

# Money burns a hole in your pocket: a case of financial education

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## Abstract

**Purpose and method:** This teaching case portrays a family's adverse financial situation, a time when the breadwinner is about to retire. Even with an excellent monthly income, this individual never thought about the future and used all resources to meet immediate needs, not generating extra income to complement his retirement income. This fictional case is described using a playful narrative and dialogues based on the authors' experiences, depicting real-world objectives and situations. Hence, it instigates and promotes a reflection on the importance of financial education with all the aspects that involve earning income, saving, spending consciously, investments, and, finally, aiming for a sustainable retirement.

**Outcomes and contributions:** This paper highlights financial education and its importance in ensuring one's economically viable (and sustainable) future. The income, expenditure, and investment tripod is expected to become a virtuous circle. This teaching case is suggested for courses addressing finances, budgeting and financial management, and others related to personal finance and even transversal teaching.

**Keywords:** financial education, personal finance, investments, teaching case.

## 1. The case

It is spring; a sunny and fragrant day begins. In the autumn season, Itajaí has a pleasant temperature, and the weather on Beira Rio Avenue is suitable for exercising. As usual, Jorge gets up at five in the morning, has his breakfast, and comes down from his apartment to meet Marcelo, his personal trainer, who is already waiting for him. Advised by Jorge's cardiologist, Marcelo includes moderate physical activity, guiding the practice according to Jorge's health problems.

A few weeks ago, Marcelo noticed his student tense. He is not used to asking about his students' personal lives, but with Jorge, it is different. The two have cultivated a friendship and partnership that has lasted for five years since Jorge underwent heart surgery.

- *Good morning, Jorge, is everything ok?*

- *Good morning, Marcelo. Yes, everything is fine!*

- *Today, we'll walk along the river, and then we'll do some stretching to relax. Is that ok?*

- *As you say, you're the boss!* Jorge says in a sort of moody tone.

So, Marcelo takes advantage of the unpretentious walk and asks what is happening.

- *You seem a little tense these last weeks. You know you should take care and avoid being anxious or stressed.*

- *Yeah, but my life hasn't been easy lately! I've got an official communication from the company's human resources that I must retire within 180 days. As a rule, this is the deadline for me to plan my departure and train my replacement who is already in the selection process, by the way.*

- *How cool, Jorge! It's time for you to enjoy life and reap the fruits of your work. You've always given your best to the company and are recognized for your accomplishments, your story will remain a legacy.*

Jorge was very tense and did not want to go into details though. Aware that this process would not be easy, he had some idea of how he would feel away from the company. Only that he did not expect it to be right now. After his exercises, he went to the company and had another day of meetings. The meetings lasted more than expected, but his mind was somewhere else. He could only think about the talk he would have with Raquel at noon to tell her the news – he usually avoided telling bad news to his wife at night.

When he got home, the meal was ready and they sat to eat right away. Raquel is used to her husband's habits and, at the end of their lunch, she asks:

- *What is going on? You've acting weird for weeks... And today you came home for lunch... it means there is something you want to tell me.*

- *Yes, you know me too well. The thing is that I'm about to retire, now what?*

- *What do you mean?* Raquel asks.

- *I got the news yesterday. According to the company's new rules – which are intended to ensure the employees' wellbeing – those completing 65 must retire. Because of my position, I have six months to do the transition.*

- *Jorge, what now? What are we going to do?*

- *I don't know, Raquel! I knew this time would come, but I'm afraid I won't be able to proceed with our plans and dreams, not to mention to keep the quality of life we got used to over all these years.*

- *You know it's not like that! You'll get a generous employment termination payment, so we can't complain, right? At our age and we never worried about saving money for this moment, but we've lived well... you've always made more than R\$10,000 a month, a good salary. We only thought about working and working and never planned for this moment, but it's here.*

- *Yes, but it wasn't supposed to be now! We're in the middle of a pandemic, with debts that resulted from you closing your store, our grandchild is about to be born, and all the bills we have to pay...*

## 2. The trajectory

Jorge Fagundes is recognized in the business milieu. He is from a time when once an individual got a job in a company, s/he did not think about changing jobs. His colleagues consider him a workaholic because he works more than 10 hours/day and answers emails on Sundays and holidays. Despite his many duties and demanding routine, he is always courteous and in a good mood. Whenever possible, he likes to have a cup of coffee and have an informal conversation. He does not conform to the frowning manager stereotype and considers it essential to learn about what goes on in the company's corridors.

