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YOUTH/YOUNG ADULTS FINANCIAL GOAL PLANNING

During the 2013 summer months, our focus will be on youth and young adults. The three topics we will discuss are Financial Goal Planning, Budgeting, and Managing Debt.

We have also included a few incentives for completing the goal planning, budgeting, and debt management worksheets. Each time you complete an online exercise and the accompanying online survey, you will receive a free gift AND be entered into a drawing for a Kindle Fire. The worksheets and surveys can be found at www.wflains.org/yell.html.

This month's exercise is financial goal planning. The proof is in the numbers. According to Olivia Mitchell at the Wharton School of Business, individuals and families who set goals and create a plan to attain their goals are much more likely to have financial and personal success. Her research indicates that, on average, those who made goals and stuck to a plan generally attained \$307,000 in greater wealth by age 65, versus those in similar professions and positions who did not set financial goals.

Setting a goal is not just dreaming of having a million dollars. Financial goal planning means that you have a plan on how to reach your goal. Have a start date and an end date to determine how much you need to put towards that goal on a monthly basis.

There are several keys to goal planning:

1. Prioritize your goals. Put first things first. It is probably more important to save for college than for a spring break trip to Cabo.
2. Your goal should be realistic and attainable. Setting a goal to earn \$100,000 in your first job out of college, with an elementary teaching degree, is unrealistic.
3. Each goal should be thoroughly researched to make sure they are within your ability. If your goal is to buy a car, research the type of car you want and how much monthly payments will be.
4. Set a target date to reach your goal. This will give you a way to track your goals and adjust if necessary.
5. Don't have too many goals. Break down your goals into short-term, medium-term, and long-term goals. Having more than ten goals is too many.

6. Build upon goals. Make short term goals that will lead to success in long-term goals.
7. Don't wait for things to be perfect before you start setting goals and making plans. The timing will never be just right. You don't always have to get things perfect, you just need to get going.

Example: You are a 16-year old high school sophomore. You and your parents agreed that you will pay for $\frac{1}{3}$ of your college costs with your savings, they will pay for $\frac{1}{3}$ of the costs from their savings, and you will finance the other $\frac{1}{3}$ of college costs through student loans. You want to go to the private college that your sister is currently attending. You are bringing home \$200 per month working at your current part-time job. Your need is to save for $\frac{1}{3}$ of your college costs. Determine what $\frac{1}{3}$ means in dollars. Then break down the costs to determine what you need to save each month. If \$200 a month is not adequate to save toward your goal, then you will need to make adjustments. You may need to work more hours, consider attending a public college or local junior college, or consider another alternative. Prioritizing what is most important and then taking realistic and attainable steps to meet your goal is essential to success.

Re-evaluating your goals over time is necessary as circumstances change. It is perfectly normal that your goals change as your priorities and life situations change. **Keep in mind that those who set goals early tend to have the greatest success.**

For a free financial goal chart, please go to: www.wflains.org/yell.html and get started on a path towards your financial success. By completing the brief survey following your financial goals chart, your name will be entered into a contest for a Kindle Fire in September, and we will send you a free calculator and card holder.



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