



Simple GOLDEN Rules For Financial Freedom

Setting financial goals to prepare for today and the future

Your budget is in order, and your family is sticking to it, but you'd like to have some money to put toward getting a bigger house. Or maybe you've got some credit card debt you'd like to work out of, eventually contributing your payments to a 401(k) plan. Whatever your situation, if you set your financial goals, you'll get where you want to go faster.

IDENTIFY YOUR GOALS

Financial goal setting is easy to master. Create goals that are specific, with beginning and end dates. The easiest way to do it is to answer the questions who, what, when, where and why.

WHO? Since you're the one setting the goals, you are the "who" here.

WHAT? What you want to accomplish (i.e., save \$400 or pay off a credit card).

WHEN? Set specific start and end dates for meeting your goals.

WHERE? Where you're getting the money from to meet your goals (i.e., saving, cutting back other expenses, investing, etc.).

WHY? The most important question. Decide why your goal is important to you. Your "why" is what keeps you from spending \$500 on an antique garden gnome instead of transferring the money into savings. (Of course, goals being a personal thing, getting that gnome might *be* one of your goals—in that case, go for it!)

By answering these questions in your goal statement, you will create specific, achievable and realistic goals. Additionally, keep your goals positive—focus on what *will* happen, not what will not happen.

BREAK DOWN YOUR GOALS

A goal that seems enormous at first glance becomes much more manageable when you divide it into small, attainable steps. Here's an example:

Elaine wants to eliminate her credit card debt, so she's created the following goal: "Beginning this month, I will eliminate my \$5000 credit card debt in six months."

Here's where the "how" part of the equation comes in. Elaine's not focusing on the large \$5000 amount, but instead has broken it up into smaller, manageable chunks (about \$833 plus interest). She then figures out how she can chip away at that \$833 each month by creating action steps.

She's decided to bring a lunch to work each day instead of dining out (\$140 a month), referee three high school and middle school soccer games a week (\$500 a month) and get a roommate (\$300 a month). By doing these things, Elaine will actually exceed her initial goal—and can reward herself with a night on the town for all her work!

How you partition your goals is up to you—the most important part of creating action steps is to make them attainable so that you don't get discouraged.

IMPLEMENT YOUR PLAN

Follow your action steps and track your progress. You might even find the act of crossing off these "to-do's" addictive.

Don't be too hard on yourself if you get off-track. All you need to do is review your goals and adjust them appropriately. Remember, there are often many routes to the same result.

WEBSITES FOR MORE FINANCIAL INSPIRATION

- Money Basics money.cnn.com/pf/101/index.html
- How to set up a budget financialplan.about.com/library/howto/htbudget.htm
- How to save money www.ftc.gov/bcp/online/pubs/general/66ways.htm



Goal Setting Worksheet

Write your financial goals in the space below. Remember, a goal is achievable when it is specific. Improve a goal like "I want to be able to retire early" by changing it to "I want to retire in 20 years with an annual income of \$60,000."

PRIORITIZE AND ORGANIZE

Decide which goals are short-term (less than 1 year), intermediate (1 to 3 years) and long-term (5 years or more). Add up the monthly amounts to determine the feasibility of your goals or decide which ones you should tackle first.

	GOALS	DATE NEEDED	TOTAL COST	REQUIRED MONTHLY SAVINGS
SHORT-TERM GOALS (ONE YEAR OR LESS)				
INTERMEDIATE GOALS (ONE TO FIVE YEARS)				
LONG-TERM GOALS (FIVE YEARS OR MORE)				

"To will is to select a goal, determine a course of action that will bring one to that goal, and then hold to that action till the goal is reached. The key is action." – Michael Hanson