

Getting to the Core of Financial Capability

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Introduction

“Having money is the result of decisions rather than the actual money itself.” When you think of the wealthy, you most likely imagine people who just have a lot of money and spend it on many luxuries. However, this is far from the truth, as it is mainly those who manage their money, and are disciplined enough to not waste what they earn who end up wealthy.

Core values are what you value and what help influence your decisions. They also have a significant impact on people's financial capability because they impact an individual's decision-making and spending habits. This topic is not only important in the financial aspect, but in all other aspects of life. An individual's core values are what determine the decisions that are made throughout life. Our self-discipline and management are what affect not only our finances, but other important parts of our lives, such as our health. We will stick with financial capability for now, but have some awareness that its significance is widespread. It is important to cover this topic because it can solve the problem that many people have with their finances, which is rooted not from money itself, but how one handles and manages it.

Background Information

Some background information on this topic includes how internal motivations and other external factors, like religion, may also help or harm money management. Often people do not know how to handle what they earn. This results from a lack of both financial literacy and discipline. By having an awareness of what one values, it is easier to control one's self when making decisions that may make for instant gratification, but won't be beneficial in the long run. This research paper will discuss the impact that your values have, leading to a discussion

on general or specific examples involving how those who came into sudden wealth lost most of the money they earned because of a lack of discipline or good core values.

Methodology

The information in this report was gathered from many internet sources, live conversations with professionals, and the texts of ancient or recent philosophies from which people derive their moral beliefs. Using the various ideas of common and extraordinary minds, it is found that many agree that all aspects of life stem from your soul, and your ideas.

Core Values

Core values, what are they? In simple terms, they are what you define as important to you. Many people have different core values resulting from a variety of different factors. These moral guidelines often make decisions for an individual before any thought is even put into them, although sometimes this may lead to irrational thinking.

Stoicism

First, there is the ancient nations of Greece and the Great Roman Empire, in which the development of a philosophy known as Stoicism came about. This philosophy is one of the most practical of those that exist, and can even be applied to how one handles their money. It teaches how to control attitudes and reactions to the external events that happen to us, either daily or rarely. These lessons can be applied to how one reacts to the events that happen with money, involving spending, saving, investing, and donating. Once you separate the emotional

part of finances from the rational part, you will become better at managing money. According to an article by famous Stoic Ryan Holiday, Bill Gates and Warren Buffet use principles of stoicism in order to help them succeed. These significant values implanted by the Stoics allow for more financial gain and success.

The Christian Impact

Tithing is a practice in which Christians donate money to their church. Now, this is one direct influence that this theology has on money. Other influences may include how giving and helping others is highly emphasized, and so people may be provoked to give to charity, which may have different outcomes in terms of money management for people. It may help management by them having to determine a certain amount to donate each time rather than randomly, giving a structure to where some of their money goes. This habit may spread throughout all their finances, resulting in good skills.

Zen Mentality

A Zen mindset is described as “the mind that sees all things for the first time, like a newborn baby exploring the world through fresh lenses that haven’t been tinted by language, emotions, or labels.” It brings more clarity and allows you to have a calm mind. This allows you to make rational decisions, as your emotions are calm and undisruptive when making financial decisions.

Important Figures

Benjamin Franklin

Benjamin Franklin wrote a book called "The Way to Wealth." The book contains many different quotes that are still being used today, which has an impact on people's finances. For example, "God helps them that help themselves." This quote is used by many Christians, motivating them to work hard for what they want, instead of waiting for something good to happen.

Another quote stated in Franklin's book is that "In the affairs of this world, men are saved, not by faith, but by the want of it; . . . If you would be wealthy, think of saving as well as of getting. The Indies have not made Spain rich, because her outgoes are greater than her incomes." This is telling people that they cannot become rich just by having a high income; they have to save money to become rich. Although the quote has been summarized over time, many people are still told to save money, which becomes their core value, because it is important to them. They want to be financially stable and not live in poverty, struggling to afford what they need.

Warren Buffet

Warren Buffet created famous quotes that are still being used today in order for people to improve themselves and succeed in what they are doing. For example, Warren says, "Risk comes from not knowing what you're doing." For example, it is related to the people who come across windfall who do not know what to do with their money. They are at risk of spending all their money on what they want and need, and become broke. He is motivating people to get informed and educate themselves to reduce the risk.

Billie Holiday

One of Billie Holiday's famous quotes is "Money, you've got lots of friends, They're crowding around your door, But when you're gone and spending ends, they don't come more, Rich relations give crusts of bread and such, You can help yourself, but don't take too much, Mama may have, Papa may have, But God bless the child that's got his own, that's got his own."

