LESSON PLAN

LESSON TITLE:	Financial Planning for Success
INSTRUCTOR:	
TEACHING METHOD:	Informal lecture & discussion
INSTRUCTIONAL AIDS:	Planning for Your Financial Future booklet, handouts.
CLASS TIME:	2 Hours
LESSON OBJECTIVE:	Provide participants with an understanding of financial planning principles and illustrate how applying these principles can help them in achieving their financial goals. Upon completion of this seminar, participants should possess the skills or have a working knowledge of:

- fundamental financial planning principles

- the importance of financial goals

- how to use net worth statements and spending plans

- how to select appropriate savings vehicles and options

- how to implement a financial plan

- the importance of adjusting and updating plan

LESSON PLAN MAIN TOPICS

1. Financial Planning Principles
2. The Importance of Financial Goals
3. Using Net Worth Statements and Spending Plans
4. Selecting Savings Vehicles
5. Creating a Financial Plan
6. Updating a Financial Plan

LESSON OUTLINE

A) INTRODUCTION

B) SUBJECT MATTER

I. Financial Planning Principles

A. Overcoming Procrastination -- Pay Yourself First

B. Lack of Financial Knowledge

1. Impact of Inflation

2. Rate of Return

3. Effect of Compound Interest

II. The Importance of Financial Goals

A. Why You Need Financial Goals

B. Financial Goals Work Sheet

1. Be Specific

2. Categorize Goals

III. Creating Net Worth Statements and Spending Plans

A. Net Worth Statement

B. Spending Plans

IV. Savings Vehicles and Other Options

A. Savings Vehicles

1. Choosing a Financial Institution

2. Determining Interest Paid

3. Basic Savings Accounts

4. Other Savings Options

B. Emergency Funds

C. Risk Management

1. Auto Insurance

2. Renters Insurance

3. Homeowners Insurance

4. Health Insurance

5. Life Insurance

a. Term Insurance

b. Cash Value Insurance

6. Disability Income Insurance

7. Umbrella Liability Insurance

V. Creating a Plan of Action

A. Savings Plan

B. Investment Plan

VI. Updating Your Financial Plan

C) REVIEW

TEACHING PLAN

INTRODUCTION

ATTENTION:

MOTIVATION:

OVERVIEW: Main Topics

TRANSITION:

SUBJECT MATTER

I. Reasons People Fail Financially -- Not Understanding Financial Planning Principles

WHAT IS THE NUMBER ONE REASON PEOPLE FAIL FINANCIALLY?

A. Procrastination- More than anything else, failure to start a financial plan is the largest single obstacle to achieving financial independence and other financial goals.

1. Most Americans put their "bills" first seeing them as their primary obligations. They say if anything is “left over,"then they will save it, but to secure their financial futures, they need to put themselves first.

Consider, the most important financial goal of nearly every American, a secure retirement. For many, retirement may seem far away, but as retirement gets closer it is often too late to catch up on lost time. Look at the following statistics:

Of people 20 years old: 19% will not survive to age 65

For those who do survive, annual income will average: (in 1990 dollars)

51% will earn under $10,000
30% will earn $10,000 - $19,999
17% will earn $20,000 - $49,999
2% will earn $50,000 - or more
(Source: US Administration on Aging)

2. Establishing the habit of paying yourself first is one of the most important things you can do to achieve financial success. The easiest way to pay yourself first is to have an automatic transfer set up out of the account in which you deposit your paycheck. You will not miss it, your savings will accumulate, and you will not lose precious time.

B. Lack of Financial Knowledge. In the past, the focus in America has been to get an education so we can get a good job and make money, but not on how to manage the money we make. Now that focus is changing, and more and more people are taking a more active role in educating themselves about financial issues.

THERE ARE A NUMBER OF FINANCIAL PLANNING PRINCIPLES THAT ARE BASIC TO UNDERSTANDING HOW TO MAKE YOUR MONEY WORK FOR YOU.

1. The Impact of Inflation. Take a hypothetical $1,000 in savings and look at how the rate of inflation will reduce its purchasing power in one year.

