



Your Financial Plan: Where It All Begins

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Overview

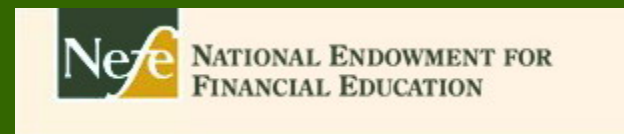
- Examine why it's important to have a plan for your money.
- Know what SMART goals are
- Analyze how you get and spend money
- Use the decision-making process to create your financial plan
- Identify guidelines to implement your financial plan
- Learn how to monitor and make changes to your financial plan



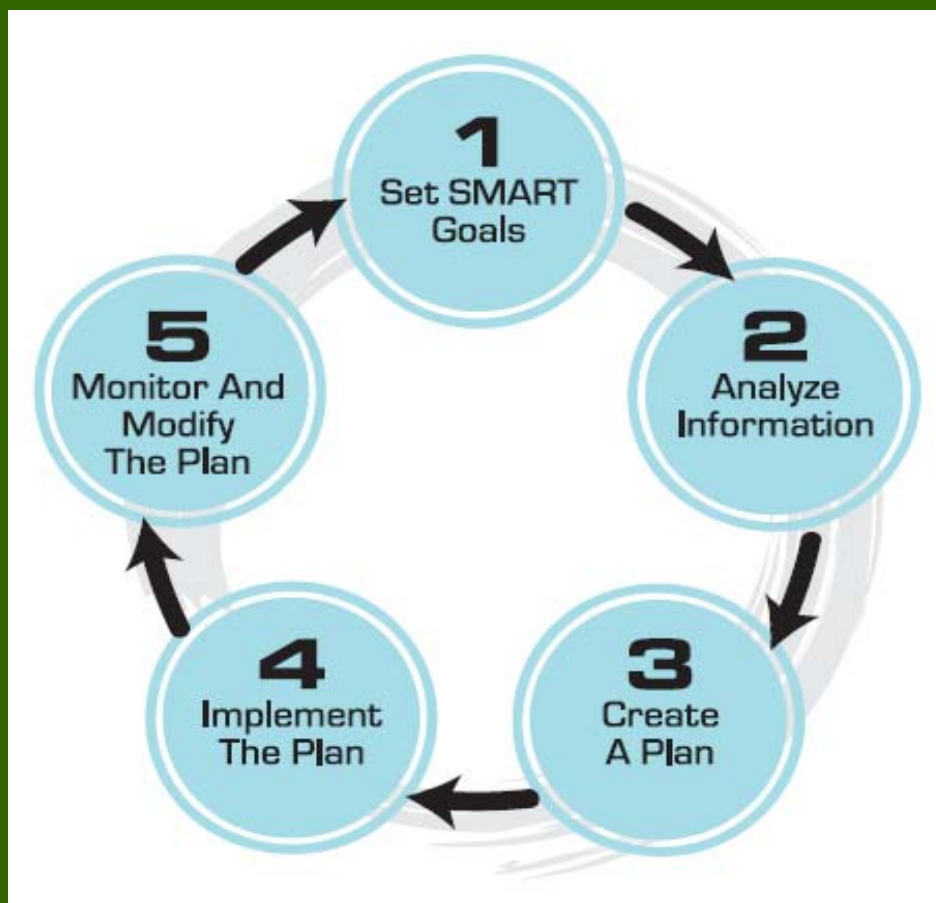
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Financial Planning

- Financial Planning is a process of setting goals, developing a plan to achieve them, and putting the plan into action.
- It's creating a roadmap for handling everything you do with your money - spending, saving, using credit, and investing.



Five Step Financial Plan




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Needs vs. Wants

- Needs: are the very basic things we must have to survive
- Wants: are the things that make life more interesting and fun, but you could live without them if you had to.



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Needs vs. Wants

Needs

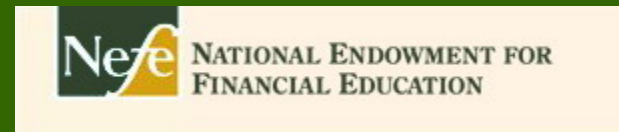
- Food for breakfast
- Clothes for school
- Transportation to school and work

- _____
- _____

Wants

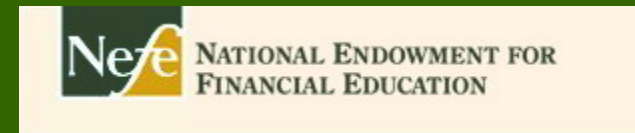
- An IPOD
- DVD Players
- Cell Phones
- Hot Car

- _____
- _____



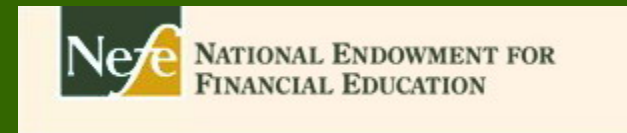
Values

- Values are the beliefs and practices in your life that are very important to you.
- So many things can influence you your values—your parents, other family members, friends, your religion, things your read, and experiences you have.



