



LESSON TWO

Plotting Your Future: Setting Goals

TEACHERS

Introduction

Setting goals helps people prepare for the future. Having a goal is like setting a target and aiming for it. We may have to work harder for some goals than for others, but the feeling of accomplishment makes it worthwhile. Some goals take longer to achieve than others, and some require money to reach. For example, we may set the goal of an A in math (non-financial) or saving our allowance to buy a special gift for Mom (financial goal).

Setting goals helps us focus on what is really important to us. But goals without plans of action are just wishful thinking. To get what we really want, we need to set goals and develop plans to reach them. While we can never have everything we want, goals and plans help us turn dreams into reality.

Purpose

This lesson will help students realize that having goals helps them make better decisions for their future.

Students will learn the Rule of 72 to help them set financial goals.

Tool Kit

Copies of newspapers with ads on interest rates.

Coming next week: Budgeting

Definition of the Week

Goal: Something that we want so much that we will work hard to reach it.

Process

1. Discuss the importance of setting short-term (reaching them soon) or long-term (reaching them in the future) goals. Ask students about their goals. Identify which are short-term, long-term, financial and non-financial goals.

2. Have students select one long-term financial goal (e.g. buying a car) and determine the amount of money needed. Explain how saving money helps reach financial goals; one method is a savings account where money draws interest (payment from the bank for putting money in savings). Find ads in the newspaper on interest rates in savings accounts.

3. Show students how the Rule of 72 helps them compute the time or interest rate needed to reach financial goals. (Note: Rule of 72 means money doubles every 7.2 years @ 10% interest.)

To determine the number of years required for savings to double in value: Divide 72 by interest rate on savings to get the number of years needed to double their money. For example, with \$50 in savings at 4% interest: 72 divided by 4 = 18. It takes 18 years to have \$100 without any additional deposits.

To determine the amount of interest required for savings to double in a specific amount of time: Determine the number of years before the money is needed to reach their goal. For example, to double their money in six years, 72 divided by 6 = 12. A 12% interest rate is necessary.

4. Tell students this process is called compounding interest. It is a powerful tool to meet financial goals and will be discussed more in future lessons.

PARENT OPTION

Spend time talking with your child about short-term and long-term goals. Have them list ten goals they want to achieve. Ask them to rank in order their list of goals, with one being the most important and ten the least important. Discuss the length of time needed to reach each goal. Help them establish two actions needed to achieve each goal. Post their goals in a prominent place in their rooms. Encourage them to re-evaluate their goals and actions, making any changes necessary to keep them on track. Remember, their personal goals are just as important as the goals you have for them.

Discovering Your Family Of Goal-Setters

Have you ever talked with members of your family about their goals? The following are five questions to ask the adults in your family to learn more about them and their goals. You may think of other questions, too.

- 1. What were their goals when they were your age?
2. What goals have they reached since they were your age?
3. How did reaching those goals make them feel?
4. What are their goals now?
5. Which of these goals will be the hardest to reach?
6. Do they have a plan to reach their goals?

Testing Your Knowledge

Do you know the differences between goals, wishes and plans? One the line below, put a G for goal, W for wish and P for plan.

- 1. _____ Owning every video game produced.
2. _____ Saving to buy a video game you want.
3. _____ Buying a new SIMS game.
For Teacher's Guide, go to http://schools.newsok.com/ItJustAddsUp.pdf

FAMILY GOALS?



Newspapers for this educational program provided by: