

YOUR GOALS: SOME THINGS TO CONSIDER

Let's Discuss...

\$ "Luck of the Draw"

\$ The Life Cycle

\$ Tastes, Preferences, and Lifestyle

\$ The Economy

\$ Social Factors

\$ Political Factors

\$ Technological Change

\$ Language and Communication Skills

\$ Prejudice

\$ Ways we can help others

7 In addition to your values and what you believe is important in life, there are other factors that can influence your financial decisions and actions. Let's take a look at some of these factors.

"Luck Of The Draw"

Each of us is born into our own individual set of circumstances. We are born at a certain period of time, in a certain location to particular parents (who may or may not stay together as a family unit), into a certain lifestyle, and so on. We enter into different economic circumstances, geographic locations, cultures, family conditions, and values.

You may believe that all are created equal, but few will claim we are all born into circumstances of equal opportunity. The way we start life can vary greatly. And, for many people, life probably doesn't seem fair in terms of "money." Some may have easier access to money. Some may have to work much harder. Some are born into families that have lots of money. Some are born into families with relatively little money. But remember that old adage – "Money doesn't buy happiness." There are some who may well argue that it may be harder to be happy if one is "born into money." There are different goals we can set in life – and different ways to define opportunities and happiness. Keep that in mind.

How About You?



YOUR "LUCK OF THE DRAW"

When you entered this world on the "highway" to life, you may believe you started with certain advantages or disadvantages. Identify both the advantages and disadvantages you feel you started with.

The Life Cycle

If you are in your teens or early twenties, your thoughts are probably mostly on personal relationships, your education, your job or work opportunities, entertainment, sporting events, and travel. You are probably thinking about possible careers, educational options, work opportunities and prospects, moving out on your own, and deciding who, if anyone, might be that particular person with whom to share a life – or at least go out with over the next while.

Over time, though, and at different stages of life, our priorities and concerns can change. The priorities, concerns, and goals of someone who is 15 will likely be quite different from those of someone who is 65. Therefore, when setting goals, you have to consider the changes that will occur throughout what is called the “life cycle.”

Think About It



On a recent trip to Malawi, the poorest country in Africa, a person commented that people seemed to be so happy there. Why might that be the case?

There are parts of Canada that some say don't have the highest standard of living – but have the highest quality of life. How might that be the case?

How About You?



Think back three years. Have your interests, priorities, and goals changed even over that brief period?

What is the life cycle? Although each of us will experience our own individual life cycle, we often share similarities in our primary concerns at various stages in our life. Importance will vary in our lives with respect to education, training, finding a job, getting promoted, marriage, children, housing, saving, investing, health care, life insurance, retirement planning, travel, and so on.

Taking control of your financial affairs means thinking about the various stages of your own life cycle. You can't think only about what is important today. You also have to think about what will be important to you in the future – at a future stage in your life cycle. Therefore, you will need to set goals for various times in your life.

In addition, recognize that for many people, at some point in the life cycle, personal plans will have to be combined with those of someone else. You may also have to consider the hopes, goals, assets, debts, and so forth of a possible life partner. Therefore, you may find you will face trade-offs down the road when making decisions as a couple or family. It is often harder for two people (or more) to make a decision than one. Families have to make many financial choices together.

How About You?



Are you a planner? Do you think ahead? Or do you live in the “here and now” without much thought for the future?

\$ Tip



Remember if you are a person who lives in the “here and now” with little thought of the future, the future will some day be the “here and now”. If you think only about today, you may find your life in the future is less enjoyable than you had hoped. A good “money rule” is to “pay yourself first” with money you make. That is, set some aside for saving first before doing other things with your money.

How About You?



HOW ABOUT YOU? GOALS AND YOUR LIFE CYCLE

The following is a list of possible goals (including some financial goals) that a person may have in life. Add others that you can think of. Then, pick the ones that are most important to you now.

