Lesson 1.4: Financial Values and Goals

Lesson Author

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Standards and Benchmarks

See page 6.

Lesson Description

In this lesson, students learn the importance of financial values and financial goals. They begin the lesson by learning their unique financial values. They then watch a video about financial goals and practice setting goals. Students then choose goals that are important to their own lives and develop an action plan to achieve their financial goals. To obtain an answer key for the assessment in this lesson, create an account on FederalReserveEducation.org.

Concepts

Financial goals
Financial values
Saving

Objectives

Students will be able to:

- define financial values, financial goals, and saving.
- identify short-, medium- and long-term financial goals.
- set goals that are important to their own financial values.
- explain how financial goal setting can contribute to financial success.

Compelling Question

Why is it important to identify financial values and to set financial goals?

Time Required

45 minutes

Materials

- Financial Values and Goals Lesson Slides, one copy for teacher to display
- Handout 1.4.1: Financial Values Inventory, one copy for each student
- Handout 1.4.2: Financial Goal Action Plan, one copy for each student

- Answer Key 1.4, for teacher use when grading
- Optional: Sticky notes

Procedure

1. Begin by telling students you will be asking them a series of "Would You Rather...?" questions to help them figure out their financial values.

2. **Financial values** are beliefs or ideas about money and what one chooses to do with money. Point out that not everyone has the same financial values.

3. Explain to students that they will go stand on one side of the classroom or the other depending on what statement they agree with most. Encourage students to stand on the side that they agree more with, not just where their friends are standing.

   NOTE: It is up to you to assign the sides of the room. You can also create your own would you rather questions, but the ones provided help students to decide what they value in common budgeting areas. These questions will also correspond to topics later in the lesson.

4. Ask students the following "Would You Rather..?" questions:

   NOTE: You can ask students throughout why they chose certain options.

   a. Would you rather: have as many clothes as you want, but they are all from thrift stores, OR have a few designer clothes?

   b. Would you rather: be able to eat at whatever restaurant you want once per week, OR only eat fast food for every meal?

   c. Would you rather: have your dream house OR go on a luxury vacation every year?

   d. Would you rather: rent your own apartment but have no money to spend on eating in restaurants or buying new clothes OR live at home with your family and have money to spend on eating in restaurants or buying new clothes?

   e. Would you rather: have your own car but not have car insurance OR take public transportation?

   f. Would you rather: pay for health insurance but rarely get sick, OR have no health insurance but need to see a doctor multiple times per month?

   g. Would you rather: have a flip phone that you don't have to pay for OR have a smartphone with unlimited data that you do have to pay for?

   h. Would you rather: spend any extra money you have now OR save any extra money to buy something in the future?

i. Would you rather: keep any money you save in a safe place in your room OR put your money in a bank?

j. Would you rather: go to the movies with your friends OR go to a concert with your friends?

5. As you go through the questions, explain to students that they are making choices that reveal their financial values.

6. Distribute a copy of Handout 1.4.1: Financial Values Inventory to each student. Have students complete Handout 1.4.1 on their own.

7. Have some students share what they learned about their own financial values from Handout 1.1: Financial Values Inventory.

8. Explain to students that once they have an understanding of their financial values, these values can help them to set relevant financial goals.

9. To better understand what financial goals are, show the following video to students: https://www.youtube.com/watch?v=AOdGQbC57hY.

10. After watching the video, ask students the following questions:

    a. What is a **financial goal**? (*A financial goal is a plan to help you turn a financial aspiration into a financial achievement in simple steps.*)

    b. Why is it important to write down your financial goals? (*People who write down their financial goals tend to be more financially successful and tend to earn more money.*)

    c. What are the differences between short-term, medium-term, and long-term goals? (*Short-term goals can be achieved in 2 months; medium-term goals can be achieved in 2 months to 3 years; and long-term goals can be achieved in more than 3 years.*)

    d. What are examples of short-term goals? Of medium-term goals? Of long-term goals? (*Answers may vary but may include: paying a credit card [short-term], saving for a down payment on a car [medium-term], saving for travel [medium-term], saving for college (long-term), saving for a down payment on a house [long-term], etc.*)

    e. What can you do if you have financial setbacks? (*Adjust your plan; be flexible with your goals; set aside emergency savings.*)

11. Explain to students that sometimes financial goals involve **saving**. **Saving** is the process of setting aside money for future consumption or future purchases.

12. Display Slide 2 to all students. Explain to students that they will be coming up with their own savings goals. Savings goals are examples of financial goals.

    NOTE: The slide will work best with a Smart Board. You can also use a whiteboard or large pad of paper.

13. Place students in groups of 3-4 students. Have the groups brainstorm specific reasons they would like to save or savings goals they would like to meet on a piece of paper. Try to have each group come up with at least 20 ideas.

    NOTE: If you are using a low-tech option, you can give students sticky notes to have them stick on a large pad of paper or the board.

14. Inform students that some reasons may require a large amount of money, like saving for college, and some may be small amounts of money, like saving for a new pair of sunglasses.

15. Have students label their brainstormed goals into short-, medium-, and long-term goals.

16. Call on students to help you complete the chart on Slide 2 with their answers by coming up and writing on the Smart Board or putting their sticky notes on the whiteboard or large pad of paper.

