

Values, Goals, and Financial Decisions

LESSON DESCRIPTION (Background for the Instructor)

In this lesson, students will learn about values (i.e., things that people consider to be important) as the basis for SMART financial goals that are specific and measurable with a dollar cost and a future date. Students will also learn how culture impacts spending and financial decisions. Values, goals, and cultural influences have a big impact on how people handle money including spending, borrowing, and investing decisions.

The lesson includes five activities that instructors can select from. In these activities, students will:

- ◆ View the YouTube video *Goals: Goal-Setting with Values* and answer debriefing questions
- ◆ Complete the *Clarify Your Values* worksheet and answer debriefing questions
- ◆ View the YouTube video *SMART Goals-Quick Overview*, complete the *Turn Your Values Into SMART Goals* activity handout, and take a “selfie” with a sign or picture of one or more financial goals
- ◆ Identify personal short-, medium-, and long-term goals and the amount of monthly savings required to achieve them using the *Financial Goal-Setting Worksheet for Teens* activity handout
- ◆ Complete the *Culture of Money Coat of Arms Activity* handout and discuss family and cultural impacts on their financial management practices

The lesson also contains 10 assessment questions (5 multiple choice and 5 True-False), learning extensions (i.e., suggested learning activities beyond the scope of the lesson plan), and references and resources.

INTRODUCTION (Background for the Instructor)

Values are things that people hold dear and consider to be important. They exert a powerful influence on people’s lives. Examples of values include honesty/integrity, social status, power, achievement, and security. Values affect career decisions, how you spend your time, and how you handle money. A value is a force within people that strongly directs their life. Each person places his or her own worth on values such as family, job success, health, love, comfort, friendship, skills, and education.

Values are personal. With the possible exception of criminal activity, there is no “right or wrong” when it comes to values and no two people spend their money in exactly the same way. For instance, one person may make sacrifices to save money for a family vacation. Another might place a high priority on college savings. How people spend their time and money usually reflects what they think is important.

Goals are specific plans or objectives that people have in life (e.g., to buy a new car or send children to college). Goals grow out of a person’s values. Some goals may be set for the near future or short term. They are the things you want in the next few weeks, months, or in a year. Other goals may require long-range planning and saving. Often these things are not realized for many years such as a once-in-a-lifetime trip and/or retirement and college savings.

Setting financial goals is a lot like planning a vacation on an online travel planning Web site, such as Expedia or mapquest.com. Financial goals provide a “destination” for the future which can then be used to develop an itinerary (e.g., a savings plan) to get there.

An example is if someone has \$1,000 saved now and wants to have \$5,000 saved in four years. The starting and ending point of the “itinerary” are clearly identified as well as the time frame and the cost of the journey (\$4,000 total or \$1,000 a year over the next four years).

A dream is vague like “I want to send my child to a good college,” or “I want to be comfortable in retirement.” A goal is specific, achievable, written, and has dates for beginning and ending. Financial goals should be “SMART” goals. SMART is an acronym for **S**pecific, **M**easurable, **A**ttainable (or **A**ctionable), **R**ealistic (or **R**elevant), and **T**ime-Related (or **T**ime-Bound). In other words, financial goals should have a definite outcome and deadline and be within reach, based upon personal income and assets.

How do you set a goal? Write the goal down answering the questions who, what, when, where, and why. Since this is YOUR goal, begin your goal statement with “I/We will...” Then state exactly what you want to accomplish. Include specific dates in your goal statement. For example, “By the year [DATE], we will have the \$20,000 we need for the down payment on a condo” or “By the time my child is 18, I will have \$40,000 in savings, stocks and bonds to pay part of her college tuition.”

State exactly what you will do to achieve a goal and how (e.g., save 6% of pay annually in a 401(k) plan or save \$2,000 annually in an IRA). Goals may have to be re-written until they are specific and achievable. Tell other people about your goals so that there are people to hold you accountable. Track your progress and, if necessary, make changes to your goals as personal circumstances or economic conditions change.