As he is called in the company, Dr. Fagundes is also admired for being in control of a food company for a long time, while the competition replaces managers every 24 months, on average. He was responsible for diversifying products and acquiring companies in the sector – his greatest pride – in a time when the competition did not consider such strategies. Everything ensured his success, leading the company to make a profit. As a result, VRI Alimentos S.A. became a leader in the national market, a very competing sector.

Jorge was born in Salete, a small town with less than 10,000 inhabitants. It is located in the Alto Vale do Itajaí region, SC, Brazil, and its economy is based on pig farming. His father, of Portuguese origin, was one of the largest pig farmers in the state. Jorge was a hardworking son. He studied Business Administration and specialized in an American university.

VRI Alimentos hired Jorge as a trainee immediately upon his return to Brazil. He worked in various sectors: accounting, logistics, and controllership, and was finally sent to the executive management. In this corporate role, he was responsible for diversifying products and accelerating the company's growth through important acquisitions during his tenure in the early 2000s. The result of his administration was so positive that Jorge received several bonuses spent on trips abroad. This period required an extra dose of dedication; however, VRI became the leader in the Brazilian food market, in terms of volume and market share.

On a personal level, Jorge started a family, married Raquel Maria Fagundes 40 years ago, and had two daughters, the 38-year-old twins, Maria Fagundes and Sofia Fagundes. He gets emotional easily when he tells his story and experiences and talks about “the women in his life” – an affectionate way to refer to Raquel and his two daughters. Sofia graduated in Architecture and met a Spanish architect during her specialization in Europe. They married there and are expecting their first daughter to be born on the same day as her grandfather Jorge; the family is bursting with joy. Maria, on the other hand, is the one that resembles her father the most. She graduated in Business Administration and, like her sister, attended a Master's program in Europe. She returned to Brazil a year ago.

Nevertheless, there is something Jorge never worried about, his retirement. He did not have the habit of saving money, much less investing long-term. On the contrary, as he always held important positions in the company, he always received good salaries. He used his earnings to enjoy his spare time, offering comfort and leisure to his family - trying to compensate for not spending much time with his family in everyday life. On the other hand, Jorge has always been very concerned about his daughters' education, and they always studied in the best schools. With such intense life, he never took good care of his health. Hence, five years ago, Jorge had a heart attack and underwent surgery to implant two heart bypasses.

Jorge's wife, Raquel, owned a delicatessen store in the city's mall. For years, this was her occupation and something she liked to do even though the store did not have many customers and was not very profitable. Unfortunately, due to the Covid-19 pandemic, she had to close the store. The downtime due to social distance measures and rent costs and taxes made the store succumb and declare bankruptcy. Nowadays, Raquel takes care of the home. However, closing the store left a trail of labor and tax debts. The sale of the inventory was sufficient to pay the employees' FGTS and INSS. However, the mall's rent and condominium costs were negotiated to be paid in 10 monthly installments, tax debts were distributed in 60 monthly installments, while debts with suppliers are still under negotiation – the first offer was 24 monthly installments, corrected for inflation.

### 3. Living on the edge

Jorge became a respected and competent professional and was strict with the company's accounts. Everything was different though when it came to his accounts. It does not mean he is a bad payer, but his entire salary is committed to installments and bills.

Raquel likes to dress well and is always in fashion. The salesgirls and managers of the city's designer stores fill her social media with photos and promotions, and not infrequently, her house's living room is filled with bags with clothes to sample. In addition, the family owns an extensive collection of cell phones. Even before these devices present technical problems, newer models replace the outdated ones, ending up in a drawer. However, it does not stop there. Cars are replaced every two years with recent and increasingly modern models. The difference between a used and a new car is always paid in installments. The sellers already know the family's habits and regularly schedule new sales for Mr. Fagundes, considering the latest car models.

