put the expense on the card in the first place.

Kaitlyn - Project Manager

Impact!!

- There are several reasons why choosing between the experiences was so difficult. First, I do not have much experience with any kind of budget, let alone a budget dealing with several thousand dollars at a time. This meant that it was difficult for me to visualize in my mind how each decision would affect my budget long-term. As I reflect on this, it is probably the case that most people cannot visualize the long-term effect on their budget; this is probably one factor that leads people to operate above the limits of their budgets.
 - Justin – Medical Doctor
- One of the experiences that was challenging for me was when my tires needed to be replaced. I could have paid for one, two, or all four of the tires. I had to think about that fact that if I paid to replace one tire, and eventually had to do that for all four of my tires then I would be paying \$400. Cost wise, it made the most sense to do all four of the tires at the same time for \$300, even though I really didn't want to spend \$300 extra dollars that I wasn't planning to spend.
 - Kim – Speech Pathologist

Comment Feedback

User:18000	This was a real hard experience. I did not have the money on hand and even if I did I would be broke.	Feb 10 2016 9:37PM
User:17979	Its stressful because each month there is about \$100 extra.	Feb 8 2016 10:57AM

So What?

The use of LifeData inside a personal finance course appears to accomplish two main objectives:

- 1) It allows students to integrate decision making into their virtual lives, thus creating a 12 week long intensive hands on experience
- 2) It allows the instructor to apply material into real-world applications over the course of a semester

Our Hope

- With partnership between Ron Blue Institute and LifeDataCorp, we are seeking to create a financial decision making app that can be used in helping to “connect literacy to application.”
- Additionally, we hope to be able to connect this application experience to our textbook that will allow instructors the ability to replicate this type of experience for their students.