PFL Academy

Chapter 1.4: Financial Goal Setting

Student Activity Packet

THE CHALLENGE

Riley wants to buy an $800 laptop for college in 8 months. Using the SMART framework, Riley creates a specific plan: save $100 each month through automatic transfers, track progress in a savings app, and find the $100 by reducing eating out ($50) and working extra hours ($50). By being specific and creating accountability, Riley reaches the $800 goal right on schedule.

How does applying the SMART framework transform a vague wish into an achievable financial goal?

Learning Objectives

- Apply the SMART criteria to create effective financial goals.
- Differentiate between short-term and long-term financial goals.
- Identify methods for prioritizing multiple financial goals.

CORE CONCEPTS

Term	Definition
Financial Goal	A specific financial target you aim to achieve within a set timeframe.
SMART Criteria	Framework for effective goals: Specific, Measurable, Achievable, Relevant, Time-bound.
Short-term Goal	Financial objective to be achieved within one year (e.g., phone, emergency fund).
Long-term Goal	Financial objective that takes more than one year to achieve (e.g., car, college).
Goal Prioritization	Ranking multiple goals based on urgency, importance, and feasibility.

Background: Financial goals transform vague wishes into actionable plans. The SMART framework ensures goals are clear enough to act on: **S**pecific (exactly what you want), **M**easurable (track progress), **A**chievable (realistic for your situation), **R**elevant (aligned with your values), and **T**ime-bound (has a deadline). When prioritizing multiple goals, consider urgency, importance, feasibility, and whether some goals must come before others.

APPLY IT

PART A: CONVERTING GOALS TO SMART

Transform each vague goal into a SMART goal by adding the missing elements.

Goal 1: "I want to save money for a car."

This goal is missing specific amounts, timeframe, and action steps.

SMART Version:

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What makes it SMART: ____

Goal 2: "I should probably start an emergency fund."

This goal lacks commitment, specific amount, and timeline.

SMART Version:

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What makes it SMART: ____

Hint: *A complete SMART goal includes: a specific dollar amount, how you'll track progress, why it's realistic for YOU, why it matters, and a deadline with milestones.*

PART B: GOAL PRIORITIZATION

Rank these goals and explain your reasoning.

Goal	Amount Needed	Deadline	Your Rank (1-4)
Emergency fund ($500)	$500	6 months	
New phone ($400)	$400	4 months	
College savings ($2,000)	$2,000	2 years	
Concert tickets ($150)	$150	2 months	

3. Explain your #1 priority choice. What factors made it most important?

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4. Can you work on multiple goals at once? Explain a strategy for doing so.

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PART C: PERSONAL GOAL SETTING

5. Write ONE short-term SMART goal (achievable within 1 year) for yourself:

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6. What specific action will you take THIS WEEK to start working toward this goal?

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CHECK YOUR UNDERSTANDING

1. Which element of SMART goals addresses "Why is this goal realistic for your situation?"

- ☐ A. Specific
- ☐ B. Measurable
- ☐ C. Achievable
- ☐ D. Time-bound

2. Explain the difference between short-term and long-term financial goals. Give one example of each.

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3. Calculation: You want to save $1,200 for a trip in 10 months. How much must you save per month? If you can only save $100/month, how long will it take to reach your goal?

Show your work:

Monthly savings needed: $______ | Time at $100/month: ______ months

4. Riley saved $800 in 8 months using SMART goals. Morgan wanted to "save money" but only saved $275 in a year without a clear plan. What THREE differences in their approaches explain these different outcomes?

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5. Reflection: What specific financial goal would make the biggest positive impact on your life right now? Why does it matter to you, and what obstacles might you face in achieving it?