

Workshop 2: The Present – Healing, Literacy & Empowerment

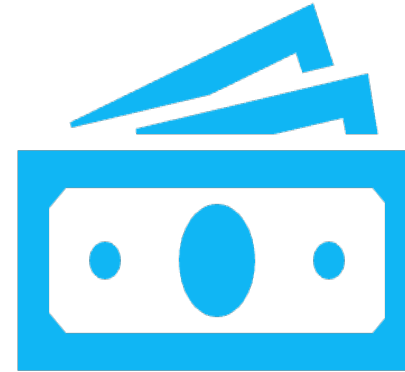
Stages 3 & 4 of the Seven-Stage Generational
Wealth Model©

Workshop 2: The Present – Healing, Literacy & Empowerment

Stages 3 & 4 of the Seven-Stage Generational
Wealth Model©



Who is Dr. Joaquin E. Wallace?



- - Financial Expert & Business Strategist with extensive experience in financial literacy, wealth-building, and behavioral finance.
- - Author of 'The Seven Stages of Financial Empowerment and A Legacy of Prosperity' – providing a roadmap for financial success.
- - Adjunct Professor at Chabot College & Golden Gate University, teaching public policy, marketing, and financial planning
- - Host of 'The New Wealth Wave Podcast,' dedicated to helping individuals and business owners overcome financial trauma and build generational wealth.
- - Award-Winning Thought Leader recognized for empowering communities with financial education and business acumen.

Why This Session Matters

- - My Mission: To empower those with financial tools that promote sustainability and long-term success.
- - What You Will Gain Today:
 - ☒ Greater financial awareness and confidence
 - ☒ Tools to identify and overcome financial blind spots
 - ☒ Strategies to align financial Edification with business success
- - Interactive & Engaging Approach – Get ready to share, reflect, and take actionable steps!



THE NEW WEALTH WAVE PODCAST

WITH DR. JOAQUIN WALLACE

**GENERATIONAL WEALTH BEGINS WITH
GENERATIONAL KNOWLEDGE®**

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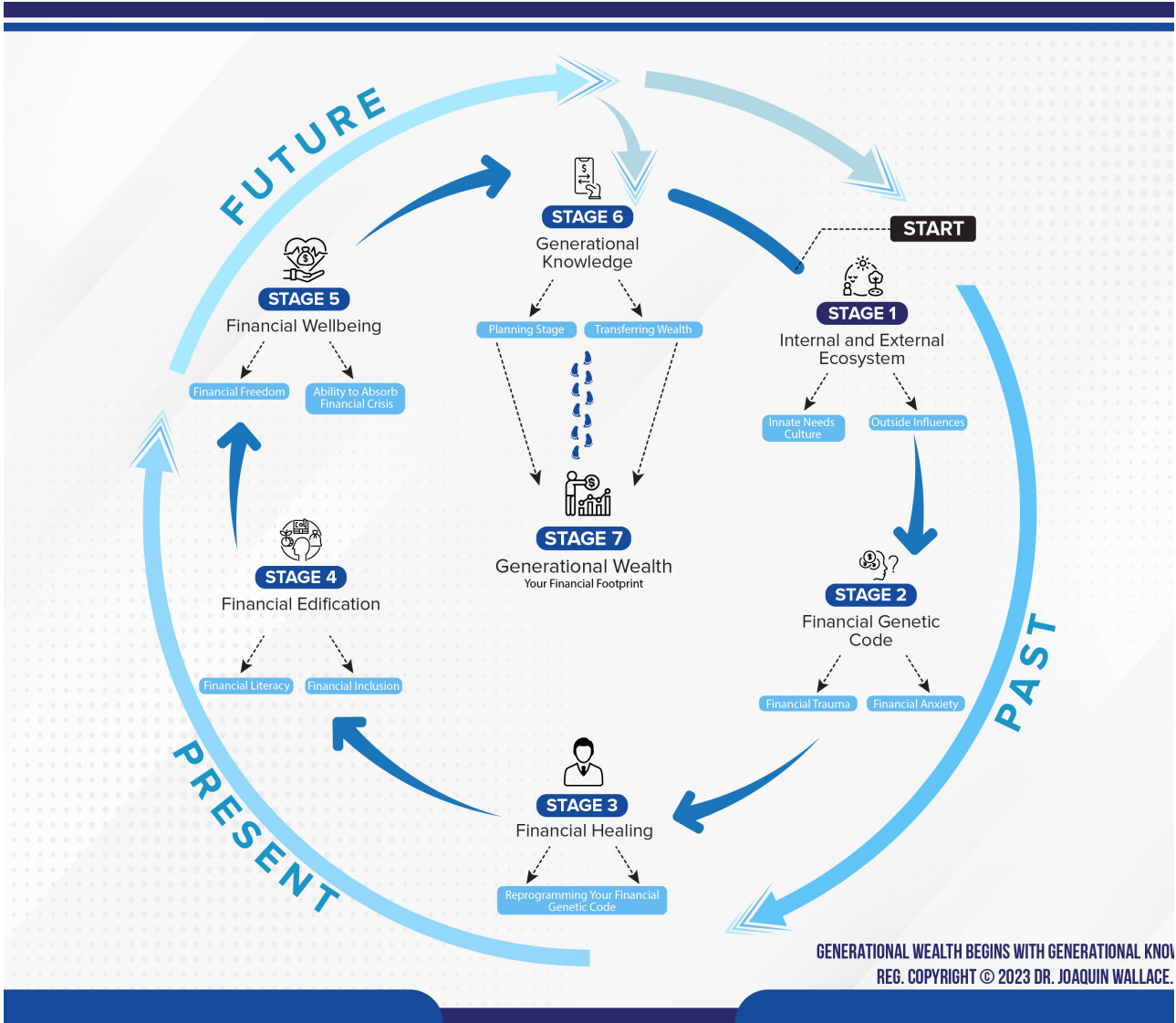
Workshop 2