To calculate how much to save to achieve a goal, divide the amount you need to save or invest by the time (e.g., number of months) you have left to save. For example, if you want to save \$5,000 by next year, you will need to put aside \$416.67 ($\$5,000 \div 12$) a month, or \$96.15 ($\$5,000 \div 52$) a week.

The more specific a financial goal, the easier it is to determine how much savings is required. You simply work backwards to break a large goal into smaller pieces. For example, that \$15,000 car in 5 years will require \$3,000 in annual savings or about \$58.00 weekly ($\$3,000 \div 52$).

Goals provide a framework for investment decisions and help narrow down your choices. For example, if you have a short-term goal, like buying a new computer in a year, you’ll want to keep this money in a bank account so there is no loss of principal. Investments like stocks would be a poor choice due to the historical volatility of the stock market in short time frames. On the other hand, if you have a long-term goal, like retirement in forty years, cash assets are a poor choice due to the risk of loss of purchasing power.

Several studies have shown a link between the act of planning and subsequent financial behavior. No matter what their income, people with goals and a savings plan save more money, save or invest in smarter ways, and feel better about their financial progress than those without a plan.

A financial goal that everyone should have is to establish some type of emergency fund. This is savings set aside specifically to meet emergencies or unanticipated bills or to cover monthly living expenses if your paycheck stops (e.g., unemployment). Too often people use credit cards or borrow from family members in an emergency because they don’t have a savings account to fall back on when unexpected things happen.

Make establishing an emergency fund a priority. Fund it with approximately three to six months of living expenses or whatever amount gives you peace of mind. Whatever you withdraw from the emergency fund, pay yourself back based on a predetermined schedule as you would any other bill. Discipline yourself to use emergency fund money only for real emergencies (e.g., car repairs and sickness, etc.).

In summary, values stem from people’s past experiences and personality characteristics. Some values can be traced to childhood (e.g., role modeling by parents) and cultural influences such as the importance of tithing to a church, caring for older family members, and avoiding interest payments (Muslims). Values affect the financial goals that people set and the decisions that they make to spend time and money.

. OBJECTIVES

Students will be able to:

- ◆ Explain what values are and identify strongly-held personal values.
- ◆ Describe how values are related to financial goals (i.e., spending money on things that you value).
- ◆ Explain what SMART goals are and identify personal short-, medium-, and long-term goals.
- ◆ Understand the importance of having an emergency fund to cover unanticipated expenses.
- ◆ Describe the influences of their family and culture on their personal financial decisions.

NEW JERSEY PERSONAL FINANCIAL LITERACY STANDARD

- ◆ Standard 9.1.12.A.9: Analyze how personal and cultural values impact spending and other financial decisions.
See <http://www.state.nj.us/education/aps/cccs/career/FLFAQ.htm#gradcredit> and <http://www.state.nj.us/education/cccs/2014/career/91.pdf> for information about Standard 9.1

TIME REQUIRED

45 to 180 minutes (depending upon student progress and content depth and number of activities used)

MATERIALS

- ◆ YouTube Video (0:49): *Goals: Goal-Setting with Values*: <https://www.youtube.com/watch?v=mxJtBkH0JgI>
- ◆ *Goal-Setting with Values* debriefing questions
- ◆ *Clarify Your Values* worksheet (download from <http://www.dawnfrail.com/wp-content/uploads/2012/07/Clarify-Values.pdf>)
- ◆ *Clarify Your Values* worksheet debriefing questions
- ◆ YouTube Video (3:57): *SMART Goals-Quick Overview*: <https://www.youtube.com/watch?v=I-SvuFIQjK8>
- ◆ *Turn Your Values into SMART Goals* activity handout
- ◆ *I Will Save* sign for use with “selfie” photographs
- ◆ *How to Take a Selfie* (Background information for instructors): <http://www.instructables.com/id/How-to-Take-a-Selfie-1/?ALLSTEPS>
- ◆ *Financial Goal-Setting Worksheet for Teens* activity handout
- ◆ *Culture of Money Coat of Arms* activity handout
- ◆ *Values and Goals Quiz* (ASSESSMENT)

Teachers are encouraged to use as many of the student learning activities as time permits to provide a fuller understanding of values and financial goal-setting. The activities can also be used for extra credit assignments, homework, or after-school activities.