Sometimes, the family is unable to make ends meet: the credit card bill is paid overdue. Typically, this problem occurs between October and November. The reason is that the family has many celebrations during these months: Raquel's birthday and the twins' birthday 15 days later. So the manager of Raquel's favorite restaurant calls Jorge and makes a reservation of their usual table, including their favorite sparkling wine for the toast.

The jewelry saleswoman is intimately acquainted with Raquel's good taste. So, she visits her with a suitcase containing the most beautiful and expensive pieces. Of course, the saleswoman's gimmick is:

- *You can pay in ten installments.* She says in a joking mood.

And continues.

- *Hey Raquel. You'll have it paid for before the next birthday!*

As a last resort, the bank manager is always on the lookout. The family has access to fast credit. They sign up for new credit whenever needed without considering the interest rates or terms. The important thing is that the installments stay "within the month's budget". Hence, year after year, Jorge never worried about tomorrow.

### 4. No man is a prophet in his own land

Maria, the daughter who resembles her father the most, has always observed the family's economic problems and does not like their consumption pattern. However, not by chance, she studied Business Administration and specialized in finances.

Even though she has always been concerned about the out-of-control situation and warned her family many times, she has never been heard. Financial problems were covered up with new loans, and her father's high salary always gave them a false impression that all was well.

When her mother calls and tells her about her father's retirement, Maria feels that that false impression of security will disappear. So she decides to meet her father after work.

- *Good night dad, is everything ok?*

- *Yep, everything is well! Did your mom tell you the news?*

- *Yes, and I'm concerned!*

- *Concerned with what? With my retirement?! I'll get an employment termination payment and FGTS, and everything will be just fine.* Jorge says, outraged by his daughter's reaction.

- *Ok, yeah, but don't forget that you have only a small FGTS balance to receive. Most of it has been used to make the down payment on the beach house.*

- *Yes, I have it all written down, and it's under control.*

- Dad, we've talked about it so many times! That you needed to set aside a portion of your income, whether a portion of your salary or bonuses, and invest it. If you had at least a private pension, your situation would be different now. But you've never listened. It's like the saying goes: No man is a prophet in his own land.

- You know, we could never spare anything. Don't forget that your mom and I are from a time when inflation was out of control. By the way, do you know what was Cruzeiro Novo, Cruzeiro, Cruzado, Cruzado Novo, and Cruzeiro Real? We had to go to the groceries store and stock up on food because the store's employees would change prices twice or even three times a day. Yes, honey, the prices would go up many times on the same day.

- Dad, these are different times! We don't need to spend our entire income because of uncontrolled inflation. It's easier to plan expenses without losing purchasing power, as in the past. You've always earned very well, you could spend it and your preferred buying consumer goods, furniture, cars... You gave us a very comfortable life; this is a fact, but along with it came annual costs and expenses. Not even a portion of it was invested in income-earning resources.

- I know, but we'll adapt, honey! I still don't know what to do, but everything will be all right.

- There's something else, dad. Your credit card is overdue, and there are the loan and financing installments. You are the bank manager's best friend. Now, things will have to change. Maria reminds her father of how easy it is to hire an "expensive" loan.

- Ok, listen, your mom and I very much want to be close to and support our grandchild's first steps, you know, your niece. Now, I don't know how it's going to be after my retirement.

- I understand and support you. But, only so you know, dad, you've always spent more than you make. Other times, you'd call the bank manager to pay off your debt. But now, your retirement income won't pay even your mom's credit card bill.

## 5. The dilemma

Jorge is on the eve of his departure from the company where he has worked for more than 40 years. For cultural reasons, he did not care about the consequences of retiring one day. Jorge has considerable assets: an apartment, a beach house, and a country house in the rural area of the town where he lives, which he inherited. He has no investments that provide extra income, on the contrary. Moreover, Jorge never planned to sell or lease any of his leisure properties, even more now that he will have more free time after retiring.

At this point, Jorge realizes that the pension provided by the government is not enough to keep his assets, and he does not know how to keep his family's living standards he was able to offer thus far. Due to his experience, other companies have invited Jorge to work as a consultant, even competitors. The competing companies want to replicate the strategies Jorge implemented in his company. However, his cardiologist recommended taking his foot off the gas due to his annual medical checkup results. The stress caused by everyday life, which was exhausting due to his position, worsened his blood pressure, especially in recent months. He already had high blood pressure, which recently demanded heart bypasses. His heart was no longer the same, and, given his history of complications, Jorge was supposed to change his lifestyle. His doctor recommended stopping working; otherwise, he might not see his granddaughter's birth. Even worse, if his blood pressure does not change, he will have to undergo a new surgery, which is very expensive, by the way.

