

# PERSONAL FINANCE 101

## Steps in Financial Goal Planning

1. Write down all of your life goals-both financial and non-financial specific-that will require monetary resources (see examples below)
2. Organize goals into short-term (approximately 1 year), intermediate-term (approximately 2-5 years), and long-term (more than 5 years) goals.
3. Rank goals in each time range according to priority.
4. Assign a cost estimate to each goal and list how much you already have saved toward the goal.
5. Create a specific, detailed plan for how to achieve each goal.

### Examples of Short-Term Goals

- Create and organize a financial planning binder
- Create and utilize a financial record keeping system and budget
- Create personal financial statements, including current personal net worth & cash flow statements
- Analyze and adjust insurance coverages (health, disability, life, auto, homeowners, personal umbrella)
- Create an emergency fund of \$1,000-\$5,000
- Increase emergency fund to a cash reserve of 3-6 months expenses
- Save for a wedding, baby, divorce or other life event
- Save for a vacation/travel
- Get spending under control to be able to contribute more to charity
- Make a debt pay-down plan and start eliminating all consumer debt
- Go back to school and finish degree/get add'l training
- Start a new expensive hobby-photography, diving, etc.
- Minimize income taxes
- Invest 5/10% of gross pay in employer 401(k) plan
- Draft a will or trust for estate planning

### Examples of Intermediate-Term Goals

- Pay off all consumer debt (credit cards, student loans, auto loans, home equity loans and lines of credit)
- Save 20% toward a down payment on a home
- Save to pay for a home remodeling or home improvements with cash
- Purchase a new/used car with cash
- Make another large purchase in cash-boat, plane, art, motor home, rental property, etc.
- Fund start-up expenses to start my own business
- Save to be able to switch jobs to a less stressful one
- Be able to quit working and be a stay-at-home parent
- Support aging parents financially

### Examples of Long-Term Goals

- Pay off home mortgage and be 100% debt free by retirement
- Fully fund retirement account to be able to have an income of 85% of pre-retirement income
- Retire by age 45/50/55/60
- Become financially independent, being able to totally live off passive income
- Become a millionaire
- Fully fund college savings accounts for children
- Leave an estate for heirs
- Save for long-term care expenses to enable in-home care
- Fund a trust for a disabled child
- Fund a buy-sell agreement for my business
- Leave charitable bequests upon death to a church or non-profit charitable organization

