

# EXPLORING VALUES, NEEDS & WANTS

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# WHAT ARE VALUES?

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- Something that is desirable, worthwhile, and important
- Influenced by family, friends, teachers, coaches, television, and movies
- Each person has different values which guide his/her daily decisions



# NEEDS VS. WANTS

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- Need - something necessary or required for life
- Brainstorm examples of needs
  - Food, water, clothing and shelter



# NEEDS VS. WANTS

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- **Want** - something unnecessary but desired
- May increase the quality of living or make a person happier
- Brainstorm examples of wants
  - MP3 player, Play Station, designer clothes
- How do values influence wants?
  - If being popular or having all of the newest gadgets is valued, a person may have a lot of wants

# SPENDING MONEY

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- How do values influence how people spend money and make financial decisions?
  - If an individual values helping others, he may decide to give money to a church or other charitable groups
- How do needs and wants influence how people spend money and make financial decisions?

# REMEMBER...

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- **Value** - Something that is desirable, worthwhile, and important
- **Need** - something necessary or required for life
- **Want** - something unnecessary but desired
  
- A person's values and perception of needs and wants influence personal financial decisions!



# SETTING FINANCIAL GOALS

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Advanced Level

# First Reaction...

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If you don't know where you are going, how do you expect to get there?



# SET GOALS!

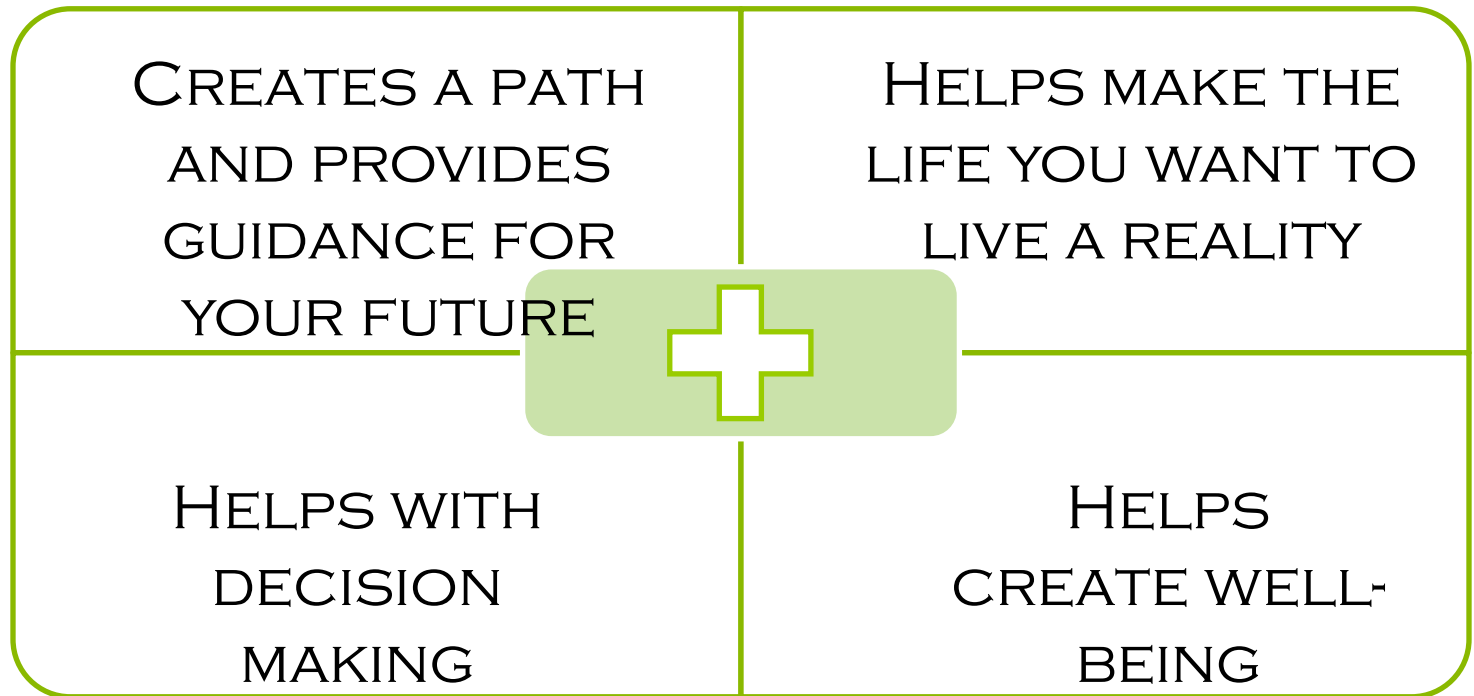
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**Goal** – the end result of something a person intends to acquire, achieve, do, reach, or accomplish sometime in the near or distant future

