



Mesila's Mesivta Program

Educator's Guide

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**Mesila's
Mesivta Program -
Educator's Guide**

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Mesila Education Division

Core Values and Concepts

Some of the values and underlying ideas brought across by our curriculum are:

Bitachon and Hishtadlus

- › **A believing Jew's attitude towards finance:** Striking the Torah-mandated balance between *bitachon* and *hishtadlus*.
- › **Responsibility:** Realizing that the Torah obligates us to take reasonable measures to ensure our financial stability and future.

Financial Management

- › **Awareness and control:** Meticulous recording of financial data brings an awareness and control, allowing us to make sensible decisions.
- › **Planning ahead:** If you fail to plan, you plan to fail.
- › **Paying attention to details:** Little things add up very quickly; attention to detail can make the difference between success and failure.

Responsibility to Others

- › **Integrity:** Stringent honesty in money matters and in all areas, big and small.
- › **Respecting property:** Accepting boundaries and respecting the property of others as well as our own.
- › **Chessed and tzedakah:** Appreciating that our money is entrusted to us to share with others.
- › **Positive peer pressure:** Recognizing that our actions impact what others will do and using that realization to trigger positive change.

Money and Materialism

- › **Money is a means only:** Material gain is not an end in itself, but rather a tool to enable the effective implementation of Torah values.
- › **Defining satisfaction:** Learning to identify satisfaction with values, relationships, and accomplishments, irrelevant of size of bank account.
- › **Resisting materialism:** Learning to resist advertising lures and excessive emphasis on material goods.
- › **Delayed gratification:** Waiting for things we really want brings emotional and material dividends.
- › **Thinking independently:** What others have or need is not necessarily what I have or need – avoiding comparisons.

Prioritizing

- › **Needs and wants:** Differentiating between needs and wants: Needs become stronger with time, while wants wane.
- › **Balancing needs and wants:** Defining the financial goal as ensuring that we have everything we need and some of what we want.
- › **Importance of prioritizing:** Ranking demands and desires and balancing time, energy, and money according to thought-out priorities.

החוברת טעונה גניזה

Parts of this publication may require *genizah*.

Please do not discard.

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Financial Stability

➤ Goals:

- To understand what financial stability is and why it's important
- To identify obstacles to financial stability
- To examine spending habits and their impact on financial stability
- To learn how to prioritize and make financially sound decisions
- To understand the concepts of opportunity cost and the time value of money.
- To identify mistaken attitudes toward money and replace them with healthy attitudes.

Financial stability is the ability to handle your financial obligations in a way that contributes positively to other areas of your life. If you are financially stable, then your finances should enhance – not detract from – your health, your relationships, your quality of life, your peace of mind, and your ability to reach your life goals. This definition of financial stability views money as a tool, a means to a higher end, rather than as an end unto itself.

A. Introduction to Financial Stability

- 1) **Financial stability – standard definition:** Having adequate income to cover your expenses, both present and future.
- 2) **Mesila's definition:** Financial stability is the ability to handle your financial obligations in a way that contributes positively to other areas of your life. If you are financially stable, then your finances should enhance – not detract from – your health, your relationships, your quality of life, your peace of mind, and your ability to reach your life goals. This definition of financial stability views money as a tool, a means to a higher end, rather than as an end unto itself.
- 3) **Difference between the two definitions:** Do we equate success with how much money we have, or with how well we live with what we have?
- 4) **Financial instability is** what happens when finances become a source of anxiety, difficulty, or strife.

Budgeting

➤ Goals:

- To understand what a budget is and why it's necessary to have one
- To examine the step-by-step process of building and following a budget
- To explain the concept of cash flow and learn how to build a cash flow plan
- To learn how to keep finances orderly by distinguishing between the various aspects of one's finances
- To understand basic banking and checking procedures

We all have limited money at our disposal, yet there are unlimited possibilities as to what we can do with that money. So the challenge is to use our money in the way that will bring us the maximum benefit and cause us the least financial stress. Budgeting is not about restrictions, it's about giving you control over your finances and freedom to use your money as you see fit. Your budget doesn't tell you how to spend your money – you tell your budget how you want to spend your money.

Note: *The Mesila Student Guide to Budgeting appears as its own section at the end of the book.*

1. What's a Budget?

Budgeting means managing any type of limited resource. In this case it's a plan for managing your money, based on your estimated income and expenses.

The idea of budgeting one's money makes many people tense, because they automatically associate "budget" with "I cannot afford what I want." A creative and effective way of introducing this topic is to discuss and/or have a class exercise in budgeting time or some other resource - i.e., "You have 3 hours available and you have the following tasks you'd like to accomplish. How will you budget your time? What will you give up? What is indispensable?" This exercise will lay the foundations for the principles of budgeting, which can then be easily transferred to financial budgeting.

Leveraging Your Assets:

Savings and Investments

➤ Goals:

- To understand the importance of savings
- To examine different investment options
- To explain the risk/return equation
- To discover the power of compound interest

Money is a tool, a means to a higher purpose of good deeds and accomplishment. The money at our disposal can be used in a way that is beneficial or detrimental. Our challenge as Jews is to take the money that Hashem has given us and use it responsibly. Decisions about saving and investing money should be weighed carefully to ensure we treat money with proper seriousness.

