

Financial Planning: A Good Start! Activity (Key)

As you read the story, “Financial Planning: A Good Start!”, underline the appropriate parts of the story with colored pencils as they correlate with the questions and fill in the answers below.

1. Blue pencil - Where do Amelia and Joe work and how old are they?

Joe is 25 years old and is working nights at a hotel and going to school. Amelia is 24 years old and just got a full-time job as a customer service representative with a bank.

2. Red pencil - How are financial difficulties causing marital tensions between Amelia and Joe?

They have difficulties managing their money so they don't have enough money at the end the month to pay all their bills. They are not saving and do not keep track of the money they spend.

3. Orange pencil - How many children do they want to have?

They would like to have two or three children.

4. Green pencil – What advice did their parents give them?

Their parents have always stressed the importance of setting aside a portion of their earnings in savings every month, even if it is just a few dollars.

5. Purple pencil - What are the three steps to develop their financial plan?

- Take a personal inventory of their resources
- Clarify what they need and want – both short-term and long-term
- Decide how they can best use their resources to achieve their goals

6. Yellow pencil - What are their personal assets?

- monthly income earned by each
- their vehicles
- the items of furniture they have accumulated
- their laptop computer
- the \$500.00 CD Joe's grandmother gave them for their wedding
- the \$1250.00 IRA account Amelia's uncle started for her last year
- their human resources, like Joe's education and Amelia's job experience

7. Brown pencil - What are their short-term goals?

- a more reliable used car
- Amelia's upcoming wisdom-teeth extraction
- Joe's tuition and books for two more semesters
- a few home furnishings items

8. Black pencil - What are their long-term goals?

- a camping trip to Colorado next summer
- having (and paying for) their first child
- owning their own home

9. How can Amelia and Joe best use their resources to achieve their goals?

Students' answers will vary

10. What are three short-term financial goals you have?

Students' answers will vary

11. What are three long-term financial goals you have?

Students' answers will vary

12. It is important to have a financial plan because _____

