



MONEY SMART FOR YOUNG ADULTS



MODULE 2

Setting Goals and Making Financial Decisions

Participant Guide



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WELCOME

Welcome to the FDIC's Money Smart for Young Adults!

This is the Participant Guide for **Module 2: Setting Goals and Making Financial Decisions**. Use it during and after training. You can write in it. It is yours to keep.

Module Purpose

This module teaches you how to set realistic and action-oriented financial goals and be aware of influences on financial decisions.

By the end of this module, you will be able to:

- Define goals and explain why they are important
- Write financial goals using the SMART framework
- Define values
- Explain how values influence financial decision-making
- Explain how external influences affect financial decision-making



SECTION 1:

Setting Goals

We will discuss what goals are and setting financial goals.



KEY TAKEAWAY

Setting SMART goals helps you achieve your hopes and dreams for the future by providing a realistic plan to follow.

What Is a Goal?

What kind of future do you want? Goals are your desired results. Setting goals helps you prioritize how you use your money so it goes toward what matters to you. Setting goals can also help you measure and track your progress toward achieving your hopes and dreams.

SMART Goals

Use the acronym S.M.A.R.T. to remember that goals should be **S**pecific, **M**easurable, **A**ction-oriented, **R**eachable, and **T**ime-bound. Setting SMART financial goals can help you get what you want in life by providing a realistic plan to follow.



Specific

Ask yourself: What exactly do I want to accomplish?



Measurable

Ask yourself: How will I know when I have met my goal?



Action-oriented

Ask yourself: What specific actions do I need to complete to meet this goal?



Reachable

Ask yourself: Is this a goal I can accomplish?



Time-bound

Ask yourself: When will I reach this goal?

This might sound like: “I want to purchase the bike before I go to college next August. Every month I will check my savings account balance to see how much money I have.”

A SMART goal would be: “Before I leave for college next August, I plan to purchase a bicycle that costs \$800 without borrowing money. I will set up my bank account to automatically transfer \$50 from my checking account to my savings account every payday. Every month I will check my savings account balance to see how much money I have.”

TRY IT:

Writing a SMART Goal

Read the scenario and complete the table.

SCENARIO

Estelle Sets SMART Goals

Estelle really wants a new laptop computer before school starts in the fall. She's required to complete a lot of her schoolwork online, and she's tired of sharing her family's desktop computer with her sister. She finds a \$300 model that will let her access her online classroom and complete her assignments.

Estelle babysits every Friday night for her neighbors and earns around \$40. She counts the number of weeks until the first day of school—there are 15. She divides \$300 by 15 (weeks) and realizes that she will need to save \$20 a week to buy the computer.



Ask Yourself...	What You Know
Specific What does Estelle want to accomplish?	
Measurable How will she know when she has met her goal?	
Action-oriented What specific actions should she complete to meet this goal?	
Reachable Is this a goal Estelle can accomplish?	
Time-bound When will she reach this goal?	

Using the information above, write a SMART goal for Estelle.

APPLY IT:

My SMART Goals

You can use this table to set SMART goals that require money.

My Goals	Is My Goal...
	<input type="checkbox"/> Specific? <input type="checkbox"/> Measurable? <input type="checkbox"/> Action-oriented? <input type="checkbox"/> Reachable? <input type="checkbox"/> Time-bound?
	<input type="checkbox"/> Specific? <input type="checkbox"/> Measurable? <input type="checkbox"/> Action-oriented? <input type="checkbox"/> Reachable? <input type="checkbox"/> Time-bound?
	<input type="checkbox"/> Specific? <input type="checkbox"/> Measurable? <input type="checkbox"/> Action-oriented? <input type="checkbox"/> Reachable? <input type="checkbox"/> Time-bound?

Remember the Key Takeaway

“Setting SMART goals helps you achieve your hopes and dreams for the future by providing a realistic plan to follow.”

SECTION 2:

Using Your Values When Managing Your Money

We will discuss values and how they influence your financial decisions.



Key Takeaway

Understanding your values can help you set achievable financial goals.

Values

Your values are the things that are important to you and guide how you make decisions.