Agenda – The Present

- • **Unpack Financial Trauma & Inherited Financial Narratives™**
 - - Identify generational patterns impacting money behavior
- • **Strategies for Financial Healing**
 - - Tools to reprogram flashpoints and reframe limiting beliefs
- • **Building Core Financial Literacy**
 - - Budgeting, saving, debt, investing with behavioral insights
- • **Behavioral Finance in Action**
 - - Heuristics, loss aversion, present bias, and how to override them
- • **Tools for Empowered Decision-Making**
 - - Bias worksheet, triggers tracker, reprogramming checklist

Learning Outcomes

- By the end of this workshop, participants will:
 - • Understand the role of emotional and inherited narratives in money behavior
 - • Apply healing strategies to reprogram limiting beliefs
 - • Strengthen literacy in personal finance tools and workplace benefits
 - • Gain tools to make sound decisions in emotionally charged financial situations



Seven-Stage
Generational Wealth
Model ©




Workshop 2: Stage 3 – Financial Healing

Seven-Stage Generational Wealth Model©
| Dr. Joaquin E. Wallace

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What's one Money
Belief You Inherited
from family?

Icebreaker Question

-  What's the first memory you have about money?
-  Was it a positive or stressful experience?
-  Share with a partner or in small groups for 3–5 minutes.

Stage 3: Financial Healing

- • Address and reprogram harmful money behaviors
- • Techniques for managing financial trauma and anxiety
- • Inherited Financial Narratives™:
 - - Scar Tissue Narrative
 - - Financial Martyrdom™
 - - Survivor's Guilt
- • Students identify personal financial flashpoints and triggers

Inherited Financial Narratives™

- • Scar Tissue Narrative – Avoidance after financial trauma
- • Financial Martyrdom™ – Prioritizing others' needs over your own
- • Survivor's Guilt – Discomfort from financial progress
- • Each of these narratives can create unconscious money blocks

Rewiring: Scar Tissue Narrative

- • Journal: “What financial wounds have I ignored?”
- • Practice daily financial check-ins
- • Set micro-goals to reduce money avoidance
- • Use mindful awareness before making financial decisions

Rewiring: Financial Martyrdom™

- • Define personal financial boundaries
- • Budget 'self-first' before offering help
- • Reflect: When does helping become enabling?
- • Practice saying: 'I want to support you, but not at my expense.'

