

# Money 2000

*and Beyond*

Setting goals



**<sup>UW</sup>Extension**

University of Wisconsin-Extension  
Family Living Programs

## Define your goals

Money management is about **using what you have to get what you want**. None of us can have *everything* we want, but good management can help us get the things we want most. When you carefully define your goals, you have already started to accomplish those goals.

### Determine short-term and long-term goals

Most people will have some goals that are important to them in the near future, and other important goals that are further down the road. One way to make sure you haven't left out any important goals is to see if you have all three types:

- Short-term goals — within the next 6 months or 1 year
- Intermediate-term goals — within the next 1 to 5 years
- Long-term goals — more than 5 years away

Your definition of short-, intermediate- and long-term goals may vary. You need not have all three types of goals. But if none of your goals fit any of the categories, consider reviewing your goals.

### Involve family members

People are always more willing to help with something if they have been involved in the decisions. Adults, teens and children can all be involved in discussions about what is most important to the family.



## Gather information

Do you need more information to set your goals?

- Maybe you'd like to make a major purchase but you don't know how much it would cost.
- If your goal is to reduce debt, you might need information about how much you owe and how much you are currently paying on debts each month.
- If you are saving for your first house, do you know how much you need for down payment and closing costs?



Before deciding on your goals, find out as much as you can about them.

What information do you need to collect?

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## Write your goals

**Writing a goal helps you accomplish it.** As you write your goal (or goals), ask yourself two questions:

1. Is this goal specific? State what you hope to achieve and identify what it will cost.
2. What is the target date? When will you need the money?

### Goal-writing example

A family wants to take a vacation. But this is a vague goal. What kind of vacation? If they say they want to go to Florida in the winter, that would be more specific. Better yet, they could decide where they were going in Florida, how they would travel there, how long they would stay, and when this vacation will take place: in three months? In a year and a half? Being specific about the goal lets them effectively plan how to reach the goal.

### Make your goals realistic

Sometimes goals are clearly unrealistic. For example, a family with a monthly income of \$2,000 — who spends \$1,900 a month on basic living expenses — would find it unrealistic to save \$500 a month for various goals. If your goals are unreachable, you may become discouraged and give up. It is smart to make sure your goals are at least possible.

**If your goals seem unrealistic, you can change them.**

- **Change the amount.** If you planned on saving \$5,000 a year for a college fund, but then you decide that isn't possible, you can adjust the goal, perhaps saving \$2,000 a year instead.
- **Change the target date.** If you wanted to pay off your student loan in 2 years, and you've decided that's not realistic, you might decide to pay it off in 4 years.

## Reduce debt or increase savings

Simply writing down a commitment to continue what you are doing already can be useful. But people usually begin *Money 2000 and Beyond* with a desire to increase their savings or reduce their debt. Ask yourself:

- How much am I saving?
- How much am I paying on debt?



## Questions to ask yourself about your debt

- Do I worry about making my monthly payments?
- Do I sometimes skip paying one bill to pay another, or write post-dated checks?
- Do I spend more than 20 percent of my take-home pay each month on debt repayment (excluding mortgage)?
- Do I pay only the minimum due on credit card bills, rather than the full balance due?
- Do I use cash advances or payday loans to pay my monthly bills or living expenses?
- Have I requested an increase in my credit limit because I need it?
- Have I missed credit payments?
- Do I borrow and add to a loan that is not paid off?
- Am I considering or using a debt consolidation loan?
- Do I charge items now that I used to pay for with cash?



## Questions to ask yourself about your savings

- Do I save regularly?
- Have I saved 3 to 6 months of living expenses in an emergency fund?
- Am I saving enough for future high-cost goals such as an education fund, a house, or retirement?
- Do I save to purchase big-ticket items instead of buying on credit?
- When I use credit, do I save to make as large a down payment as possible?
- Do I save at least 10 percent of my income?
- Am I saving enough for my retirement?



# 10%

### Rank your goals

Most people have many goals. It is important to work hardest on the goals that are most important to you. Ask yourself — and other family members — this question: If I could work toward only *one* of these goals, which would it be?

If you have five goals, you might rank them 1 through 5. Or simply divide your goals into three groups: high, medium and low priority.

**Note:** Short-term goals are targeted *sooner* than long-term goals, but that doesn't mean they are more *important*. You can work on more than one goal at a time, but it pays to be clear about which are your highest priorities.

