



***SOUTH CAROLINA FAMILY AND COMMUNITY LEADERS***  
Affiliated with National Volunteer Outreach Network, Country Women's Council, U.S.A., Associated Country Women of the World and in partnership with Clemson University Cooperative Extension Service  
SCFCL website: <http://www.scfcl.com>

## **Leader Training Guide**

# ***Youth Financial Fitness: Setting Goals and Managing Income***

### **Objectives:**

1. Participants will be able to set goals and make informed choices about money.
2. Participants will be able to balance income and spending.

### **Lesson Overview/Introduction:**

Everyone spends money whether they are young or old, but not everyone knows how to spend it so they get the most for their money. Spending wisely takes time, skill, and experience. Setting monetary goals and working toward achieving them requires keeping income and expenses in balance.

### **Lesson:**

As we think about what we will have in the future, most wish for a very luxurious lifestyle—big fancy house, nice cars and boats, fancy clothes, all kinds of electronic equipment, and on and on. How are you going to pay for all of this?

### **Setting Goals-- Needs Vs Wants**

One of the best ways to manage your money is to set goals. It is necessary to decide what is important for you and your family today, 5 years from now, and later. It is also important to include all family members in the goals to ensure overall success.

Many times we say that we “need” something when we really mean we “want” the item. It is important that we first spend money for needs. Needs are those things essential to a family's livelihood. This means that money for rent or mortgage and utilities is a must. Other needs are food, clothing, and medical care. Transportation is often a need in order to earn an income.

Wants are things we think we cannot live without such as a flat screen television, cell phones, extra cars, a vacation, and so forth. People never get everything they want, but unless they plan

for needs first, they will usually have serious money problems. Our career choice determines to a great extent our lifestyle. Generally, the more education one has, the greater the person's salary.

We work so that we can enjoy our lives, and we need to know how to direct our money to achieve such enjoyment. Although some people are able to save money for abstract ideas such as "the future", or "to feel secure", most people are motivated to save because they have a definite, specific reason.

If you find that saving is hard, you are not alone. Few adults have learned to set aside money each month or each pay period for something they really need or want. Instead, they work hard, spend all of the money they earn and generally feel disappointed and dissatisfied with the amount they earn. People who have learned a special secret, however, do get the things they want. This simple secret is: Pay Yourself First. This means that you decide on something that you want, something that you are willing to save money for and buy. Then you estimate how long it will take you to save the amount of money you need. Then you do it. Each time, you get paid you take the amount of money you have committed and put it in a savings account, before money is spent on anything else. If you stick to your plan, you will be successful in reaching your goal. Save at least 10% of your monthly salary.

## **Develop a Savings Plan**

**Collect loose change**—At the end of the day or week, empty out your pockets and wallet and put the change into a jar. Every other week or once a month, deposit the change into your savings account. Don't cheat yourself by "taking" change that has been collected.

**Break a Habit**—Every time you don't have a donut at coffee break, don't spend money in the soft drink machine, don't buy impulse items, save the money you didn't spend. Sometimes we spend small amounts daily without thinking. What are your habits? How much do they cost you each week? Break habits and see how your savings can add up.

**Have a "Nothing Week"**—Once in a while, have a week when you try not to spend any extra money—don't go to the movies, don't go out to eat, don't go shopping, etc. Save the money that you would have spent.

**Avoid the Use of Credit**—Unless credit purchases are paid in full each month, they eat away at your dollars, dollars that you could be saving and using to reach your financial goals.

**Carefully Evaluate all Spending Decisions**—Make every spending decision on the basis of how it will satisfy your goals. Eliminate spending for items that have little or no value relative to your goals.

## Reaching Your Goal Sooner

If you think it will take too long to reach your goal, here are several things you can do:

- Save more than 10% of your monthly income.
- Find another way to earn extra income.
- Save your money at a bank or credit union; look for the highest interest you can find.
- Buy what you want used rather than new. Look in local daily and weekly newspapers. Always bargain for prices.
- Shop at garage sales.
- Shop at resale and consignment shops.
- Watch for sales. Ask sales clerks when a sale might take place.
- Comparison shop at different stores.
- Barter. This means you trade something that you can do for something that you want. Be creative about what you have to offer.
- Use coupons for grocery and personal needs. Many stores will double the value of coupons worth up to \$.50, resulting in a \$1 savings.

## Lesson Summary

Not only are young spenders earning and spending significant amounts of money, but they are gaining experience in handling their money. Be a wise and responsible money manager.

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