Financial Goals

Your financial goals are specific things you want to do with your money within a certain time period. Short-term goals are accomplished under 1 year, mid-term goals are accomplished within 1 to 5 years, and long-term goals generally take over 5 years to achieve.

Net Worth

In order to evaluate your progress as you work toward your goals, you must determine what your overall financial picture looks like today. Your net worth is simply the difference between what you own and what you owe. To make sure you are staying on track, it’s a good idea to calculate your assets and liabilities annually. If you conscientiously follow your plan you should see a gradual, steady increase in your net worth.

To figure your net worth, subtract the total owed from the total owned:

2

**TOTAL OWNED (A) TOTAL OWED (B) NET WORTH**

–

=

**WHAT YOU OWE AMOUNT**

Mortgage

Credit Cards

Student Loan(s)

Auto Loan(s)

Other Loan(s)

Income Tax Due

Other Debt(s)

**TOTAL OWED (B)**

**WHAT YOU OWN AMOUNT**

Checking/Saving Accounts

Investment Accounts

Stocks & Bonds

IRA/401(k)

Home/Real Estate

Automobile(s)

Other Asset(s)

**TOTAL OWNED (A)**

**TARGET TOTAL CURRENT ADDITIONAL PAY PERIODS SAVINGS SAVINGS**

**YOUR GOALS DATE NEEDED SAVINGS SAVINGS UNTIL NEEDED PER NEEDED**

**NEEDED TARGET DATE PAY PERIOD PER MONTH**

Short-term Goals

(under 1 year)

Mid-term Goals

(1-5 years)

Long-term Goals

(over 5 years)

Essential Expenses

Household expenses are categorized into essential and discretionary. Since many expenses are variable, such as utilities and groceries, it is important to average these expenses. Other expenses are periodic (such as insurance or vehicle registration). Again, calculate the annual amount and divide by 12.

3

**CATEGORY EXPENSE AVERAGE PER MONTH GOAL PER MONTH**

Housing

Rent/Mortgage

2nd Mortgage/Equity Line

Homeowner’s/Renter’s Insurance

Condo Fees/HOA Dues

Home Maintenance/Monitored Alarm

Lawn/Garden/Pool

Gas/Electric

Water/Sewer/Garbage

Internet/Cable/Satellite

Landline/Cell Phone

Food

Groceries/Household Items

At Work/School

Insurance

*(exclude payroll deducted amounts)*

Health/Dental/Vision

Life/Disability

Medical Care

*(exclude payroll deducted amounts)*

Doctor/Chiropractor

Optometrist/Lenses

Dentist/Orthodontist

Prescriptions

Transportation

*(exclude payroll deducted amounts)*

Vehicle Payment #1

Vehicle Payment #2

Auto Insurance

Registration

Gasoline/Oil

Maintenance/Repairs

Public Transportation/Tolls/Parking

Child Care

*(exclude payroll deducted amounts)*

Daycare

Child Support/Alimony

Miscellaneous

Banking Fees

Union Dues

Income Taxes

Federal/State Tax Repayment

Estimated Tax Payments (Self-Employed)

Savings

Emergency

Goals

**TOTAL ESSENTIAL EXPENSES**

Discretionary Expenses

Monthly Income

Enter your gross and net (after taxes) income from all sources. For income received infrequently, such as bonuses or tax returns, calculate the annual income, then divide by 12 to find the monthly amount.

4

**SOURCE YOURS SPOUSE/PARTNER**

Income Source/Employer

Part-time Employer/Second Job

Retirement/Pension

Child Support/Alimony

Social Security

Food Stamps

Unemployment Insurance

Support from Family/Friends

Rental Income

Other Income (variable or periodic)

**TOTAL MONTHLY INCOME**

**CATEGORY EXPENSE AVERAGE PER MONTH GOAL PER MONTH**

Personal

Beauty/Barber

Clothing/Jewelry

Laundry

Cosmetics/Manicure

Entertainment

Movies/Concerts/Theater

Books/Magazines

CD/DVD

Dining Out

Sports/Hobbies

Vacation/Travel

Other

Miscellaneous

Tuition/Lessons

Pet Care

Postage

Holiday/Birthday/Gifts

Cigarettes/Alcohol

Charity/Religious Contributions

Other

Other

**TOTAL DISCRETIONARY EXPENSES**

Unsecured Debt

List all debts (except auto loans and mortgages) along with the name of the creditor, interest rate, total balance owed and the required minimum payment. This includes credit and charge cards, installment loans, personal loans and outstanding medical bills.

