

SMART Goals (1.2)



In this section we will answer:

- How can your personal goals be achieved through money goals?
- How do you write an effective financial goal?
- How do you prioritize actions while working to achieve several goals at the same time?

Warm Up Conversation

Directions: Answer the following questions using complete sentences. Be ready to share out with the class.

1. In what situations might a teen spend more than \$100?
 - This semester?

 - In the next 12 months?

 - More than a year from now?

2. What are your dreams and goals for the future? This can be financial or life goals. Be specific and give detail.

Score with goals

If you were giving a birthday party for your friend, would you just throw it all together at the last minute? Of course not!

First, you'd have to get the Oks from her parents and your parents. Then, you'd need to decide whom to invite and send the invitations far enough ahead of time that the guests wouldn't have made other plans. You also would have to figure out what you'll serve to eat and drink, decide what you're going to wear, and shop for food. And if you're having the party at your house, you no doubt would clean the place beforehand, too.

in other words, you would decide on the goal (a great birthday party) and work backward to figure out everything you'd need to do to make it happen.

you should do exactly the same thing with your money. Many people spend, spend, spend, and then wonder why they don't have enough money when it's time to pay the bills or why they never have the money for the things they *really* want. If they had set clear goals, created plans to achieve them, and followed the plans as faithfully as they watch their favorite TV shows, they'd be much less stressed and a whole lot happier. The first critical step, though, is to figure out the desired end result.

Fuel your dreams

Money can't buy happiness, but it does play a big role in helping you to achieve what's most important to you. Here are a few examples of personal goals that require money. Can you think of more?

- Attending prom
- Taking dance or guitar lessons
- Buying a Car
- Going to college or a training school
- Getting a place of my own
- Getting married, with a fancy wedding
- Starting (and supporting) a family
- Saving the polar bears
- Starting a business

By figuring out what you need to make your personal goals a reality and setting *financial* goals to get you there, in no time you'll be on your way to enjoying those things.

Get SMART with goals

Selena mentions to her older brother that she wants to save some money before she graduates from high school. When he asks her how much, she doesn't have a solid answer. When Michael tells a co-worker about needing to get new tires, he's shocked to learn from her that a set of tires costs about \$500.

Selena and Michael both realize it's time to get SMART about their goals. They need goals that are **S**pecific, **M**easurable, **A**ttainable, **R**elevant, and **T**ime-bound.

SMART Goals Guide	
S pecific	<ul style="list-style-type: none"> » What exactly needs to be accomplished? » Who else will be involved? » Where will this take place? » Why do I want to accomplish the goal?
M easurable	<ul style="list-style-type: none"> » How will I know I've succeeded? » How much change needs to occur? » How many accomplishments or actions will it take?
A ttainable	<ul style="list-style-type: none"> » Do I have, or can I get, the resources needed to achieve the goal? » Is the goal a reasonable stretch for me? (neither out of reach nor too easy) » Are the actions I plan to take likely to bring success?
R elevant	<ul style="list-style-type: none"> » Is this a worthwhile goal for me right now? » Is it meaningful to me—or just something others think I should do? » Would it delay or prevent me from achieving a more important goal? » Am I willing to commit to achieving this goal?
T ime-bound	<ul style="list-style-type: none"> » What is the deadline for reaching the goal? » When do I need to take action? » What can I do today?

The SMART acronym is basically a checklist for creating turbocharged goals that will help guide you to success.

After going through the question, Selena decides on the following goal:

To have \$1,000 by August 1 of the summer after high school graduation so I don't have to worry about money emergencies when I'm on my own. Starting today, I'll put \$25 into my savings account every month until then.

Michael does some research on what tires cost and sets his goal at saving \$500 in the next month. But then he realizes that it's not a realistic goal, given what he's earning right now. So, he tries again and decides on the following goal:

To transfer \$40 from each weekly paycheck into my savings account over the next three months to have at least \$500 set aside to buy new tires for my car.

Satisfied, they start listing other goals they want to set. Help them make the goals SMART in the activity that follows:

Activity 1.6: SMART Goal Makeover

Creating SMART goals will help set you up for success. Can you tell what SMART criteria are missing from the goals below?