Setting goals is like creating a map for a road trip



# HOW CAN GOAL SETTING BENEFIT YOU?



How can goal setting benefit your life?





# IS IT REALISTIC TO WRITE GOALS FOR EVERY DECISION YOU MAKE?

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	Routine Decisions	Major Decisions
Explanation	Daily decisions that don't require a lot of thought	Require thought, effort, time, personal discipline
Example	What to wear in the morning	What to do after high school graduation
Goal?	Is it realistic to write goals for routine decisions?	Important to write goals for major decisions

# TO GOAL OR NOT TO GOAL?

Which of the following decisions would you   write a goal for?

When you will  
purchase a car

When you will  
complete your  
homework this  
evening

What you  
will eat for  
lunch

Which extra-  
curricular  
activities you  
will participate  
in

Underline items in your letter that could be  
achieved by writing down a goal



# HOW CAN GOAL SETTING HELP YOU MANAGE YOUR MONEY?

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Goal setting is important to financial planning

## **Financial Planning**

- managing money continuously through life in order to reach financial goals

**Financial Goals** - specific objectives (or goals) that are accomplished through financial planning

Setting financial goals will help you make day to day spending decisions

Circle items in your letter that could be achieved by writing a financial goal



# ELEMENTS OF A SUCCESSFUL GOAL...

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S

SPECIFIC

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M

MEASURAB  
LE

---

A

ATTAINABL  
E

---

R

REALISTIC

---

TIME  
BOUND

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# S = SPECIFIC

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- Clearly defined end result
- Financial goal = state exactly what plan you have for the money involved

Current Goal	SPECIFIC Goal
<ul style="list-style-type: none"> <li>• I will reduce my debt.</li> </ul>	<ul style="list-style-type: none"> <li>• I will reduce the amount I owe on my car loan.</li> </ul>

# M = MEASURABLE

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- Determine exactly when you will know that the goal has been met
- Financial goal = state the exact dollar amount

Current Goal	MEASURABLE Goal
<ul style="list-style-type: none"> <li>• I will reduce the amount I owe on my car loan.</li> </ul>	<ul style="list-style-type: none"> <li>• I will reduce the amount I owe on my car loan <u>by \$1,000.</u></li> </ul>




# A = ATTAINABLE

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- Create a step-by-step plan outlining exactly how the goal can be reached
- Financial goal = Often determined by a spending plan or budget

Current Goal	ATTAINABLE Goal
<ul style="list-style-type: none"> <li>• I will reduce the amount I owe on my car loan by \$1,000.</li> </ul>	<p>Lacey has an extra \$100 to spend:</p> <ul style="list-style-type: none"> <li>• I will reduce the amount I owe on my car loan by \$1,000 <u>by paying an extra \$100 per month</u></li> </ul>

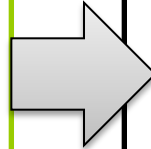
# R = REALISTIC

— How do you determine if a goal is unrealistic 

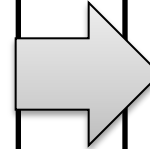
Examine the  
consequences of that  
goal