- | | |
|------------------------------------|---|
| Owning a home | Helping to educate future grandchildren |
| Obtaining a good education | Caring for parents |
| Learning a trade | Having good health, fitness, and medical care |
| Developing an artistic skill | Having a hobby |
| Becoming an athlete | Donating to charity |
| Saving for an enjoyable retirement | Having time to volunteer and help others |
| Travelling | Working part-time rather than full-time |
| Obtaining a good job/career | Joining a club |
| Owning a business | Building a collection |
| Owning a cottage | Developing a specific talent |
| Owning a car | Getting married |
| Having children | Others: _____ |

At different times in your life, you will probably assign a different priority to your different goals. Review the above list and identify those goals that you think will be most important to you five years from now. How, if at all, do you think your goals may change over those years? How about 10 years?

\$ Tip



TIME VALUE OF MONEY

Money that you don't spend today, but save for the future, can increase in value if saved or invested wisely. It can help sometimes to get advice from good and qualified sources. Saving can help you afford, in the future, things you might not be able to afford today – such as paying for education, buying a car, putting a down-payment on a house, or saving for retirement.

Tastes, Preferences, And Lifestyle

Your tastes and preferences will likely affect almost every money decision you make. For example, is it important to you to one day own your own home? If so, does it have to be a house? What about a condominium? An apartment? A townhouse? Where do you want to live – in an urban/downtown area, in the country, or in a small town?

What kind of workplace environment do you want to work in? Do you want to work for yourself? Do you prefer to work with a company, in a factory, or outdoors? Do you want a career that will require many years of education, or do you want to start working as soon as possible?

What is your taste in clothes? Do you like to eat out? Do you want to travel? If so, where? Do you have a costly hobby? Do you like going to concerts or sporting events?

On and on it goes. What are your tastes? What are your preferences? What are your expectations? It's important to have a sense of what your tastes and preferences are since they will affect the decisions you make with the money you have.

A key distinction that is often made is between what you “need” and what you “want.” A need is considered to be something you must have in your life to get by. It includes the basic necessities in life. A want is something that makes life easier, better, more enjoyable – but isn't essential. When making a decision, you will want to consider whether you are dealing with something that you “need” or “want.”

Think About It



**What was your last purchase? Did you need or want what you purchased?
How can needs and wants differ from person to person?
How might your needs and wants differ over time?**

\$ Tip



When it comes to your tastes and preferences, try some other options now and then to see what they are like. If you like some things now that are on the “pricey” side, give some less pricey options a chance – just in case it works out you are as happy with them – or even happier.



GOALS AND YOUR LIFE CYCLE

Suppose you have 100 votes with which to indicate your preferences for various types of entertainment. Indicate your preferences for each type of entertainment by allocating a portion of your votes to the types of entertainment you most prefer. The total should equal 100 (for example, 30 votes for concerts, 30 for movies, 20 for magazines, 10 for sporting events, and 10 for books).

Music	Sports events	Concerts
Playing sports	Books	Playing a musical instrument
Computer games	Dancing	Magazines
Shopping	Movies	Eating out
Parties	Camping	Others: _____

If you can, compare how you split up your 100 votes with others. It will help show how people's tastes and preferences are different – and can affect their money decisions.

\$ Tip



An important part of planning is “contingency planning.” That is, to have a plan if things don’t go as planned. Be flexible. Have a backup or alternate option – just in case things don’t work out as you had anticipated – or hoped.

The Economy

Conditions in the economy can affect financial decisions and affairs. The following are just some of the economic factors that can have an important influence:

- the rate of inflation (affecting prices you pay)
- the availability of jobs (affecting your ability to earn money)
- interest rates (affecting the cost of borrowing money or how much you can make on your savings)
- the stock market, bond markets, etc. (affecting the returns that are possible on your investments)
- government programs (affecting benefits you may be able to receive)
- tax policies (affecting how much tax you pay)
- the status and strength of labour unions (affecting your income, benefits, and working conditions)
- what goes on in other countries (affecting jobs, incomes, and opportunities in Canada)
- the exchange rate for the Canadian dollar (affecting the cost of things we buy that are made in other countries)

Many of the money decisions and challenges you face may be influenced by these kinds of economic factors. This can be frustrating since they are often factors that are beyond your control. If you hope to work for a technology company in Waterloo, and that company closes or reduces its operations there, that can throw a wrench into your plans. On the other hand, if the technology company does well, and expands its operations there, that can help improve the chances of getting the job you want. But while you won't be able to affect the company's decision on your own, your life may be affected by their decision.

