Achieving Financial Goals by Earning an Income

Module 1

Created By:

Here are the key points we will cover in Module 1:

1. Thinking, Writing, Sharing, and Planning for Your Goals
2. Knowing Your Why
3. Forms of Income & Factors Influencing Income
4. What Affects Job Outlook & Income
5. Understanding Your Pay Stub & All Things Taxes

01

Thinking, Writing, Sharing, and Planning For Your Goals

You'll need to set a proper goal once you know your why, but it's more than just thinking about it.

Why Should You Set Goals?

It could change how you look at your money.

Setting and maintaining financials goals is important because it can change how you look at your money. You'll start to see how every decision you make matters to your greater financial health. For example, if you don't have financial goals, it's no big deal to buy Starbucks every day.

It's a critical step toward success, stability, and security.

On the next slide, hear from UNK Center for Economic Education Director, Alyse Pflanz all about goal planning.

All About Goal Planning

Reflection Questions:

Are you someone who sets goals? If not, has this changed your outlook on that? Explain. If you are a goal setter, have you learned any new factors to help you in goal setting to help you achieve them more successfully? Explain.

Types of Financial Goals

What timeframe are your goals? What are some examples? Do you know the length?

Short-Term (within 1 year): buying a phone, saving for prom

Intermediate (1-5 years): Saving for a car, college expenses

Long-term (5+ years): Buying a house, retirement savings

Have to Have Goals First

Specific

Measurable

Achievable

Relevant

Time-frame

SCENARIO

To help you understand each level of creating a SMART goal, we are going to use the following scenario:

As a high school student, you want to save money to buy a used car so you can drive to school, a part-time job, and after-school activities like sports or club meetings. You currently work 10-15 hours a week at a local business an have saved $800 so far, but also need to pay for things like gas, car insurance, and school event fees.

SPECIFIC

Your goal has to be specific, not generic or vague. Be clear on what you want to accomplish and ask yourself how this goal will put you in a better financial situation. You can't get what you want if you don't know what you want.

SPECIFIC EXAMPLE

Make the goal clear and detailed.

> "I want to buy a used car so I can drive to school, work, and after-school activities. I’m aiming for a reliable car that costs around $3,000."

Why this matters: It answers **what**, **why**, and **how**—not just “save money,” but **why** you’re saving and **how much**.

MEASURABLE

Make your financial goal measurable by quantifying it so you can evaluate your progress and overall success. Express your goals in clear numbers, so you'll know where you are and when you've succeeded.

MEASURABLE EXAMPLE

Track your progress with numbers.

> "I’ve already saved $800. I plan to save an additional $2,200 by putting aside $200 each month from my part-time job."

Why this matters: You know **how much** you need, how much you’ve saved, and how much to go.

ATTAINABLE/ACHIEVABLE

One of the biggest obstacles to achieving a goal is setting your expectations too high. The surest way to improve your financial situation is to take achievable steps. If that means taking smaller steps, that's ok. You can always set a new goal.

ACHIEVABLE EXAMPLE

Make sure the goal is realistic based on your current situation.

> "I currently work 12 hours a week making $14/hour. Saving $200 a month is possible if I budget carefully and limit extra spending."

Why this matters: The goal fits within their income and avoids setting an unrealistic target.

RELEVANT/REALISTIC

When setting the goal, assess the steps you plan to take to achieve the goal. Ask yourself if those steps are realistic given your current circumstances. Setting unrealistic goals usually leads to disappointment and surrender.

REALISTIC EXAMPLE

The goal should align with your needs or priorities.

> "Having a car will help me get to school, work, and my volunteer hours. It will also give me more independence and reliability."

Why this matters: It connects the goal to **real-life needs and responsibilities**.

TIME-BASED

Give yourself a time frame to achieve this goal. This will encourage you to follow through, stop procrastinating, and keep yourself accountable.

TIME-BASED EXAMPLE

Set a deadline to stay motivated and on track.

> "I want to buy the car by the end of summer, in 5 months. That gives me time to save and shop around for a good deal."

Why this matters: It adds a **clear timeline** so the student stays focused and can check progress.

Let's practice! Work in groups to come up with a SMART goal for each of these examples:

Paying off your $5,000 credit card debt.

Saving for a 20% Down Payment on a $200k Home

Creating an Emergency Fund of $6,000

I will pay off my $5,000 credit card debt in 10 months by putting $500/month (plus interest) towards it. I will achieve this by cutting my entertainment budget and not using my card during this time.

I will save $40,000 in 8 years for a down payment on my future home. I will accomplish this by putting $420 into a savings account monthly.

I will fully fund a $6,000 emergency fund in 2 years by using the reverse budgeting (or pay yourself first) method to save $250/month.

02

Knowing Your Whys

Knowing the purpose behind any goal is critical to separate success from failure. Ask yourself why is this goal important?

Do you know your why?

Use these 4 questions to find your purpose

If you've ever faced a significant crisis in your life you'll have experienced the power of purpose to tap reserves of energy, determination and courage you likely didn't know you had. Your mission was clear. Your goal was compelling. Your focus was laser-like. Your potential was tapped. Now think about yourself…

1. What makes you come alive?
2. What are your innate strengths?
3. Where do you add the greatest value?
4. How will you measure your life?

The Impact of Finding Your "Why" from Simon Sinek

The Power of Your Why

From the Industry

On the following slide, you'll have the opportunity to listen to an Executive National Vice President with Arbonne International who is very clear with her why and how it drives each of the decisions she makes.

As you listen to her talk, consider your own whys along the way.

The Power of Your Why

Reflection Question:

What are two of your own personal whys?

Remember these tips:

When your whys have eyes, it'll be harder for you to give up on them on the hardest and most challenging days. Also, get specific.

03

Forms of Income & Factors Influencing Income

You have to start thinking about your future career. Your career choice, geographical location, industry, and skill level will all affect your income.

What is Income?

In general, income is money you receive from working, providing a good or service, or investing. In other words, it's any money you gain that you can put in the plus or revenue column of your budget. It's also commonly measured in cash.

Some sources of income—like your paycheck—may be obvious to you. But you may not have thought about other income streams. Understanding the big picture could help you manage your finances.

Different Types of Income

Three of the most common are:

- Earned income
- Passive income
- Portfolio income

The main difference between them is in how you make each type of money.

On the following 3 slides, we will break each down.

Understanding Earned Income

Money you receive for working

This is earned by working for an employer or running your own business.

Common types are:

- Hourly wage or salary
- Tips (e.g., servers, uber drivers)
- Commissions (e.g., sales jobs)
- Bonuses or performance-based pay
- Gig work or side hustles
    - Short-term or task-based (e.g., babysitters, delivery drivers, freelancers)
    - Popular for self-employed or part-time workers

Understanding Passive Income

Money you receive without actively working for it

Also called unearned income. Common types are:

- Rental income
- Income from royalties and limited partnerships

Other examples:

- Alimony
- Child support
- Unemployment benefits
- Social security benefits
- Worker’s compensation

Understanding Portfolio Income

Money you receive from your financial portfolio

Also called investment income. Common types are:

- Interest (e.g., savings accounts, CDs, money market accounts)
- Dividends (profits shared by companies with shareholders)
- Capital gains (profit from selling an asset for more than you paid)

Factors that Influence How Much You Earn

Career Choice

Some careers pay more because of high demand or specialized skills (e.g., surgeons vs. retail workers)

Education Level

In general, more education = higher earnings (e.g., high school diploma vs. college degree vs. advanced degree.

Geographic Location

City jobs often pay more, but cost of living is higher. Regional demand can affect wages (e.g., tech in Silicon Valley vs. rural areas)

Industry Type

Private vs. public sector: differences in benefits, job security, & pay. Union jobs may have higher wages & stronger protection

Skill Level

Employers value both technical skills (e.g., coding, welding) & soft skills (teamwork, communication). Certifications help boost potential!

Thinking Prompt

Which of these factors do you think you can control right now? Which ones might change over time?

04

How the World Around Us Affects Jobs & Income

Social, economic, and technological changes can create new careers or make others disappear. Being aware of these changes helps you prepare for the future and set realistic financial goals.

Changes That Affect Jobs and Income

1 Sociological Changes

Aging population = more demand for healthcare workers

Family changes = more dual-income households, work-life balance needs

Diversity & inclusion = growing focus on fair hiring and workplace culture

2 Economic Trends

Recessions = job losses; booms = job growth

Inflation = higher prices can reduce your spending power

Globalization = jobs may move overseas (outsourcing)

3 Technological Advances

Automation & AI = some jobs go away, new tech jobs emerge

Gig economy = flexible, short-term jobs (like Uber)

Remote work = more online jobs, global opportunities

Lifelong learning = constant skill updates now required

Thinking Prompt (Think-Pair-Share Option)

Which of these changes do you think will affect your future career the most – and how can you prepare for it??

Large Group Thinking Prompt

What are the 5 industries with the largest employment?

This question & resource is from NGPF's Lesson: The World of Work

Rank	Industry	2023 Employment
1	Elementary and secondary schools; local	7,448,100
2	Full-service restaurants	5,355,400
3	General medical and surgical hospitals; private	4,886,300
4	General merchandise retailers	3,218,200
5	Grocery and specialty food retailers	3,060,700

This question & resource is from NGPF's Lesson: The World of Work

So, should you work or go to college after high school?