Jorge experiences euphoria, caused by his desire to see his granddaughter's birth and growth. At the same time, the debts knocking at his door and his fragile health cause frustration. He experiences mixed feelings and does not know how to make ends meet. How will he manage to stay close to his family, pay off the debts left by the closing of the delicatessen store, and maintain the current consumption pattern?

There is one thing Jorge cannot change: he will retire soon. With all these facts on his plate, he seeks Maria's help to deal with his long time coming financial problems and asks her for an analysis of his income and financial obligations.

The famous restaurant, where they serve the spaghetti carbonara Raquel loves, was the place Maria chose to present her report. Jorge called the restaurant and set dinner for 7 pm. He checked his schedule and planned to leave the company a little earlier than usual. He wanted to go home and take a shower, expecting Raquel to be ready. So, they went together to the restaurant where Maria was already waiting for them.

Upon arrival, Maria presented her reports and asked her mother's opinion - her father had already read the reports. The mother, always very thoughtful, asked for a few minutes to read the report her daughter had prepared. In the end, Raquel realized that she and Jorge had to make important decisions that would impact the Fagundes' lives for the rest of their days. Still, she was not entirely sure what the couple should do.

So, Maria summarized the situation:

*- INSS defines dad's future income. It is estimated at R\$4,750.00, which after discounts, will be approximately R\$3,917.00. The employment termination payment will be a good amount, though it could be higher, considering that part of the FGTS was used to buy the beach house. Today, it is approximately R\$160,000.00. Currently, investments are practically insignificant; there is only R\$28,000.00. At the same time, we have negotiated debts that concern the closing of mom's store, many of which are still to be negotiated, adding to approximately R\$85,587.00. There are also financing debts that add up to R\$17,085.00/mo.*

After a brief pause, Maria proceeds.

*- There is also my niece to be born, and I know you dream of being there. However, with the Euro exchange rates soaring, a trip to Europe would easily cost you R\$50,000.00. Also, a health insurance plan for both of you does not cost less than R\$3,250.00/mo. I'm being optimistic, considering that, without a health insurance plan, a new heart surgery, including the doctors' fee and hospital costs, would be at least R\$250,000.00.*

*- Note that the assets accumulated over the years, cars, the apartment, the beach house, and the country house generate only maintenance expenses, with employees, and taxes, among other things. The cost to maintain everything is R\$5,687.50/mo.; that is, R\$68,250.00/year.*

After this explanation, Maria gave her parents the worksheet below, and Jorge received it amid whimpers, putting his hands to his head, he mutters:

*- My God, what now? How am I going to make things right so my retirement does not become a nightmare?*

**Annex**

Table 1

**Summary of Fagundes' Finances**

<b>Income</b>	<b>INSS/IRPF</b>		<b>Net</b>	
Retirement income	4.750.00	-832.74	3.917.26	
Severance pay			160.000.00	
<b>Assets</b>	<b>Estimate</b>	<b>Debts</b>		<b>Market value*</b>
AMAROK High.CD 2.0 16V TDI 4X4 Dies. Automatic 2020/2021	225,015.00	-94,506.30	-39,152.61	91,356.09
JETTA R-line 250 TSI 1.4 Flex 16v Automatic 2020/2021	146,011.00	-73,005.60	-21,901.62	51,103.78
Apartment in Itajaí/SC	800,000.00		-400,000.00	400,000.00
Beach house in Garopaga	500,000.00	-123,638.00	-188,181.00	188,181.00
Country house in Salete/SC – Inheritance	680,000.00		-340,000.00	340,000.00
Financial investment	28,000.00			28,000.00
<b>Debts</b>				
VW/Amarok pickup truck - 14 installments of R\$ 6,750.45				-94,506.30
VW/Jetta automobile - 20 installments of R\$ 3,650.28				-73,005.60
Beach house in Garopaba - 100 installments of R\$ 1,236.38				-123,638.00
Debts from the store closing				-85,587.97
Jorge's credit card and debts in 15 installments				-41,696.60
Raquel's credit card and debts in 15 installments				-40,021.70
Budget for Europe trip, granddaughter's birth				-50,000.00
<b>Expenses</b>				
Employees, taxes, and maintenance – Apartment in Itajaí				-3,116.19
Taxes and maintenance – Beach house in Garopaba				-850.00
Employees, taxes, and maintenance – Country house in Salete				-1,721.31
<b>Future expenses</b>				
Unimed Insurance health plan (high complexity)				-3,250.00