Rewiring: Survivor's Guilt

- • Affirmation: 'I am allowed to succeed.'
- • Visualize success as a bridge for others
- • Clarify purpose: Who are you building for?
- • Redefine wealth as responsibility, not shame

Tools for Emotional Flashpoints

- • Financial Flashpoint Timeline activity
- • Reframing beliefs worksheet
- • Healing circle: What would you tell your younger self?
- • Use guided prompts to track emotional triggers

Polling Question

- Which Inherited Financial Narrative™ do you most identify with?
- A. Scar Tissue – I avoid money after bad experiences
- B. Financial Martyrdom™ – I sacrifice myself to help others
- C. Survivor's Guilt – I feel bad for getting ahead
- D. None of these / Not sure yet

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Closing Reflections

- • What is one belief you're ready to release?
- • How will you show up differently in your financial life?
- • What does healing look like for you?

Stage 4: Financial Edification

- • Develop core financial skills: budgeting, saving, investing, and debt management
- • Explore workplace retirement plans, insurance, and financial tools
- • Inherited Financial Narratives™:
 - - 'Budgeting means you're broke'
 - - Fear of investing
 - - Risk aversion from generational lessons

Workshop Objectives

- • Understand how emotions and biases influence financial decisions
- • Introduce core behavioral finance concepts
- • Contrast traditional financial models with real-world behavior
- • Provide tools for conscious and empowered financial choices

Behavioral Finance & Decision- Making

- • Understand how emotions and biases impact financial choices
- • Concepts Introduced:
 - - Heuristics
 - - Prospect Theory
 - - Loss Aversion
- • Contrast with traditional models: EMH, MPT, CAPM
- • Empowered financial decisions begin with behavioral insight

Heuristics: Mental Shortcuts

- • Emotional vs. informed decision-making
- • Use the 3-Question Rule:
 - 1. Is this aligned with my goals?
 - 2. Am I rushing or avoiding?
 - 3. Do I have the full picture?
- • Apply Pause & Plan: 24-hour delay for big financial choices

Prospect Theory: Fear of Loss

- • Simulate emotional response to losing \$100 vs. gaining \$150
- • Journaling: When have I avoided risk due to fear?
- • Reframe: 'What if I fail?' → 'What if it works?'

Loss Aversion: Letting Go

- • Learn the sunk cost fallacy
- • Ask: 'Would I buy this again today?'
- • Practice the Micro-Wins Method™:
- Replace 1 poor habit weekly with a small empowering action

Behavioral Concepts & Definitions

- • Sunk Cost Fallacy:
 - Continuing a behavior or endeavor due to previously invested resources (time, money, or effort), even when it no longer makes sense.
- • Would I Buy This Again Today?:
 - A reflection prompt used to reassess the value of current financial commitments. Helps identify emotional attachment to unwise investments.
- • Micro-Wins Method™:
 - A strategy for behavioral change by replacing one small unproductive habit each week with a positive, goal-oriented action.

Polling Question

- Which bias most influences your financial choices?
- A. I make quick decisions out of habit (Heuristics)
- B. I avoid risk to prevent loss (Prospect Theory)
- C. I hold on to things I should release (Loss Aversion)
- D. Not sure / A mix of all

Stage 4: Financial Edification – Behavioral Insights

Understanding the Emotional Drivers Behind Financial Tools | Dr. Joaquin E.
Wallace

Behavioral vs. Traditional Financial Models

- • Behavioral Finance: Emotions drive decisions
- • Traditional Models:
 - - EMH: Markets are efficient
 - - MPT: Diversification reduces risk
 - - CAPM: Prices reflect expected return
- • Real-world behavior often deviates from theory

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Behavioral Finance: Emotions Drive Decisions

