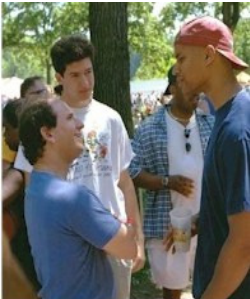


Building Assets for Your Future

Chapter 1 helps you set your financial goals.



In order to build assets you need to have knowledge and skills related to saving and financial planning. This workbook will help you improve your financial skills so you can better manage your money and make good decisions about your finances. This workbook is organized into several chapters that walk you through the process of putting together your own financial plan. At the end of this training, you'll have identified your own savings goals and developed a plan for achieving them.

Chapter 1 helps you get started in this process. This chapter lays out the steps for creating a financial plan, and helps you set your savings goals.

Financial Planning: A Roadmap Toward Independence

When you set out on a trip, you likely take a look at a map and figure out what route to take. There may be several different roads that lead to your destination. You make a decision on which way to go based on several factors, including how fast you want to get there and what you want to see along the way.

Just like you figure out a route to take when going on a trip, you need to map out a path to reach your financial goals as well. **Financial planning** is the process of identifying your goals, developing a plan to achieve them, and putting that plan into practice.

Financial planning -

identifying your goals, developing a plan to achieve them, and putting it into practice.

To create your financial plan, you will need to complete the following steps:

1. Set your savings goals
2. Develop a savings plan
3. Create a budget—your spending plan
4. Monitor your plan along the way.

This chapter helps you to complete the first step in this process: setting your savings goals. Chapter 2 helps you create your savings plan and Chapter 3 assists you create your budget. Chapter 4 provides guidance on how to manage your money in order to keep you on target. Chapter 5 helps you understand and manage credit.

Setting Your Goals

A **goal** is something you want to accomplish.

One of the first steps in financial planning is to identify what goals you are trying to achieve. A **goal** is something you want to accomplish. You accomplish a goal by taking certain steps. You need to define what financial goals you want to work toward and what steps you need to take to achieve them.



Your Dreams

We all have dreams—our big hopes for the future. Dreams may include jobs we hope to have some day, things we hope to own, such as a car or a house, or relationships we want to develop, such as getting married and having a family.

Take a minute to think about your dreams for your future. Some dreams you might think about in the near future—in the next few months or year. Other dreams you have may be longer down the road—such as getting a better job, graduating from job training courses, or buying a house. Write down your dreams on *Worksheet 1*.

Worksheet 1: My dreams for the future

Within three months, I want:

Within one year, I want:

Many years from now, I want:

Your Values

Values - beliefs that are very important to you.

People define their dreams differently because they have different **values**. Values are the beliefs that are very important to you. Values make up who you are. When you decide something is good, right, or preferable, your values are guiding you. Many things influence your values, including your friends, your teachers, and other adults in your life.



Although you don't always know it, your values influence your choices—including the choices you make about money. Recognizing your values helps you to better manage your money. List five values you hold in Worksheet 2.

Remember - when you decide something is good, right, or preferable, your values are guiding you.

Examples of Values:

- Doing well in school
- Being responsible with money
- Being honest
- Being on time
- Caring about others in your life

Worksheet 2: My values

1.

2.

3.

4.

5.

Needs versus Wants

Needs - things that you must have to live.

Wants - everything you would like to have but don't need to survive.

Your values also shape how you think about your needs and your wants. **Needs** are things that you must have to live—things like a home, food, medicine and clothing. A **want** is everything else you would like to have, but don't need to survive. A want might be a new stereo, designer shoes, or movie tickets.



When you're developing your financial plan, it's important to think about the difference between needs and wants. Knowing what a need is and what a want is helps you make good choices about your spending as well as helps you save money.

Turning Dreams into Goals

Thinking about your dreams and the values that are important to you are important steps in financial planning. However, to create a useful and realistic plan for your financial future, you need to turn those dreams into clear goals.



A goal is something you want to accomplish. Just like dreams, goals can be short-term—in the next few months—or long-term—in the next few years. You turn your dreams into goals by making those dreams more specific and by developing a plan—the steps you need to take to accomplish your goals.

Asset - something of value that will yield long-term benefits to you.

An asset is something of value that is likely to yield long-term benefits to you later in life. Assets may include education, a house or apartment, or a car. By saving now you can purchase an asset that will benefit you for years to come. For example, going through a training course can help you qualify for a higher paying job than you could otherwise get if you did not have those skills.

Remember, goals need to be specific to be attainable.

Goals should also relate to the dreams and values you listed earlier. Use Worksheet 3 to think about your specific goals. Don't worry if you are not 100 percent sure of your goal. You'll have time to think about your goal before the next session.



Because saving takes time, focus your financial plan on achieving only one goal at a time. Try to list two or three goals right now. Then talk about your goals with an adult you trust and prioritize which goal you will focus on for the near future. **Bring back your number one goal to the next training session.**

Worksheet 3: My savings goals

Goal	When I want to achieve it
1.	
2.	
3.	