For example: $1,000 earning 3% simple interest ($1,000 x .03 = $30 + $1,000)
At end of year: $1,030

Assuming 3% inflation: Purchasing power of $1,030 = $999.10 ($1,030 x .03 = $30.90 = $1,030 - $30.90 = $999.10)

Even though it looks as if your money has grown, you have actually lost ground to inflation.

2. Rate of Return. It's important to have your savings and investments grow faster than the rate of inflation. One way to calculate your future savings is to use the Rule of 72:

Take rate of return you are earning and divide it into 72 to determine how many years it will take for your money to double. (Formula is 72 / Rate of Return)

$1,000 Example

Years	Amount	6	12	18	24
3%	$1000				$2000
6%	$1000		$2000		$4000
12%	$1000	$2000	$4000	$8000	$16000

3. Time Value of Money and the Magic of Compound Interest

Time and the Magic of Compound Interest can be your greatest allies in achieving financial independence. Compounding is simply earning interest on your interest, but its impact is dramatic.

Here are two examples:

- Individual A starts saving $2,000/year at age 21 to 30; then stops and lets it sit until 65.
- Individual B starts saving $2,000/year at age 31 to 65.

Assuming an identical rate of return of 9%

- Individual A's account = $620,296 for contributing for 10 years
- Individual B's account = $431,422 for contributing for 34 years

B’s account is worth $189,000 less than A’s even though B saved $48,000 more of their own earnings.

Why? Because of compound interest.

Here’s another example:

TO SAVE $100,000 BY AGE 65 ASSUMING 10% RETURN YOU MUST SAVE:

Age 25:	$ 15.65/month
Age 35:	$ 43.87/month
Age 45:	$130.60/month
Age 55:	$484.14/month

By starting early, young savers can use interest compounding to great advantage. Older savers will have to contribute a much greater percentage of their income to make up for the compound interest they could have had.

NOTE: Remainder of lesson plan uses the USAA booklet, *Planning for Your Financial Future*. If you do not want to use this handout, adapt some similar materials that will cover the same subject matter. Information on receiving this booklet is in the bibliography.

Distribute the *USAA Booklet: Planning for Your Financial Future*. Explain that the Air Force and the Family Support Center are not endorsing USAA, but USAA has given us permission to reproduce this booklet for the class.

II. The Importance of Goals

A. Why You Need Financial Goals

1. An important reason people fail to become financially independent is because they fail to establish goals. Start by looking at your dreams; what things would you like to experience, achieve, or acquire during your lifetime? Include all family members in listing family and individual dreams.

2. Then break these dreams down into goals you will accomplish to make the dream a reality. Having goals will give you the incentive to save part of everything you earn and keep your financial plan on track.

B. Financial Goals Worksheet: A financial goals worksheet can be as simple as a piece of paper listing your goals; the key thing is that you write your goals down on paper. Because if your goals are vague and undefined, how will you know when you have achieved them? Breaking major goals into intermediary steps (sub-goals) helps make a huge goal more attainable.

1. Be specific: If you want to build your dream house in 10 years, rather than writing down "Dream House," list the particulars. Some of your specific items might be; where will it be located, how many acres, what style of home, how many square feet, and how much money you will need. If you want to save $20,000 in 10 years for this goal, you will need to save $2,000/year (assuming your savings or investments keep pace with inflation).

2. Set specific target dates: You now know what your time horizon is and you have something to work towards.

3. Categorize goals

a. Immediate goals are the necessities of life--needs: food, shelter, clothing, etc. Immediate goals are those you usually pay for out of your current paycheck, your checking account, or in some cases with credit.

b. Short-term goals are things you need or want in the next one to five years. Examples might include: paying off a credit card, accumulating funds for the next PCS, saving for a wedding, funding an emergency account. Short-term goals are usually paid for out of a savings or money market account.

c. Intermediate goals are goals that fall between five to ten years. Examples might include: saving for a down payment on a house, saving for a child's college education, or saving "X" dollars toward your retirement goal. Depending upon the importance of the goal, the personality of the saver, and other variables; savings or investments are used to fund these goals.

d. Long-term goals are generally things or targets you want to reach in ten years or later. Examples might be saving for your dream home, accumulating a nest egg for retirement, saving for a child's college education. These goals are normally funded by investments.