While some of your values will remain the same, some might evolve. Values that you had as a child have probably changed as you have become a young adult. What you prioritize as a young adult might change if you decide to partner with someone and/or have children in the future.

Identify your values and check in with yourself to see if they have evolved as your life progresses.



Using Your Values When Managing Your Money

Sometimes your values might differ from those of your community, culture, family, partner, or friends.

Your family culture may value saving and avoiding debt, but your friends may value things that require spending money and borrowing. The reverse could also be true. Understanding your core values can help you set realistic financial goals and make spending decisions that will help you meet them.



✓ APPLY IT:

My Values

Answer the questions to identify your own values.

What matters to you?

What values might your answers represent?

TRY IT:

Considering the Values Behind Financial Choices

Read the scenario and answer the questions.

SCENARIO

Aaliyah and Jada Decide How to Spend Their First Paychecks

Aaliyah and Jada were recently hired at an ice cream shop. They have worked the past two Saturdays together and are discussing how they'll spend their first paychecks.

Aaliyah's family operates a corner store. She helps her parents in the store almost every day after school, and she works on her homework when not serving customers. Her family has trouble making ends meet, and she wants to give her mother most of the money from her paycheck to help pay their electric bill. She's planning to put the rest into her savings account for college.

Jada spends most of her weekday afternoons with her soccer team. She's the team captain and wants to earn a scholarship to play soccer in college. She's still using her cleats from last season and wants to spend most of her paycheck to buy new cleats. She's planning to give whatever is left to the homeless shelter where she volunteers.



What values are influencing Aaliyah?

What values are influencing Jada?

Do Aaliyah and Jada have any shared values?

Do you think any of your values are influencing how you view their situations?

Remember the Key Takeaway

“ Understanding your values can help you set achievable financial goals.”

SECTION 3:

External Influences on Choices About Money

We will discuss how external influences affect financial decisions.



KEY TAKEAWAY

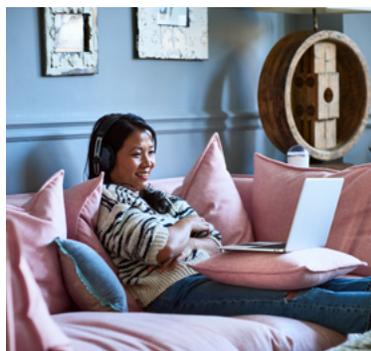
External influences impact financial choices. Use strategies to stay focused on your goals.

Influences on Choices About Money

Messages about money can be so widespread that you may not even realize they are influencing your decisions.

Everyone is influenced in some way. Most people are influenced by one or more of the examples on the following page.

Influences can be productive or unproductive.



 **TRY IT:**

Examining External Influences

You can take notes based on the discussions from each small group.

Peers and Friends

Celebrities and Athletes

Social Media and Influencers

Advertisements

Television and Movies

Strategies for Staying Focused on Your Goals

Here are some strategies for staying focused on your goals by blocking unproductive messages and resisting impulse spending. You may have others.



Recognize the Tactics Used to Influence You to Spend Money

Generally, advertisers and influencers are purposely trying to get you to spend money on an item or service. For example, the advertisement may give you a false sense of urgency or make it very easy to spend money. Recognize these tactics so you will know how you may be influenced.



Notice When and Where You Are Tempted

Pay attention to when and where you feel like making an impulse purchase. You might try jotting down notes for a week on paper or a notes app on a mobile device. After time, you may notice what triggers your impulses and identify patterns.



Set Yourself Up for Success by Controlling Your Environment

It helps to avoid temptation altogether when possible.

Do people you follow on social media include individuals who tempt you to spend money or derail your efforts on your goals? If so, consider unfollowing or blocking them.

Unsubscribe from mailing lists that create urgency by sending you a lot of deals or coupons. You can shop for deals when you are actually ready to purchase something.

Check customer reviews.

Use a list while shopping, and stick to the list. Find a mantra that may work to help you stay focused, such as: If it's not on the list, it does not exist.



Build in a Pause

You may be tempted to spend money on something you do not need right now. Force yourself to pause so you can be sure it is not just an impulse.