Directions:

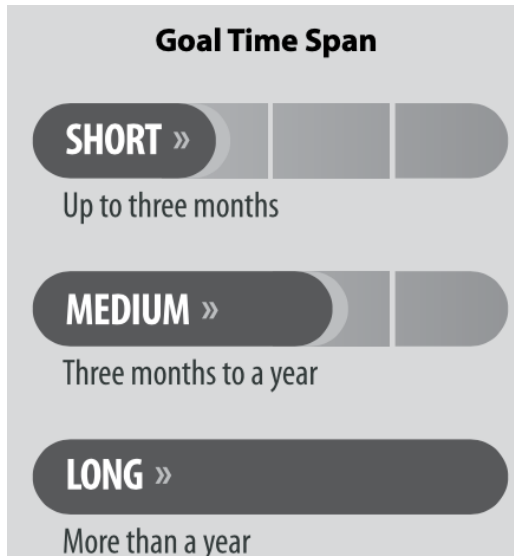
1. Rewrite Michael's and Selena's statements into SMART goals.
2. Compare your changes with a classmate (groups of 2)

Goal	SMART Goal
Selena	
Save \$200 for a trip to the outlet mall	
Buy a new MP ₃ player	
Michael	
Save money for college next year	
Buy a new computer in January	

Are we there yet?

Deciding that you want something and buying it right away is called **instant gratification**. You saw how well that worked for Michael, though, when he bought the new jacket. You might even know from your own experience how buying on impulse can get you into trouble.

We usually classify goals into one of three categories, which you can see in the following graphic:



Short-, medium-, and long-term goals are all delayed gratification. The only difference is how long you delay. The further away your goal is, the more commitment and patience it will take to reach it. Breaking up longer-term goals into shorter ones (like Selena's monthly savings goal) can help keep you on track and motivated along the way.

Goals gut check

Ask anyone in February how they're doing on their New Year's resolutions and you'll hear many people say that they did not follow through on their goals. One reason is a lack of planning, which we'll talk about later.

Another reason is that the goal isn't meaningful. If you don't truly care about a goal, you'll either ignore it or find yourself struggling to achieve it. Starting out your goal statement with "I should ..." is a major warning sign that it may not be meaningful to you.

"Should" goals often reflect other people's values instead of your own. It's OK if your goals aren't the same as those of your family and friends. What matters is that your goals are important to you.



Each time you create a goal, ask yourself the following question:

"On a scale of 1 (not at all) to 5 (extremely), how important is achieving this goal to me?"

If you can't rate a goal with at least a 3, think about whether that's really a goal you need to set for yourself.



Always **write down your goals** and keep the list where you'll see it often. This will remind you of what you're working toward and keep you excited about it.

Sometimes, a goal is a matter of personal responsibility. No one has ever said they're excited about saving to pay their taxes. But millions of Americans put money aside every year for taxes because paying them is a citizen's responsibility—and they value staying out of trouble with the Internal Revenue System (IRS). If you're stuck with a goal you're not thrilled about, figure out what there is about that goal that *is* important to you. Then rewrite it to include that feature.

Reluctantly, Selena added a goal to her list, which you can see in the following table. Note the three possible reasons she might use to make the goal more meaningful.

Goal I'm NOT Excited About	What IS Important Is ...
<i>Paying the library for the book I lost.</i>	<i>I'm feeling guilty and it'll be a relief to clear my conscience.</i>
	<i>I can't check out any more books until I pay, and I have a term paper coming due.</i>
	<i>I know my dad is just going to keep asking about it every week until I pay what I owe.</i>

Meaningful goals you're excited about achieving: Now, *that's* smart!

Challenge 1-A: My SMART Goals

Directions:

Take what you have learned about SMART goals and create two or three of your own goals.

1.

2.

3.

Part II Directions: Now that you have written down your three goals it is time to rank them in order rank your goals in order of importance. Remember to use the priority scale to help you prioritize your goals.

1.

2.

3.

Part III Directions: Take your number one priority goal use what you have learned to change a vague goal into a SMART goal. Think of what's missing for each "SMART" element, then create the details below. Now, combine your details to create a new SMART goal.

Original goal:

Revised goal:

SMART Goal Guide		Details to Add
Specific	What exactly needs to be accomplished? Who else will be involved? Where will this take place? Why do I want to accomplish the goal?	
Measurable	How will I know I've succeeded? How much change needs to occur? How many accomplishments or actions will it take?	
Attainable	Do I have, or can I get, the resources needed to achieve the goal? Is the goal a reasonable stretch for me? (neither out of reach nor too easy) Are the actions I plan to take likely to bring success?	
Relevant	Is this a worthwhile goal for me right now? Is it meaningful to me—or just something others think I should do? Would it delay or prevent me from achieving a more important goal? Am I willing to commit to achieving this goal?	
Time-bound	What is the deadline for reaching the goal? When do I need to take action? What can I do today?	