NOTE: If you marry, review your financial goals again since individuals have different values and it's likely they may also have different goals.

III. Calculating Your Net Worth

A. Net Worth Statements.

1. Net worth is calculated by taking the value of everything you own minus the value of everything you owe (Total assets - Total liabilities = net worth).

2. Gathering this information is essential for creating your financial plan, because you need to know where you are starting from and what resources you have to put towards your goals. Use actual market values, not what you bought the property for, but what you could sell it for when calculating net worth. Depending upon the state of your financial records, it may take some time to calculate your net worth.

Distribute Net Worth Statements to class

NOTE: You may want to incorporate materials from the Record Keeping Lesson Plan into the class at this point.

B. Spending Plans.

1. Spending plans go by a lot of different names: income-expense statements, cash flow statements, budgets, etc. Regardless of what you call it, a spending plan is an important tool in discovering how much money is coming in, how much money is going out, and where it's going. And, unless you have already accumulated a lot of assets, your paycheck is probably the most valuable resource you have.

(As you are getting ready to go over spending plans you may want to mention that individual PFMP consultations are available.)

a. Income: Include all pay, salary, investment, & retirement income in your spending plan.

b. Outgo: Track outgo by keeping a log of expenses for a few months to see where your money is going and how much is being spent. Look through checkbook registers, credit card receipts, and budget ledgers if you have them to get a good idea of your expenditures.

NOTE: Avoid using an ATM unless you are keeping some other type of written record for your spending.

2. Use the expense log that you kept for a few months to help you evaluate your spending plan. How closely do the amounts you are spending match up with what you thought you were spending? Do these expenditures allow you to set aside money for your different goals? If not, look for areas where you could make some changes.

3. After keeping a spending plan for a few months, you may decide that it's a habit you want to continue. If you own a home computer, you may want to consider purchasing one of the financial software programs on the market to track expenditures and record other financial information.

IV. Savings Vehicles and Options

A. Savings Vehicles - Interest-paying savings accounts are generally used to safeguard and accumulate funds. Savings accounts appeal to many people because they provide stability of principal, which means the principal will not decrease in value as it might in other investments. Savings accounts are highly liquid which means you can access your funds without delay. Savings accounts also provide a stable interest rate. A good savings program provides the foundation for investing later.

1. Choosing a Financial Institution

a. Whether you place your savings in a commercial or savings bank, a savings and loan association, or a credit union, it is important that you find an institution where the safety of your funds is guaranteed by the US Government.

Prominent display of the words "Member FDIC," "FSLIC Insured," or "Member NCUA" indicates that the institution is a member of the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or the National Credit Union Association. This insurance covers your money up to $100,000 per depositor at member banks or at savings and loans. (A joint account with another person is considered two separate depositors.)

b. It pays to shop around when choosing a financial institution. Check out a number of institutions before you open an account. Some questions to ask are:

- What is the minimum deposit?
- What is the interest rate?
- Is the interest compounded daily, weekly, quarterly or annually? Ask for the "effective annual yield (effective APR)"; this rate takes into consideration whatever compounding method is being used.
- What method is used to determine interest paid?
- Is there a fee or a penalty if the balance falls below a certain level? If so, what is the level and the fee?
- Are maintenance fees charged on the account?
- Is the account subject to any other fees, such as for writing checks or for withdrawing money?
- Is the account federally insured?

c. If you do not get the answers to all of your questions, consider going elsewhere. Consider moving all your banking business to the institution that provides you the best service and benefits.

2. Determining Interest Paid

Although the stated interest rate paid on your account balance is an important factor influencing the rate of return on your account, other factors are also important. One of these factors is the method used to determine your savings account balance. There are four methods generally used by financial institutions.