\*market value = Net equity – Opportunity cost, sale within 30 days

## 6. Teaching notes

### 6.1 Data Source

This teaching case was based on the authors' notes and experiences as financial consultants and accountants. It portrays the various passages and experiences the authors have gained over time in their professional lives. Hence, a fictional character was created to depict real-world objectives, portraying more than just a singular case of the Brazilian population. The content composing this case is presented playfully, though the plot departed from real situations reported by clients and colleagues. All character names are fictitious.

### 6.2 Educational objectives

This study's objective is to promote a reflection upon decisions related to income, expenses, and investment management in the short and long terms. The idea is to make students analyze the case and put themselves in the protagonist's shoes (Jorge Fagundes), and discuss the best alternatives for his family, proposing solutions for the dilemmas presented.

The following solutions are explored:

- Having the goal to regularly save a percentage of monthly income to make timely investments;
- Acquiring real estate that can create solid income sources;
- Opting for a private or individual pension plan;
- Considering higher-risk investments in the financial market; and
- Being an entrepreneur, as a professional, or having a business.

### 6.3 Suggestions to implement the case

The case was developed to exploit different concepts related to financial education. Because it is a transversal subject, it can be applied in technical courses in business administration, undergraduate courses in business administration, management, and accounting sciences. At other levels of higher education, applying the case is possible in the disciplines of finance, budgeting in financial management, and other related subjects, in addition to other programs addressing personal finance subjects. This case can also be applied in graduate programs, as it usually generates more in-depth debate and is interesting to encourage students to read it in advance (Partyka, De Lima, & Lana, 2021). Professors can apply the activities suggested in Figure 1 to discuss the concepts addressed here.



Professors could approach and discuss the case in the classroom. The lesson plan suggested here includes discussion questions, as shown in Figure 1.

Task	Suggested Time
Individually read the case and reflect upon it	15 minutes
(Moderator) Present the central dilemma	10 minutes
(Moderator) Gather small groups	5 minutes
Group reflection considering the questions proposed=	30 minutes
(Moderator) The entire classroom discusses potential solutions for the questions proposed.	
- Opening	20 minutes
- Analysis	30 minutes
- Closing	20 minutes
(Moderator) Case closure	20 minutes

**Figure 1.** Lesson Plan

Source: developed by the authors (2022).

The suggested second lesson plan (Figure 2) presents more details according to each section with assignment questions. In this case, there is no need to read it in advance; ideally, the professor provides seven to ten minutes for the students to read each section. Next, the professor asks three questions related to the respective section to encourage a discussion and facilitate understanding of the story. The students can also read it in groups.

Time	Questions	Section
10 minutes	1. How was Jorge reacting to the news that he would have to leave the company? 2. Do you believe 180 days are sufficient for the company to train another employee? Is this period sufficient for Jorge to understand that he will no longer have a daily job?	The case
15 minutes	1. Does Jorge's expenses justify his and his daughters' lifestyle and choices? Quote the passages. 2. What portion of Jorge's income goes to comfort and family education compared to life's misfortunes?	The trajectory
15 minutes	Is it possible for an administrator to care for keeping his company's accounts up to date but be reckless with his/her personal finances? Comment. What indicators show Jorge's income was not allocated only to comfort and leisure or to the best educational schools?	Living on the edge
20 minutes	How does Jorge justify to his daughter the total expenses of his monthly income? What is the main factor raised by Jorge's daughter for the increase in expenses, considering various material and non-material acquisitions? 3. Is there a way out, considering his daughter's warning that the monthly pension Jorge would receive would not even pay for Raquel's credit card?	No man is a prophet in his own land
15 minutes	List two alternatives that, according to the text, could generate extra income for Jorge. At what point does the family's concern, besides Maria's, become apparent? Is there an easy and fast alternative, considering that Jorge's income will drop by more than 50% and the pension ceiling?	The dilemma

**Figure 2.** Lesson plan according to section

Source: developed by the authors (2022).