17. Ask students to refer back to their answers on Handout 1.4.1. In groups, have students discuss which of the goals listed they value the most.

18. Distribute a copy of Handout 1.4.2: Financial Goal Action Plan to each student. Instruct students to first write down two long-term financial goals for themselves. Have students refer back to Handout 1 to help them brainstorm some possible goals.

19. Then, have students write a short-term goal and a medium-term goal for themselves that will help them to meet their long-term goal.

Closure

20. Review the important points of the lesson by asking students:

    a. What are financial values? (*Financial values are beliefs or ideas about money and what one chooses to do with money. Not everyone has the same financial values.*)

    b. What is a financial goal? (*A financial goal is a plan to help you turn a financial aspiration into a financial achievement in simple steps.*)

    c. What is saving? (*Saving is the process of setting aside money for future consumption or future purchases.*)

    d. What are the differences between short-term, medium-term, and long-term goals? (*The difference between these three types of goals is the time it will take to achieve them. A short-term goal can be achieved in less than 2 months. A medium-term goal can be achieved in 2 months to 3 years. A long-term goal can be achieved in more than 3 years.*)

    e. Why is it important to have financial goals? (*Goals are important because they help turn dreams into reality and help keep us focused. They also help to ensure financial success.*)

Assessment

21. McKayla has dreamed of becoming a chef in New York City ever since working alongside her cousin and uncle in their hometown restaurant. McKayla needs help setting financial goals to achieve her dream. Write a paragraph describing short-term, medium-term, and long-term financial goals that could help her reach that goal. Also explain why setting financial goals is important and what McKayla should do if financial setbacks occur. (*See Answer Key 1.4 for detailed grading guidance.*)

Standards and Benchmarks

National Standards for Personal Financial Education

Standard 2: Spending

A budget is a plan for allocating a person's spendable income to necessary and desired goods and services. When there is sufficient money in their budget, people may decide to give money to others, save, or invest to achieve future goals. People can often improve their financial well-being by making well-informed spending decisions, which includes critical evaluation of price, quality, product information, and method of payment. Individual spending decisions may be influenced by financial constraints, personal preferences, unique needs, peers, and advertising.

Benchmarks: Grade 4

1. People differ in their preferences, priorities, and resources available for consuming goods and services.

Benchmarks: Grade 8

1. Creating a budget can help people make informed choices about spending, saving, and managing money in order to achieve financial goals.

Benchmarks: Grade 12

1. A budget helps people achieve their financial goals by allocating income to necessary and desired spending, saving, and philanthropy.

Standard 3: Saving

People who have sufficient income can choose to save some of it for future uses such as emergencies or later purchases. Savings decisions depend on individual preferences and circumstances. Funds needed for transactions, bill-paying, or purchases, are commonly held in federally insured checking or savings accounts at financial institutions because these accounts offer easy access to their money and low risk. Interest rates, fees, and other account features vary by type of account and among financial institutions, with higher rates resulting in greater compound interest earned by savers.

Benchmarks: Grade 12

8. People can reduce the potential for future financial strife with a partner or spouse by sharing personal financial information, goals, and values prior to combining finances.

Handout 1.4.1: Financial Values Inventory

Your financial values are beliefs or ideas about money that you consider important. Everyone has financial values, but not everyone values everything equally. To help you recognize some of your own financial or money values, read the pair of words below, then circle one item in the pair that would be your first choice in answering:

"If you had an extra $250, which would you rather spend money on?"
You must make one choice in each pair.

1.	Housing (Dream Home/Vacation Home)	Retirement Savings/Investments	**10.**	Personal Appearance/Clothing	Giving to Charity
2.	Hobbies/Sports	Giving to Charity	**11.**	Vacation/Travel	Personal Appearance/Clothing
3.	Giving to Charity	Social Activities	**12.**	Hobbies/Sports	Car
4.	Retirement Savings/Investments	Hobbies/Sports	**13.**	Social Activities	Retirement Savings/Investments
5.	Education	Social Activities	**14.**	Housing (Dream Home/Vacation Home)	Vacation/Travel
6.	Social Activities	Car	**15.**	Car	Education
7.	Education	Housing (Dream Home/Vacation Home)	**16.**	Vacation/Travel	Giving to Charity
8.	Hobbies/Sports	Housing (Dream Home/Vacation Home)	**17.**	Personal Appearance/Clothing	Education
9.	Personal Appearance/Clothing	Car	**18.**	Vacation/Travel	Retirement Savings/Investments

Total the number of times you circled each item in the activity. Put a star next to the three values with the highest number.

Car	_____	Personal Appearance	_____
Education	_____	Retirement Savings/Investments	_____
Giving to Charity	_____	Social Activities	_____
Hobbies/Sports	_____	Vacation/Travel	_____
Housing	_____		

Adapted from High School Financial Planning Program (NEFE), 1992.

Handout 1.4.2: Financial Goals Action Plan

Directions: Write two long-term financial goals. Then, use these to write short-term and medium-term goals that relate to your long-term goals.

	Short-term Goal	Medium-term Goal
Sample Long-term Goal: I would like to rent my own apartment in my junior year of college.	I will obtain a part-time job.	I will save money in a bank account for the first month's rent, security deposit, and furnishings.
My Long-term Goal #1:		
My Long-term Goal #2:		