



Lesson 2: Designing Dreams

TOPIC: Financial Planning

OVERVIEW:

As teens begin to formulate a better understanding of the vision they hold for their future, practicing **financial planning** in situations applicable to their lives becomes an important topic for discussion. This lesson immerses teens in the process of financial planning by first defining concrete goals and identifying their values, and then constructing a plan to implement their **goals** through meaningful practices, including weighing **needs** and **wants**, avoiding peer pressure, and understanding the importance of a **budget**.

OBJECTIVES:

1. Determine personal values and financial goals
2. Determine personal financial decisions
3. Create a financial plan
4. Summarize the purpose of financial planning

INDIVIDUAL HANDOUTS:

- Setting & Reaching Goals
- My Plan
- Poor or Polished Plan?

GROUP HANDOUTS:

- None

TEACHER PRESENTATION SLIDES:

- Setting & Reaching Goals
- What's in a Plan?
- Poor Planning

ESSENTIAL QUESTIONS:

- What is a financial plan?
- What are values?
- Why do I need a financial plan?
- What are financial goals?

ASSESSMENT ACTIVITIES:

Pre-Assessment:

- **Handout:** Setting & Reaching Goals*

Post-Assessment:

- **Handout:** Poor or Polished Plan?
- **Handout:** My Plan*
- **Activity:** Purposeful Planning

*Money Smart Portfolio Handouts

Time: 50 min

Subject Connections:

- English Language Arts
- Math
- Social Studies

Supplies:

- Projector (for teacher presentation slides)
- Access to the Internet (optional)

Preparation:

- Make copies of student handout
- Set up projector with presentation slides

Glossary with key vocabulary 16

Instruction Steps

WARM UP

Setting & Reaching Goals

10 MINUTES

Aisha's Goals

Short-term goal: work part-time in high school to save up money for college

↳ **Intermediate goal:** go to college for nursing and balance working part-time

↳ **Long-term goal:** obtain a job as a registered nurse

Money Smart for Young People Grades 9–12

Open the lesson by displaying the **Setting & Reaching Goals** slide and distributing the **Setting & Reaching Goals** handout. Explain that financial planning is about defining and following a set of steps in order to reach a goal and that today's lesson will walk through how to create a plan.

MONEY SMART TIP!

Review the definition of what a goal is with your students before reading the **Setting & Reaching Goals** slide and handout (a goal is a desired result from one's efforts to achieve personal economic satisfaction).

After reading Aisha's story, use the definition of what a goal is to discuss the process Aisha took to reach personal economic satisfaction (for example: she divided her objectives into manageable steps by creating short, intermediate, and long-term goals).

Review the **Setting & Reaching Goals** handout and the **Setting & Reaching Goals** slide together as a class.

Ask students to share their ideas on how Aisha was able to meet her goal of becoming a nurse:

- *What challenges did she have to overcome to reach her goal?*
- *What steps did she take?*
- *Why did Aisha map out short-term, intermediate, and long-term milestones?*

Encourage students to share their ideas, and discuss how Aisha had to manage her expenses in the short term in order to reach the long-term reward of becoming a nurse.

Ask students to reflect on their own goals and record their responses in part two of the **Setting & Reaching Goals** handout.

GUIDED EXPLORATION

What's In A Plan?

15 MINUTES

Invite students to share their goals from the **Setting & Reaching Goals** handout in small groups or as a whole class.

What's in a Plan?

A financial plan is a series of steps to take in order to reach a goal.

Managing peer pressure

Creating a budget

Weighting needs and wants

Analyzing opportunity costs

Limiting expenses when necessary

Making a spending, saving, and investing plan

Money Smart for Young People Grades 9–12

Next, display the ***What's in a Plan?*** slide and review the different components. (Detailed definitions for each term may also be found in the glossary.)

Grade-Level Modifications:

Beginner: Focus the lesson on goal setting and then scaffold into the other aspects of financial planning.

Advanced: Delve deeper into the budgeting aspect of a financial plan by exploring **fixed** (for example: rent and auto loan payments), **variable** (for example: food and gas), and **discretionary expenses** (for example: eating out and shopping).

Ask students to share ideas on why there are multiple areas to consider in a financial plan. *What do we gain by thinking through each of the items in a plan?*

Help students understand that financial decisions are interconnected in every facet of our lives. For example: if we make a choice to spend money on a “want” item, it could impact the money that is available for “need” items.