This question & resource is from NGPF's Lesson: The World of Work

Reflection Questions:

It's a big question, but don't panic. Watch this video that breaks down some different options. Then, answer the questions below:

Why might going to college be a good financial decision, despite the cost? What are the pros and cons of beginning work directly after high school?

A Pop Quiz on Unemployment!

Don't spend time looking up the right answers – just take your best guess for each of the upcoming questions.

After the quiz, you'll advance to a video explaining any answers you may have missed.

Question #1:

What is the meaning of “unemployment rate”?

A. The total number of unemployed adults in the United States
B. The percentage of adults not working but actively seeking a job
C. The percentage of people who have jobs
D. The percentage of people who are retired

Question #2:

In early 2024, the unemployment rate in the U.S. was:

A. 1.9%
B. 2.9%
C. 3.9%
D. 4.9%

Question #3:

Economists pay close attention to the unemployment rate because....

A. when less people work, the country produces more
B. when less people work, the country produces less
C. when less people work, the country produces the same amount
D. they get paid more when employment increases

Question #4:

True or False? In 2024, the unemployment rate was the same for adults with a college degree and those without a degree.

A. True
B. False

Question #5:

Why is education considered to have the potential to “save your job”?

A. It reduces the need for specific skill sets
B. It lowers the minimum wage requirements
C. It correlates with higher earnings and job security
D. It decreases the overall supply of workers

