



Activity:

Goal-setting Worksheet

This activity guides you through the process of setting financial goals toward achieving your desired lifestyle. It may take more than one session to complete the worksheet, so make this a consistent work in progress.

Keep in mind that accomplishing goals sometimes requires sacrifices. Whether it's as small as cutting out sodas or as large as working weekends, identify the investment you're willing to make to achieve your goals.

Although this course focuses on personal finances, we also suggest that you write goals for other areas of your personal life. The guidelines work for all goals.

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Setting goals may sound mundane or juvenile. But taking that simple action can make a tremendous impact on all areas of your life. People who set goals live more fulfilled lives and stand a better chance of attaining financial security.

The best way to get what you want is to make a plan to achieve it. Depending on the size of your goal, setting up an action plan can take time and effort. But you are investing that time now – in the planning stages – so you can refer back to your goal(s) over time, track your progress, and eventually reap the reward of seeing your dream become reality.

If you have a goal that ultimately will take years to achieve, life will sometimes get in the way. You may need to alter your plans to accommodate life changes; but with a thorough plan for reaching your goal, reviewing how these changes alter your path becomes easier. In turn, you will be poised to adapt more quickly while remaining on course toward the goal.

Goal-setting Framework

For your initial goal-setting exercise, start small. What's a goal you can accomplish in the next four weeks? Save \$500? Exercise three times a week? Hold a quality family night once a week?

Write down your goal to complete in four weeks:

Regardless of the size of the goal, follow the guidelines by double-checking that your goals are:

Specific

Example: I will save \$500 for a plane ticket to attend my grandmother's birthday celebration.

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Measurable

Example: I will save \$125 out of each weekly paycheck.

Motivational

Example: I will be delighted to see grandma and grandpa. I haven't seen them in years.

Attainable

Example: I know I have the spare funds. I'm just wasting the money elsewhere.

Results-oriented

Example: When I walk in the door, it will feel so good to surprise the whole family.

Time-driven

Example: I will complete this goal in 4 weeks.

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Now let's take your original goal and place it into this framework:

I will [Specific_Goal_You_Will_Work_Toward]. I will track my goal's progress by [Measurement_of_Goal_Progress]. I am motivated to accomplish this goal because [Reasons_It_Will_Benefit_You]. I know I can do this, because [How_Your_Goal_Is_Attainable]. When I finally [Your_Finish_Line], I will feel [How_You_Will_Feel_When_Completed]. I will start by [Date_You_Will_Start] and complete by [Date_You_Will_Complete].

Example: I will save \$500 for a plane ticket to attend my grandmother's birthday celebration. I will track my progress by moving \$125 a week into my savings account as my paycheck becomes available. I am motivated to accomplish this goal because I haven't seen my grandparents in years and I miss them. I know I can do this, because I feel like I spend a lot on frivolous purchases that I could divert to savings. When I finally walk in my grandparents' door, I will give my grandparents the biggest, happiest hug. I will start by the first of October and my goal will be completed within four weeks.

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Breaking it Down into Action Steps

Now that you have a solid goal to work with, break it down further into action steps that follow a similar structure. What behaviors, decisions, or actions will contribute to (or distract from) achieving your goal?

Quantify these action steps as best you can. For example, buying your lunch every day at work is easily quantifiable. Not having enough energy to pick up an extra shift at work may be quantifiable in the sense that you are “giving up” extra pay, but the lack of energy is more difficult to quantify and may need further exploration to develop into its own goal (i.e. getting more sleep).

Examples:

- I buy a coffee every day before work. I will make my own coffee at home.
- I don't really wear a lot of the clothes that I receive from the clothing subscription service, yet I still keep them. I will cancel this service before I incur the next charge.
- I will pick up at least 1 extra shift every 2 weeks.
- I eat out a lot, while I throw out a lot of groceries that have gone bad at home. I will only eat out once this month and restrict my grocery bill to \$75 each week.

As you can see, a goal needs to be fully explored. We explore the goal thoroughly by assigning it specific, measurable, motivational, attainable, results-oriented, and time-driven attributes; and then further breaking the goal into small, manageable action steps – each of which contributes toward reaching the ultimate goal.

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The Big One

But what if your goal is big, one that will take a span of years or decades to complete? You will probably need to set up several – if not many – smaller goals and define their actions; which may also have their own smaller goals and actions. But don't be intimidated; the same tools you just used to complete the four-week goal are applicable here too. The key point to understand is that even the largest aim can be broken down into smaller, more manageable goals. Some problems may seem monolithic, insurmountable, or bring up a general sense of dread about the future. These larger goals can be systematically broken down, and then they will seem much less imposing.

Let's take a mortgage as an example. Let's set it up into our framework:

Specific: Pay off my mortgage.

Measurable: I can track additional payments and the amortization schedule as I work toward early mortgage payoff.

Motivational: At that time in the future, I want to use a portion of the equity in my paid-off home as collateral to finance a second home to give to my son.

Attainable: This effort will require additional income and some sacrifices, but it is possible.