- • Recognizes that people are not always rational
- • Emotions, biases, and psychological influences affect financial choices
- • Explains why people might save too little, hold losing investments, or overspend

Traditional Model: Efficient Market Hypothesis (EMH)

- • Assumes all known information is already reflected in stock prices
- • Believes it's impossible to outperform the market consistently
- • Ignores the role of investor emotion or irrational decisions

Traditional Model: Modern Portfolio Theory (MPT)

- • Focuses on optimizing portfolio diversification to minimize risk
- • Assumes investors are rational and markets are efficient
- • Helps guide long-term asset allocation strategies

Traditional Model: Capital Asset Pricing Model (CAPM)

- • Predicts investment returns based on risk and market exposure
- • Formula: $\text{Expected Return} = \text{Risk-Free Rate} + \text{Beta} \times (\text{Market Return} - \text{Risk-Free Rate})$
- • Used for pricing assets and managing portfolios

Behavior Doesn't Always Match Theory

- • People often act irrationally under stress or uncertainty
- • Fear, greed, and overconfidence distort financial decisions
- • Behavioral finance fills in the gap where traditional theory falls short

Qualified vs. Non-Qualified Plans

- • Qualified = 401(k), 403(b), 457 (Pre-tax, IRS regulated)
- • Non-Qualified = After-tax contributions (IRA, annuities)
- • Behavioral Traits:
 - - Loss aversion to short-term income reduction
 - - Future discounting: 'Retirement feels far away'
 - - Scarcity mindset: Fear of not having enough today

Behavioral Biases with 401(k), 403(b), 457 Plans

- • Overconfidence in default settings
- • Present bias: Delaying contributions
- • Status quo bias: Failing to adjust or rebalance

Life Insurance: Term vs. Whole, Universal, Index

- • Term: Affordable, simple, but often delayed due to 'I'm too young to die' bias
- • Permanent Policies:
 - - Whole, IUL, VUL: Complexity leads to avoidance
 - - Sales trauma or distrust
- • Reframe: 'Insurance is love in action.'

Long-Term Care Insurance

- • Denial bias: 'I won't need care'
- • Aging avoidance = planning avoidance
- • Survivor's guilt and caregiver fatigue among loved ones
- • Reframe: 'LTC is burden-lifting, not fear-based'

Disability Insurance

- • **Invincibility myth: Especially in youth**
- • **Value misalignment: 'I may never use it'**
- • **Reality check: Income protection = security**

Closing Reflection – Stage 4 Framing

- • What belief about financial tools are you ready to rewrite?
- • Which insurance or retirement strategy have you avoided, and why?
- • How can literacy empower confidence, not confusion?

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Tools for Empowered Financial Decisions

- • Bias Identification Worksheet
- • Scenario-Based Decision Labs
- • My Money Triggers Tracker
- • Behavioral Reprogramming Checklist:
 - Heuristic → Pause → Reflect → Decide

Bias Identification Worksheet

- • Helps uncover unconscious biases influencing money behavior
- • Includes prompts like:
 - - When do I make impulse purchases?
 - - What assumptions do I have about money and risk?
- • Outcome: Identify your personal 'default settings' with money

Scenario-Based Decision Labs

- • Realistic money situations to test responses under pressure
- • Examples include:
 - - Deciding between paying off debt vs. investing
 - - Navigating a family emergency with limited savings
- • Teaches reflection and controlled response over reaction

My Money Triggers Tracker

- • Daily or weekly log to track emotional spending patterns
- • Identify triggers such as:
 - - Boredom
 - - Social pressure
 - - Stress
- • Result: Increase awareness and control over financial decisions

Behavioral Reprogramming Checklist

- • Step-by-step guide to reset financial behavior:
 - 1. Recognize the heuristic or impulse
 - 2. Pause and take a breath
 - 3. Reflect on your values and long-term goals
 - 4. Make an empowered decision
- • Model: Heuristic → Pause → Reflect → Decide

Workshop 2 Agenda – The Present Recap