It means that when you have money, a lot of people will want to be your friend, but when you become broke, all of them leave you. When you come from a rich family, you will all have money, but when you have to get your own money, it is hard. People live by this quote because they think it is important to remember to be careful, which allows them to not waste their money on trying to impress other people, but to help themselves and their family.

Significant Terms and Concepts

Now you should look at the definitions of a few of the terms that are used. First is financial capability, which is how well and able one is to manage their money efficiently, and how they view finances in general. As previously mentioned, an individual's core values affect their capability, and one of the topics that tie to those values is known as intrinsic motivation. This is what drives an individual towards a goal without a promise of an external reward, such as money or exquisite items.

Another relevant term used is money personality, which is how one uses their money. This can mean either a free spirit when spending, a conservative saver, or somewhere in between.

One final thing to note would be the obvious signs of economic disparity throughout our country and state. Various parts of our community are affected by this, and many people are at an economic disadvantage compared to those around them. Some cannot find opportunities, and some who do may not know how to best handle their situation, as they do not have enough information or exposure to value the correct things to keep them stable.

Technology's Emphasis on People's Money Personality and Self-Discipline

Technology usage has heavily increased within the last few decades. This has allowed for many people to express how they truly treat their money, since it is now easier to access it. Due to the increase in accessibility, 'we can now see what people truly value through their bank statements,' a quote said by Financial and Housing Counselor, DeAnna O'Flaherty. What this means is that if a person purchases fancy cars, clothes, or other items, then it seems as though that person values appearances, whereas if we did not have the technology for this, it would still be there, just not as apparent.

Sudden Wealth and Unsurprising Losses

The story that comes after a lottery winning is not always positive. In fact, sometimes it is very negative. Many individuals who come into sudden wealth through means of high earnings or the lottery often end up losing it all. This is a result of the lack of self-discipline, and undefined or unnurtured core values that they have. According to "What percent of lottery winners go broke," about one third of all lottery winners file for bankruptcy.

Survivalist Mentality

When people are in poverty, it often results in a survival mentality, in which people only work and make enough money to pay bills and buy what they need. A quote from Crow states that "You have to have a bigger goal than just keeping a roof over your head, but settle for this life." This means that instead of settling for only what you need to survive, you have to have a bigger goal to strive to accomplish, whether it is to become wealthy, or to live a better lifestyle, or else you only stay in one spot.

Emotional Money

Emotional Money is how you manage your money based upon how you feel. According to the article, "How emotions affect money habits," people's spending habits are determined by their emotions. According to Rob Sansome from True Wealth KIDS, there are different types of emotions associated with spending and saving. When people spend, they feel emotions such as excitement or happiness, and those are very attractive emotions. They would rather face instant gratification than delayed gratification.

Solutions

An individual's core values do in fact direct the outcome of their financial situation. According to the research, no matter what amount of money one earns, their financial capability is based on both how managed and disciplined they are to use and spend it wisely.

Proposed Solution #1

Our first proposal includes an advertising campaign that parodies other famous brands and, without breaking any laws, uses similar imaging and colors to express ideas related to financial literacy and education. An example of this would be using the burgers and fries advertisements, and have them contain money references instead, with gigantic letters informing and delivering small tidbits about getting help or making better financial decisions. After all, constant messaging and advertisements sometimes shape our core values forcefully, but by having useful information that helps an individual, it will have a more positive impact rather than a harmful one that encourages consumption and spending. Along with this, create various types of media in order to spread awareness, including educational videos, maybe a TV or YouTube series, and what teenagers find really enjoyable, memes. They also have to visualize themselves in the situation of having more wealth and being financially capable of accessing and managing large amounts of money in order for them to grow to or surpass that state.

Proposed Solution #2:

Financial Fitness Circus/Flash Mob

The idea behind this one is that an organization is formed, in which various communities and people of different ages take part. Volunteers or experts will visit different venues in which different groups of people like to hang out in order to cross-sell financial education. Exposure of important subjects such as this one in relatable and popular settings will help spread awareness and promote being financially literate. As people wait in line or are in moments where they are bored, they might turn to these little visits and leave the place with information that will help

improve their situation. As more and more people join, the whole community may get involved, and a desire to improve will emerge, and everyone benefits. There will also be guest speakers who have gone through tough financial times because of poor decisions and lack of self-control, those who are brave to talk about their experiences in order to educate their community.

About the Research Team

The researchers involved in writing this report are Sebastian Garcia and Deania James. This information mainly came from a collection of internet sources and professional experts in the financial industry. It took approximately four weeks to collect all the data that we looked at, and summarized most of it. This information is coming from interns at NAF Future Ready Lab, which pulled information from the internet.

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