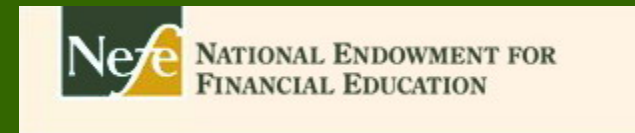
Values

- Getting a good education
- Religious beliefs or faith
- Social causes
- Handling money responsibly
- Friendships/the people I hang out with



Term Goals

- Short-term goals
 - Goals that you want to achieve within the next three months
- Intermediate-term goals
 - Goals that are set for three months to a year
- Long-term goals
 - Goals that take you more than a year to achieve



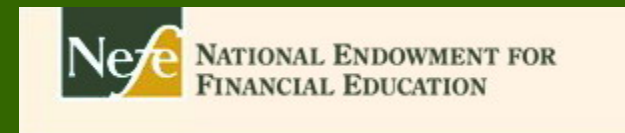
Delayed Gratification

The willingness to give up something you want now to get something even better in the future.

- Waiting to buy a new product until the price goes down
- Saving money over time to make a major purchase

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SMART Goals

S - Specific

"I want to go to Panama City for Spring Break" is more specific than "I want to go somewhere fun over Spring Break"

M - Measurable

"I'll need \$150 for my share of the hotel room for the week" is measurable; "I want to save a bunch of money for the trip" is not.

A - Attainable

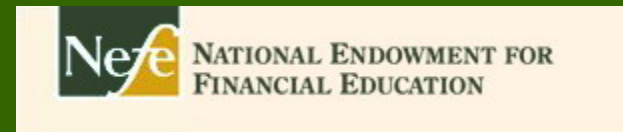
"I'll split the driving with my friends and take \$200 more for gas, food, and other spending" is much more attainable than "I want \$500 to fly there and \$700 for spending money."

R - Realistic

"I'll save \$60 a month from my paycheck for the next six months" is more realistic than "I'll buy lottery tickets every week."

T - Time Bound

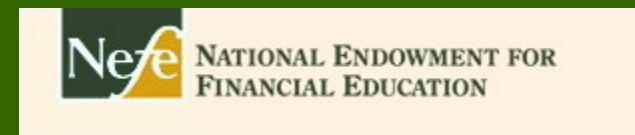
"I want to save all the money by March 1st " gives you a specific date from which to plan backwards, unlike "I want to save all the money by spring."



Analyze Information



- Find out where your finances currently stand, so you can see exactly how much money you're getting and how much you're spending or saving.
 - Where do you get money from? Do you receive an allowance? Do you have a job or your own business? How much do you earn each week?



Your Spending Record



Assignment 1-3: My Personal Spending Log

Track your spending for a week, and assess how your spending matches your financial goals. Try to fill in the table for the last seven days. If you can't remember every dollar you spent or received, that's OK. Just do the best you can.

Week of:	INCOME +\$ (A)	SPENDING -\$ (B)
Sunday		
Monday		
Tuesday		
Wednesday		
Thursday		
Friday		
Saturday		
Totals		
Difference (A minus B)	\$	