PROCEDURE

1. Explain that values and goals are the basis for decisions that people make about how to spend their time and money. A “value system” is a collection of personal principles and preferences that guide people’s behavior. Following our values feels comfortable and going against them can be hard. Ask students to describe a situation where they were asked to go against their value system and how that felt.

Answers will likely vary. Students may have some good stories to share. Some stories may involve situations where students were urged by peers to drink, do drugs, haze a classmate, etc. It is important, to maintain trust, for teachers to remain non-judgmental about what is discussed and not pry about any details about the situation beyond what students are willing to share. For the same reason, confidentiality about the content of class discussions about personal values should be requested before discussion begins.

2. **Activity 1:** Distribute the *Goal-Setting with Values* debriefing questions (activity handout). Show the whiteboard-style video *Goal-Setting with Values* and ask students to work together in small groups to answer the debriefing questions. Below are answers to the questions:

What are values?

Values are personal qualities (e.g., honesty), relationships (e.g., friends), and/or material things (e.g., name brand clothing) that are very important to people. An indication of what people value is the things that they spend their time and money on. People generally do not waste scarce personal resources on things that are perceived to be of little value

Where do people get their values?

Childhood experiences are a strong influence on a person’s value system. Parents are very important role models. Other influences include peers, advertising (e.g., television commercials), social media (e.g., posts with photos of purchases made by friends), and life experiences

How do values influence financial goals?

Goals are an extension of a person’s values. If something is important to people, they will want to set a goal and create an action plan to achieve it. Values help set and prioritize financial goals so that people address the most important aspects of their life (according to them) first

What would be some financial goals for someone who values career achievement?

Work hard, obtain post-secondary education credentials, and attend professional development courses

What would be some financial goals for someone who values relaxation and entertainment?

Saving for travel and entertainment experiences such as concerts, plays, and admission fees

How are values and goals related to saving money?

People are generally more committed to saving money for the future (which means spending less today) when they are saving for something that is important to them personally and when they have a clearly-defined goal and action plan (e.g., save \$100 a month for 20 months for a laptop computer). It is a lot easier to save for something specific than to save for savings sake

3. **Activity 2:** Download the *Clarify Your Values* worksheet from <http://www.dawnfrail.com/wp-content/uploads/2012/07/Clarify-Values.pdf> and distribute copies to each student. Ask students to follow the instructions at the bottom of the worksheet.

First, they will eliminate 11 values that are least important to them from the 22 values on the list. Next, they will eliminate six more values so that five remain. After that, they will rank their top five values in priority order. Debrief the activity by asking students how difficult it was to make their choices (especially the final ones) and what they learned about themselves and their personal values.

Answers will vary among students. Gently probe to explore how they determined their “top five” values and what influenced their decisions.

4. **Activity 3:** Distribute copies of the *Turn Your Values into SMART Goals* activity handout. Show the YouTube video *Smart Goals-Quick Overview* and ask students to answer the debriefing questions. Below are answers to the questions:

Why does the acronym SMART in the term SMART goals stand for?

SMART is an acronym for **S**pecific, **M**easurable, **A**ttainable (or **A**ctionable), **R**ealistic (or **R**elevant), and **T**ime-Related (or **T**ime-Bound). In other words, financial goals should have a definite outcome and a future time deadline so people can “do the math” and calculate what they need to save

Describe one of your “top five” values that you identified in Activity 2.

Students will write their own individual response to this question.

Write a SMART goal based upon one of your values beginning with the words “I will” and including a dollar amount and a time deadline.

