



UNIT 2 – Overview

Setting Your Financial Goals

Financial planning and goal setting, investing in education, and budgeting are all important factors in leading you along the pathway to home ownership and financial well-being.

In this unit, you will explore your money management skills. You will learn about the value of money management skills and budgeting. We will examine the importance of hard work and perseverance in setting your financial plan and goal setting.

Also, we will explore the relationship between education and income. Your educational and career path is an important factor in determining the type of house you are able to afford and the lifestyle that you will be able to attain. Those who choose to pursue educational training along their path will be more likely to earn higher incomes and less likely to be unemployed. Both are important considerations.

Finally, we will look at the importance of developing a budget plan to meet your financial, educational, and personal goals. We will examine the importance of living within your means to be able to achieve these goals.

Unit Objectives:

- Identify and analyze your financial values and attitudes
- Identify financial goals
- Create financial goals and plan for financial well-being
- Examine essential considerations for financial goal setting
- Examine the relationship between education, income, and employment statistics
- Identify fixed and variable expenses in creating a personal budget



- Evaluate occupations in terms of working conditions, median incomes, education requirements, and job market opportunities
- Create a budget plan
- Evaluate the importance of living within one's means

Key Concepts:

- **Financial values:** personal beliefs about what you regard as important, worthy, desirable, or acceptable
- **Fixed expenses:** expenses that do not vary much over time such as housing, telephone, insurance
- **Human capital:** the sum of all your education, training, abilities, health and motivation
- **Median income:** the midpoint at which half of all workers in a group have lower levels of income and half have higher incomes.
- **Net income:** the amount of income after taxes and other pretax deductions have been made
- **Opportunity cost:** the next best alternative that is foregone when a decision is made
- **Variable expenses:** expenses, usually for non-necessities, that can vary widely over time, depending on choices you make