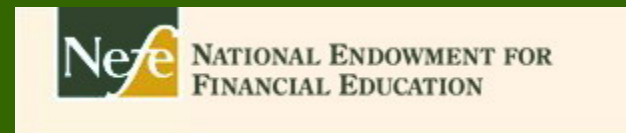
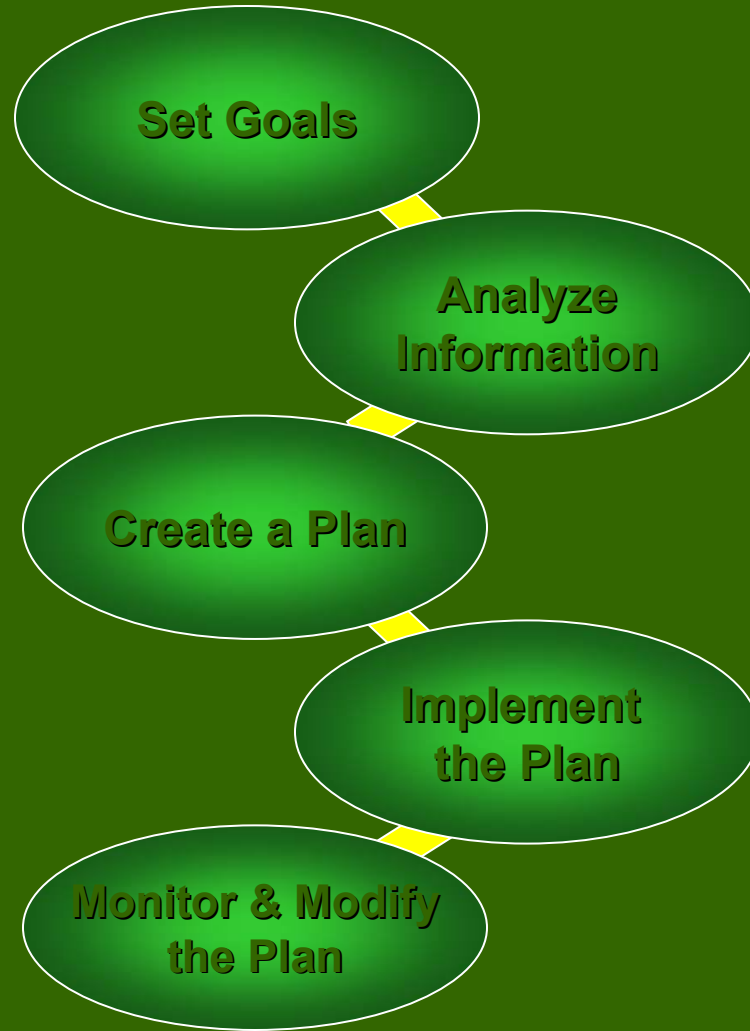
But from now on, log your income and purchases on a daily basis. We'll make use of this information later in Unit 2. Finally, compare your entries to how teens on average spend their money.



Decision - Making Process



The Financial Planning Process



Guidelines for Sticking With Your Plan

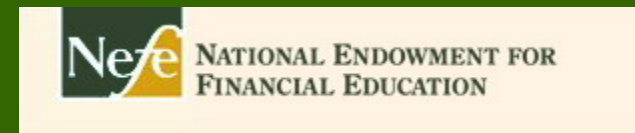
- Write your goals on an index card or find pictures of your goal and post them in a place you'll see every day.
- Tell other people about your goals. Also, ask someone to check in with your progress-knowing someone is going to ask about it is good motivation.
- When you're going to spend money, decide how much you'll need ahead of time and take only that amount so you're not tempted to spend more.
- Review your plan regularly so you know when you're starting to stray and can make adjustments quickly.

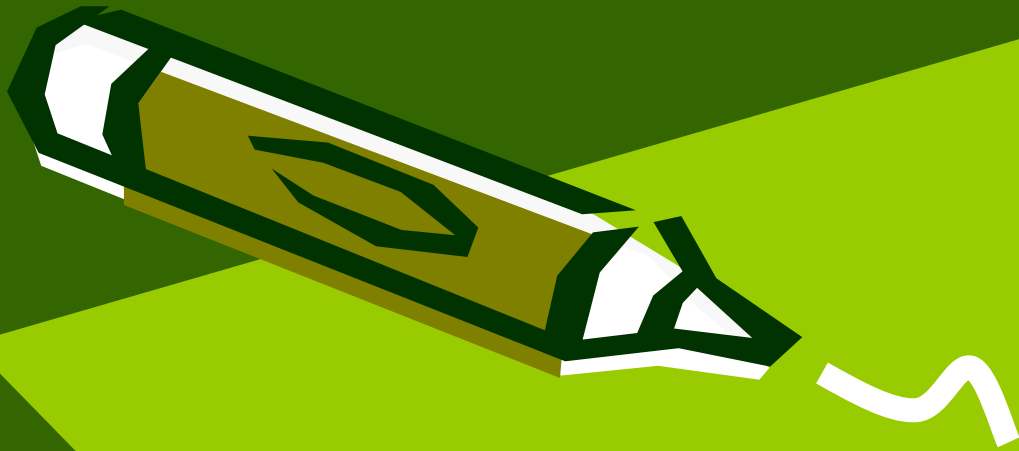


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Monitor and Modify the Plan

- Once you start implementing your financial plan, you need to check to make sure that you're staying on track.
 - The best way is to decide to review your plan and your progress at regular intervals - like every two weeks or every month.
- A plan isn't meant to be written in stone. It's a living document that should change as things in your life change.
 - You should review your plan whenever your finances change, such as getting a promotion and a raise or quitting your job.





REVIEW TIME

QUESTIONS??????