## 6.4 Questions suggested for discussion

1. How does overconsumption impact personal finances, and how important is financial planning to achieve balance?
2. How can indebtedness and default (and management of such situations) contribute to accumulating income?
3. What actions Jorge could have implemented during his life to ensure a peaceful retirement?
4. Jorge justified his lack of financial organization with the inflationary culture of the late 1980s. How can financial education benefit people like him?

## 6.5 Analysis suggested for the proposed questions

### Question 1

For Lucena and Marinho (2013), personal finances correspond to the management of one's own money. It is about planning and controlling personal income, that is, determining whether financial resources will be allocated to fixed expenses, savings, or investments. The proper use of personal finance guides individuals' decision-making, helping them to achieve financial balance. A lack of education about personal finances may lead people to make decisions that negatively impact their lives (Moreira & Carvalho, 2013). In some cases, people spend more than the resources available, not controlling their budgets and not saving money. These are some of the very common and recurring mistakes leading individuals to lose control over their financial situation.

Lack of financial planning and control leads people to misuse their money. Financial planning enables individuals to make the right financial decisions and ensure financial balance, though control and discipline to manage personal expenses are essential. Dias (2013) states that financial planning is essential to acquire financial independence and build personal assets. Personal financial planning must be guided by objectives, according to the goals established. Thus, the procedures to be adopted will become evident, promoting efficient financial planning.

Dessen (2015) highlights that there is great resistance to planning and financial control, because people usually realize that they do not have enough money to do everything they would like to do. As a result, they do not work on a budget, which would require them to stop shopping. Hence, people continue making purchases, thinking they will be able to pay them off when the time comes. In this sense, Cerbasi (2016) notes that the only way to change such an outcome is by working and planning. The purpose is to establish a practical and objective financial plan, accessible to anyone, to contribute toward the construction of financial prosperity. A lack of planning and discipline, not working as planned, is a common mistake that leads people to remain poor. Therefore, people need to devise a plan and follow it to ensure a prosperous financial future.

According to Mendes (2016), the way personal financial life is planned depends on what an individual has seen and heard about money since childhood. Thus, the development of a financial mindset that forms in adulthood is based on childhood experiences. Therefore, financial planning must be discussed from a very early age, so that knowledge of this subject is improved throughout an individual's existence. Financial planning is easy to implement if it comes from financial education provided with information and guidance to facilitate understanding.

## Question 2

Indebtedness occurs when a consumer intends to pay on time but is unable to. A consumer is considered in default when s/he is unable to honor her/his debts. Dias (2013) considers that personal indebtedness is linked to the way an individual manages his/her income and expenses, and occurs due to a lack of financial planning and overconsumption. In a quest for status, people sometimes compromise their finances to meet high consumption standards imposed by the social groups to which they want to belong.

According to Carla (2021), payment default concerns “the non-payment of a bill or debt. Thus, a defaulting consumer is someone with outstanding debt.” Usually, it occurs when there are loans and financing contracts with installments to be honored. According to Dessen (2015, p. 102), “approximately 60% of the Brazilian families have debts via post-dated checks, credit cards, overdrafts, point-of-sale financing, personal loans, or car and insurance installments”. Nothing is wrong there because people usually use the resources available to proceed with their life projects. The problem emerges when people do not plan how they are going to use these resources and compromise their families' income, delaying payments, and creating new debts to pay the existing ones. An absence of financial education in Jorge Fagundes' life compromised the management of his personal finances. Reckless behavior due to a lack of financial planning and control impedes individuals from progressing financially, hindering the achievement of goals.

## Question 3

Macedo Junior (2007) reinforces this idea, explaining how important it is for people to have concrete, realistic, and achievable goals, i.e., specific objectives that are measurable, predictable, and can be prioritized. Hence, individuals must know what they want, when they want it, and how long it will take for them to achieve it. It is important to know the top priorities, while also acknowledging existing debts and financial obligations, a task facilitated by having a balance sheet.

