

Worksheet A—Short-Term and Long-Term Goals

Everyone wants to make good decisions—decisions that maximize benefits and minimize costs. However, it can be hard to make good decisions when you aren't sure what you want to achieve. That's why setting goals and creating and following a financial plan with your goals in mind is so important. When you know where you want to be in the future, it is often easier to get there.

Most of the day-to-day decisions you make are only single parts of the larger problem of getting what you want from life. Suppose you spend \$20 to see a movie and go out for pizza with your friends. Your decision was made to achieve a short-term goal of immediate enjoyment. Remember, however, that whenever you make a choice, you also make a trade-off. The \$20 you spent for pizza and a movie can't be spent or saved for something else. All of your decisions are related to each other, and so are your goals. The \$20 you spent for entertainment helped you reach a short-term goal. However, you no longer have that \$20 to help you reach more important long-term goals. Suppose you had also decided to save \$20 each week to make a down payment on a car in three years. The decision to save is a short-term goal, but it's one that can help you reach your long-term goal of owning a car. Your chances of reaching your most important long-term goals are better when you set short-term goals that help you reach them.

Directions: Identify and explain two short-term goals that you could set today that would help you achieve the long-term goal identified.

1. *Long-term goal:* Become the owner of a clothing boutique.

A short-term goal that would help achieve this would be to

Another short-term goal that would help achieve this would be to

2. *Long-term goal:* Become a special-education teacher to help disabled children learn.

A short-term goal that would help achieve this would be to

Another short-term goal that would help achieve this would be to

3. *Long-term goal:* Become a bank manager and help people and businesses obtain credit.

A short-term goal that would help achieve this would be to

Another short-term goal that would help achieve this would be to



Worksheet B—Plan to Save

You will need to spend money to achieve most of the long-term goals you set in your life. It could be money to pay for your education, buy a house, raise a family, travel, start a business, and so on. Because you need money to achieve your most valued long-term goals, you also need to create a savings plan as a part of your overall financial plan. Saving is not something that just happens for most people. It is the result of careful planning and controlled spending.

Consider Walter, who would like to save \$300 per month toward the purchase of a home. Walter's income and spending in the past month are shown below. Use this information to answer the questions that follow.

Walter's Income and Spending			
Income		Spending	
Net (after tax) Wages	\$2,850.00	Rent/Utilities	\$751.76
Interest Earned	64.07	Food	348.32
Stock Dividends	120.00	Clothing	239.42
		Transportation	499.61
		Loan Payments	299.00
		Entertainment	454.92
		Insurance	231.42
		Other	273.45

1. How much was Walter's income?

2. How much did Walter spend?

3. What change was there in Walter's savings?

4. Which types of spending could Walter adjust in the short run? Which types could he not adjust?

5. What would you recommend Walter do to reach his savings goal?



Worksheet A—Create a Short-Term Budget Worksheet

Some people spend their incomes without thinking of what they are doing or whether their buying decisions make much sense. They may realize that they must pay their rent and insurance bills, or make monthly car payments. However, beyond these large and regular expenditures, things can get kind of “fuzzy.” It is not uncommon for people to run out of money from one paycheck to the next. Making and following a budget is an obvious answer to this problem, but it is hard to do when you’re not really aware of where your money goes.

To take control of your financial situation, you should first create a series of short-term budget worksheets. These are documents that record all income and spending that takes place over a specific period of time, most often one month. When bills, such as insurance, are paid only once or twice a year, you must include an appropriate share as spending in each worksheet.

Directions: Consider Gretchen’s budget worksheet for June, and then answer the questions that follow.

Gretchen’s Short-Term Budget Worksheet					
Income			Spending		
Date	Source	Amount	Date	Purpose	Amount
6/07/--	wages	\$423.52	6/03/20	new sweater	\$ 33.86
6/09/--	birthday gift	50.00	6/12/20	car insurance	48.29
6/21/--	wages	423.52	6/15/20	rent	350.00
6/23/--	babysitting job	25.00	6/23/20	credit card bill	296.04
6/30/--	savings interest	8.92	6/25/20	telephone bill	53.41
			6/26/20	groceries	69.30
			6/29/20	doctor’s visit	50.00
	Totals	\$930.96			\$900.90

1. How much was Gretchen able to save in June?
2. Which sources of her income may not be the same from month to month?
3. Which types of spending might not be the same from month to month?
4. Why would a series of short-term budget worksheets be needed to develop a long-term budget?
5. Create a short-term budget worksheet of your own. Do you find any surprises in how you receive or spend your income?

