ACTIVITY 13.1
SETTING GOALS: INCENTIVES TO SAVE

Part 1: Classifying Savings Goals

Directions: Read the sections below on savings goals and situations. Calculate the number of months required to achieve each goal. Draw a circle for each goal to indicate whether it is a short-term, medium-term, or long-term savings goal.

Types of Savings Goals

- Short-term savings goals: Can be achieved in one year or less.

- Medium-term savings goals: Can be achieved in one-to-five years.

- Long-term savings goals: Can be achieved in five years or longer.

Saving Situations

1. Tia wants to buy a guitar and have a year's worth of guitar lessons. She estimates the cost at $1,750. Tia can save $35 a month. What sort of savings goal is this?

   Circle One:

   - Short-term goal

   - Medium-term goal

   - Long-term goal

2. Harry wants to buy a mountain bike. He estimates the cost at $650. Given that he works after school at a part-time job, Harry figures that he can save $20 a week. What sort of savings goal is this?

   Circle One:

   - Short-term goal

   - Medium-term goal

   - Long-term goal

3. Taylor has a new job. He wants to save money for a large-screen TV and sound system. The cost will be $2,500. Taylor figures he can save $150 a month. What sort of savings goal is this?

   Circle One:

   - Short-term goal

   - Medium-term goal

   - Long-term goal

4. The Newton family wants to save money for a family vacation to Orlando, Florida. The cost will be $5,000. The parents figure they can save $100 a month for the trip. What sort of savings goal is this?

   Circle One:

   - Short-term goal
   - Medium-term goal
   - Long-term goal

5. Jessie and Janice Weber are a young married couple who recently had their first child, Julia. Knowing that college will be expensive, they have already started a fund to save money for Julia's college education. Each year, they (along with other family members including grandparents, aunts, and uncles) contribute a total of $1,200 to Julia's college fund. They figure they will need to save a total of about $150,000. What sort of savings goal is this?

   Circle One:

   - Short-term goal
   - Medium-term goal
   - Long-term goal