So economic events, developments, and changes can influence your life – and be beyond your financial control. But, at the same time, the more you can learn about the economy, the more this can help you understand, and prepare for, factors that can affect your financial decisions.

How About You?



Think back over the last five years and identify any ways in which the economy has affected your financial circumstances or those of your family or a family member. Has it affected you or someone else's job, income, housing, car purchase or lease, vacation plans, and so on?

Think About It



Think about the world as it is today and how it would have been when your grandparents or parents were your age. How have things changed? What social factors have changed that might influence financial actions, decision, and goals today versus in their day? In what ways do you think things are better? In what ways do you think things are more difficult?

Social Factors

Changes in our society can affect our living conditions and our tastes, preferences, and goals. As cultural values change, we may find our own values changing.

For example, conditions in the workplace, the nature of work, types of jobs and attitudes toward work, can change. Over recent decades, the number of women in the workforce has increased significantly. In the past, men were often seen as the “breadwinners” and many thought the “woman's place was in the home.” Well, that certainly is not the common attitude these days. This is reflected in the large increase in the number of women working and the greater social acceptance of women being in the labour market.

Social changes that occur with respect to having children and family size, getting married, types of marriages, the level of education seen as “needed,” housing styles and opportunities, the popularity of certain careers, the kinds of new jobs available, and so on can all have a bearing on our financial decisions and plans.

How About You?



How do you deal with change? Do you: resist? Ignore? Lead? Adapt? Accept? React? Respond? Or...?

Political Factors

We live in a society in which governments often play a significant role. Governments are involved in areas such as the following:

- the rate of inflation (affecting prices you pay)
- insurance and banking regulations
- employment insurance programs
- parkland and other recreational facilities
- legislation affecting wages and conditions in the workplace
- transportation and communication
- training programs
- taxation
- health care
- public education
- welfare programs
- interest rates

Think About It



The post-war baby boomer is aging. The “boomers” have influenced society in many ways. How do you think society may change as (a) the “boomers” move into their senior years and (b) a new, and different, generation takes over? The millennials?

Government decisions can affect the prices of goods and services we buy and the taxes we pay; the availability of certain jobs; the quality, cost, and availability of health care and education and training programs; pension plans; housing costs; and much more.

Each of us has the right to vote, and we have a responsibility to cast our votes for those candidates with views and values each of us believes are best. The decisions of those people we elect will affect, to some degree, the conditions in which we live, work, play, spend, invest, raise a family, and retire. Along with our financial responsibilities, we have a responsibility to put in power the best government we think possible. Our decisions as citizens will influence the various actions, policies, and decisions that are taken by the politicians and political parties we elect.

Think About It



Make a list of government products and services that you have used in the past week (e.g., Bus, park, road, sidewalk, school...).

How About You?



Do you take an interest in politics? Many politicians make decisions that affect people’s lives – sometimes quite a bit. But there are many people who don’t take an interest in politics – and many who don’t vote. It is hard to complain when you disagree with what politicians do if you don’t take an interest and vote. How likely are you to vote in elections?



Take Action.
Take Control!



Identify how the major political parties differ in terms of their views and proposed policies related to the following. Decide which political party or parties is most in line with your thinking.

The role of government

Role of business

What government spending priorities are

Role of organized labour

Kinds and levels of taxes

Job creation

The country's or province's, or city's debt and deficit

Youth employment

Health care spending

Education spending

Pension programs

VOTE WHEN YOU CAN!

HELP MAKE SURE ELECTED POLITICIANS REFLECT WHAT YOU THINK IS IMPORTANT.

Technological Change

No one needs to tell you that technological change is occurring at an extremely rapid pace. Such change has many influences on our lives. It can influence the kinds of jobs that are available and the types of skills that are required. Technological change can displace some workers from their jobs while it creates jobs for others. Technological change can lead to Canada, or areas within Canada, becoming more or less productive and more or less successful economically. That can affect jobs and incomes. Technological change can affect the way we live our daily lives. It can affect the way we do banking, keep our records, and do our shopping.

