

Saving for short- and long-term goals

After discussing the difference between short-term and long-term goals, students set their own SMART savings goals.

Learning goals

Big idea

Saving money can help you reach your short-term and long-term goals.

Essential questions

- How can saving help me reach my goals?
- What is the difference between short-term and long-term savings goals?

Objectives

- Learn the difference between short-term and long-term savings goals
- Identify personal SMART savings goals (short- and long-term)

What students will do



- Learn the difference between short-term and long-term savings goals.
- Set their own SMART short-term and long-term savings goals.

NOTE

Please remember to consider your students' accommodations and special needs to ensure that all students are able to participate in a meaningful way.

KEY INFORMATION

Building block:

-  Executive function
-  Financial knowledge and decision-making skills

Grade level: Middle school (6-8)

Age range: 11-14

Topic: Save and invest (Choosing how to save, Saving for long-term goals, Saving for short-term goals)

School subject: English or language arts

Teaching strategy: Direct instruction

Bloom's Taxonomy level: Understand, Apply

Activity duration: 45-60 minutes

National Standards for Personal Financial Education, 2021

Spending: 4-1, 8-1, 12-1

Saving: 4-1, 4-2, 8-1, 8-2

These standards are cumulative, and topics are not repeated in each grade level. This activity may include information students need to understand before exploring this topic in more detail.

Preparing for this activity

- While it's not necessary, completing the "[Contrasting long-term and short-term savings goals](#)" activity before this one may make it more meaningful.
- Print copies of all student materials for each student, or prepare for students to access them electronically.

What you'll need

THIS TEACHER GUIDE

- [Saving for short- and long-term goals \(guide\)](#)
[cfpb_building_block_activities_saving-short-long-term-goals_guide.pdf](#)

STUDENT MATERIALS

- [Saving for short- and long-term goals \(worksheet\)](#)
[cfpb_building_block_activities_saving-short-long-term-goals_worksheet.pdf](#)

Exploring key financial concepts

What do you want for yourself in the near future? What do you want in the next few years? Short-term goals, like buying a new video game or a new pair of sneakers, might take only a few weeks or a few months to achieve. Long-term goals, like buying a car, paying for college, or buying a house, can take years to reach. Setting short-term and long-term goals can make you more motivated to save money. It's helpful to create SMART goals, meaning they're specific, measurable, attainable, relevant, and timebound. People who take the time to write a SMART goal are much more likely to succeed.

TIP

Because savings products, terms, and laws change, students should be encouraged to always look for the most up-to-date information.

Teaching this activity

Whole-class introduction

- Ask students to share what they think the terms "long-term goals" and "short-term goals" mean.
 - Feel free to share the information in the "Exploring key financial concepts" section to add to the discussion.

- Be sure students understand key vocabulary:
 - **Budget:** A plan that outlines what money you expect to earn or receive (your income) and how you will save it or spend it (your expenses) for a given period of time; also called a spending plan.
 - **Long-term goals:** Goals that can take more than five years to achieve.
 - **Needs:** Basic things people must have to survive (such as food, clothing, and shelter), resources they need to do their jobs (such as reliable transportation and the tools of the trade), and resources to help build and protect their assets so they can meet future needs (such as emergency savings and insurance).
 - **Short-term goals:** Goals that can take a short time, or up to five years, to reach.
 - **Wants:** Upgrades and other things that would be nice to have but aren't necessary for living, earning, or protecting what you have.
- Explain that when setting goals, it's helpful to create SMART goals. That means that your goals are specific, measurable, attainable, relevant, and timebound.
- Tell them that people who write a SMART goal are more likely to succeed.
- Give an example of a generic savings goal: I want to buy a video game.
 - Walk them through the process of turning it into a SMART goal, making it specific, measurable, attainable, relevant, and timebound.

TIP

Visit CFPB's financial education glossary at consumerfinance.gov/financial-education-glossary/.

SMART goal elements	Related questions	Example
S = Specific	What are you saving for?	I want to save for the Extreme Skateboarding video game.
M = Measurable	How much do you want to save?	The video game costs \$90.
A = Attainable	Is this realistic? Is it doable?	Yes. I can save about \$8 a week by putting aside half of what I make from babysitting.
R = Relevant	Is this worth saving for? Is this important to you?	I love this game and my parents have said that if I want the game, I need to use my own money.
T = Timebound	When will you meet the goal?	If I save \$8 a week, it'll take three months to have enough for the game.

- SMART goal: I want to save \$90 in a three-month period so I can buy the Extreme Skateboarding video game that is coming out.

Individual work

- Students will write down one short-term savings goal and one long-term savings goal for themselves and make them SMART goals.
- Students will then answer the reflection questions.

Wrap-up

- Ask for volunteers to share their SMART short-term and long-term savings goals.
- Ask for volunteers to share their answers to the reflection questions and discuss their answers.

Suggested next steps

Consider searching for other [CFPB activities](#) that address the topics of saving and investing, including choosing how to save, saving for long-term goals, or saving for short-term goals. Suggested activities include ["Learning about budgets"](#) and ["Saving for a rainy day."](#)

Measuring student learning

Students' answers on their worksheets and during discussion can give you a sense of their understanding.

Keep in mind that students' answers may vary, as there may not be only one right answer. The important thing is for students to have reasonable justification for their answers.