

PFL Academy

Teacher Guide: Chapter 1.4 — Financial Goal Setting

OVERVIEW

TIME	MATERIALS	PREREQUISITES
45-50 Minutes	Student Activity Packet, Calculator	None

LESSON FLOW

5 min THE CHALLENGE

- Read Riley's goal-setting scenario aloud.
- Discussion: "What's something you've wanted to buy or save for? Did you have a specific plan?"

10 min CORE CONCEPTS

- Review 5 key terms. Write SMART acronym on board and unpack each letter.
- Compare two examples: "save money" vs. "save \$500 by June 1st by putting aside \$100/month."
- Quick check: Students identify which SMART element is missing from sample goals.

25-30 min APPLY IT

- **Part A (10 min):** Pairs or individual. Check that SMART conversions include all five elements.
- **Part B (10 min):** Goal prioritization. Accept different rankings if reasoning is sound.
- **Part C (5-10 min):** Personal goal setting. Ensure goals are truly SMART, not vague.

10 min CHECK YOUR UNDERSTANDING

- Complete in class or assign as homework.
- Review Q4 (Riley vs. Morgan) to reinforce the power of structured goal-setting.

DIFFERENTIATION

Support

- Provide a SMART goal template with sentence starters for each element.
- Work through Part A Goal 1 together as a class model.
- For prioritization, provide specific criteria cards (urgency, importance, feasibility).
- Allow verbal responses for Part C if writing is a barrier.

Extension

- Create a 5-year financial plan with interconnected short and long-term goals.
- Research "goal stacking" strategies for achieving multiple goals simultaneously.
- Calculate the compound growth impact of starting savings goals earlier.

ANSWER KEY

Part A: Converting Goals to SMART

Goal 1 Sample: "I will save \$3,000 for a used car by saving \$250/month for 12 months, tracked in a savings account, funded by working 10 extra hours per month at my part-time job."

Goal 2 Sample: "I will build a \$500 emergency fund in 5 months by automatically transferring \$100 from each paycheck to a separate savings account."

Accept any goals that clearly include: specific amount, measurement method, realistic justification, personal relevance explanation, and deadline with milestones.

Part B: Goal Prioritization

Multiple rankings are acceptable if reasoning is sound. Common approaches:

Approach 1 (Security First): 1. Emergency fund, 2. Concert (deadline), 3. Phone, 4. College. Reasoning: Emergency fund provides financial security foundation before wants.

Approach 2 (Deadline Driven): 1. Concert (2 mo), 2. Phone (4 mo), 3. Emergency (6 mo), 4. College (2 yr). Reasoning: Meet imminent deadlines first, then tackle longer goals.

3. Answer should reference specific prioritization factors: urgency, importance, feasibility, or sequence.

4. Yes—can allocate percentages to multiple goals (e.g., 50% to #1, 30% to #2, 20% to #3) or "cascade" by completing smaller goals first then redirecting funds.

Part C: Personal Goal Setting

Responses will vary. Check that goals include all SMART elements and that the "this week" action is specific and actionable (not vague like "think about it").

Check Your Understanding

1. C (Achievable)

2. Short-term: achievable within 1 year (e.g., phone, emergency fund). Long-term: takes more than 1 year (e.g., car, college savings). Long-term goals require more planning and patience.

Calculation:

$\$1,200 \div 10 \text{ months} = \$120/\text{month needed}$

$\$1,200 \div \$100/\text{month} = 12 \text{ months}$

3. Monthly needed: **\$120** | Time at \$100/month: **12 months**

4. Three differences: (1) Riley had a specific amount (\$800) vs. Morgan's vague "some money"; (2) Riley had a deadline and monthly milestones vs. Morgan's no timeline; (3) Riley tracked progress and created accountability vs. Morgan's sporadic, untracked saving.

5. Should include: specific goal identification, personal relevance explanation, and realistic assessment of potential obstacles with strategies to overcome them.

COMMON MISCONCEPTIONS

Misconception	Clarification
"Big goals are more motivating than small ones."	Overwhelming goals can cause paralysis. Breaking large goals into milestones provides regular "wins" that maintain motivation. Riley's \$100/month felt achievable; "save \$800" might have felt impossible.

"I can work on goals when I have extra money."	"Extra money" rarely appears. Successful savers treat savings like a bill—it comes out first ("pay yourself first"), not last. This is why Riley used automatic transfers.
"I need to focus on one goal at a time."	Multiple goals can be pursued simultaneously by allocating percentages of savings. However, having too many active goals can dilute focus—typically 2-4 active goals works best.