As one example, consider the incredible impact of the computer and, increasingly, hand-held devices and tablets. Most people have ready access to a computer or computer-like device today – often in their pocket or purse. This has dramatic implications

for things such as financial recordkeeping and planning. Many people are involved in online shopping and banking. Check-out lines at supermarkets are shorter due to computerized pricing. In some locations you can scan and bag your own items. Many cars have computers built in to tell you when they are experiencing problems or in need of servicing – or to tell you to fasten your seatbelt – or they can park themselves.

Technology is, however, much more than computers – and it is changing rapidly – and dramatically changing our world. To do the best we can, and to make the best decisions we can, we need to try and keep abreast of technological change as it is affecting our communities, businesses, jobs, and lives – and as it might affect our financial decisions and actions.

*Take Action.
Take Control!*



Even though you may not be a “tekkie,” try and keep up on technology and change. Look for ways that technology can help with your financial decisions and actions. Watch out for possible frauds and scams though. The Internet has increased the efforts of some people to take advantage of you. Never give out personal information when requested by an email.

How About You?



How have changes in technology affected your life over the last few years in terms of decisions and activities related to school, work at home, a job, banking, health care, planning vacations, entertainment, buying things and so on?

Language and Communication Skills

Handling money and financial matters requires a great deal of decision making. Decision making requires gathering information. It also involves communicating with others to get information you need and to make decisions – and set your goals. Many Canadians have some language or communication challenges. For example, their first language may not be English or French, they may have a learning disability, or they may have a lack of education.

We are living, increasingly, in an information age. New opportunities arise. New mistakes can be made. Old ways change. New ways arise. Those who get ahead and succeed are often those who have been able to get new and relevant information and factor it into their decisions. If someone has difficulty acquiring, interpreting, or using new information, he or she can be at a significant disadvantage. Therefore, if you have communication difficulties, try and take steps to improve your skills. If you are not able to get information you need, or ask questions that are important, this can affect your ability to make good decisions.

*Take Action.
Take Control!*



Work on your communication skills. Even if they are pretty good, try and make them better. Good communication skills can help lead to good money decisions and outcomes. You want to be able to get information you need. You want to ask questions, and get good answers, before making money decisions.



Prejudice

It is an unfortunate reality that prejudice tends to exist in every society to some degree. Prejudice can have an effect on an individual's ability to get a job, access opportunities that are available, receive quality service, impact one's level of confidence and income potential, and so on. Prejudice is something that no one should have to face, but, unfortunately, some experience it in their lives and in planning and implementing their financial affairs.

We have now looked at some of the factors, in addition to your values, that can have an influence on your life's decisions and goals. There are other factors that you can probably think of – media, geographic location, various environments (home, school, work). You will have little control over some of these. Some you have complete control over. Try to be aware of how these and other factors can have an impact on you and your financial affairs and try to build a plan for your own success.

Throughout your life, you will face a continuous series of challenges, obstacles, opportunities, and decisions. You will make literally hundreds of thousands, if not millions, of decisions over the course of your life. Many will have nothing to do with money. Many will. And, making effective decisions is a skill – a skill that is very important to handling and planning your financial affairs. Let's turn our attention to this key skill and look at steps one can take to try and make a good decision.

Try to be aware of how these and other factors can have an impact on you and your financial affairs and try to build a plan for your own success.



How About You?



What are the happiest times you can recall in your life? What made those times so enjoyable?

Think About It



Do you know people who struggle to make ends meet? Perhaps this is a challenge in your home. Can you think of factors that contribute to the situation?

*Take Action.
Take Control!*



Do you have an interest in helping others? If so, explore your community for opportunities you may have to make the lives of others better.

Helping Others

If you stop and look around you almost anywhere you live, you will see that we do not live in a world of equality. For various reasons, some Canadians have more money than others.

It is important to note that having more money does not mean one is happier. There are many Canadians who enjoy life and are very happy while not having as much money as others. Many things contribute to a happy life – and money is just one of them.