Students will write their own individual response to this question.

Describe how your value and your SMART goal are related.

Students will write their own individual response to this question.

Students will then enter their SMART goal on a *I Will Save* sign and take a “selfie” of themselves and the description of their goal. Depending on school social media policies, these photos could be posted online (e.g., on a school or class Facebook page). They could also be used for classroom bulletin boards, articles in a school newspaper, and other venues.

For tips on taking a “selfie” photo, see: <http://www.instructables.com/id/How-to-Take-a-Selfie-1/?ALLSTEPS>

5. **Activity 4:** Distribute the *Financial Goal-Setting for Teens* activity handout that helps teens identify their financial goals and develop an action plan to achieve them. Note that the worksheet does not account for interest on savings nor does it account for inflation in the cost of financial goals. Rather, it is meant to provide an approximate amount that is needed to save for financial goals.

Ask students to identify one short-, medium-, and long-term goal and calculate the savings required for each goal and debrief the activity. A sample illustration of how this might look is shown below.

Financial Goal-Setting Worksheet for Teens

Description of Financial Goals	Approximate Amount of Money Needed	Number of Months Available to Save	Monthly Amount Needed to Save (Column 2 ÷ Column 4) and Start Date to Save
Short-Term (under 1 year) <i>Prom Expenses</i>	<i>\$700</i>	<i>7 months</i>	<i>\$100 per month starting this month</i>
Medium Term (1-3 years) <i>Laptop Computer for College</i>	<i>\$1,800</i>	<i>24 months</i>	<i>\$75 per month starting in six months</i>
Long-Term (3 or more years) <i>“New Used” Car</i>	<i>\$6,000</i>	<i>60 months</i>	<i>\$100 per month starting in one year</i>

6. Activity 5: Distribute the *Culture of Money Coat of Arms* activity handout and ask students to complete each section (shown below) to identify how their family and culture influence their financial decisions.

- ◆ The best money habit that they learned from their family
- ◆ The worst money habit that they learned from their family
- ◆ Their money motto or philosophy
- ◆ How their culture or religion affect their finances
- ◆ Their greatest financial hope and greatest financial fear

Debrief the activity by asking students to share parts of their Coat of Arms that they are comfortable sharing. Discussion might include family money habits, tithing to a church, and other cultural practices.

For background information about cultural impacts on personal finances, view these webinar slides: <http://www.slideshare.net/BarbaraONeill/afcpe-fpa-webinarthe-culture-of-personal-finance0814>.

CLOSURE

Ask students if they have any remaining questions about values and SMART financial goals. Remind them again that values are personal. With the possible exception of criminal activity or acting in a way that harms others, there is no “right or wrong” when it comes to values and no two people spend their money in exactly the same way. In addition to the activities contained within this lesson, other ways to assess your values are 1. to describe what you would do if you received a \$1,000 tax-free gift and 2. to make a list of activities that you like to do and how often you do them and with who, if anyone.

GLOSSARY

Goal- Something that someone wants to achieve at a future date.

Selfie- A photograph that people take of themselves and/or others using a smart phone.

SMART Goals- Very specific goals that are **S**pecific, **M**easurable, **A**ttainable (or **A**ctionable), **R**ealistic (or **R**elevant), and **T**ime-Related (or **T**ime-Bound). SMART financial goals should have a target dollar amount and a time deadline to calculate the amount of savings required to achieve them.

Value System- A set of personal principles and preferences that guide a person’s behavior.

Values- Deeply held feelings by people about the people, activities, and things that are important in their life. How people spend their time and spend their money reflects their values.

Values Clarification- The process of using various activities to learn more about your personal values.

