

Setting Financial Goals

Notes:

Learner Outcomes

Outcome #1: Participants will be able to explain the difference between a short-term and a long-term financial goal.

Outcome #2: Participants will be able to describe how setting a financial goal helps them pursue their dreams.

Outcome #3: Participants will be able to list at least two decision-making steps to take to pursue a long-term goal.

Target Audience

Parents

Materials

1. Flip chart and markers or a dry-erase board and dry-erase markers
2. Name tags (downloaded for free from the Bank It Web site), one for each participant
3. A pen or pencil for each participant
4. Something to track time
5. Evaluation #2-DR-PT for each participant
6. Bank It Notes #2-DR-PT for each participant
7. Optional: PowerPoint Presentation PDF #2-DR-PT
8. Optional: Handout #2-DR-PT for each participant

Timing

1 hour

Want more background and training tips?

See the free, downloadable Bank It Leader's Guide at www.bankit.com.

Setting Financial Goals

Notes:

1. Welcome and Overview (5 minutes)

Arrive early. Highly consider using the optional PowerPoint Presentation PDF and the optional Handout. Both will greatly enhance your sessions. If you're using the PowerPoint Presentation PDF, show the "Welcome to Bank It" slide as participants enter the room. Greet each participant individually and learn their names as they arrive. Have them create a name tag with their first name only.

Give participants a copy of the Bank It Notes #2-DR-PT and either a pen or pencil. Have them sit in clusters of about four people. If possible, have them sit at tables. Then welcome the whole group to the session.

Say: Welcome to Bank It. Bank It delivers real-world financial topics and tools for parents and teens that make it easier to understand, talk about, and manage your money. Bank It was developed by Capital One and Search Institute. I'm glad each one of you is here.

Today we will focus on setting financial goals, and we plan on meeting three goals. One: By the end of this session, you will be able to explain the difference between a short-term and a long-term financial goal. Two: You will be able to describe how setting a financial goal helps you pursue your dreams. Three: You will be able to list at least two decision-making steps to take to pursue a long-term goal.

Feel free to use your Bank It Notes to write what you learn as we go along. At the end of the session, we will take time to complete a short evaluation. (If this session is not the first session you're presenting to this group, consider briefly discussing the optional challenge that you may have given participants at the end of your previous session.)

2. Activity: Your Goals (15 minutes)

Say: A financial goal is a money target you're aiming for. A financial goal could be buying a car, helping your teenager go to college, or paying off your debts.

Let's play a quick game. If you agree with a statement I make, smile big. If you disagree with a statement I make, frown. (Have participants practice both gestures. If you want them to exaggerate them more, have them use their hands to push the corners of their mouth either up or down.)

Explain that there are no right and wrong answers. Then say this statement: *I make lists to get things done.* (Give participants time to show whether they agree or disagree.)

Setting Financial Goals

Notes:

Then say statements such as these, one at a time, giving participants time to gesture for each statement: *I accomplish activities, such as washing the dishes, when I can get to them. I like setting goals. I wish I were better at planning. I tend to procrastinate—or put things off.*

I set financial goals. I enjoy getting things done. I have a tendency to start projects and not finish them. I have set financial goals in the past.

Afterward, debrief the activity. Say: *Setting a financial goal isn't that different from setting a goal of cleaning your home, finishing a task at work, or doing the laundry. The difference is that the goal has to do with your money.*

It's often helpful to notice how you get things done in your life—and what tends not to get done and why. Setting a goal is one step, but then taking the steps to meet that goal is another. That's why it's important to pay attention to the way you get things done in all aspects of your life.

People who set and meet their financial goals also tend to set and meet other goals as well. So the more you can get into the practice of doing this, the more you will make positive money decisions.

3. Present: Short-Term and Long-Term Goals (15 minutes)

Ask: *What's the difference between a short-term and a long-term financial goal?* (If participants are struggling with the terminology, feel free to use the phrase “money goal.”) On a flip chart, write: *Short-term financial goal = 1 year or less. Long-term financial goal = 5 or more years.*

Say: *Many financial experts like to divide financial goals into three categories: short-term, medium-term, and long-term.¹ Medium-term financial goals are typically between one and five years. To keep the topic simple, we're going to focus on only short- and long-term goals.*

However, over time, you may want to set goals for all three timeframes. How does setting a financial goal help you pursue your dreams? (Give participants time to respond.) On a flip chart, write: *1. It gives you a target to aim for. 2. You know where you're going with your dream—and your money. 3. You can develop a plan.*

Say: *When you set a financial goal, you want it to be measurable. What does measurable mean? It means that it's specific, and you can see what you've*

Setting Financial Goals

Notes:

accomplished. For example, a measurable short-term financial goal could be reading a book about money management.

What's the measurement? Reading the book. How do you know when you've met the goal? When you finish reading the book. The more concrete the goal, the easier it will be to achieve it. What are some examples of measurable short-term financial goals?

(Give participants time to respond. Write their responses on a flip chart. If they have trouble thinking of ideas, suggest some of these: Paying more than the minimum balance of your credit card bill next month. Paying off one credit card in full. Attending a money management class. Keeping track of receipts. Following a budget. Reconciling your bank statement.)

Say: Let's talk about important decision-making steps to take to pursue a short-term, financial goal. (Write these on a flip chart.) 1. Name your financial goal. 2. Make a plan with a timeline to meet your goal. 3. Work toward your goal. 4. Evaluate your progress. 5. Make changes to your plan if you're hitting obstacles.

Say: Let's look at a specific short-term goal. For example, maybe you decide you want to lower your credit card debt. Depending on how much you owe, that could be both a short-term and a long-term financial goal. Or it could be just a short-term financial goal.

