Building Your Own Financial Plan

Goals

- 1. Determine how to increase net cash flows in the near future.
- 2. Determine how to increase net cash flows in the distant future.

Analysis

1. Prepare your personal cash flow statement.

Personal Cash Flow Statement

Cash Inflows

Disposable (after-tax) income Interest on deposits Dividend payments Other

Total Cash Inflows

Cash Outflows

Rent/Mortgage Cable TV Electricity and water Telephone Groceries Health care insurance and expenses Clothing Car expenses (insurance, maintenance, and gas) Recreation Other Total Cash Outflows Net Cash Flows (Total Cash Inflows minus Total Cash Outflows)

Note: You must build a positive cash flow. Your income should exceed your expenses and if not you must find a way to reduce expenses.

2. Prepare your personal balance sheet.

Personal Balance Sheet

Assets

Liquid Assets

Cash Checking account Savings account Other liquid assets Total liquid assets

| \$ | |
|----|--|
| \$ | |
| \$ | |
| \$ | |
| \$ | |

| This | Month |
|------|-------|
| \$ | |
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Household Assets

Home Car Furniture Other household assets Total household assets

Investment Assets

Stocks Bonds Mutual Funds Other investments Total investment assets

Real Estate

| Residence | | |
|-------------------|--|--|
| Vacation home | | |
| Other | | |
| Total real estate | | |

Total Assets

Liabilities and Net Worth

Current Liabilities

| Loans | \$ |
|---------------------------|----|
| Credit card balance | \$ |
| Other current liabilities | \$ |
| Total current liabilities | \$ |

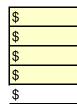
Long-Term Liabilities

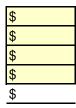
| \$ |
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Total Liabilities

| Net | W | ortl | h |
|-----|---|------|---|
|-----|---|------|---|

(Total Assets minus Total Liabilities)





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3. Reevaluate the goals you set. Based on your personal cash flow statement, indicate how much you can save each year to reach the goals you set.

Personal Financial Goals

| | | Dollar | | Savings | Number |
|------------|---------|--------|---|----------|----------|
| Financial | Goal | Amount | | per Year | of Years |
| Short-Terr | m Goals | | _ | | |
| 1. | Goal 1 | \$ | | \$ | \$ |
| 2. | Goal 2 | \$ | | \$ | \$ |
| 3. | Goal 3 | \$ | | \$ | \$ |

Intermediate-Term Goals

| 1. | Goal 1 | \$ |
|----|--------|----|
| 2. | Goal 2 | \$ |
| 3. | Goal 3 | \$ |

| \$ \$ |
|----------|
| \$ \$ |
| \$ \$ |

\$ \$ \$

Long-Term Goals

| 1. | Goal 1 | \$ | \$ |
|----|--------|----|----|
| 2. | Goal 2 | \$ | \$ |
| 3. | Goal 3 | \$ | \$ |

Decisions

1. Describe the actions you will take to increase your net cash flows in the near future.

2. Detail your plans to increase your net cash flows in the distant future.

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