A. Savings

Savings are a loan to yourself. It is no harder to put money away beforehand than to repay money afterward – you will need to strain yourself either way. The question is: Who are you paying? If you save, you end up paying yourself. (And you pay less money, because it's without interest, and also without embarrassment.) If you borrow, you are left with nothing at the end. And you have the stress of being beholden to someone and subject to his payment terms.

- **Torah view of savings**

כל מי שיש לו פת בסלו ואומר מה אוכל למחר אינו אלא מקטני אמונה.

One who has bread in his basket and says, "What will I eat tomorrow?" has a minimum of belief. (Sotah 48b)

- **Discussion:**

How do we reconcile that concept with planning for the future?

Life Insurance

- **Student Resource no. 7: Life Insurance – To Buy or Not to Buy?**

Spending and Credit

➤ Goals:

- To examine the various methods of payment and learn how to use each one optimally
- To examine the positive and negative aspects of consumerism
- To understand the importance of credit and how to build a good credit history
- To illustrate the advantages and pitfalls of credit cards

Spending often comes in two varieties – stinginess and extravagance, representing the two polar extremes of the spending spectrum. Our goal is to find a middle road that allows us to spend enough to meet our needs and obligations, but not so much that we squander money needlessly. Credit cards can be a very useful and convenient tool, when used correctly. The trouble is that many people misuse their credit cards by charging more than they can afford each month.

A. Payment Methods – Pros and Cons

- Student Resource no. 12: Payment Methods chart

B. Consumerism

1. Consumerism: Great for the Economy

- Consumerism – definition: The theory that increasing consumption is economically beneficial
- Increased consumption and spending leads to higher standard of living, improved quality of life and greater national wealth.
- In other words: Shopping, buying, owning, acquiring are great for the economy, and therefore have been actively encouraged in the past century.
- A healthy economy is dependent upon the movement of currency. When you buy groceries, the grocery owner can pay his tuition, and then the

Loans & Borrowing

➤ Goals:

- To differentiate between the various types of loans
- To introduce the benefits and costs of home ownership
- To discuss the positive and negative aspects of loans from religious and practical viewpoints
- To understand the psychological aspects of borrowing

Years ago, if someone did not have money to spend, he saved up until he had it. Today, it is hard to live with what we have because borrowing is so easy. Credit cards, payment plans, bank loans and gemachs are easily available. Buying on credit is also a form of borrowing. Of course it is a mitzvah to lend to others, but it is also a Torah obligation to pay back on time. A loan is not “easy money;” it is a responsibility.

They say it happened...

Jews and “choivos” have a long history. A Jew and a gentile each win a million dollars in a lottery.

The Jew asks the gentile, “What are you going to do with the money?”

“Well, first I’ll buy my dream home, then I’ll buy a yacht, and the rest I’ll put into my retirement fund.”

“And what are YOU going to do with the money?” the gentile asks the Jew.

“Well, I’ll pay off my debts.”

“And the rest?” the gentile asks.

“The rest of the choivos will have to wait,” the Jew says.

Where did this Jew get a million dollars in debt? Who lent him the money?

Discussion: Open discussion of loans - good or bad? Steer discussion towards recognition that loans can be dangerous when not controlled but may be necessary at times. Important to benefit from loans with great caution.

Charity, Integrity & Bitachon

➤ Goals:

- To appreciate the significance of giving charity and loans to the needy
- To establish priorities in the giving of charity
- To appreciate the value of financial independence and being a "giver"
- To examine the concept of integrity in light of current realities
- To understand that financial responsibility is not a lack of bitachon

Sharing one's resources with others is not merely meritorious – it is an absolute obligation. In fact, the reason that some people have more and some people have less is because Hashem expects people to take responsibility for the poor and indigent and ensure that their needs are met as well.

A. Charity & Philanthropy: An Ethical Imperative

1. Charity is a Torah commandment emphasized repeatedly in Tanach.

כִּי יִהְיֶה בְּךָ אֶבְיוֹן מֵאַחַד אֶחָיךָ בְּאַחַד שְׁעָרֶיךָ בְּאַרְצְךָ אֲשֶׁר ה' אֱלֹהֶיךָ נָתַן לְךָ לֹא תִאָּמֵץ אֶת לִבְּךָ וְלֹא תִקְפֹּץ אֶת יָדְךָ מֵאֶחָיךָ הָאֶבְיוֹן. כִּי פֶתַח תִּפְתָּח אֶת יָדְךָ לוֹ וְהֵעַבְטָה תַעֲבִיטוֹ דֵּי מַחְסָרוֹ אֲשֶׁר יִחְסֹר לוֹ... כִּי לֹא יִחְדַּל אֶבְיוֹן מִקְרֵב הָאָרֶץ עַל כֵּן אֲנֹכִי מְצַוְךָ לֵאמֹר פֶּתַח תִּפְתָּח אֶת יָדְךָ לְאֶחָיךָ לְעֹנֶיךָ וּלְאֶבְיֹנְךָ בְּאַרְצְךָ:

If there will be among you a pauper from one of your brothers in one of your gates in your land that Hashem your God is giving you, you shall not harden your heart and you shall not close your hand from your impoverished brother. Rather, you shall surely open your hand to him and you shall lend him what he requires, whatever is lacking to him... For there will not cease to be a pauper in the midst of the land. Therefore I am commanding you saying, You shall surely open your hand to your brother to your poor and to your impoverished in your land. (Devarim 15)