Let's say your credit card debt is \$1,000, and you would like to get that paid off within one year. Let's look at our five steps. (Use a flip chart to write these steps.)

1. What's the name of your financial goal? (Give participants time to respond. The answer is: Pay off the \$1,000 credit card debt.)

2. What would a plan and timeline look like that will meet your goal? (Give participants time to respond. An answer could be: Divide \$1,000 over 12 months, which would be about \$85 a month. So each month, you would pay at least \$85—without adding any more to your credit card debt.)

3. How do you work toward your goal? (Give participants time to respond. The answer is: Start paying \$85 a month, each month.)

4. How do you evaluate your progress? (Give participants time to respond. The answer would be: Check to make sure you're actually paying \$85 a month.)

5. How do you make changes to your plan if you're hitting obstacles? (Give

Setting Financial Goals

Notes:

participants time to respond.) Say: *Usually you can't predict what obstacles you'll encounter along the way, so let's create a common obstacle that can appear with this goal.*

When you have credit card debt, what happens over time? (Give participants time to respond. The answer is: Even if you don't add any more to the debt, the debt will continue to grow because of finance charges.)

Say: *So an obstacle for this goal is that you're going to have to pay more than \$1,000 to rid yourself of this debt. Depending on interest rates and fees, maybe that \$1,000 will end up costing you \$1,200 over 12 months.*

So if that were to happen, how do you change your plan? (Give participants time to respond. The answer is: Either pay more each month or add months to pay off the total.)

Say: *We just walked through the five basic steps of meeting a short-term financial goal. Now, if you were to name steps for meeting a long-term financial goal, what would they be?* (Give participants time to respond. The answer is: The steps work for both short-term and long-term financial goals. They just have different timelines.)

Let's take a moment to name some examples of long-term financial goals. (List what participants say on a flip chart. Examples could include: Buying a car. Buying a house. Erasing debt. Sending a teenager to college. Saving for a vacation.)

Say: *I highly encourage you to set both short-term and long-term financial goals. I also encourage you to follow these five steps. You're much more likely to realize your dreams when you set financial goals that help you accomplish your dreams.*

If you plan to distribute the optional handout, use it at this time.

4. Discuss (10 minutes)

Say: *Take some time to talk to the people near you. Talk to about two or three people. I want you to do two things: 1. Say your first name. 2. Name one short-term financial goal you would like to pursue. Start with the person who went to the doctor the most recently. Then have each person take a turn.*

Setting Financial Goals

Notes:

5. Review and Evaluate (10 minutes)

Review what was accomplished during this session. Ask: *What is a financial goal?* (Answer: A financial goal is a money target you're aiming for.)

Ask: *What is the difference between a short-term and a long-term financial goal?* (Answer: A short-term financial goal is a goal you can usually accomplish in less than one year. A long-term financial goal is a goal you can usually accomplish in five years or more.)

Ask: *How does setting a financial goal help you pursue your dreams?* (Answers: 1. It gives you a target to aim for. 2. You know where you're going with your dream—and your money. 3. You can develop a plan.)

Ask: *If you were asked to define a measurable short-term goal, what examples could you come up with?* (Answers: Reading a book about managing your money. Reducing your debt on a credit card. Creating a budget. Saving receipts. Reconciling a bank statement.)

Ask: *What are decision-making steps to take to pursue a short-term goal?* (Answers: 1. Name your financial goal. 2. Make a plan with a timeline to meet your goal. 3. Work toward your goal. 4. Evaluate your progress. 5. Make changes to your plan if you're hitting obstacles.)

Ask: *What are decision-making steps to take to pursue a long-term goal?* (Answers: 1. Name your financial goal. 2. Make a plan with a timeline to meet your goal. 3. Work toward your goal. 4. Evaluate your progress. 5. Make changes to your plan if you're hitting obstacles.)

Point out that the steps for making a short-term and a long-term goal are the same. The only difference will be the timeline.

At the end of the review, distribute Evaluation #2-DR-PT to each participant. Give participants time to fill out the evaluation. Collect all the evaluations after participants finish so you can find out the measurable outcomes for the session.

6. Close (5 minutes)

Say: *Setting financial goals can help you realize your dreams. Short-term financial goals will help you make progress right away. Long-term financial goals will help you create a plan to live the life you dream of. We all have dreams. We know of people who are living their dream. We can live our dreams as well.*

Setting Financial Goals

Notes:

When we set financial goals and take the steps to meet those goals, we will not only make positive money choices but we will also live the life we dream of. Which financial goals can help you pursue your dreams?

Challenge participants to talk to family members about this topic, which is listed under the Talk About It section of their Bank It Notes. Thank participants for coming and for being involved.

Optional Activities

- 1. Distribute Handout #2-DR-PT: Your Financial Goal.** Give participants the handout. Together, discuss it.
- 2. Show the PowerPoint Presentation PDF #2-DR-PT.** Use the presentation to accompany the one-hour session.
- 3. Give Participants a Challenge.** Encourage participants to use the next week to talk to their teenagers about setting a financial goal that fits with one of their dreams. (If you wish, follow up during your next session to find out how the challenge went.)

Questions? Looking for more ideas? Visit www.bankit.com for answers and more resources.

For More Information

- *National Standards in K–12 Personal Finance Education* (Washington, D.C., Jump\$tart Coalition for Personal Financial Literacy, 2007), 4 in the area of Financial Responsibility and Decision Making.
- *An Asset Builder's Guide to Youth and Money* by Jolene Roehlkepartain (Minneapolis: Search Institute, 1999).

Sources

- ¹ Jordan E. Goodman, *Everyone's Money Book, revised edition* (Chicago: Dearborn Trade, 2001), 22–25.