LEARNING EXTENSIONS

If time permits, the following activities can be used to extend the depth of this lesson:

- ◆ Incorporate material from the *Choices and Values* lesson from the *Character Plus* program: <https://www.nwabr.org/sites/default/files/ValuesActivities.pdf>.
- ◆ Incorporate material from the *Values Clarification* lesson from the Educational Broadcasting Corporation: http://www.thirteen.org/edonline/adulted/lessons/lesson10_activities.html#close.
- ◆ Show the YouTube video *Clarifying Your Personal Values* (5:26) to deepen students’ understanding of personal values and how they affect life decisions: https://www.youtube.com/watch?v=KvwJi-zA9zk&list=PL1fSk6OIH_fcfJjO10NzX-Lob6ikiK2Az
- ◆ Ask your students to complete the following sentence: “Activities that make me happy include...”
- ◆ Ask students to complete the *Values Clarification* activity from TherapistAid.com: <http://www.therapistaid.com/worksheets/values-clarification.pdf>.
- ◆ Ask students to complete the *Exploring Values* activity from TherapistAid.com: <http://www.therapistaid.com/worksheets/exploring-values.pdf>.

ASSESSMENT: *Values and Goals Quiz*

Instructors are encouraged to use the questions below for content review or as a pre-and/or post-test to determine gains in student knowledge about values and goals after teaching this lesson.

Correct answers to the multiple choice and True-False questions are shown in boldface type.

Multiple Choice Questions

1. The “S” in the acronym SMART for financial goals stands for
 - a. Sentimental
 - b. Substantive
 - c. Specific**
 - d. Short-term
2. The “M” in the acronym SMART for financial goals stands for
 - a. Memorable
 - b. Measurable**
 - c. Monetary
 - d. Motivational
3. Which of the following is the best example of a well-stated SMART financial goal?
 - a. Buy a \$2,000 laptop computer in a year**
 - b. Buy a two-bedroom home in four years
 - c. Buy a \$1,500 big screen television
 - d. Pay off \$1,000 credit card balance as soon as possible
4. Joel Sanders has a goal of saving \$50 a month for an iPad. Joel’s goal lacks which of the following features?
 - a. Measurable components
 - b. Specific actions
 - c. An end result
 - d. A time frame**
5. A teenager’s goal of investing \$100 a month for two years to buy a laptop computer is a _____ goal.
 - a. Short-term
 - b. Medium-term**
 - c. Long-term
 - d. Immediate-term

True-False Questions

1. Values are a key factor in the creation of financial goals. (**TRUE: Values guide the development of financial goals. For example, if someone values education, they will set goals to improve their human capital by taking college courses and obtaining degrees, credentials, and certifications**)

2. Short-term goals for teens are usually achieved within the next year. (**TRUE: Time frames for financial goals for teens are shorter than those for mature adults. For example, short-term goals for mature adults and teenagers would be those taking place within the next three years and one year, respectively. The shorter time frame for teens reflects a shorter time horizon based on their age**)
3. Television advertising is the strongest influence on a person's values about money (**FALSE: In most cases, parents are the strongest influence on a person's values about money. Parents are very strong role models for good or for bad. Money values can often be traced to childhood experiences such as watching parents save money on a regular basis or spend money to impress others**)
4. There is no such thing as a "bad" value (**FALSE: Values are bad if they involve fraudulent behavior, such as robbing a bank, or harming other people**)
5. Religion and culture can affect financial values (**TRUE: Children often learn about religious and cultural practices through their family. Specific examples of cultural influences on personal finances are tithing a percentage of income (e.g., 10%) to a church and the fact that Muslims do not engage in financial transactions that involve the payment of interest**)

REFERENCES AND RESOURCES

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Goal-Setting with Values

Instructions: Form a small group with several classmates and answer the questions below.

What are values?

Where do people get their values?

How do values influence financial goals?

What would be some financial goals for someone who values career achievement?

What would be some financial goals for someone who values relaxation and entertainment?

How are values and goals related to saving money?

Clarify Your Values

Instructions:

1. Complete the *Clarify Your Values* worksheet and identify your top five values in priority order.
2. Complete the questions below and participate in the class discussion.

List five values that are *least important* to you.