If you add an item to an online cart, shut down the browser before you purchase it. You can always come back later to buy it.

In stores, when you see an item you want but do not need, avoid putting it in your shopping cart right away. Tell yourself you can come back at the end of your shopping trip to get it.

Do not save your payment information at online retailers. Sometimes having to find and input your payment information gives you enough time to resist the impulse.



Talk Yourself Out of It

When you are tempted to make a purchase that is not in your spending and saving plan, try asking yourself:

- Is this a want or a need?
- Does it help me reach my goals?
- Is this in my spending and saving plan?
- If it is not, can I plan for this expense by creating a savings goal?
- If I spend this money now, will it affect my ability to achieve my goals?
- Is there a way I would rather spend this money?

Talk yourself out of it by reminding yourself of your goals.



Calculate How Many Hours or Days of Work an Item Is Worth

Think about your hourly pay after taxes. If you are a full-time salaried employee, divide your annual salary by 2,080 hours.

Divide the cost of the item by your hourly pay after taxes. If you think an item costs “48 hours of work” or “six full days of work,” it might help you decide to postpone buying it now.

$$\begin{array}{ccccc} \$ \underline{\hspace{2cm}} & \div & \$ \underline{\hspace{2cm}} & = & \underline{\hspace{2cm}} \\ \text{Cost of item} & & \text{Hourly pay after taxes} & & \text{Hours you have to work to pay for items} \end{array}$$

Remember the Key Takeaway

“External influences impact financial choices. Use strategies to stay focused on your goals.”

MODULE CLOSING

Remember the Key Takeaways

SECTION	KEY TAKEAWAY
1: Setting Goals	Setting SMART goals helps you achieve your hopes and dreams for the future by providing a realistic plan to follow.
2: Using Your Values When Managing Your Money	Understanding your values can help you set achievable financial goals.
3: Getting and Understanding Your Credit Reports and Scores	External influences impact financial choices. Use strategies to stay focused on your goals.

Take Action

You are more likely to act if you commit to **taking action now**. One way to commit is to think about what you plan to do because of what you learned today. Then write it down.

What will I do?

How will I do it?

Will I share my plans with anyone? If so, who?

Where to Get More Information or Help

Your Money, Your Goals includes tools on values and goal setting. Visit consumerfinance.gov and search for “Your Money, Your Goals.”

If you have a question about a banking product, ask a customer service representative at the financial institution for help.

If you have a concern, explain to the customer service representative what happened and what you would like them to do to correct the situation. If that does not help, consider contacting the federal regulator for that financial institution.

To find out who regulates the financial institution, call the FDIC toll-free at 1-877-ASK-FDIC (1-877-275-3342) or visit fdic.gov/consumers/assistance/filecomplaint.html.



Pre-Training Survey

Your instructor may ask you to complete this pre-training survey before the training begins.

Please answer these questions:

1. It is important for goals to be realistic.

True False

2. Values do not matter when making financial decisions. It always comes down to math.

True False

3. Most people are not susceptible to outside influences when they spend money.

True False

4. There is nothing you can do to limit external influences on your financial decisions.

True False

Post-Training Survey

Your instructor may ask you to complete this post-training survey after the training ends.

Please answer these questions:

1. It is important for goals to be realistic.

True False

2. Values do not matter when making financial decisions. It always comes down to math.

True False

3. Most people are not susceptible to outside influences when they spend money.

True False

4. There is nothing you can do to limit external influences on your financial decisions.

True False

About the Training

Please answer the following questions about the training.

1. The trainer:

- | | | |
|--|------------------------------|-----------------------------|
| Shared information in a way that was clear and easy to understand. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Made the training engaging. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Encouraged participation and discussion. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Showed respect for all participants. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Created a good learning environment. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

2. Do you feel better able to make decisions related to the topic of this training?

- True False I do not know

3. Did the training provide information that you can use immediately?

- True False I do not know

4. What were strengths of the training materials?

What could be improved?

5. What were strengths of how the instructor led the training?

What could be improved?

6. What else would you like to learn about this topic or other money topics?