

YOUR FINANCIAL ROAD MAP: WHERE DO YOU WANT TO GO?

DAY: 2

TITLE: YOUR FINANCIAL ROAD MAP: Financial Planning

TARGET COMPETENCY: Create personal S.M.A.R.T goals and identify the 5-step financial planning process.

OBJECTIVES:

- Examine the importance of financial planning for the future
- Identify the Five-Step Financial Planning Process
- Create personal financial SMART goals
- Understanding the role that values and beliefs play in influencing spending habits
- Identify your “money personality,” with an understanding of your strengths and weaknesses.
- Use the decision-making process to influence a personal financial plan

HANDOUTS/MATERIALS

- NEFE Unit 1 (selected portions)
 - Student Guide
 - *Adapted* NEFE PPT
- Online (or Handout) *My Money Personality*
- Handout: SMART Goals
- Handout: Spending Log

LESSON SUMMARY:

In this unit, you will begin your journey toward savvy money management by learning about the financial planning process. People who “have it all” didn’t get there by accident. They made a financial plan and followed it. You will gain the tools to make a personal financial plan. Later, we will build on and refine your by discussing other aspects of managing your money.

LESSON OUTLINE:

| MINUTES | CONTENT |
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| before class | Prep PowerPoint for NEFE Unit 1 (<i>adapted version</i>) |
| 10 | Intro: The FINANCIAL PLANNING Unit Use a trip planning metaphor to explain the importance of developing a sound financial plan: Vacations and trip don’t happen by themselves. Someone has to plan them, pay for them, and schedule and monitor their “success.” Let’s say |

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| | <p>we're going on a vacation (or class trip).</p> <p>ASK: What are some of the questions we need to ask? Some response may include:</p> <ul style="list-style-type: none"> • Where do we want to go? What's important to us? <ul style="list-style-type: none"> ○ Weather – beach vacation ○ Active – ski vacation ○ Educational – trip to DC ○ Family – trip to see relatives • How do we get there? • What do we need while we're there? • Who's coming? • How much does it cost? <p>Just like a vacation, your financial futures need to be planned well in advance. And just like a vacation, you need to know:</p> <ul style="list-style-type: none"> • Where do you want to go? • What is important to you? • How will you get there? • Who's going? • How much will it cost? <p>View adapted PPT Slides 1-5, which discuss:</p> <ul style="list-style-type: none"> • 5 Steps of Financial Planning • Term Goals (length) • Deferred Gratification |
| <p>15</p> | <p>S.M.A.R.T Goals</p> <p>The first step in creating a financial plan is articulating your goals. Introduce students to the concept of developing personal S.M.A.R.T Goals</p> <ul style="list-style-type: none"> • Use the Student Guide (pp. 3 – 7) • View PPT slides 6-7 • Break into pairs and review Assignment 1-1 (p. 7), ask students to develop at least one SMART goal each and then share (and revise it, if necessary) with their partner • Ask for volunteers to share there goals with the class <p>Homework: Assignment 1-1: My SMART Goals (as a take-home handout).</p> |

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| | <p><i>Recommendation:</i> <i>Skip Needs & Wants (covered in a later unit)</i> <i>Skip Exercises 1E & 1F</i></p> |
| <p>20</p> | <p>Values & My Money Personality</p> <p>Intro: The first step in understanding the way you spend money the way you do is to learn about your money personality. Your money personality is a combination of your beliefs about money and your values:</p> <ul style="list-style-type: none"> • A value is something that is very important and desirable to a person and influences how they spend their time, energy and money. • A belief is an idea a person holds to be true about something. <p>Like values, beliefs are typically a result of life experiences and stem from information picked up from peers, parents, teachers, the media, etc.</p> <p><i>[Note: this section is brief, but may be a little serious. Money is a difficult topic to discuss; especially if it is entwined with family history. Encourage your students to be reflective, but try to keep the conversations from becoming too personal]</i></p> <p>Your money beliefs – or what you think about money is shaped by the way you were brought up and all the experiences of your life. You probably heard both positive and negative messages about money when you were growing up – sometimes even from the same person.</p> <p>Knowing how these messages affect us today is important to understanding why we make, spend, and save money as we do.</p> <p>After we become adults, some messages affect us more than others. What messages have you received about money that might affect your spending decisions as an adult?</p> <p>Review Slide 8: Money Messages Depending on your class dynamic, you may engage students in a classroom discussion or break into pairs to answer the questions. If you chose the latter, request a few examples to be share to the entire class.</p> <p>Review Slide 9: Values Our value – what we think is important –often informs the way we spend our money. Ask the students to help create a list of the things they value (on a white/chalk board). Then ask:</p> <ul style="list-style-type: none"> • Think about what you’ve spent money on in the last week/month – are |