Results-oriented: Yes, there is an "end" to the mortgage, given enough effort and money.

Time-driven: I will pay off the mortgage by the time I reach age 50; around the same time my son finishes college.

Great! Now our example is within the framework that defines an effective goal. But this goal is still far too big to break down into actionable steps. Therefore, we need to create a second tier of supporting goals that collectively feed into the master goal:

Sub-goal 1: Figure out the financial specifics behind my mortgage to see if any savings is available.

Sub-goal 2: Increase my disposable income.

Sub-goal 3: Reduce expenses.

These are clearly components that could help us reach our ultimate goal, but they are still not actionable – that is, they're not ready to be put into action. Let's go one step further for just one of these example sub-goals:

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Sub-goal 1:

Figure out the financial specifics behind my mortgage to see if any savings is available.

Considering actionable ideas for accomplishing Sub-goal 1, you might come up with the following goals as placed within our framework:

I will take a personal finance class on mortgages to increase my knowledge of mortgage terms and how financing works. I will track my progress by completion of the class. I am motivated to accomplish this goal because it will help me understand and negotiate options for my own mortgage, getting me closer to my big goal of mortgage payoff. I know I can do this, because I heard about a mortgage class offered through my credit union. When I finish the class, I will feel more knowledgeable and prepared to possibly renegotiate my mortgage terms. I will start no later than the first of October and complete the class within four weeks.

and

I will input my current mortgage details into an Excel spreadsheet and take stock of all my assets and debt. I will track my progress by calculating reductions in debt each month. I am motivated to accomplish this goal because it will illustrate how newly-negotiated mortgage terms may benefit me toward paying off the mortgage. I know I can do this, because I have the knowledge I gained from the class and all the information I need about the details. When I have all my financial details organized, I will feel great knowing I am on track toward my larger goal. I will start within one week of completing the class and will finish in two days.

and

I will meet with my current bank/credit union and two other banks to discuss refinancing my mortgage. I will track my goal's progress by scheduling the appointments and attending three meetings. I am motivated to accomplish this goal in order to learn the potential benefits of a refinance. I know I can do this, because I have time and motivation to call and make the appointments. When I have met with all three banks, I will feel excited about the possibilities of refinancing. I will start within 10 days after completing my Excel spreadsheet, and finish the meetings by the end of December.

You must continue to break down large goals until you feel that they paint an actionable path for you to follow. For some people, breaking the goal down into year-by-year objectives is sufficient. For others, it is best to condense it down into monthly, or even weekly goals. Your personality and the complexity of the goal determines how granular your goals must be for you to feel comfortable.

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Organizational Tools

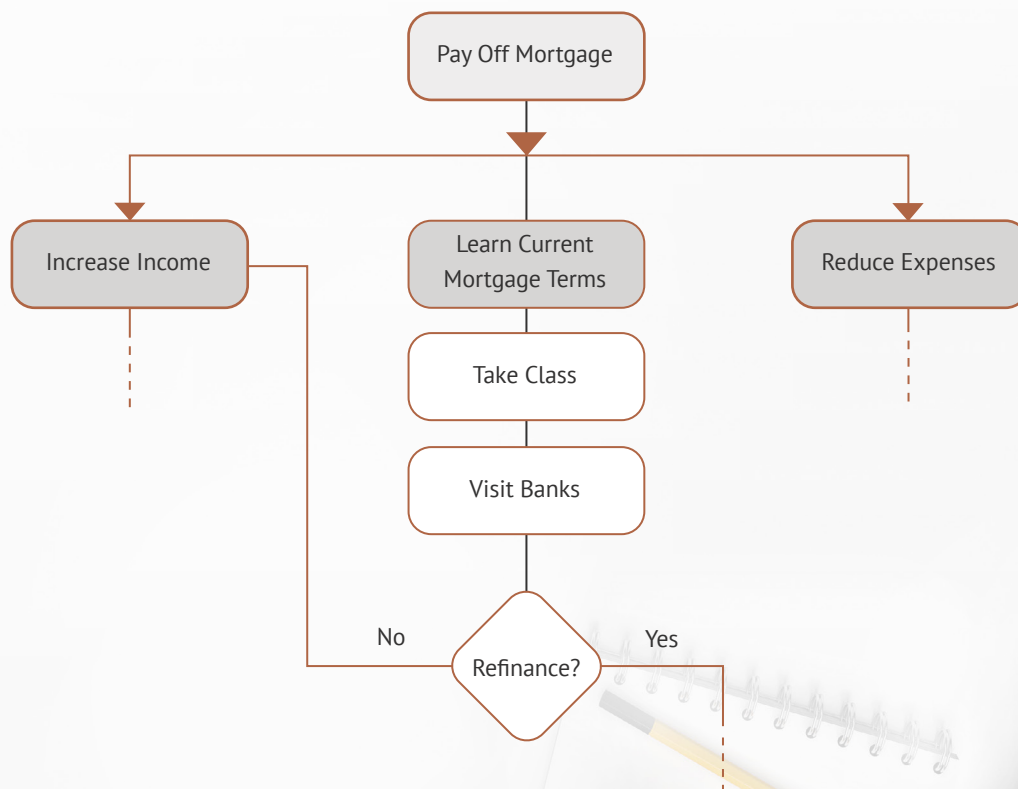
As you saw in our example, big goals can be complex. You probably will not finish your master plan in a single sitting. And for goals that span many years, you will need to make adjustments along the way.

