

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

This Month

\$
\$
\$
\$
\$

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

\$
\$
\$
\$
\$

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

Mortgage	\$
Car loan	\$
Other long-term liabilities	\$
Total long-term liabilities	\$

Total Liabilities

\$

Net Worth

(Total Assets minus Total Liabilities)

\$

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

Financial Goal	Dollar Amount	Savings per Year	Number of Years
Short-Term 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.