MONEY SMART TIP!

Share and discuss with your students the documentary ***Broke*** (1 hour, 19 minutes), which highlights professional athletes that go from high-income salaries to bankruptcy because of poor financial planning. <http://espn.go.com/30for30/film?page=broke>

Poor Planning

“By the time they have been retired for two years, 78% of former NFL players have gone bankrupt or are under financial stress; within five years after retirement, an estimated 60% of former NBA players are broke.”

—Sports Illustrated
“How and Why Athletes Go Broke”
by Pablo S. Torre, March 23, 2009

Money Smart for Young People Grades 9–12

Display the ***Poor Planning*** slide and discuss the significance of the statistics. Ask students why such financially successful athletes could end up bankrupt. What went wrong? What steps could athletes take in order to prevent bankruptcy?

Next, distribute the ***Poor or Polished Plan?*** handout. Read the scenarios together and ask students to assess and explain which plans are polished and why.

INDEPENDENT EXPLORATION
Make a Plan

15 MINUTES

Note: These activities are more independent than the Guided Exploration activities and may be used as homework assignments, collaborative group work, or independent study.

Divide the class into small groups of four and distribute the ***My Plan*** handout. Explain to students that each group will select one of the real-life stories on the handout and design a blueprint for achieving the goals described in the scenario.

Assign each group member a specific task from the following:

1. state the goal and categorize it (e.g., need versus want)
2. identify personal resources
3. list sources of income and expenses
4. identify potential challenges that may prevent the goal from being achieved (e.g., peer pressure, overspending, not sticking to a budget).

Have members report back to their groups what they discover and collectively prepare a brief overview explaining their approach for how to successfully reach the goal.

Invite groups to share their ideas with the class and discuss the importance of financial planning to achieve goals.

Grade-Level Modifications:

Beginner: Have students reflect individually on a selected scenario from the *My Plan* handout.

Advanced: Have students create a visual artifact to present to the class highlighting the steps they would take to reach the goal from the *My Plan* handout. For example, students may use presentation software to create a digital slideshow or an online infographic creator, such as www.canva.com.

WRAP UP
Purposeful Planning

10 MINUTES

Close the lesson by asking students to write a brief reflection answering the following questions:

- *What is the purpose of creating a financial plan?* (It helps you reach your short-, medium-, and long-term goals.)
- *What steps should you consider when creating a plan?* (Make a budget and spending plan, weigh needs versus wants, and limit expenses when necessary.)

Invite volunteers to share their responses for a final reflection.

Extended Exploration

Note: Use the following ideas to extend financial literacy concepts throughout the school year within core content areas through English Language Arts, Math, Social Studies and Economics, and Technology activities, projects, and discussions. Duration of activities will vary.

ENGLISH LANGUAGE ARTS

Writing Prompts:

How does financial planning affect other life choices?

Using supporting points, argue a solution to the problem of why so many professional athletes (or celebrities) go bankrupt.

Write about a fictional character who demonstrates smart financial planning.

Suggested Readings:

14 Stars Who Lost It All by Investopedia: read about famous athletes and celebrities who lost their fortunes due to poor financial planning.

www.investopedia.com/slide-show/14-stars-who-lost-it-all

MATHEMATICS

Activity/Project Ideas:

Challenge students to calculate and discuss fixed and variable expenses in a budget. For example: have students play “Determine Your Budget” or “Balance Your Checking Account” from TheMint.org, a web resource designed to support building positive financial habits.

www.themint.org/teens/balance-your-checking-account.html and www.themint.org/teens/determine-your-budget.html

SOCIAL STUDIES AND ECONOMICS

Discussion Topics:

Explore how effective decision making plays a role in financial planning.

Analyze and discuss how economic fluctuations affect personal financial planning.

Activity/Project Ideas:

Read and discuss a current event related to financial planning, such as a public figure, celebrity, or professional athlete facing financial problems.

Have students simulate a real-life financial planning experience by calculating and discussing living expenses, income opportunities, and long-term goals for different scenarios (for example: a young couple considering having a child, a young adult moving out for the first time, or a young couple about to get married).