Consider the trade-  
offs and  
opportunity costs

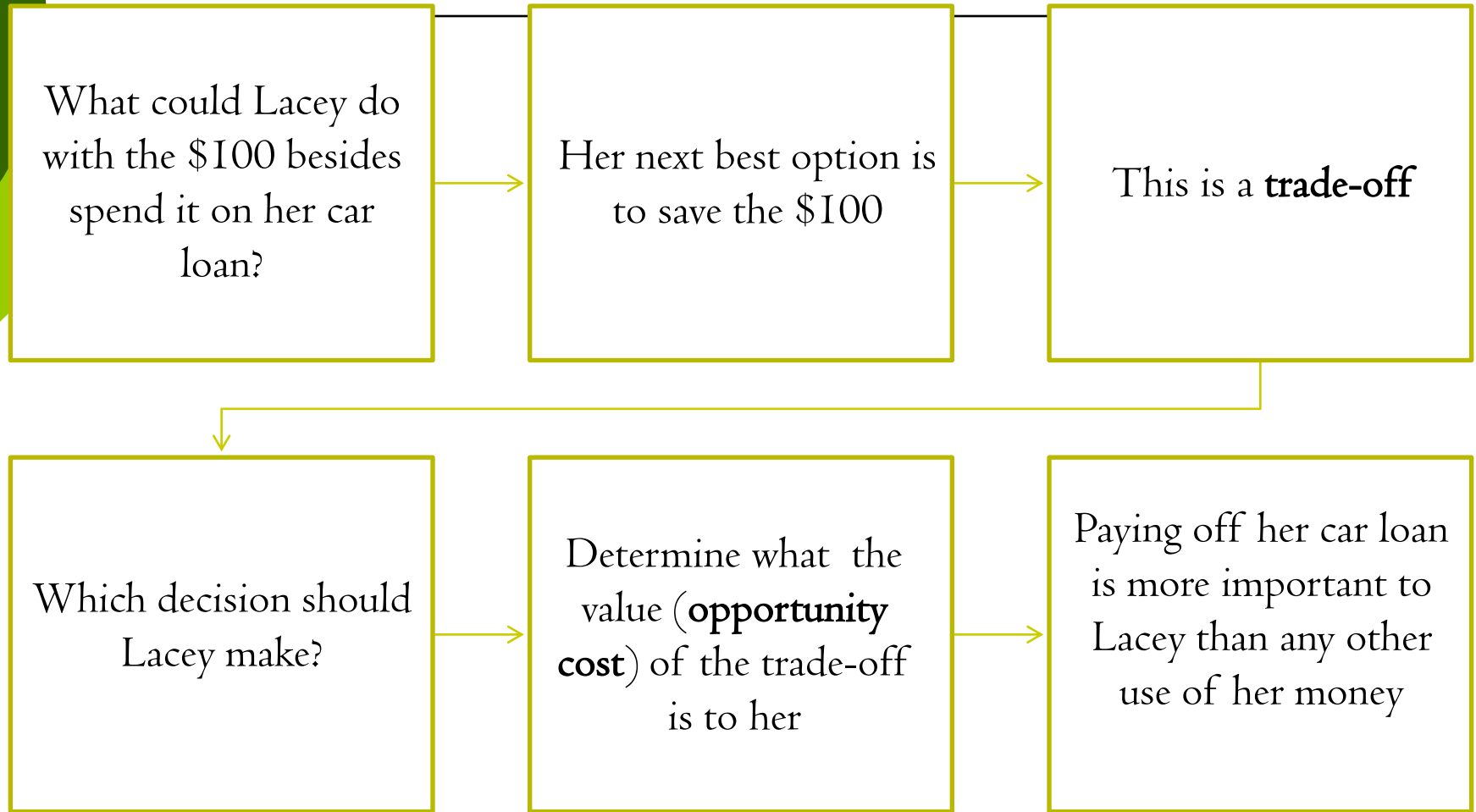


**Trade-off -**  
giving up one  
thing for  
another



**Opportunity cost -** the  
value of the next best  
alternative that you will  
give up as a result of  
your plan

# EXAMPLE



# R = REALISTIC

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## Current Goal

- I will reduce the amount I owe on my car loan by \$1,000 by paying an extra \$100 per week.

## REALISTIC Goal

- Lacey has determined that paying her car loan is more important than any other use of her money. The opportunity cost of paying her car loan is higher than the alternative of saving that money.