Here's a few ideas to keep complex ideas organized and well-documented. Some people excel in certain areas of planning, yet tend to omit detailed information in others. Use a combination of tools in the format(s) you prefer to meet your personal planning needs.

Flow Charts

Flow charts are methods to visually depict complex relationships. There's even an entire "language" built around flow charts in which different shapes and lines have different meanings. However, don't worry yourself with such complexities if they feel intimidating. The key concepts you can leverage with a flow chart are:

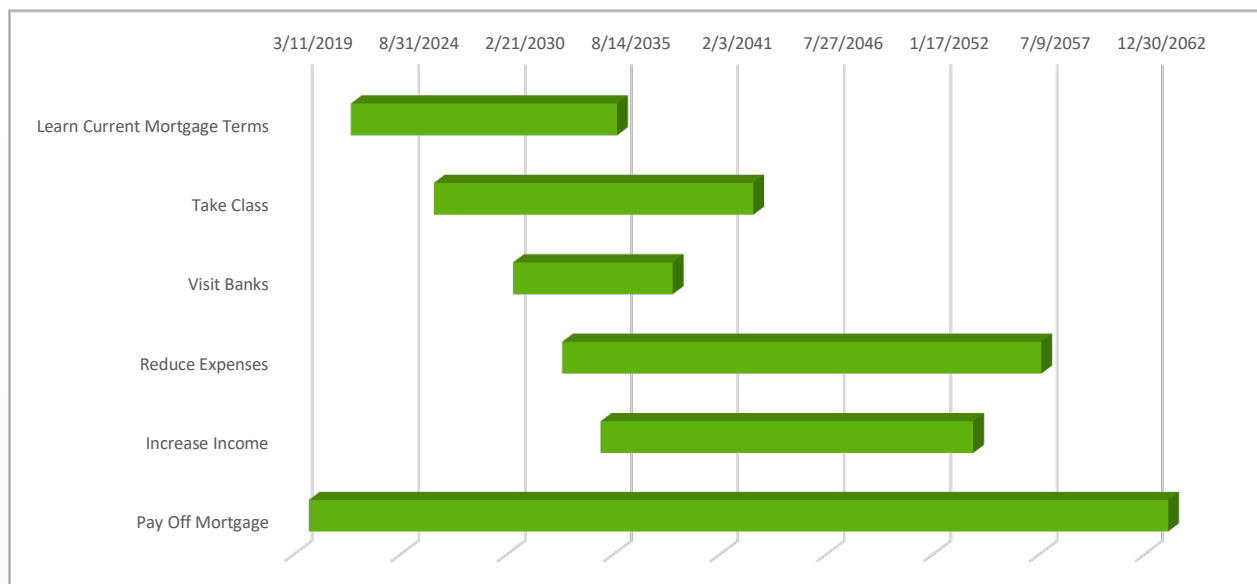
1. Showing process relationships between goals. For example, "This comes before that," or "These two things must be completed before starting on this."
2. Indicating a decision-making tree. "If this does not work, then do that," or "If the answer was 'No' to that, then do this."



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Gantt Charts

A Gantt chart is a type of bar graph that illustrates a project schedule. Tasks to be performed are listed on the vertical axis, and time intervals on the horizontal axis. The width of the horizontal bars indicate the duration of each activity. These charts illustrate start and finish dates of the terminal elements and summary elements of the task, constituting a work breakdown schedule of the project. Gantt charts can be created using project management software such as Microsoft Project. Like flow charts, they may be useful for organizing the breakdown of goals, sub-goals, and action steps.



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Excel

Microsoft Excel offers a powerful, user-friendly solution for organizing your finances and goals. You can manage time, deadlines, projects, and money using Excel spreadsheets with formulas set to update with every entry you make. The software also provides data analysis functions. Excel even has spreadsheet templates to make worksheet creation easier, including a money management template, budget template, and checkbook register template.

	A	B	C
1	Pay Off Mortgage		
2	1/1/2111		
3		<i>Learn Current Mortgage Terms</i>	
4		1/1/2109	
5			Take Class
6			1/1/2108
7			
8			Visit Banks
9			6/1/2108
10			
11			Refinance
12			12/1/2108

The tools you use and the details they convey are entirely up to you. The important thing is to use tools that help you break down a complex goal into manageable sub-goals and their own actionable items to help you stay on track, evaluate your progress, and make adjustments to the plan as needed. Laying out all your action steps along a reasonable timeline is the optimal method to cleanly organize your goal-setting processes and get on the path toward actually achieving your goals.