



UNIT 5 Paying Yourself First

Topic Setting Savings Goals

FAMILY CONNECTIONS

Unit:

› **5 Paying Yourself First**

6 Using Credit Wisely

7 Financing Your Future

8 Growing and Protecting
Your Finances

Title

Individual and Family Savings Goals

Connect

In school, students have been encouraged to consider why people save and set individual savings goals—some they can achieve soon and others that might be long term goals. Beginning to save at an early age is important. It gets young people in the habit of setting money aside for the future, and the money can grow steadily over time if it is saved in an account that earns interest. [Research](#) also suggests that students with money saved in their own account are six times more likely to pursue higher education. Family can play an important role in helping young people reach their savings goals. Children must earn enough money to save and also make savings a priority. In some cases, this means reducing or delaying spending. Support from family and friends can increase the likelihood that young people will reach their savings goals and develop habits of saving for the future.

Talk

- What does it really mean to “save” money? When a receipt says “you saved \$125,” did you really save that much money? Talk with your child about the difference between spending less and actually saving money for the future.
- Do you wish you’d started saving money earlier? Have you made money mistakes that you don’t want to see your child repeat? Share some of the lessons you’ve learned and what you wish you had done instead.
- Savings goals aren’t just for kids. What are you saving money to buy or do? Discussing savings goals as a family helps children to understand that savings is something individuals and families do to prepare for the future.
- Do you and your child have shared savings goals such as higher education or a family vacation? Discuss how much you expect your child to contribute and why.

Pathway to Financial Success

In Schools

Act

- Does your teen have a job or receive an allowance? It is hard to save money without first earning some. If your child doesn't currently have a source of income, brainstorm ways he or she can earn money such as babysitting, mowing yards, or pet sitting. If you give your child an allowance, be sure to talk about how much of it will be saved for the future.
- Encourage children to pay or help pay for things they really want. It may encourage them to work hard to save for it or they may evaluate if they really want it after all.
- Help your child open a savings account. Be sure to ask about any monthly fees, the interest earned, minimum balances, and your role as a parent or guardian. Make sure you and your child know how to check balances and make deposits using the bank's mobile app or online platform.
- When your child begins to have regular income and expenses, work with him or her to create a budget or spending plan. You can write one on paper, create a spreadsheet, or use a budgeting app. Encourage your child to make saving a priority expense on their budget. This is often called "paying yourself first" because saving money is really about making sure you have enough in the future for emergencies, large purchases, and even retirement.
- Does your teen receive cash for birthdays, holidays, or special occasions? If so, talk ahead of time and encourage him or her to set some of the money aside for the future. Getting in the habit of saving as a teen can help in the future—especially with windfalls like tax refunds and bonuses at work.
- Reducing expenses is a great way to find more money to save. Brainstorm ways your entire family can help cut household costs. Review recent grocery store receipts, credit card statements, and utility bills for ways to cut back.
- Research apps that can help encourage saving more often. Some round up purchases and add the difference to savings, while others encourage you to set savings goals. [NerdWallet](#), [Investopedia](#), and [BankRate](#) often review and rank these kinds of apps.
- Get your child thinking about the future. [Research](#) suggests that individuals who imagine what they will look like when they are older are more likely to save for the future. Apps like AgingBooth ([Android](#), [iOS](#)) provide a fun way to view a version of your future self.

Learn

- [Money as You Grow](#) from the Consumer Finance Protection Bureau gives tips for parents to [guide their money conversations](#).
- [Most Important Reasons to Save Money](#) from The Balance explains seven reasons people should save money.
- [Emergency Savings Calculator](#) from the American Institute of Certified Public Accountants helps calculate how long it will take to reach a savings goal.
- [America Saves](#) from the Consumer Federation of America provides information and tools for individuals that want to improve their savings habits including [text messages](#) to encourage savers.

TOP TEEN SAVINGS GOALS

What are the most common teen savings goals?¹

- Higher education—**41%**
- Clothes—**33%**
- New cell phone, laptop, or other device—**31%**
- Vehicle—**30%**
- Emergency fund—**26%**
- Gifts/holiday purchases—**23%**
- Entertainment—**21%**
- A vacation—**18%**

¹http://s1.q4cdn.com/959385532/files/doc_downloads/research/2017/Summer-jobs-and-Internships.pdf