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Unit 1 - Your Financial Plan: Where It All Begins

***“Most people don’t plan to fail...
They simply fail to plan!”***



The Five-Step Financial Planning Process



Sample Wants and Needs

NEEDS

- Food for breakfast
- Clothes for school
- Transportation to school or work

- _____
- _____

WANTS

- An iPod
- DVD Players
- Cell Phone
- Hot Car

- _____
- _____



Values

- **Getting a good education**
- **Religious faith or beliefs**
- **Social causes**
- **Handling money responsibly**
- **Friendships / The people I hang out with**



Term Goals

- **SHORT-TERM GOALS**
 - *Within three months*
- **INTERMEDIATE-TERM GOALS**
 - *Three months to a year*
- **LONG-TERM GOALS**
 - *More than a year*



Delayed Gratification

- Saving money over time to make a major purchase.
 - Waiting to buy a new product until the price goes down.
 - Waiting to see the latest movie until the crowds get smaller and the lines shorter.
 -
-
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S-M-A-R-T GOAL CRITERIA

Specific

Measurable

Attainable

Realistic

Time-Limited



SMART Goals

Specific.....

“Pay for lodging, transportation, meals for a 5-day trip to Washington, D.C.”

Measurable...

“\$300 through fundraising, \$50 from birthday money, save \$25 a week.”

Attainable.....

“If I stick to my plan, I’ll have the money when I need it.”

Realistic.....

“I still have enough money to live on while I work toward this goal.”

Time-Limited..

“I need to have all the money by 6 months from now.”



- Writing an Effective Goal Statement Rules for writing goal statements:
 - 1. Use clear, specific language.
 - 2. Start your goal statement with TO + a VERB
 - 3. Write your goal statement using SMART Goal Criteria
 - 4. Avoid using negative language.
- Think positive! An example of a goal statement:
 - • To run the mini marathon in May and complete the 10 mile race in under 1 hour to beat my personal best time.
- Notice how the above example begins with the word “To”, includes the verb “run”, and tells what (the marathon), why (to beat personal best time) and when (May).



Spending Record



Assignment 1-3: My Personal Spending Log

Track your spending for a week, and assess how your spending matches your financial goals. Try to fill in the table for the last seven days. If you can't remember every dollar you spent or received, that's OK. Just do the best you can.

Week of:	INCOME +\$ (A)	SPENDING -\$ (B)
Sunday		\$6.00
Monday	\$35.00	\$4.00
Tuesday		\$7.00
Wednesday		
Thursday	\$5.00	\$8.00
Friday		\$15.00
Saturday	\$15.00	
Totals	\$55.00	\$40.00
Difference (A minus B)	\$15.00	

But from now on, log your income and purchases on a daily basis. We'll make use of this information later in Unit 2. Finally, compare your entries to how teens on average spend their money.



Age

Factors That Affect

Wants

Decision Making

Needs

what about you?

Family

Time

CULTURE

Society

MONEY

Motivation

Values

Education

Habits

Attitudes



Decision-Making Process

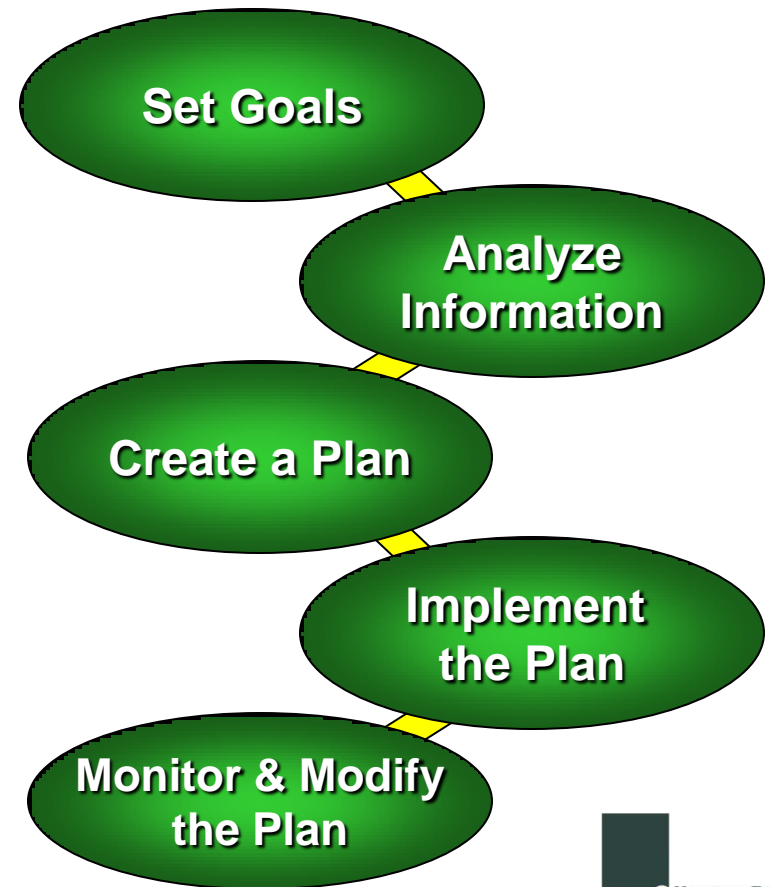


Decision Making and Financial Planning

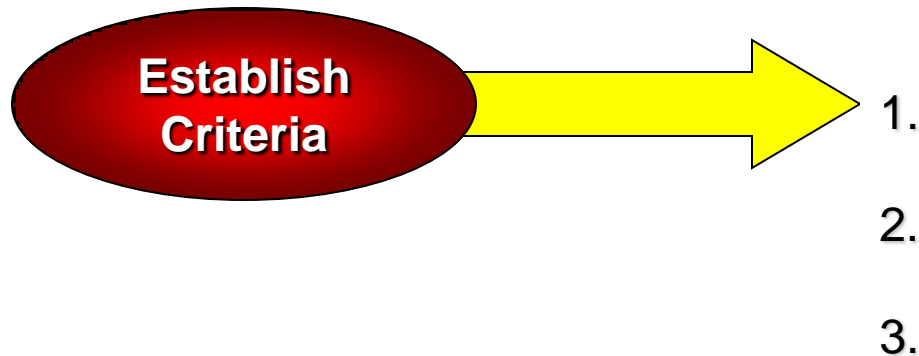
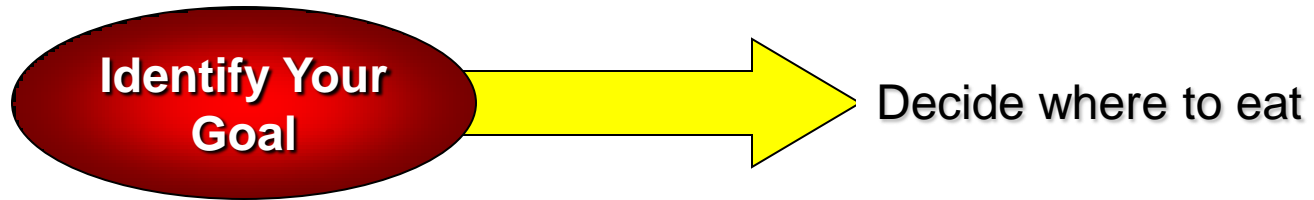
The Decision-Making Process



The Financial Planning Process



Know What You Want



REALITY

RESPONSIBILITY

RESTRAINT



SAVING

SPENDING

SHARING



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