Differences in income arise for a whole host of reasons. Some people have acquired good education and training and secured a good paying job. Some have taken the entrepreneurial route and created a successful business of their own. Some have a special talent in sports or the arts and have been able to earn a good income from those who appreciate – and are willing to pay for – their talent.

However, there are no set factors that will determine what income one is able to earn. In the same way that there are many reasons why a person may be able to earn a high level of income, there are many reasons why others may not. It might appear that the outcome is not always fair for everyone. Perhaps someone did not have the opportunity to acquire an education or training to be able to secure a well-paying job. Perhaps someone has a disability or is struggling with an addiction. Mental illness can impact a person's ability to secure and sustain employment. And, bad luck and misfortune can also come into play.

How About You?



When it comes to thinking about the needs of others, where would you place yourself on the scale of compassion:



One of the things one can do with money, if one has sufficient money to do so, is to help others in need – those who may require help with food, housing, medical care, education, and so on.

In the same way that nothing in our society sets the level of income a person will earn, nothing states that a person has to be compassionate and think about the needs of others. That is something that each individual person has to decide.

If you want to help others, there are many ways you can do so. Sharing some of your money, through a charity or other means, is one way. You can volunteer your services. You can help as a mentor or tutor. You can assist with mobility and transportation challenges. You may have things you no longer need or use that you could give to others. You may come upon a situation or circumstance where you can take time to help. Helping others does not mean just helping with material things or money. Many lives can be impacted and turned around when others take the time to show they care, listen, talk, or provide comfort to people.

In summary, in building your future, and mapping out your course to a successful life, you will be challenged to make decisions along the way in terms of how you may wish to reach out and help others in need – financially or otherwise – with your time – and with your concern.

\$ Tip



When you are creating a financial plan or budget, you might want to consider allocating some of your money to “Helping Others.”

Module Summary

Say What? Possible New Terms!

1. **Life cycle:** the different general stages of life people commonly go through where circumstances, priorities, and goals change over time.
2. **Tastes and preferences:** our own individual likes and dislikes that can affect what we buy, what we do, what we eat, where we shop, what we wear, and so on.
3. **Inflation:** a rise in the average price level of goods and services in the economy.
4. **Exchange rate:** the value of one country's currency in terms of the currency of another country.
5. **Employment insurance:** a program which governments can use to help provide funds to people who become unemployed – if the person qualifies for the benefit.

Did It Stick? Can You Recall?

1. How can opportunities for a successful life be affected by the circumstances into which one is born – both positively and negatively?
2. What is meant by the “life cycle” and how can it have an impact on goals and financial planning?
3. What are five ways in which the economy can have an impact on a person's goals – and their ability to achieve them?
4. How have changes in technology affected people's actions and decisions when using money?
5. How can good communication and language skills affect a person's chances of achieving financial success – however one might define “success”?

Thinkabout... or Discuss:

- How do you think the “opportunity playing field” can be made more level in Canada?
- What factors do you think have the biggest impact on the tastes and preferences that a person develops in life?
- Do you think peoples' goals in life have changed over the last generation? If so, how and why?
- Do you think people have become too “materialistic” in terms of their goals? If so, what has led to this?
- To what extent do you think prejudice exists in Canada affecting some peoples' chances of achieving their goals.

Tips & Suggestions

The following is often used as a guide to setting goals. Make sure they are “SMART.”

- **Specific:** Try and be as focused as possible in defining your goals.
- **Measurable:** What will you do to measure your success to know if you are achieving your goals?
- **Achievable:** Make sure they are realistic so that you have a reasonable chance at success.
- **Relevant:** Look for goals that fit with your values and what you think is important in life.
- **Time-bound:** Consider the timelines for achieving your goals. Make sure they are realistic.

With any plan, though, revisit it. Make changes as changes occur in your life. And, have a flexible plan. If your plan is too rigid, you may not make changes that you need to in order to succeed.

Tech Talk

On the Internet, you may want to search for the following:

- Life cycle
- Setting goals
- SMART goal setting
- “The Big Picture” – overview of the economy – CFEE
- Avoiding online scams
- Political parties in Canada
- Overcoming prejudice
- Technology and money