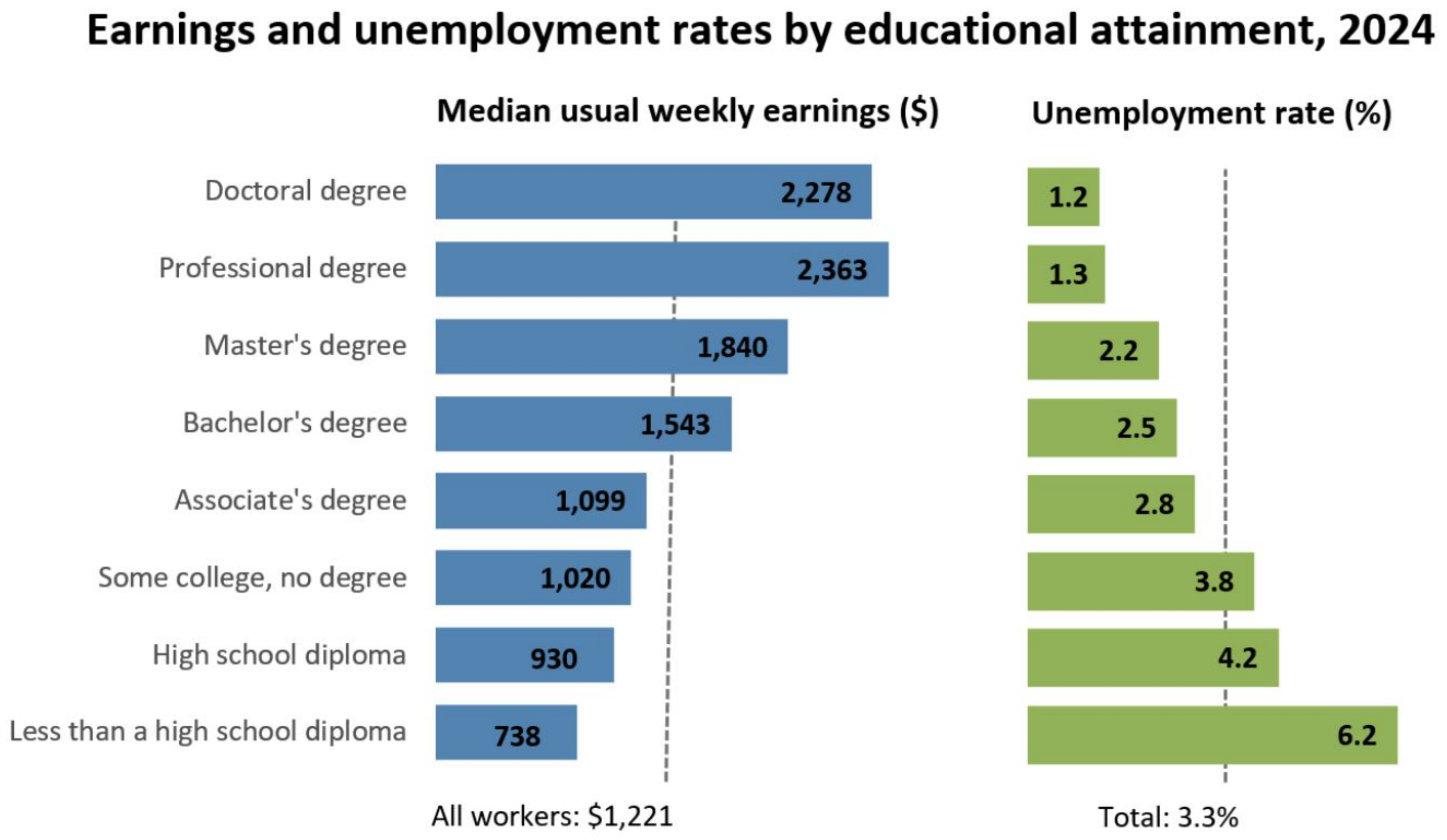
Education Saves Jobs Video

This activity & resource is from NGPF's FinCap Friday Education Can Save Jobs.

Reflection Questions:

Do you think the correlation between higher education and job security will continue in the future? Why or why not?

Earnings & Unemployment Rates by Educational Attainment, 2024



Note: Data are for persons age 25 and over. Earnings are for full-time wage and salary workers.
Source: U.S. Bureau of Labor Statistics, Current Population Survey.

Less Formal Education

Listen to **this audio clip from NPR** that gives a little more context to what kind of career decision-making is important if a high-paying job is your goal, even without a bachelor's degree.

Do you think the interviewed woman's experience is typical for students who go into trades?

Georgetown Data Tool

Exploring Other Data Tabs

The Georgetown University Center on Education and the Workforce (CEW) offers several data tools designed to help you analyze the financial outcomes of different educational paths.

The great thing about these data tools is that you can switch the tabs at the top to compare the educational attainment/earnings connection with other factors such as gender, race, major, state, etc.

They also produce the College Payoff Report which we will discuss next.

The College Payoff Report

What it is: A comprehensive analysis of lifetime earnings based on education level, field of study, occupation, industry, gender, race/ethnicity, and location.

Key findings: Higher education usually leads to higher lifetime earnings (HS: $1.6M → Bachelor's: $2.8M → Master's: $3.2M → Doctoral: $4M+).

But more education doesn’t guarantee higher income—some HS grads earn more than college grads.

Field of study, job choice, industry, and demographics also impact how much you earn.

The College Payoff

Review the article and finance tool linked in the image to the left.

Occupations & Earnings Across the US

Where work pays…

Use **the Hamilton Project tool** to view different occupations and what they earn for different ages and geographical locations. There's so much to explore!

To start use this example for a search and then explore more on your own:

1. Choose "secondary school teachers"
2. Keep it set at "All ages"
3. Click to adjust for "Cost of Living"
4. Keep it set at "Local" for geography