Assume you have a regular statement account earning 5 percent per year and the account is compounded semiannually. You open your account on January 1 with a deposit of $500. You make additional deposits of $500 each on March 1 and May 1. You make a withdrawal of $500 on 30 June, which results in the loss of only 1 day's interest. Your balance on July 1 is $1,000. How would the four different computation methods affect the amount of interest?

b. Interest Payments: Methods Used

1) Low balance- Interest is paid only on the smallest amount of funds in the account during the entire period. In spite of a balance that reached $1,500 during the interest period, only $500 is eligible for the interest computation since this was the low balance. No interest is paid on the deposits made March 1 or May 1. Total interest earned on this account is $12.50.

2) First-in, first-out (FIFO). Withdrawals are deducted from the first deposit rather than the beginning balance, and then from subsequent deposits. The June 30 withdrawal is subtracted from the March 1 deposit, and interest is paid on the beginning balance for 6 months and on the May 1 deposit for 2 months. If there had been no deposits, the withdrawal would be subtracted from the beginning balance. Total interest earned is $16.67.

3) Last-in, first-out (LIFO). Withdrawals are subtracted from the most recent deposit and then, consecutively, from earlier deposits. The June 30 withdrawal is subtracted from the May 1 deposit, and interest is paid on the beginning balance for 6 months and on the March deposit for 4 months. Total interest earned is $20.83.

4) Day-of-deposit to day-of-withdrawal (DDDW). Interest is paid on the actual number of days the funds are in the account. This method is the fairest to consumers. Interest is paid on the beginning balance for 6 months, on the March 1 deposit for 4 months, and on the May 1 deposit for 2 months. The June 30 withdrawal results in the loss of only 1 day's interest. Interest earned is $24.93 which is twice the return offered by the low balance method.

Date	Withdrawals	Deposits	Balance
January 1			$ 500
March 1		$500	$1,000
May 1		$500	$1,500
June 30	$500		$1,000
July 1			$1,000

Computation Method	**Interest earned**
Low balance	$12.50
FIFO (First-in, First-out)	$16.67
LIFO (Last-in, First-out)	$20.83
DDDW (Day-of-deposit to Day-of-withdrawal)	$24.93

Computation Method	Interest Calculations
Low balance	$500 x 5% x 1/2 year = $12.60
FIFO (First-in, First-out)	$500 x 5% x 1/2 year = $12.50 $500 x 5% x 1/6 year = $4.17 $16.67
LIFO (Last-in, First-out)	$500 x 5% x 1/2 year = $12.50 $500 x 5% x 1/3 year = $8.33 $20.83
DDDW (Day-of-deposit to day-of-withdrawal)	$500 x 5% x 1/2 year = $12.50 $500 x 5% x 1/3 year = $8.33 $500 x 5% x 1/6 year = $4.17 $25.00 - .07 = $24.93

NOTE: June 30 withdrawal results in loss of one day's interest.

3. Basic Savings Accounts

a. For short-term saving goals, a basic savings account is a good choice. There are two basic types of savings accounts: passbook and statement accounts.

1) Passbook Accounts. The time-honored passbook account uses the passbook as your record of transactions. Now passbook savings are offered under the umbrella of “regular” or “day-to-day” savings accounts. Usually, you can deposit, withdraw, and deposit and withdraw money from a passbook account whenever you want. Some institutions may limit the number of withdrawals per month.

There is sometimes a minimum amount required to open a passbook account. Also, many institutions require you to maintain certain minimum balances to receive interest or avoid paying service fees. These minimums vary from $1 to $100 or more. Many financial institutions that ordinarily charge fees may offer special no-fee accounts for senior citizens and minors.

Annual interest rates on passbook accounts are traditionally fixed, but some do offer a variable rate. Shop around because rates vary among institutions. Some banks offer direct deposit services for passbooks; others will not. Note that your passbook must accompany all requests for withdrawals, whether in person or by mail.

b. Statement Savings. These are similar to passbook accounts in rates and liquidity. Instead of using the passbook as your record, you automatically receive a periodic statement detailing your balance. Statement savings accounts have become the standard in recent years and are now more common than passbook accounts.