TECHNOLOGY

Online Resources:

My Plan by 360 of Financial Literacy: A planning guide that lets students pick areas of interest. A detailed list of resources and related articles are presented based on selected goals to guide students in planning for their future.

www.360financialliteracy.org/my360/dashboard

GoalsOnTrack App: A mobile app designed to create efficiency in planning and tracking personal goals. www.goalsontrack.com

Activity/Project Ideas:

Using spreadsheet or word processing software, challenge students to create a goal-tracking worksheet to organize actions needed to reach goals (for example: students may review other templates to create their own, such as http://aboutleaders.com/wp-content/uploads/pdf/SMART_goal_setting_worksheets.pdf).

Classroom activities from the Consumer Financial Protection Bureau (CFPB)

The CFPB has developed a set of classroom activities to help teachers develop and support the building blocks of financial capability in their students. Each activity is designed to be completed within a single class period and includes a teacher guide and supporting student material. Some specific activities that are relevant to this lesson include:

Setting a Smart Savings Goal	Students discuss short-term and long-term goals and what makes a goal SMART. They then create their own short-term savings goal and make a plan to meet that goal. www.consumerfinance.gov/practitioner-resources/youth-financial-education/teach/activities/setting-smart-savings-goal/
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Answer Key

Student Handout 1:

Setting & Researching Goals.

Answers will vary. Use handout to assess student ability to articulate future goals and the steps needed in order to reach their defined goals.

Student Handout 2:

Poor or Polished Plan?

Selena's scenario: Poor. Selena feels peer pressure to attend the concert and is willing to take money out of her savings to not be "the only one who misses it."

Mike's scenario: Polished. Mike knows exactly what he needs to purchase and he has a strategy for how he will balance the money he has available with what he needs to buy.

Kaelan's scenario: Poor. Kaelan earns \$1,440 each month, but his new condo costs \$1,100. This leaves him with only \$340, which is not a realistic amount to cover other living expenses (utilities, food, transportation, entertainment, and taxes). Kaelan is confident that he will get full-time hours soon, but he would have been better off waiting until he had full-time hours before moving into his condo.

Student Handout 2:

My Plan.

Answers will vary. Use handout to assess student ability to reflect on how to make a plan.



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SETTING & REACHING GOALS

Name: _____

MEET AISHA

For as long as Aisha can remember, she has always wanted to be a nurse.

“I enjoy helping people,” Aisha says. “When I was a little girl I would use up all of our band-aids pretending to fix anyone and everyone that crossed my path!”

Today, Aisha is 26 years old and working as a registered nurse. How did she do it?

“It took a lot of hard work, but really I think the key was to make a plan early on and to stick to my plan even when things got tough,” Aisha says.

CHALLENGES FOR AISHA

Needs vs. Wants

“When I was going to nursing school, my friends were always hanging out on Friday nights, grabbing food and maybe catching a movie. But I was tight on cash. It was really tempting, but I knew that if I spent my money going out every weekend, I would be in trouble when it came time to pay tuition next semester. I did go out and have fun with my friends...but I was careful not to overdo it.”

Budget Blues

“By far the biggest thing I’ve learned about reaching my goals is to spend my money on paper first by creating a budget. At the beginning of the month I write down all of the things I’m going to need to spend money on and how much each will cost. Some expenses are the same each month, like my rent. But other costs are harder to predict, like buying groceries. I give myself a set amount of money to spend in each area of my budget and then I stick to it. Trust me, the sticking-to-it part is the hardest! By the third month of following a budget though, it really became a natural part of my financial plan.”

AISHA’S GOALS

Short-term goal:

work part-time in high school to save up money for college

Intermediate goal:

go to college for nursing and balance working part-time

Long-term goal:

obtain a job as a registered nurse

DEFINING VALUES

“After high school I was working at a local grocery store as a cashier and one day my manager asked if I would ever want to become a manager. This made me really stop and think about what I wanted to accomplish in my life. Being a manager sounded fantastic. More money and benefits... who wouldn’t want that?! But I had this dream of becoming a nurse and I knew that what I was really good at was helping take care of people when they needed it the most. Thankfully, I was able to keep my job at the grocery store all during nursing school, but I knew for me the path I valued the most was getting my nursing license.”



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SETTING & REACHING GOALS *(continued)*

Name: _____

In thinking of Aisha's story, what dreams and goals do you have for your life? What do you want to accomplish, whether it is reaching a certain career, buying a home, or going to college?