Growth Opportunities

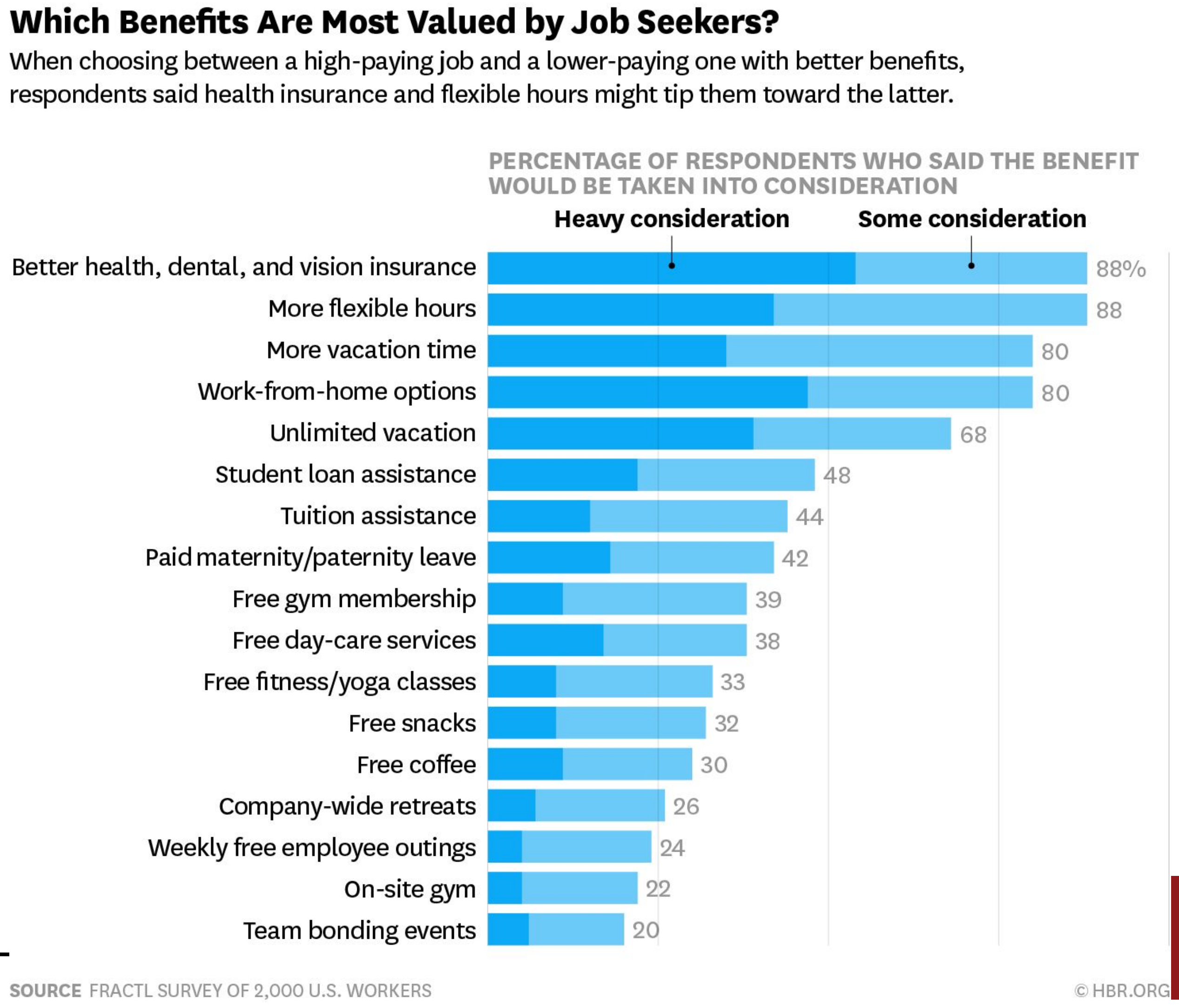
Maybe you haven't made a career decision yet

Maybe you don't have any idea what you want to do for your future career yet. It's also worth considering how many people will be needed to staff the labor market in the future. View the video to take a look at the fastest growing occupations.

If choosing between a high-paying job and a lower-paying one with better benefits, which 3 benefits would matter most to YOU?

Better health, dental, and vision insurance	Company-wide retreats	Free daycare services	Free Coffee
Free fitness & yoga classes	Free gym membership or on-site gym	Free snacks	More flexible hours
More vacation time	Paid maternity/ paternity leave	Student loan assistance	Team bonding events
Tuition assistance	Work-from-home options	Weekly free employee outings	Built-in nap time

Results from Harvard Business Review Survey



05

Understanding Your Pay Stub & All Things Taxes

Thinking Prompt

What are taxes and why do we pay them?

This question & resource is from NGPF's Lesson: Intro to Taxes

9 Types of Taxes in the U.S.

These questions & resource is from NGPF's Lesson: Intro to Taxes

Beyond income taxes, the U.S. has a diverse landscape of other taxes. Review the infographic linked to the left to learn more. Then, answer the questions below.

1. Select one of the types of taxes in the infographic. Describe a time when you observed this type of tax being used.
2. Do you think the types of taxes in this infographic have an effect on people's behavior and financial decision-making?

3 Types of Tax Systems

1

Progressive

Definition: Tax rate increases as income increases

Who Pays More?: Higher-income earners pay a larger percentage

Example: U.S. federal income tax

2

Proportional

Definition: Everyone pays the same percentage, regardless of income

Who Pays More?: Everyone pays the same share

Example: Some state income taxes (ex: Illinois)