## Writing down your goals

Write down one or more goals in the chart below for your reference.

Goals	Amount needed	Target date	Monthly commitment
<b>Short-term goals—6 months to 1 year:</b> <i>Example: Save for holiday gifts</i>	\$300	Dec. 1	\$25/month
<b>Intermediate-term goals—1 to 5 years:</b> <i>Example: Pay off credit card balance</i>	\$3,210 balance	In 3 years	\$110 monthly payment for 3 years
<b>Long-term goals—more than 5 years away:</b> <i>Example: Contribute to Roth IRA each year until retirement</i>	\$2,000/year	Each year until retirement	\$165/month
<b>Totals:</b>			

## My plan to reach my goals:

Examples:

1. Put aside \$25 from first paycheck each month.
2. Cut back spending to increase money available for credit card payments.
3. Arrange monthly direct deposits from my bank/credit union to Roth IRA account.

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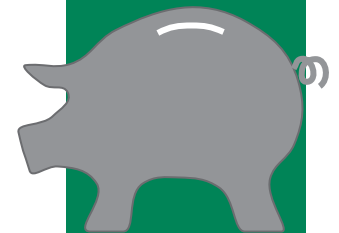
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## Enroll today in *Money 2000 and Beyond*

Through *Money 2000 and Beyond*, you will have opportunities to acquire skills and information that will help you reach your goals. There are many ways to reduce spending and control where your money goes. People often are surprised at what they can accomplish when they put their minds to it.

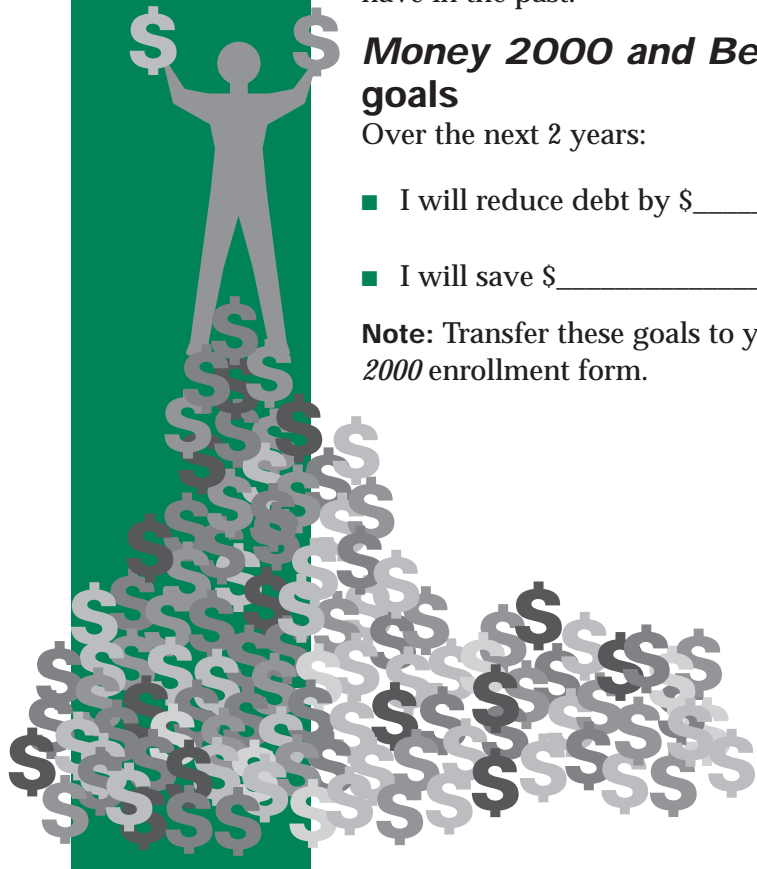
So don't be afraid to set goals that stretch you a bit. After all, the purpose of *Money 2000 and Beyond* is to help people accomplish more with their money than they have in the past.

### *Money 2000 and Beyond* goals

Over the next 2 years:

- I will reduce debt by \$ \_\_\_\_\_
- I will save \$ \_\_\_\_\_

**Note:** Transfer these goals to your *Money 2000* enrollment form.



# Money 2000

*and Beyond*

1. Write down your goals.
2. Put a price on your goals.
3. Set a target date for reaching your goals.
4. Divide and conquer. Decide how much money you should set aside from each paycheck.
5. Develop a plan for reaching your goals, like saving \$10 to \$25 a week.
6. Most importantly, start working on your goals today.

