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Money Matters | Turn your financial wishes into reality

By DAN MATHEWS

Add personal financial goals to your 2013 resolution list. Here's how:

Formalizing personal financial goals may be as intimidating as a resolution to lose weight or dropping a bad habit, but it does not have to be. By following a simple process, you can quickly make it a reality.

Step 1: Create personal financial statements - a balance sheet and an income and expenditures statement.

The [balance sheet](#) is a snapshot of assets minus liabilities. The [income and expenditures statement](#) shows income and expenditures. It reflects either a surplus or a deficit. These statements quickly evaluate your personal financial situation and help you to determine where you are in the [financial planning life cycle](#).

Step 2: Establish long-term goals that look out 2 years, 5 years, to as far as 30 to 40 years.

Long-term goals depend on your personal situation and where you are in the life cycle. For instance, long-term goals for a college senior may include repaying college loans or buying a new house. Whereas, a married couple in their 50s may have goals to retire at a certain age with a certain amount of income, relocate, or travel to see grandchildren.

Step 3: Set short-term goals for the upcoming 12-month period that correspond with long-term goals.

Goals should be specific, have monetary targets, and include a plan. For instance, a short-term goal may be to take a family vacation to [Disneyworld](#) in October of 2013 for \$5,000. The plan is to save \$200 per month from January through October, plus use \$3,000 of your income tax refund.

Step 4: Create a budget for the coming year to instill discipline in daily spending decisions.

Do you remember [Wimpy](#) from the cartoon Popeye? His famous line was, "I'll gladly pay you Tuesday for a hamburger today." It may have seemed harmless in a cartoon, but it is a good metaphor of how our current desires can sabotage goals. The natural tendency to prefer current unplanned consumption over future planned consumption may be the greatest challenge when setting short-term goals. If short-term goals are not attained, the likelihood of achieving long-term goals is reduced.

Step 5: Set checkpoints to monitor progress.

Short-term goals will change frequently, so review them quarterly. Check the status of long-term goals at least annually and update them as your situation evolves. A goal does not have to be perfect at the onset. You can tweak it as you get closer to its target date.

It is important to involve the immediate family in the goal planning and monitoring process. Everyone must "buy in" to improve the chances of success. Be willing to compromise with a spouse or partner. Discuss your goals in a restaurant or coffee shop to lessen the chance of conflict or emotional outbursts. Also, sharing goals with friends, family, or a [Certified Financial Planner](#) professional implements accountability, which is a powerful motivator.

French writer, [Antoine de Saint-Exupery](#) said, "A goal without a plan is just a wish." Start 2013 with a list of long- and short-term goals and a plan to reach them. By doing so, you will quickly turn wishes into reality.

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