3

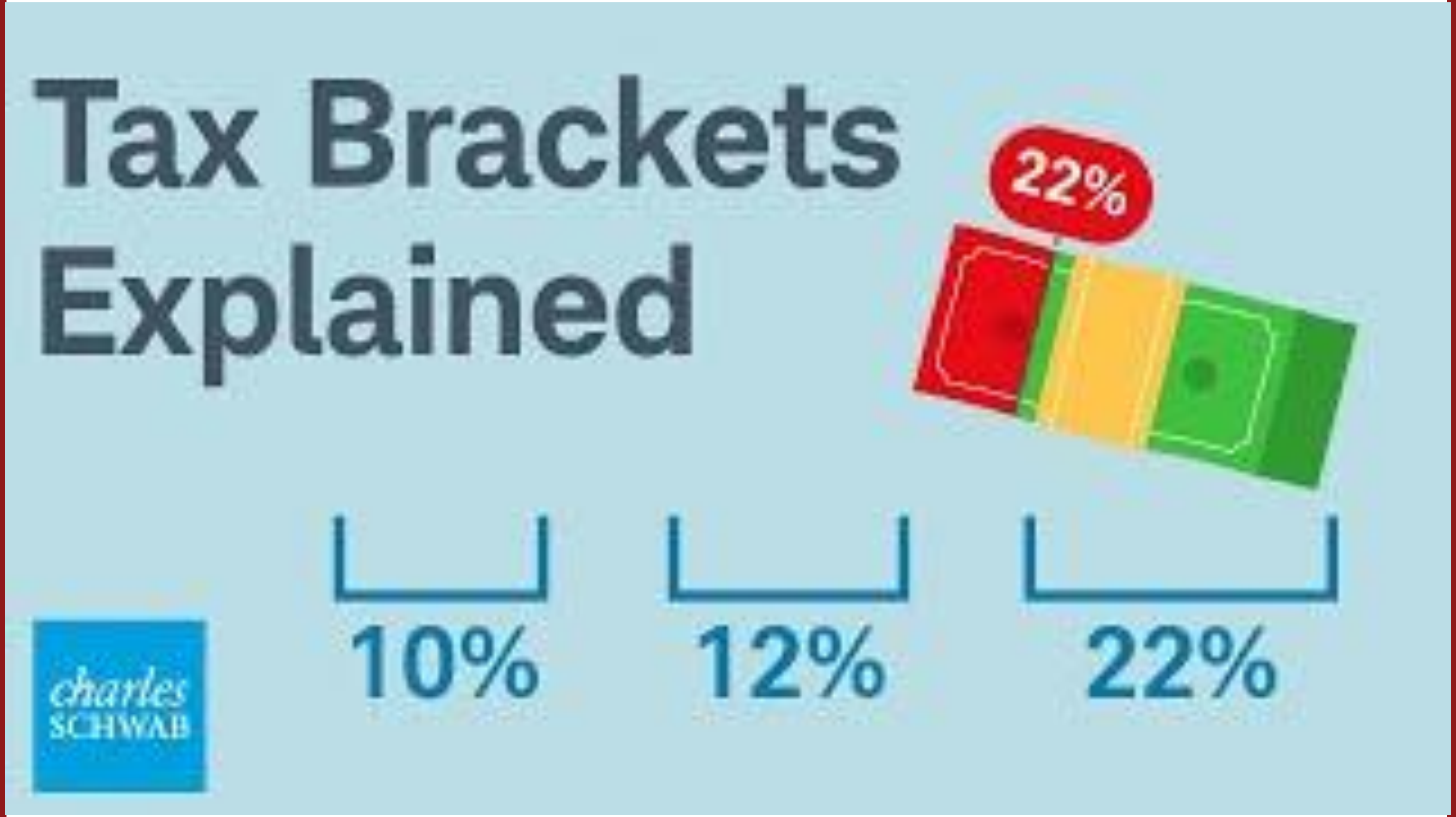
Regressive

Definition: Tax rate decreases as income increases

Who Pays More?: Lower-income earners pay a larger percentage

Example: Sales tax, gas tax, social security tax cap

Tax Brackets Explained



This resource is inspired by NGPF's Lesson: Intro to Taxes

The U.S. uses a progressive tax system, which means you are taxed at different rates for different portions of your income - not all at once.

Your income is taxed in chunks, with each chunk taxed at a different rate, which you'll see in the video to the left.

- You only pay the higher rates on income in that range
- Most people pay a blended average rate, not the top bracket they're in
- This makes the system fairer and more affordable

Example of How It Actually Works

Let’s say your taxable income is $50,000.

You’ll pay:

- 10% on the first $11,600 = $1,160
- 12% on the next $35,550 ($47,150 - $11,600) = $4,266
- 22% on the remaining $2,850 ($50,000 - $47,150) = $627

Total federal tax = $6,053

Your effective tax rate is about 12.1%, not 22%

Here is a link to the Federal income tax rates and brackets.

This resource is inspired by NGPF’s Lesson: Intro to Taxes

Marginal and Average Tax Rates

These can be confusing, so here's the break down.

A taxpayer's average tax rate (or effective tax rate) is the share of income that they pay in taxes. By contrast, a taxpayer's marginal tax rate is the tax rate imposed on their last dollar of income.

Taxpayers' average tax rates are lower — usually much lower — than their marginal rates. People who confuse the two can end up thinking that taxes are much higher than they actually are. Read more on the following slide.