# T = TIME BOUND

- Specifically state when the goal will be reached
- Consider whether your goals are short-term or long-term
  - **Short-term goal** – attained in less than one year
  - **Long-term goal** – attained in more than one year
- Financial goal – make sure to consider your long-term financial needs when setting financial goals

Current Goal	TIME BOUND Goal
<ul style="list-style-type: none"> <li>• I will reduce the amount I owe on my car loan by \$1,000 by paying an extra \$100 per week.</li> </ul>	<ul style="list-style-type: none"> <li>• I will reduce the amount I owe on my car loan by \$1,000 <u>in 10 weeks</u> by paying an extra \$100 per week.</li> </ul>

# SMART FINANCIAL GOALS SUMMARY

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S

## SPECIFIC

STATE EXACTLY WHAT IS TO BE DONE WITH THE MONEY INVOLVED

M

## MEASURABLE

WRITE THE EXACT DOLLAR AMOUNT

A

## ATTAINABLE

CREATE A STEP-BY-STEP PLAN OUTLINING EXACTLY HOW THE GOAL CAN BE REACHED

R

## REALISTIC

THINK THROUGH THE TRADE-OFFS AND OPPORTUNITY COSTS TO ANALYZE THE CONSEQUENCES OF YOUR GOAL

MAKE SURE IT ISN'T UNATTAINABLE

## BOUND

SPECIFICALLY STATE WHEN THE GOAL WILL BE REACHED

# SHOW ME THE GOAL!

## Austin's Book of Goals

Age 16

I. Save money

- Austin needs help writing a SMART goal
- She has identified all parts of the goal
- You need to help her classify each element of a SMART goal
- Then, combine the parts of the goal to create a final SMART goal

# REMEMBER THE PARTS OF A SMART GOAL...

S

## SPECIFIC

STATE EXACTLY WHAT IS TO BE DONE WITH THE MONEY INVOLVED

M

## MEASURAB

WRITE THE EXACT DOLLAR AMOUNT

A

## ATTAINABL

CREATE A STEP-BY-STEP PLAN OUTLINING EXACTLY HOW THE GOAL CAN BE REACHED

R

## REALISTIC

THINK THROUGH THE TRADE-OFFS AND OPPORTUNITY COSTS TO ANALYZE THE CONSEQUENCES OF YOUR GOAL

TIME MAKE SURE IT ISN'T UNATTAINABLE

## BOUND

SPECIFICALLY STATE WHEN THE GOAL WILL BE REACHED



# Match each part of Austin's goal with the correct SMART goal element

Specific

Measurable

Attainable

Realistic

~~AUSTIN WILL SPEND \$25 LESS ON ENTERTAINMENT EVERY MONTH IN ORDER TO SAVE THAT \$25~~

~~INSTEAD.~~  
AUSTIN WILL SAVE MONEY FOR COLLEGE.