Bottom Line

Once you have determined the total of your take-home pay and expenses you are ready to determine your bottom line. Subtract the total of all expenses including debt payments from your net income. If the result is a positive number, you can add the extra money to your savings to reach your goals sooner. If your expenses exceed your income, you’ll need to make some adjustments to bring your finances back into balance.

Tracking Day-to-Day Expenses

If you don’t know where your money is going, it’s time to start tracking your spending. Different methods of tracking work for different people— some like to save receipts while others prefer to jot down all purchases in a small notebook they carry with them. Remember, tracking is only effective if you count every expense, including the morning newspaper and the 75 cents you put in the office vending machine. Use the sheets

on the next two pages to record weekly and monthly spending totals. (We suggest you make copies of the charts so that you can track for longer than one week.)

5

**MONTHLY NET INCOME TOTAL ESSENTIAL TOTAL DISCRETIONARY TOTAL DEBT PAYMENT BALANCE EXPENSES EXPENSES**

–

–

–

=

**CREDITOR NAME INTEREST RATE MONTHLY PAYMENT BALANCE**

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

Weekly Expenses

6

Notes

**ITEM MON TUE WED THU FRI SAT SUN TOTAL WEEKLY OVER /**

**EXPENSES BUDGET UNDER**

Groceries

Restaurants

Laundry/Dry Cleaning

Medical/Dental

Auto/Gas/ Parking

Other Transportation

Child Care

Personal Care

Clothing

Bank Fees/ Postage

Entertainment

Books/Music/ Video

Cigarettes/ Alcohol

Gifts/Cards

Home/Garden

Church/Charity Contributions

Other

Other

Other

Other

Other

Other

Other

**WEEKLY EXPENSE TOTALS**

Monthly Expenses

7

Notes

**ITEM WEEK 1 WEEK 2 WEEK 3 WEEK 4 WEEK 5 TOTAL MONTHLY OVER / UNDER**

**EXPENSES BUDGET**

Savings

Groceries

Restaurants

Laundry/Dry Cleaning

Medical/Dental

Auto/Gas/ Parking

Other Transportation

Child Care

Personal Care

Clothing

Bank Fees/ Postage

Entertainment

Books/Music/ Video

Cigarettes/ Alcohol

Gifts/Cards

Home/Garden

Church/Charity Contributions

Other

Other

Other

Other

Other

Other

Other

**MONTHLY TOTALS**

Recommended Budget Guidelines

**Housing**

Spend no more than 35% of net income on housing. Depending on whether you rent or own, that can include: mortgage/rent, utilities, insurance, taxes, and home maintenance.

Savings

10%

Transportation

15%

**Savings**

Save at least 10% of income throughout your working life. Make sure you have 3–6 months income in an emergency fund before you start saving for other goals.

Housing

35%

**Transportation**

Spend no more than 15% of net income on transportation. That includes: car payment, auto insurance, tag or license, maintenance, gasoline, and parking.

Other Expenses

25%

Debt

15%

**Debt**

Spend no more than 15% of net income on all other consumer debt: student loans, retail installment contracts, credit cards, personal loans, tax debts, and medical debts.

**Other**

Spend no more than 25% of net income on all other expenses: food, clothing, entertainment, childcare, medical expenses, tithing/charity, and vacations.

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Adjust Your Plan

If the amount you are now saving falls short of the amount you need to save to reach your goals, here are some questions to ask yourself:

* Are you paying yourself first by putting away at least 10 percent of your after-tax income?
* Could you increase the amount you’re saving by earning more or spending less?
* Did you set reasonable, achievable goals?
* Could you delay the target date of any of your goals?

You should reevaluate your spending and savings plan annually, or whenever there is a big change in your financial wants and needs. Remember that a budget is simply a priority list—by following it you are ensuring that your money is used to acquire the things, or reach the goals, that are most important to you.