Understanding Gross Income vs. Adjusted Gross Income (AGI)

Gross Income

Total income you earn before any deductions:

- Wages/salary
- Tips and commissions
- Interest/dividends
- Business or freelance income

Think of it as your "full paycheck" before anything is taken out.

Adjusted Gross Income (AGI)

Your gross income minus certain deductions:

- Student loan interest
- Retirement contributions
- Educator expenses
- Tuition and fees (in some cases)

AGI is the # the government uses to figure out how much tax you owe.

Activity Option

NGPF CALCULATE: Your Salary, State, and Taxes

Now that you understand the foundation of taxes and how your income is taxed, let's put that knowledge into practice. Follow the directions on the worksheet to complete this activity.

This activity is NGPF's CALCULATE: Your Salary, State, and Taxes

Thinking Prompt

Imagine you earned $100 for a job. When you got your paycheck, you only received $85. How would you feel, and what questions would you ask?

What Are Paycheck Withholdings?

Withholdings = Money Taken Out of Your Paycheck Before You Get It

Your gross pay (what you earn) is different from your net pay (what you take home). The difference comes from required and optional deductions.

Why Withholdings Matter:

- Help you pay taxes throughout the year (so you're not stuck with a huge bill)
- Fund important government programs (Social Security, Medicare)
- Cover benefits like health insurance, retirement savings, and more

Common Types of Paycheck Withholdings

Federal Income Tax

Goes to the federal government to fund defense, education, roads, etc.

State Income Tax

Collected by your state (unless you live in a state with no income tax)

Social Security (FICA)

6.2% of your pay; helps retirees and people with disabilities

Medicare (FICA)

1.45% of your pay; helps fund health care for people 65+

Health Insurance

If offered by your employer, premiums may be deducted (other possible deduction could be HSA/FSA)

Retirement Contributions

401(k), IRA, or pension plan contributions if you opt in

Reflection Question #1:

What is the main purpose of paycheck withholdings?

A. To give your employer extra money
B. To help pay taxes and fund benefits like Social Security and Medicare
C. To lower the amount of hours you work
D. To reduce your gross income

Reflection Question #2:

Which of the following is considered a mandatory withholding from your paycheck?

A. Gym membership fee
B. Health savings account contribution
C. Social Security tax
D. Union dues

Reflection Question #3:

If your gross pay is $1,200 and your net pay is $950, the difference is most likely due to:

A. An employer error
B. A promotion that hasn’t been processed
C. Withholdings like taxes and health insurance
D. A holiday bonus deduction

Activity Option

NGPF MOVE: Your Tax Dollars in Action.
In a previous resource you learned about discretionary government spending. Use this activity to get an idea of where your federal taxes go and how that money is spent. Follow the directions on the worksheet to complete the activity.

This activity is NGPF's MOVE: Your Tax Dollars in Action

How to Read a Pay Stub

Edpuzzle Activity

Now that you understand why some money is taken out of your paycheck, let's dig a little deeper into how that impacts the amount of money that actually ends up in your bank account.

Watch **this video** and answer the questions throughout.

Activity Option

NGPF FINE PRINT: Pay Stub

Let's practice reading and understanding a pay stub so you can really get an idea for what it looks like when money is added or subtracted from your paycheck. Follow the directions on the worksheet to complete this activity.

This activity is NGPF's FINE PRINT: Pay Stub

Thinking Prompt

You’ve heard about taxes.. But that doesn’t mean you feel ready to deal with them. Let’s see where you stand right now.

For each of the following, rate how comfortable you feel:

a. Knowing when taxes are due and what deadlines matter
b. Understanding different tax forms (like W-2s or W-4s) and what they’re for
c. Figuring out what paperwork to complete when starting or switching a job.

This question is inspired from NGPF’s Lesson: The Tax Cycle and Job Paperwork

Poll #1:

Knowing when taxes are due and what deadlines matter

✅ I've got this! (Very confident)
🤔 I kind of know, but I could use help (Somewhat confident)
❓ I have no idea yet (Not confident at all)

This question is inspired from NGPF's Lesson: The Tax Cycle and Job Paperwork

Poll #2:

Understanding different tax forms (like W-2s or W-4s) and what they're for.

✅ I've got this! (Very confident)
🤔 I kind of know, but I could use help (Somewhat confident)
❓ I have no idea yet (Not confident at all)

This question is inspired from NGPF's Lesson: The Tax Cycle and Job Paperwork

Poll #3:

Figuring out what paperwork to complete when starting or switching a job.

✅ I've got this! (Very confident)
🤔 I kind of know, but I could use help (Somewhat confident)
❓ I have no idea yet (Not confident at all)

This question is inspired from NGPF's Lesson: The Tax Cycle and Job Paperwork

Activity Option

NGPF RESEARCH: The Tax Cycle

The commonly used term “tax season” might make you think everything to do with taxes happens at once. In reality, there are important dates and deadlines throughout the entire year. Follow the directions on the worksheet to complete this activity.