Write three goals you have for your future:

- 1.
- 2.
- 3.

What will you need to do in order to reach your goals? Like Aisha, think through what you would need to do today, in a few months, and in the next few years to reach your goals. These are your short-term, intermediate, and long-term goals. Write your ideas in the table below for each of your future goals.

GOALS			
	1:	2:	3:
Short-Term (What actions can I take today to reach my goal?)			
Intermediate (What actions can I take over the next few months to reach my goal?)			
Long-Term (What actions can I take over the next few years to reach my goal?)			



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POOR OR POLISHED PLAN?

Name: _____

Read the scenarios about each person below and decide whether their financial plan is poor or polished. Circle the correct answer and then explain why.

Look for the following elements of a polished financial plan:

- Budgets income and expenses
- Makes a plan for spending, saving, and investing
- Weighs wants and needs
- Avoids peer pressure
- Limits expenses when necessary

Selena 17 years old, high school senior

Poor Polished

“My friends are going to a concert in a few weeks and they’re begging me to come. It’s my favorite band and I really want to go. It’s \$100 for the ticket, plus I’ll probably need extra because I’ll want to buy a T-shirt and maybe food. I am trying to save up for a car so I can get to school and work easier, but if I don’t go to the concert, I’ll be the only one who misses it. I’ll never hear the end of it from my friends! I think I’m going to go and I’ll just borrow the money from my car savings to pay for it and then hopefully catch up on savings next month.”

Why?

Mike 21 years old, college junior

Poor Polished

“My financial aid came through today and I’m excited for classes to start. The first thing I need to do is pay tuition and then I’m hoping to be able to buy a new computer. There are so many different types of computers, though, so I’m going to make a list of what I need first and then figure out how much each computer option will cost. I’ll do some web searches to compare different models and find one that fits within my budget. If I have to, I may need to use the computer lab on campus for one semester while I save up more money to buy a computer of my own.”

Why?

Kaelan 22 years old, part-time construction worker

Poor Polished

“I just moved into a new condo and it’s pretty sweet. A little pricey at \$1,100 month, but I have lots of amenities...gym, pool, even a lounge and pool table in the main building. It works out perfectly because I started a new job and I’m making \$18 an hour. I can only get 20 hours a week right now, but my boss said in a few months I should be able to work full-time.”

Why?



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MY PLAN

Name: _____

Scenario #1

You've just graduated college and are living on your own for the first time with a couple of roommates. In addition to paying rent and utilities, you also have a cell phone bill and daily costs of living, like buying groceries. You work full time at a retail store, and on the weekend you pick up extra work by mowing lawns and pulling weeds for neighbors. Growing up, you always had pets in your home and loved taking care of them. Now that you're on your own you are thinking about buying a pet. You're hoping that your roommates will help you out from time to time, like if you go out of town or need to work extra hours. You haven't talked with them yet about it, but they all love pets and you're sure they won't mind having one in the house and helping when needed.

Scenario #2

Spring break is coming up and all of the seniors in your high school class are traveling to a tropical destination. You really want to go but you're saving for college and the trip is expensive between airfare, hotel, food, and the excursions planned. You work part time after school at a retail store. You're fairly confident that you can get more hours between now and the vacation, but the hours are never guaranteed, and with school work and sports activities you may not always be able to work extra hours on the weekend.

Scenario #3

Last year you moved to a metropolitan city to take a new job in a real estate firm. The job opportunity came at a great time because you were starting to incur debt (from paying for college and purchasing a vehicle) that you wanted to pay down. Not knowing the area very well, you decided to rent an apartment for at least one year and then consider buying a condo somewhere in the city after that. It's been one year now and through your job you've learned a lot about the real estate market so you think you're ready to invest by buying a property. While you've been able to pay extra on your vehicle loan in the last year, the student loan debt hasn't gone down much.

Scenario #4

You're starting a new business as an independent consultant in the information technology sector. The job involves significant travel time as you meet customers onsite to help solve their tech problems. In the past you've always lived in a walkable city with good public transportation, so you never needed a vehicle, but now your clients are spread out within a 300-mile radius and you need transportation to get to each site. Luckily, you've been steadily saving and are hoping you can purchase a used car without having to borrow too much money, assuming you can find something reliable.