

Goal Setting



LESSON 2

Goal Setting helps you envision why and what you are saving for and when you want to achieve it. Knowing how long you need to save for your financial goal is called a “time horizon.”



**College,
Senior Year**



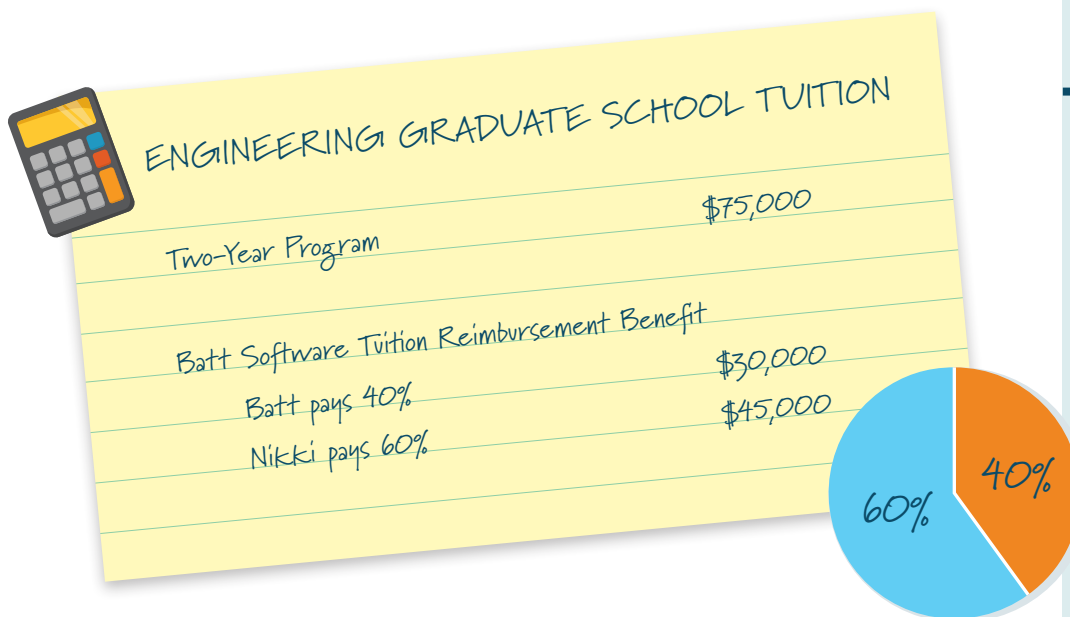
**Graduate
School**

Get the Big Picture

I just started my senior year in college! The manager of my part-time job at Batt Software has offered me a full-time position after graduation with an annual *salary* of \$80,000. But she also advised me to go to graduate school for a master’s degree in software engineering. She said that at Batt, engineers with *graduate degrees* typically make \$20,000 more each year.



Total tuition for the two-year program is \$75,000—yikes! Batt Software employees have a tuition reimbursement benefit that covers 40% of tuition costs. I would have to pay 60% of the total tuition cost. That’s \$45,000 (\$75,000 – 40% of \$75,000)! I would definitely need to take out student loans.



To help me think this through, I called my sister, April, to discuss my options.

We figured out that I basically have three choices:

CHOICE 1



WORK

Work for Batt right away and skip graduate school. I would make \$80,000 a year and save \$45,000 in tuition costs. But that might mean giving up a higher salary in the future.

CHOICE 2



SCHOOL

Go to school full-time, then work for Batt after I get my master's degree. I would finish the degree more quickly and not have to work and go to school at the same time. But I would be giving up two years of salary, and Batt wouldn't pay for any of my tuition.

CHOICE 3



WORK & SCHOOL

Work full-time for Batt and go to school part time. I would have to borrow \$45,000, but Mom said it would be a good *investment* in my future. The money I put toward school now will lead to financial gains later. If my salary goes up by \$20,000 when I finish, I'll be able to pay off the loan in a little over two years.

My decision: I'm going to work full time for Batt Software and go to school part time. I'll be very busy, but my plan gives me the possibility of a higher salary with the least amount of **debt**. Wish me luck!



WHAT'S THE Big Idea?

Investing in yourself by furthering your education might seem difficult, but it can pay off in the future. Be realistic about whether paying back a school loan will be doable based on the salary you are likely to earn after you graduate.