SMART Financial Goals

Setting goals is an important step in developing an effective spending plan. Without goals, you may find that you spend money based on the moment—without a thought as to where you want to be in the future. In creating goals, you control your future by deciding where you want to go, when you want to get there, and what you need to do to get it done.

As you create your goals, be certain they are **SMART** (specific, measurable, attainable, realistic, and time-oriented). SMART financial goals meet the following standards:

Specific –Your goals should be specific with dollar amounts, dates, and identified resources to be used to accomplish the goals.

Measurable – Make your goals measurable by determining the amount of money that needs to be set aside on a regular basis to accomplish your goals.

Attainable –Your goals need to be attainable based upon factors that include time frame and income level. Your goal should stretch you slightly but not be so far out of reach that you may quit trying.

Realistic –Your goals needs to be realistic ("doable") based upon your circumstances. Can you create a realistic plan to make your goal a reality?

Time-oriented – Create a specific timeline for accomplishing your goals. To achieve your goals, you must be willing to make trade-offs in your financial life. Set aside time on a regular basis to monitor progress towards meeting your goals.

Take the time to put your goals in writing on page 2 of this handout. Short-term goals are goals that can be achieved within one year. Intermediate-term goals are goals that can be achieved within one to three years from now. Long-term goals are goals that will take longer than three years to achieve.

Because events occur that you do not foresee, you will need to make changes to your plan. Be ready to modify your budget as circumstances change. You may not have enough money to work on all of your goals at once, so you will need to prioritize your goals. Once a goal is achieved, start on the next goal. With commitment and discipline, you can take control of your financial future.

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SMART Goal-setting Worksheet

Goal: _____

_____

_____

_____

_____

*Is your goal **SMART**? Is it specific, measurable, attainable, and realistic?*
Do you have the resources to achieve it and have you set a timeline?

Tasks	**Priority** (top task is # 1)	**Approximate cost** (if any) or resources needed	**Target start date**	**Target completion date**
Short-term (within 1 year)				
Intermediate-term (1 to 3 years)				
Long-term (3 years or more)				

Date prepared: _____ Prepared by: _____

Adapted from the Financial Security for All Community of Practice
http://www.extension.org/personal+finance

Calculating Your Net Worth

Calculating your net worth on a regular basis can provide valuable insight into your financial health. Your net worth is a "financial snapshot" at a given point in time. Net worth is calculated by subtracting *liabilities* from *assets*. Assets represent items you own that have economic value. Liabilities are debts. The difference between assets and liabilities is *net worth*.

Assets – Liabilities = Net Worth

When developing a plan to achieve your financial goals, you need to know and understand the resources you already have available. Just like a business, you need a record of your assets and liabilities. Net worth statements are also useful as summaries of financial information. When applying for a loan, you will be asked for financial information; having a current net worth statement will make the application process simpler.

Your net worth statement is a guide to help establish financial goals and manage money to achieve those goals. Select a time of the year to update your net worth statement annually, and watch your wealth grow over time.

A simple way to calculate your net worth is to use a preprinted list of assets and liabilities as offered in this worksheet. As you work through each line item, be as accurate as possible. The following information may help you in determining assets and liabilities:

- Car values are published by Kelly Blue Book (http://www.kbb.com) and Edmunds Automobile Buyers Guide (http://www.edmunds.com).
- The cash value of whole life insurance policies can be found on a schedule in the policy or from your insurance agent. The cash value is the amount of money the insurance company would pay you if the policy were terminated today. If you have taken a loan against your life insurance policy, the loan would be considered a liability. Term life insurance policies have no cash surrender policy. Ask your insurance agent if you are not sure about the type of policy you hold.
- A bank or other vendor of United States Savings Bonds can tell you the current value of your bonds. If you have Internet access, you can price bonds online at http://www.savingsbonds.com.
- Information regarding the present value of your IRA, 401k, 403b, and other retirement plans is available in statements you may receive on a regular basis. Otherwise, contact your employer for information regarding the current value of your retirement plan(s).
- Be conservative in placing a value on personal possessions. Collector value guides and dealers will be able to help you estimate the value of jewelry, art, antiques, collections, and equipment. Items such as clothing have relatively little value and need not be included. Use the dollar amount an item would bring at a garage sale as a guide for furniture, appliances, and other goods.
- If you are unsure of the current value of your house or other real estate, consult a real estate agent. The total value of your home is an asset; the principal owed on the mortgage is a liability.
- The balance owed on loans and credit cards is a liability that is listed on monthly statements from creditors.

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NET WORTH STATEMENT

Today's Date:_____

ASSETS

CASH AND SAVINGS

Cash and checking accounts _____
Savings account(s) _____
Certificates of deposit _____
U.S. savings bonds _____
Money market accounts _____
Other _____

INVESTMENT ASSETS

Stocks _____
Bonds _____
Mutual funds _____
Employee stock options _____
Cash value of life insurance _____
Surrender value of annuities _____
Income producing real estate _____
Other _____

RETIREMENT ASSETS

Pension or profit-sharing plans _____
IRA's/Keogh accounts/SEPs _____
401k/403b plans _____
Other _____

OTHER ASSETS

Home (market value) _____
Other non-income real estate _____
Furniture _____
Equipment _____
Autos (market value) _____
Recreational vehicles _____
Collectibles _____
Jewelry _____
Other _____

TOTAL ASSETS _____

LIABILITIES

Home mortgage(s) _____
Other real estate loans _____
Auto loan(s) _____
Student loan(s) _____
Other bank loan(s) _____
Credit card(s) _____
Charge accounts _____
Past-due bills _____
Taxes _____
Pledges (charities, church, etc.) _____
Loans on life insurance policies _____
Other liabilities
_____
_____
_____
_____
_____
_____
_____

TOTAL LIABILITIES _____

NET WORTH _____

(assets minus liabilities)

$ave Wisely. $pend Smart.

Stop Spending Leaks

Does it seem like your money just disappears? Consider how small habits add up over time.

Kelly stops at the local convenience store every day and buys the following:

Bottle of soda	$1.75	
Candy	$1.25	
Newspaper	$1.00	
	$4.00	TOTAL

Even though Kelly's daily purchases seem small, over time it adds up to big dollars.

Every day = $4.00
Every week = $28
Every month (30 days) = $120
Every year = $1,460

What else could Kelly do with this money?_____

Do you have a regular habit that costs money?

- vending machine
- coffee shop
- lottery
- cigarettes
- magazines

You either need to make changes to drop your habits, or include the cost of your habits in your spending plan.

Habit	Cost per Day	Cost per Week	Cost per Month	Cost per Year

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