

# Lesson 2: Goals

**Student Guide Pages: 5-8**

**Lesson Objectives:** By the end of this lesson, your students should be able to:

- Understand the importance of goals
- Name three clarifications every goal should have
- Explain the term *opportunity cost*

**Lesson Summary:**

If personal finance is about financing your personal life, we first need to determine what that personal life is. We do this by writing goals. Goals *are* the financial planning process, and they tell you what's truly important in your personal life. We then arrange our finances to meet these goals. Once a person has written goals, the daily ups and downs of the economy become less of a concern; we only care about how they relate to our goals.

Goals help us achieve one of the most important mindsets in the world of personal finance. They help us focus. A person with written goals doesn't waste a lot of money on impulse purchases or stuff they do not need. Goals help us recognize *opportunity cost*, which is

simply the price of our decisions. A dollar spent here cannot also be spent there. Goals help us determine the best use of our money.

Remember, you can spend on only one of two things: needs and wants. A *need* is something you require, something you cannot live without. A *want*, on the other hand, is something you can live without. Often, because wants are more fun than needs, we spend money on those first. Some people fool themselves into thinking a want is really a need. Don't be one of those people!

### **Review Questions:**

- What are the three characteristics all written goals must have and why?

**Answer:**

1. Specific
2. Measurable
3. Timeline

- What are the five steps to writing goals?

**Answer:**

1. Write your goals.
2. Put a price tag on those goals.
3. Put a timeline on those goals.
4. Prioritize those goals.

5. Write a plan to pay for those goals.

- The true key to personal finance is not more money, but more \_\_\_\_\_.

**Answer:** Focus! All the money in the world won't solve your problems if you forget that *everything* has an opportunity cost.

### **Homework Assignment:**

Create five goals using the enclosed Goal Sheet.

Variation: Create five goals using the Goal Sheet as it relates to you.

### **Class Activity:**

This can be done before or after the homework assignment.

Remember that your class is a team. The more they can support each other, the better.

1. Have each student write a personal goal and share it with the class. If you have space, hang up the Goal Sheets. When you do this as a group, it sometimes helps for students to state what they need assistance with. For instance, if a student is trying to spend less, they can ask the class for tips. Perhaps another student, a possible former shop-a-holic, is aware of local thrift stores.

2. On your calendar, mark a date three months from now, so you can revisit those goals. Who is on track? Who is not on track?

**Additional Information:**

[www.goalforit.com](http://www.goalforit.com): This website has some great FREE programs to help you set and achieve goals!

**Fun Facts:**

How does billionaire investor Warren Buffet define *risk*? He says, "Risk is not having a plan." (www.quoteswise.com)

Here's a quote from James Cash Penney, the founder of JCPenney: "Give me a stock clerk with a goal, and I will give you a man who will make history. Give me a man without a goal, and I will give you a stock clerk." (www.quoteland.com)

**Notes:** \_\_\_\_\_  
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# Goal Sheet

Goals should be:

Specific

Measurable

On a Timeline

My goal is:

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I would like to achieve this goal by:

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The cost of this goal, if any, is likely to be:

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People who may be able to help me achieve this goal are:

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My plan for achieving this goal is to:

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Some things I am willing to give up to achieve this goal are:

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