You can arrange to have paychecks, social security checks, etc., deposited directly into your savings account, and also arrange regular transfers to or from other accounts. When you make a transaction, you get a receipt. Funds can also be transferred by Automated Teller Machine (ATM). DO NOT deposit cash at an ATM machine because there is no trackable record of deposit. When depositing checks and other financial instruments, be cautious of ATMs. Ensure credit of deposits to your account by contacting the institution to get confirmation that your money was deposited.

4. Other Savings Options

a. Money Market Accounts. This type of account offers savings depositors the safety of FDIC/FSLIC insurance, but interest rates that vary with changes in market conditions. Some have minimum balances of $1,000 or more to avoid service fees. Others require no minimum balance to earn market rates, but charge service fees. If you link another type of account to your money market deposit account, you may avoid paying fees. A money market deposit account is a liquid account, but there usually is a limit on check writing and other types of transactions.

Because of the similarity in names, it is easy to confuse money market deposit accounts with money market funds, which are frequently advertised by non-bank institutions. The major difference between the two is that the safety of deposits put into money market funds are not insured by the federal government.

b. Time Deposit Accounts. The third major category of saving vehicles is time deposit accounts. These include options where you commit your money to stay in the account for time periods ranging from 7 days to 20 years or more. Certificates of Deposit, or CD's, are the most popular form of time deposits.

Time deposit accounts usually have a minimum opening deposit of $500 or more, and you ordinarily get a higher rate of interest than with a regular savings account.

In general, the longer you tie up your money, the higher the rate of interest you will be paid. The tradeoff is that you are giving up liquidity because you generally will be charged a substantial financial penalty for early withdrawals.

c. US Government Series EE Bonds. These bonds can be bought in denominations of $50 to $10,000, and many employers offer payroll plans to purchase them regularly. The purchase price is one-half the face value of the bond. Series EE bonds are as secure as the US Government. They earn 85 percent of the average yield at purchase on 5-year Treasury securities. To earn this rate, bonds must be held for at least 5 years. Currently the guaranteed minimum rate for bonds held less than five years is 4%. Series EE bonds must be held a minimum of six months. Interest paid on bonds is exempt from state and local income taxes, and federal tax-deferred until the bonds are cashed in.

B. Emergency Funds - should be accessible for unexpected emergencies. Savings accounts and money market accounts are good choices for the reasons described earlier. Avoid tying up emergency funds in non-liquid vehicles.

Financial planners recommend that you set aside the equivalent of three to six months of living expenses in an emergency fund, depending upon your family size. At a minimum, $1,000-2,000 is a good start, rather than relying on credit cards to be your emergency fund. Recommendations for regular saving vary from 5% to 20% of your take-home pay, depending upon family size and financial status.

An emergency fund should be one of your first goals if you do not already have one. Since emergency funds as well as other assets can be quickly wiped out in the event of a major illness or loss, you should consider insurance to cover those kind of risks.

C. Risk Management - Insurance Checklist

It's a good idea at least once a year or whenever there are changes in your family, to review your insurance coverage and decide if you are adequately protected or whether you need to make changes. Consider coverage you have with the military, government, or other employers when reviewing your insurance needs.

1. Auto Insurance - There are five basic types of auto insurance coverage; liability, medical payments, uninsured motorist, comprehensive, and collision that are available in various amounts.

   If you own a car liability insurance is a necessity**.** Liability coverage protects you if you are found legally liable for damage or injury to others.

   Bodily injury liability pays other people for the injury or death of others if you are held legally liable.

   Property damage liability pays for the damage caused by your car to the property of others.

2. Renter's Insurance - Pays for damage or loss of your covered belongings while renting. Renter's insurance can also provide additional liability coverage. Renter's insurance is very inexpensive and yet many renters do not have renter's insurance.

3. Homeowner Insurance - Pays for damage to or loss of your home and belongings. Home owner insurance also provides liability insurance if you are held legally liable for injuries or damages to other people while on your property.