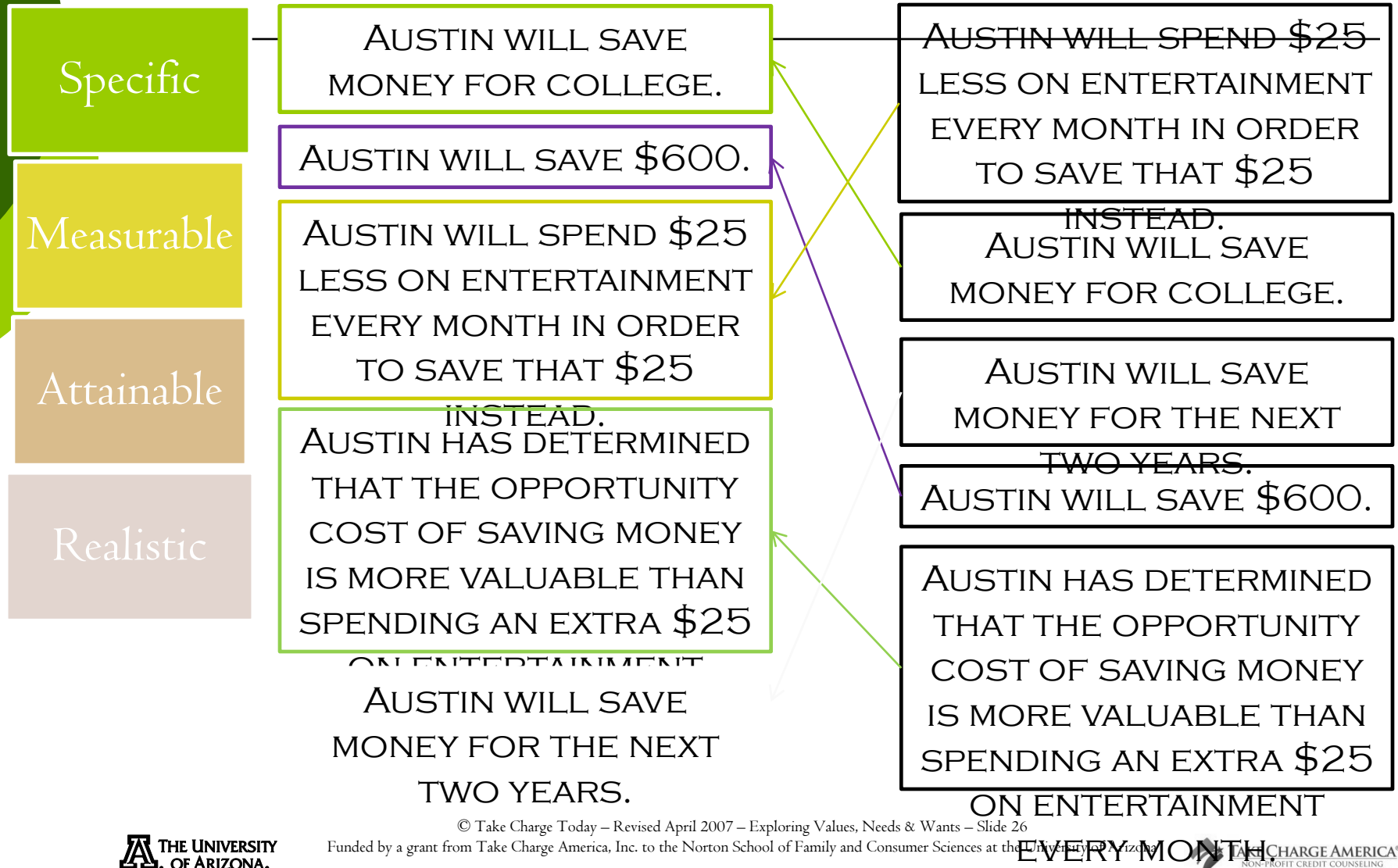
AUSTIN WILL SAVE MONEY FOR THE NEXT

~~TWO YEARS.~~  
AUSTIN WILL SAVE \$600.

AUSTIN HAS DETERMINED THAT THE OPPORTUNITY COST OF SAVING MONEY IS MORE VALUABLE THAN SPENDING AN EXTRA \$25 ON ENTERTAINMENT

EVERY MONTH.

# Are you correct?



# WHAT IS AUSTIN'S FINAL SMART GOAL?

Specific

AUSTIN WILL SAVE  
MONEY FOR COLLEGE.

Measurable

AUSTIN WILL SAVE \$600.

Attainable

AUSTIN WILL SPEND \$25  
LESS ON ENTERTAINMENT  
EVERY MONTH IN ORDER  
TO SAVE THAT \$25

Realistic

INSTEAD,  
AUSTIN HAS DETERMINED  
THAT THE OPPORTUNITY  
COST OF SAVING MONEY  
IS MORE VALUABLE THAN  
SPENDING AN EXTRA \$25

ON ENTERTAINMENT  
AUSTIN WILL SAVE  
MONEY FOR THE NEXT  
TWO YEARS.

Austin will save \$600 for college. Austin has decided that he is willing to spend \$25 less on entertainment every month in order to save \$25 per month for the next two years.