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| | <p>these values reflected in your values?</p> <ul style="list-style-type: none"> • Think about the SMART goal(s) you just developed – are your values reflected there? <p>Review Slide 10: Values and Beliefs: Spending Influence Explain that both of these examples have positive and negative sides.</p> <ul style="list-style-type: none"> • Can saving too much be a problem? (yes...) • Can valuing respect be positive? (of course...) • Underscore that money problems can arise when beliefs are not based on facts (i.e., Being rich will make you happy). <p><i>Recommendation for advanced-level class:</i> Assign this Washington Post article, <i>The Economics of Happiness</i>, By Carol Graham (Jan. 3, 2010). Write a one-page response to this question: How does financial security influence the lives of people around the world? http://www.washingtonpost.com/wp-dyn/content/article/2009/12/31/AR2009123101153.html</p> <p>Handout (or Online): My Money Personality http://moneytalks4teens.ucdavis.edu/newsltr_money_personality.pdf</p> <p>Review handout together in class and complete these activities:</p> <ul style="list-style-type: none"> • Surprise Gift Survey • Money Beliefs (read out loud) • Money Value Survey (“my money personality”) <p>Summary: Your money personality is the unique part of a person that guides their interactions with money. Knowing how you feel about money is key to knowing why you spend or don’t spend your money the way you do. For the most part, there are no right or wrong “money personalities; it’s just another helpful tool to know what motivates you. Knowing your money personality will also help you as we discuss budgeting (needs vs. wants) and investments (tolerance for risk) in later units.</p> |
| 5 | <p>Decision Making Process and Financial Plan</p> <p>In addition to your values and money beliefs, other factors come into play when making financial decisions. You may have the facts (how much money you have and how much something costs), but there are a myriad of factors that may influence your decision.</p> <ul style="list-style-type: none"> • Read Step 3 of Student Guide (pp. 9-10) • Exercise 1D in full class discussion (or break into pairs) |

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| | <ul style="list-style-type: none"> • View <i>adapted</i> PPT slide 12. <ul style="list-style-type: none"> ○ Briefly discuss each element of the FP process ○ Review how the Decision Making Process parallels the Financial Planning Process <p>Today, we've discussed why goal-setting is important, how to create SMART goals, how to be alert to our "money personalities," but we're still missing an important piece: YOUR MONEY.</p> |
| 5 | <p>Spending Log</p> <p>The second step in the financial planning process is to determine how much money is coming in (earned) and how much money is going out (being spent).</p> <ul style="list-style-type: none"> • View PPT slide 13 • Refer to Student Guide (p. 8). <p>Homework: For the next week, students should track their expenses (everything) on the Daily Spending Log.</p> |
| 5 | <p>Assessment</p> <p>Briefly respond to the following questions on a sheet of paper:</p> <ol style="list-style-type: none"> 1. What is the first step in financial planning? 2. Name at least two factors contained in a SMART goal. 3. Define deferred (or delayed) gratification. 4. What is your money personality? 5. Often a major decision leads to several smaller ones, sometimes called "satellite decisions. Can you give an example of this? |

HOMEWORK RECOMMENDATIONS:

1. Assignment 1-1: My SMART Goals (as a take-home handout).
2. Track expenses (and income) on the Daily Spending Log for at least one week.
3. Advanced: Read Washington Post article and write a one-page response to the questions: How does financial security influence the lives of people around the world?

ADDITIONAL RESOURCES:

Money Talks: Teen Guides (Source for "My Money Personality")

<http://moneytalks4teens.ucdavis.edu/>

Well done materials geared at a teen audience. Extended Teachers' Guide on this and other topics, including savings, buying a car, identity theft, finding a job, and more.

Washington Post article:

The Economics of Happiness, by Carol Graham, Jan. 3, 2010

<http://www.washingtonpost.com/wp-dyn/content/article/2009/12/31/AR2009123101153.html>