4. Health Insurance - Air Force member families are covered under CHAMPUS. However, CHAMPUS only pays 80% of the allowable charges and the member must pay the other 20%. There is a $1,000 annual cap on CHAMPUS, but any charges not allowed by CHAMPUS must also be paid by the member. CHAMPUS supplemental insurance is inexpensive and offered by quite a few companies. The Health Benefits Advisor has information on CHAMPUS supplemental insurance.

5. Life Insurance - purpose of life insurance is to provide for surviving dependents. Life insurance does not protect your life, it replaces your income. If you do not have any dependents, you probably do not need life insurance. There are basically two types of life insurance: term and cash value insurance.

a. Term Insurance - Term insurance is pure insurance**;** there is no savings buildup or cash value. If the insured should die, the death benefit will be paid to the beneficiary stated in the policy. Term insurance covers the insured for a specific length of time, 1, 5, 10, or 20 years, or up to age 65. The coverage ends at the end of the term, unless you renew it for another term.

Always purchase a term policy that is guaranteed renewable. This means you will not have to take a medical exam to renew your coverage and you will still be covered as long as your policy has not lapsed.

Term insurance is cheaper for most families than other types of policies for the same amount of protection. The cost of all life insurance is based on mortality tables. The premiums you pay with term insurance will increase as you get older because you are more likely to die. With cash-value insurance policies, the premiums do not increase, but you are paying more in the early years to compensate for the higher costs in the later years.

Many people buy term insurance and take the amount they are saving on a cash-value policy and invest it. The key with a term policy is not to be paying on it forever, but to accumulate sufficient assets to where you no longer need life insurance, that is, you are self-insured.

b. Cash Value Insurance - The most common type of cash value insurance is whole life, but there are other variations including: limited payment, endowment, universal, and variable.

All types of cash value insurance offer a savings feature as well as a death benefit. Part of your insurance premium pays for the cost of insurance and the other part goes into the savings portion of your policy and earns interest. The interest rate can vary from year to year, but there is a guaranteed minimum interest rate.

The "cash surrender value" is the amount you will receive if you cancel your policy. Be aware that in the early years of the policy surrender charges can be quite high. Usually a table in the policy, states the amount of cash value available each year and what the surrender rates are.

You can also borrow a major portion of your cash value as a loan; you will be charged interest on the loan but you do not have to repay it. If you should die with a loan outstanding, that amount will be deducted from the death benefit.

6. Disability Income Insurance - provides income to replace part of the income you can no longer provide if an illness or injury leaves you disabled and unable to work. Disability insurance is expensive. To make this insurance affordable, the waiting period between the time the disability occurred and when the disability insurance benefits start will need to be as long as possible. It is essential to have sufficient emergency funds to cover this period.

7. Umbrella Liability Insurance - provides additional liability protection to underlying policies such as auto and homeowners. The benefit is that when loss exceeds the limits of the primary coverage, the umbrella policy comes into effect.

V. Creating a Plan of Action

A. Your Savings Plan - Once you have established a solid foundation of emergency funds and insurance, you are ready to begin accumulating towards your different goals.

1. Use your Financial Goals Work Sheet to review each of your goals and their target dates. Then estimate the cost of each of your goals without projecting for inflation. (The assumption is that with pay increases and savings and investment returns you will keep pace with inflation.) Next review your net worth statement to identify any assets you have that you could put towards your goals. Be careful not to include money for one goal that you have earmarked for another goal; unless, they are similar goals that could be merged together. Identify amount still needed and number of years to target date. For each goal divide the amount still needed by the number of years to the target date. The result will be the amount of money you need to save each year to reach your goals.

2. Now review your spending plan. How does the amount you are currently saving compare to the amount you have discovered you should save this year? If you have discovered your savings is inadequate, ask yourself some questions.

- Are you paying yourself with a disciplined savings / investment program?
- Could you increase the amount you are saving?
- Could you earn more?
- Could you settle for less expensive substitutes?
- Could you delay any of the target dates?

