

# Achieving Financial Goals

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Do you have a goal or is it a dream? A dream is vague. "In a few years we hope to buy a house." "I want to send my child to college." "I want to be comfortable in retirement." These are dreams, not goals. "Within five years, we will have the \$15,000 we need for the down payment on a town-house." "By the time my child is 18, I will have \$20,000 in savings, stocks and bonds to pay part of her college tuition." "By the time we are 62, our combined income from pension, social security, savings and investments will amount to about 80 percent of our pre-retirement income."

How do you set goals? Financial goal statements should answer the questions who, what, when, where and why. Practice writing a goal statement using one of your financial goals. Since this is your (**who**) goal, begin your goal statement with I or we. State exactly **what** you will do. Include specific dates (**when**) in your goal statement. The **where** of your goal statement will indicate where the money will come from to finance your goal; e.g., income, savings or an investment. Identify **why** this goal is important to you. This will help you to stay focused on your goal.

**Goal Statement:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Keep rewriting the goal until it is specific and achievable. An achievable goal is positive and realistic. It should state what **will** happen – not what will not happen. The goal must be within your ability to achieve – within your income and your resources.

List your financial goals on page 3. Determine whether they are short, intermediate or long term. On page 4, write goal statements for each of these. Calculate the amount to be saved monthly using the "Saving to Reach Your Goal" information on page 2. Then total the monthly savings needed to reach all your financial goals. Write that figure at the bottom of page 3.

On page 4, write at least three ways to reach your goals. Your choice may be to cut or drop expenses, earn more money by working overtime, a second job or home-based business, or you may choose to invest more aggressively for additional growth. Be ambitious, yet realistic. You may need to adjust your financial goals.

Review your choices. Think of their advantages and disadvantages. Then choose among them. It may be necessary to use more than one method to reach your financial goals. For example, you may cut expenses to pay off debt while investing more aggressively to meet your retirement goal. Or, you may choose to sell an asset to pay a bill. Break your choices into action steps. For instance, a common action step for cutting expenses is tracking daily, weekly or monthly expenditures.

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List your action steps below.

## Action Steps

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_

Now determine if your action steps are manageable and realistic. Are they too big or too small? Can you achieve each of these steps?

Put your plan into operation and track your progress. If necessary, make changes in your goals. Your action steps may also need changing. Remember that the goals and action steps are written on paper, not in stone. Make changes that will help you reach your goal. If you find your goals are not as realistic as you thought, change them, but do not drop them completely.

## Saving to Reach Your Goal

1. Financial goal \_\_\_\_\_
2. How much will your goal cost in today's dollars?  
\_\_\_\_\_
3. How many years until you meet your goal?  
\_\_\_\_\_
4. What is the after-tax return you can expect?  
\_\_\_\_\_ (2%, 4%, ...)

5. Use the table below. Look for the number of years until the goal and the rate of return. Take the lump sum amount needed and divide by the number in the column. The answer is the amount you need to set aside each month to achieve your goal.  
\_\_\_\_\_

6. Which investment vehicle(s) are you going to choose?  
\_\_\_\_\_

Example: You want to replace your car in five years. You need to save \$10,000 and expect an after-tax return of 4% ( $\$10,000/66.2 = \$151.06$ ). You need to set aside \$151.06 per month to reach your goal.

### Multipliers by Rate of Return

Years to Goal	2%	4%	6%	8%
1	12.1	12.2	12.3	12.4
2	24.5	24.9	25.4	25.9
3	37.1	38.2	39.3	40.6
4	49.9	51.9	54.1	56.4
5	63.1	66.2	69.8	73.6
6	76.5	81.1	86.4	92.1
7	90.2	96.6	104.1	112.3
8	104.2	112.7	122.8	134.1
9	118.4	129.5	142.7	157.7
10	133.0	146.9	163.9	183.4
11	147.8	165.1	186.3	211.1
12	163.0	184.0	210.1	241.2
13	178.5	203.6	235.4	273.7
14	194.2	224.0	262.3	309.0
15	210.4	245.3	290.8	347.3
16	226.8	267.4	321.1	388.7
17	243.6	290.4	353.2	433.6
18	260.7	314.3	387.3	482.2
19	278.2	339.2	423.6	534.9
20	296.1	365.1	462.0	592.0
21	314.2	392.1	502.9	653.8
22	332.8	420.1	546.2	720.8
23	351.8	449.3	592.2	793.4
24	371.2	479.6	641.1	872.0
25	390.9	511.2	693.0	957.2

# Financial Goals Worksheet

Goal	When Needed	Total Cost	Monthly Savings
<b>Short-Term (within the year)</b>			
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
<b>Intermediate (1-5 years)</b>			
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
<b>Long-Term (over 5 years)</b>			
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
<b>TOTAL AMOUNT TO SAVE MONTHLY</b>			_____

*The key to goal achievement is goal setting. Remember, people don't plan to fail: they fail to plan – or set goals.*

# Achieving Financial Goals

**Short-Term (Within the Year) Financial Goal Statement:** \_\_\_\_\_

\_\_\_\_\_

Three ways to achieve short-term financial goals:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Intermediate (1-5 Years) Financial Goal Statement:** \_\_\_\_\_

\_\_\_\_\_

Three ways to achieve intermediate financial goals:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Long-Term (Over 5 Years) Financial Goal Statement:** \_\_\_\_\_

\_\_\_\_\_

Three ways to achieve long-term financial goals:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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