The financial market usually offers various alternative investments, with advantages and disadvantages, in the short, medium, and long terms. Figure 2 lists the most common advantages and disadvantages of the main types of investments available in the Brazilian financial market.



**Figure 2.** Advantages and disadvantages of financial investments in Brazil

Source: Developed by the authors based on Febraban (2019).

There are other investment options besides investing in real estate, something that Jorge was used to, though unpretentiously, as he never considered it a source of income – instead, it was a source of his and his family’s leisure. However, these other options would require Jorge to have more knowledge of the financial market, or his daughter would have to provide greater support, helping him allocate and reallocate capital depending on profitability levels, such as real estate funds. For Fortuna (2005, p. 501), a real estate investment fund” [...] is an investment that has the security of a property combined with the liquidity of securities”. Here, the author notes the advantage of this type of investment: security, liquidity, and profitability. To better understand the profitability of this type of investment, we should keep in mind that investors benefit twice: i.e., by earning monthly rent and also when quotas appreciate. According to Halfeld (2008, p. 102), “partners receive quotas they can sell on to new interested parties. Rental income and real estate appreciation generate gains.”

## Question 4

D'Aquino (2008, p. 8) notes, “for at least two decades, Brazil was the stage of an unbelievable inflationary nightmare.” There were eight currency changes between 1942 and 1994, six of which happened within twenty years. As a result, society established a distrustful relationship with money and faced difficulties controlling consumption impulses. Additionally, the Brazilian population never had access to a solid financial education; hence, its importance in children’s school education.

A lack of access to financial information and knowledge leads to unwanted consequences: mistaken decision-making and lack of financial planning and information, which hinders the lives of part of the population. Richard Thaler, Nobel Prize in Economics, stated that human beings are not rational 100% of the time. Young people, for instance, have difficulty visualizing themselves in the long term and, for this reason, find it challenging to establish medium and long-term goals (Decker, 2017). In this sense, financial education emerges as a means by which individuals can learn to make good use of money, that is, learn how to make conscious and financially sustainable decisions. Such knowledge can impact society economically, socially, and environmentally through, for example, conscious consumption.

A safe path to retirement is to save or invest a portion of income every month from the very first salary (Decker, 2017). Hence, financial education aims at a balanced relationship between individuals and money, expanding their decisions and choices in the short, medium, and long terms. As a result, financial education “should be seen as a set of healthy financial habits that contribute to improving people’s lives, income, and financial prospects” (Modernell, 2011, p. 22).

Jorge could use the 50-30-20 rule (or its more conservative version, 50-15-35), with 50% of income allocated to pay for essential expenses, 30% for variable expenses (or 15%) – such as leisure and superfluous, and 20% to save and invest (or 35%) (Leite, 2021; Equipe Infomoney, 2019). Thus, before delving more deeply into the concept of financial education in Brazil and its progression in recent years, one has to understand the characteristics of education as a whole in the country.

## 6.6 Case closure

Because this is a transversal subject applicable from technical and vocational education to graduate programs, moderators are encouraged to present and intervene in the main suggestions and conjectures suggested here to promote the development of financial education and personal finances management among Brazilians.

Financial education has reached a transversal level in Brazil and is particularly important for all disciplines. According to the Organization for Economic Co-operation and Development (OECD, 2005), financial education is how individuals and societies improve their understanding of financial concepts and products. However, because of a lack of contact with financial planning and this type of education, many individuals become involved in complicated situations, acquiring financial obligations greater than their financial capacity.

According to the National Curricular Parameters (PCNs), teaching fields are addressed in a specific manner to show students the individual relevance of each area. It does not impede these fields from being integrated though. Transversal topics are associated with disciplines dealing with relevant social issues, such as ethics, health, environment, sexual orientation, and cultural plurality (BRAZIL, 1998). Considering this aspect, we sought to address issues related to financial education without restricting it to a single field. By introducing tasks that address financial education from early education, students are more likely to acquire healthy economic and financial habits to practice in their social lives (Pregardier, 2015).

Finally, because this subject refers to real-world experiences; thus, professors are supposed to interconnect these experiences to the context of each discipline. Interdisciplinarity will elicit curiosity among the students regarding related subjects.

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