

Worksheet: Goal Setting & Financial Planning

When you make a financial plan, you identify the financial goals that are important to you, your best estimate of what they will cost, your time frame for achieving them, and the types of investments that may be the most appropriate for accumulating the money you need.

Short-term goals:

Paying for the expenses you anticipate in the next few years requires a cautious plan. You should focus on minimizing the risk to your assets and preserving your wealth. Make sure the money you'll need in the near future is both secure and accessible.

Common short-term goals:

- Buying a car
- Making a down payment on a home
- Taking a vacation
- Returning to school for extra education and degrees
- Getting married
- Establishing your own business
- Paying off credit cards, student loans, and other debts

Possible investments for achieving short-term goals:

- Savings accounts
- CDs
- Money market accounts
- U.S. Treasury bills
- Short-term bonds or short-term bond funds

Mid-term goals

Think about the next ten years, concentrating on what you hope to accomplish and the expenses you anticipate these goals will cost. Planning for mid-term goals means carefully balancing investment growth and financial security.

Common mid-term goals:

- Paying for children's education
- Purchasing a larger home
- Buying a second home or vacation home
- Buying a boat or recreational vehicle
- Traveling to a special destination

Possible investments for achieving mid-term goals:

- Stock in a variety of companies
- Stock mutual funds
- Exchange traded funds tracking a diversified range of indexes
- U.S. Treasury notes
- High-rated bonds or bond funds
- Zero-coupon bonds with appropriate maturity dates

Long-term goals

It is never too early to begin planning for the major financial goals you want to achieve more than ten years down the road. Realizing your hopes and dreams for the future calls for a persistent and growth-oriented investment strategy.

Common long-term goals:

- Living comfortably during retirement
- Affording travel and hobbies
- Continuing to support your children
- Financial security for long-term health care
- Providing an inheritance for your heirs
- Creating a legacy

Possible vehicles for achieving long-term goals:

- Stock in emerging and developing as well as well-established companies
- Stock mutual funds that invest in growing companies
- Exchange traded funds tracking a diversified variety of indexes
- Long-term bonds
- Zero-coupon bonds with appropriate maturity dates
- Real estate

Re-evaluating Your Goals Over Time

Your financial goals will likely change as your financial circumstances change. That's why it is important to reassess your goals periodically — and at least once a year. As you do your annual financial check-up, ask yourself the following questions and be prepared to make any changes you think are needed.

- Are the goals on my list still the goals I care about?
- Are there other things that matter more to me now?
- Have I made financial progress since last year?
- If not, what could the reasons be?
- Am I using the best investments to meet specific goals?
- What other choices might provide stronger results?
- Am I giving each goal the attention it deserves?

- Do I need to change my investment strategy on any of my goals because of a change in time frame?

List Your Financial Goals

Make a list of your primary short-, mid-, and long-term financial goals, the approximate date when you hope to achieve them, how much you have saved already, approximately how much you'll need, and where your savings are. This list can serve as benchmark for evaluating your progress. Remember that it's perfectly normal for your goals to change as your life changes.

Goal	Time frame	On hand	Needed	Amount or Rate of Return Needed to Reach Goal	Account/Investment
Replace my car	12 months	\$4,900	\$5,200 for 20% down on \$26,000 car	\$300 (save \$25 per month), or 6.12% annual rate of return	12-month CD plus savings account