List your *most important* values in priority order (1, 2, 3, 4, and 5).

What criteria did you use for making decisions about what values to cut and to keep? How difficult were your choices?

What did you learn about yourself and your personal values?

Turn Your Values into SMART Goals

Instructions:

1. Answer the questions below.
2. Once you have identified a SMART financial goal related to your values (Question #3), write it on the *I Will Save* sign and take a selfie photo.

Why does the acronym SMART in the term SMART goals stand for?

Describe one of your “top five” values that you identified in Activity 2.

Write a SMART goal based upon one of your values beginning with the words “I will save” and including a dollar amount and a time deadline.

Describe how your value and your SMART goal are related.



I will save

\$ _____ (amount)

for

_____ (goal)

by

_____ (date)

Financial Goal-Setting Worksheet for Teens

Instructions:

1. Identify a personal short-, medium-, and long-term goal. See the examples below for ideas.
2. "Do the math" and calculate what you need to save to reach the goal.

Description of Financial Goals	Approximate Amount of Money Needed	Number of Months Available to Save	Monthly Amount Needed to Save (Column 2 ÷ Column 4) and Start Date to Save
Short-Term (under 1 year) <i>From Expenses</i>	<i>\$700</i>	<i>7 months</i>	<i>\$100 per month starting this month</i>
Medium Term (1-3 years) <i>Laptop Computer for College</i>	<i>\$1,800</i>	<i>24 months</i>	<i>\$75 per month starting in six months</i>
Long-Term (3 or more years) <i>"New Used" Car</i>	<i>\$6,000</i>	<i>60 months</i>	<i>\$100 per month starting in one year</i>

Culture of Money Coat of Arms Activity

Instructions:

Complete the *Culture of Money Coat of Arms* activity handout. Write answers within each section below. Then participate in the class discussion about the influence of family and culture on financial decisions.

The shield is divided into five sections:

- Top Left:** The Best Money Habit That I Learned From My Family
- Top Right:** The Worst Money Habit That I Learned From My Family
- Middle:** My Money Motto or Philosophy
- Bottom Left:** How My Culture or Religion or Family Affects My Finances
- Bottom Right:** My Greatest Financial Hope and Greatest Financial Fear

Values and Goals Quiz

Multiple Choice Questions:

Circle the correct answer from among the four answers provided.

1. The “S” in the acronym SMART for financial goals stands for
 - a. Sentimental
 - b. Substantive
 - c. Specific
 - d. Short-term
2. The “M” in the acronym SMART for financial goals stands for
 - a. Memorable
 - b. Measurable
 - c. Monetary
 - d. Motivational
3. Which of the following is the best example of a well-stated SMART financial goal
 - a. Buy a \$2,000 laptop computer in a year
 - b. Buy a two-bedroom home in four years
 - c. Buy a \$1,500 big screen television
 - d. Pay off \$1,000 credit card balance as soon as possible
4. Joel Sanders has a goal of saving \$50 a month for an iPad. Joel’s goal lacks which of the following features?
 - a. Measurable components
 - b. Specific actions
 - c. An end result
 - d. A time frame
5. A teenager’s goal of investing \$100 a month for two years to buy a laptop computer is a _____ goal.
 - a. Short-term
 - b. Medium-term
 - c. Long-term
 - d. Immediate-term

True-False Questions:

Mark “T” for True or “F” for False in the space before each question.

- _____ 1. Values are a key factor in the creation of financial goals.
- _____ 2. Short-term goals for teens are usually achieved within the next year.
- _____ 3. Television advertising is the strongest influence on a person’s values about money.
- _____ 4. There is no such thing as a “bad” value.
- _____ 5. Religion and culture can affect financial values.



The *Values, Goals, and Financial Decisions* lesson plan was written by Dr. Barbara O'Neill, CFP®, Extension Specialist in Financial Resource Management for Rutgers Cooperative Extension (oneill@aesop.rutgers.edu).

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