This activity is NGPF’s RESEARCH: The Tax Cycle

Common Tax Forms

Which Ones Are Most Important to Know?

Use **<u>this link</u>** to learn more about various tax forms. Pay attention to these:

- 1040
- W2
- W4
- 1099
- I9

Activity Option

COMPARE: Tax Forms and Their Purpose

No matter what part of the tax cycle you're in, there are different forms that will be crucial in preparing and filing your taxes. The more you know about these forms, the easier they will be to manage when you're using them.

This activity is NGPF's COMPARE: Tax Forms and Their Purpose

W-4 Form

A form you fill out when you start a new job.

This form tells your employer how much money to withhold from your paycheck for taxes. Complete this at the start of a job or when your life changes (marriage, kids, 2nd job).

Key details on a W-2:

- Personal information → Name, address, social security #
- Filing status → Single, married, head of household
- Dependents → Children or others you support, which may reduce how much tax is withheld.
- Adjustments → Extra withholding if you want more taken out.

The W-4 helps you avoid owing money at tax time. You can update it anytime!

W-2 Form

A form your employer sends you every year.

This form shows how much money you earned and how much was taken out for taxes. It will be sent to you by January 31 each year. You will use it to file your tax return in the spring.

Key details on a W-2:

- Wages, tips, and salary → how much you made
- Federal & state income tax withheld → money sent to the government
- Social Security & Medicare → deductions for these programs
- Employer info → Name, address, and employer ID #

Without the W-2, you can't correctly report your income or get a refund!

What You Need to Know About Filing Taxes

Do you need to file?

You may need to file a tax return if:

- You earn more than $13,850 in 2025 (standard deduction for single filers)
- You had taxes withheld and want a refund
- You had self-employment income over $400 (ex: DoorDash, Etsy, tutoring, babysitting)

What You'll Need to File

Below are the documents/what they're for:

- W2 Form: shows how much you earned and what was withheld (from an employer)
- 1099: reports freelance/gig income
  - Any expenses you can write off
- Social security #: needed to identify you with the IRS
- Bank info: For direct deposit of any refund

How to Prepare and Submit Your Taxes

Options for Filing:

- Free online tools: IRS Free File, TurboTax Free Edition, Cash App Taxes
- With help: A parent, tax preparer, or local VITA site
- Paper filing: Still allowed, but slower (not recommended if you're owed a refund)

State Income Tax Rules:

Most states collect their own income tax.

This money helps fund state services like schools, highways, and public safety. Things to know:

- Not all states have an income tax (Ex: Texas_
- Rates vary - some states use a flat tax rate, while others use brackets like the federal system
- You may need to file a state tax return along with your federal return
- If you work in one state but live in another, special reciprocity agreements may apply

State rules can change how much money comes out of your paycheck, so knowing your state's system helps you avoid surprises!

Understanding Tax Credits vs. Tax Deductions

Tax Credits

- Reduce the amount of tax you owe - dollar for dollar
- More valuable than deductions
- Can be refundable or non-refundable
- Examples:
  - American Opportunity Credit
  - Child Tax Credit
  - Earned Income Tax Credit

*If you owe $1,000 in taxes and have a $500 credit, you now owe $500

Tax Deductions

- Reduce your taxable income
- Lower income = lower taxes owed
- Taken before calculating how much tax you owe
- Examples:
  - Standard deduction
  - Student loan interest
  - Charitable donations

*If you earn $30,000 and have $2,000 in deductions, you're taxed on $28,000

Standard Deduction vs. Itemized Deductions

Standard Deduction

- A set dollar amount you can subtract from your income.
- The amount depends on your filing status (single, married, etc.).
- Simple & quick — no extra forms or receipts needed.
- Most people choose this option.

Itemized Deductions

- Instead of taking the flat amount, you list specific expenses to subtract (like medical costs, mortgage interest, or charitable donations).
- Requires detailed records and receipts.
- Can save you money if your deductions add up to more than the standard deduction.

Key Difference: You can only choose one method each year.

Most taxpayers take the *standard deduction* because it's higher than their itemized total. It was $14,600 for a single filer in 2024.

Activity Option

CALCULATE: Completing a 1040

It's time to put everything you've learned into action! You will be the tax expert, using sample W-2 forms to prepare a 1040 and determine if a person will get a refund or owe a tax payment. Follow the directions on the worksheet to complete this activity.

This activity is NGPF's CALCULATE: Completing a 1040

END OF MODULE 1