B. Your Investment Plan

1. Review each of your goals and prioritize them. Determine realistically whether each goal is short-term (1-5 years), intermediate (5-10 years) or long-term (10 or more years).

2. Now review your net worth statement again. If you have a good savings program in place, you are probably ready to start looking at investments as a way of achieving your long-term goals and possibly some of your intermediate goals. Perhaps you can reposition some of your assets to achieve a greater rate of return.

3. For each of your goals, decide how much risk you are willing to take for each goal. Consider your personality; are you comfortable taking risks? Will you worry every time you hear about the stock market on the nightly news? How important is the goal? How long do you have? Can you afford to lose money?

4. Before you invest, make sure you understand what you are investing in and the risks involved. Take advantage of investing classes offered through the Family Support Center and other organizations.

VI. Updating Your Financial Plan

A. Financial planning is a lifelong process. Your financial plan will change just as your life will. If your family changes, for example, you become married, divorced, have a child, or assume financial responsibility for a parent; your plan should be reviewed to make sure it still reflects your financial goals and dreams.

B. If no changes occur in your family, then review your financial plan at least once a year to ensure that it still reflects your goals and to keep you on target to achieve your goals.

REVIEW & SUMMATION

1. Review main points.

2. Answer any questions.

3. Distribute critiques.

Lesson plan developed by Kimberly L. Miller, Bolling AFB, D.C.

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Planning For Your Financial Future, The USAA Foundation, 1993. Phone number and POC to call to receive booklet and request permission to reproduce copies is: 1 800 531-8722. Ask for Jo Ann Higle, Administrative Support.

Savings Basics: Bulletin 333, University of Maryland Cooperative Extension Service, prepared by Mary J. Stephenson, Ph.D.

FINANCIAL GOALS WORK SHEET

GOALS	TARGET DATES	COST	ASSETS	AMOUNT NEEDED
SHORT-TERM				
INTERMEDIATE				
LONG-TERM				

NET WORTH STATEMENT

Date: _____________

ASSETS (WHAT YOU OWN)		LIABILITIES (WHAT YOU OWE)	
Cash on Hand	____________	Mortgage(s)	____________
Checking Accounts	____________	Vehicle Loan(s)	____________
Savings Accounts	____________	Personal Loan(s)	____________
CD's, Money Markets	____________	Education Loan(s)	____________
Life Insurance Cash Value	_________	Life Insurance Loan(s)	____________
Stocks/Bonds:	_____________	Credit Card Balance(s)	____________
	____________		____________
Mutual Funds:	_____________		____________
	_____________		____________
IRA'S	_____________		____________
401 K'S	_____________	Other _____________	____________
Pension Plans	_____________	Other _____________	____________
Other Investments	_____________	Other _____________	____________
_______________	_____________	Other _____________	____________
Your Home	_____________	TOTAL LIABILITIES	____________
Vehicles	_____________		
Collectibles/Jewelry	_____________	SUMMARY:	
Rental Property	_____________	Total Assets	____________
Other	_____________	Less Total Liabilities	____________
TOTAL ASSETS	_____________	NET WORTH	____________

MONTHLY SPENDING PLAN

DATE: ___________________

EXPENSES:	PAY PERIOD 1	PAY PERIOD 2	MONTHLY TOTAL
Mortgage/Rent			
Electric/Gas			
Trash/Water			
Cable			
Telephone			
Household			
Groceries			
Lunches			
Eating Out			
Gas & Oil			
Car Maintenance			
Auto Insurance			
Car Payment			
Medical/Dental			
Health Insurance			
Life Insurance			
Renters/Home Insurance			
Other Insurance			
Clothing			
Dry Cleaning/Laundry			
Personal			
Children: Toys, etc.			
Child Care			
Charities/Church			
Pet Expenses			
Education			
Entertainment			
Books/Magazines			
Birthdays/Gifts/Cards			
Clubs/Dues			
Alcohol/Cigarettes			
Miscellaneous			
Spending Money			
Credit Card Payments			
Other			
Savings			
TOTAL INCOME:			
- TOTAL EXPENSES:			
SURPLUS/DEFICIT			