# SHOW ME THE GOAL!

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Specific

Measurable

Attainable

Realistic

1. The following goals do not contain all elements of a successful SMART goal
2. Identify the missing SMART goal element(s) for each

# SHOW ME THE GOAL!

Specific

## Goal

I plan to save \$1,500 to buy a used car. I will do this by canceling my home cable service and saving that \$75 each month instead.

Measurable

What is missing?

Attainable

Time Bound!



Realistic

Why?

- How long it will take to reach this goal has not been identified

# SHOW ME THE GOAL!

Specific

**Goal**

I plan to save \$2,500 by automatically depositing \$105 from my paycheck into a savings account each month for 2 years.

Measurable

**What is missing?**

Attainable

**Specific!**

Realistic

**Why?**

- What the person is saving money for has not been identified

# SHOW ME THE GOAL!

Specific

Goal

I plan to save \$5,000 for college living expenses in four years.

Measurable

What is missing?

Attainable

Attainable and Realistic!

Realistic

Why?

- How the goal will be reached has not been identified
- Because of that, it isn't possible to tell if the goal is realistic or not

# SHOW ME THE GOAL!

Specific

Goal

Instead of signing up for a cell phone plan, I will save that money to buy a new computer in one year. I will do this by saving the \$50 I would have spent on the cell phone bill every month.

Measurable

What is missing?

Measurable!

Attainable

Why?

Realistic

- The amount of the computer has not been identified



# ONCE YOU WRITE A GOAL, HOW CAN YOU ENSURE THAT YOU REACH IT?

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- Continually evaluate your goals
  - What will you do if something gets in the way of reaching your goal?
- Make your goals public
  - Ask a friend or family member to hold you accountable
  - Use a goal setting website
- Reward yourself for reaching your goal

# HELP PAUL REACH HIS GOAL

*Paul would like to purchase a specific new cell phone that costs \$100.*

Help Paul write a SMART goal to save money to purchase the new cell phone. But first you need to learn a little about him...

- Works part-time to earn \$225/month
- He is responsible for all expenses related to his car = \$175/month
- Remaining \$50 of paycheck is used for entertainment and savings
- Has \$125 in savings to pay for unexpected expenses
- He has a goal to keep a minimum of \$100 in savings
- Paul's mom is supportive of his decision and will help him stay on track
- Remember to consider what Paul will have to NOT spend money on in order to save money for his new phone

# DOES PAUL'S GOAL INCLUDE ALL ELEMENTS OF A SMART GOAL?

S

SPECIFIC

STATE EXACTLY WHAT IS TO BE DONE WITH THE  
MONEY INVOLVED

M

MEASURAB

WRITE THE EXACT DOLLAR AMOUNT

A

ATTAINABL

CREATE A STEP BY STEP PLAN OUTLINING EXACTLY HOW  
THE GOAL CAN BE REACHED

R

REALISTIC

THINK THROUGH THE TRADE-OFFS AND OPPORTUNITY  
COSTS TO ANALYZE THE CONSEQUENCES OF YOUR GOAL

TIME MAKE SURE IT ISN'T UNATTAINABLE

BOUND

SPECIFICALLY STATE WHEN THE GOAL WILL BE  
REACHED

# LIFE HAPPENS...

Unexpected events = chance cards

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I. Choose one:

1

A newer, more expensive cell phone is announced that costs \$150. Paul has decided that he would rather purchase the new phone.

2

Paul's car needed a minor repair that cost \$50.

3

Paul misses a shift at work, which decreases his paycheck by \$30.

4

Paul had to purchase \$35 worth of supplies to complete a final project for one of his classes.

2. Adjust Paul's goal to make sure he is still successful at reaching his goal!

# LIFE HAPPENS...

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Was it hard to reevaluate Paul's goal to adapt to life changes?

What would happen if Paul didn't reevaluate his goal after unexpected events occurred in his life?



# SUMMARY

What is a goal?

How can goal setting benefit you?

Why is setting financial goals important?

What are the elements of a SMART goal?

# NOW IT'S YOUR TURN!

1.

Write one SMART financial goal for yourself from your letter

2.

Ask your group members if your goal includes all of the elements of a well written goal

3.

Based upon feedback from your group, edit your goal