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## SIMPLE STEPS TO FINANCIAL FREEDOM

Dear Friend:

Without clear-cut financial goals, our bank accounts are more likely to be on month-to-month status than brimming with the means to chart our own course. Whether from personal experience or something a friend or family member has dealt with, we all know if the habit slides too far, one may even find oneself in debt. In fact, according to the U.S. Department of Commerce, the average personal savings rate in America was -1.2 percent in February 2007. Isn't that an amazing statistic? Today, more people are borrowing money than saving it. And one thing I can tell you most emphatically is that every financial advisor I have ever spoken with talks about the power of cash.

We can have that cash if we make the commitment to pay ourselves first and truly commit to a savings plan. This month, I am sharing some resources with you to help you start saving on a planned and consistent basis if you are not already. In particular, I hope you will find the goal-setting worksheet to be useful. It will help you to set realistic, attainable savings goals.

The end result? Financial freedom. The ability to move beyond the power of cash to the power of investments that work for you and augment your income. And the ultimate goal of having investments that pay you so that dependency on a salary is a thing of the past. But it all starts with saving. I hope this helps to encourage you if you are saving, and to inspire you to start if you aren't yet.

Sincerely,

PS. There is still time to sign up for Saturday's feng shui class at my home in Redmond. Saturday, 7/14 from 2 to 5pm. Anyone is welcome; guests too! Please just call to save a seat.

***Preparing for a solid future...*** whenever you come across people who need a service provider, or who are thinking about buying or selling a home, and would appreciate the excellent service that I'm committed to, please call or email with their name, mailing address and business number. I will gladly follow up and help them in every way that I can!



# Simple GOLDEN Rules For Financial Freedom

## Setting financial goals to prepare for today and the future

Your budget is in order, and your family is sticking to it, but you'd like to have some money to put toward getting a bigger house. Or maybe you've got some credit card debt you'd like to work out of, eventually contributing your payments to a 401(k) plan. Whatever your situation, if you set your financial goals, you'll get where you want to go faster.

### IDENTIFY YOUR GOALS

Financial goal setting is easy to master. Create goals that are specific, with beginning and end dates. The easiest way to do it is to answer the questions who, what, when, where and why.

**WHO?** Since you're the one setting the goals, you are the "who" here.

**WHAT?** What you want to accomplish (i.e., save \$400 or pay off a credit card).

**WHEN?** Set specific start and end dates for meeting your goals.

**WHERE?** Where you're getting the money from to meet your goals (i.e., saving, cutting back other expenses, investing, etc.).

**WHY?** The most important question. Decide why your goal is important to you. Your "why" is what keeps you from spending \$500 on an antique garden gnome instead of transferring the money into savings. (Of course, goals being a personal thing, getting that gnome might *be* one of your goals—in that case, go for it!)

By answering these questions in your goal statement, you will create specific, achievable and realistic goals. Additionally, keep your goals positive—focus on what *will* happen, not what will not happen.

### BREAK DOWN YOUR GOALS

A goal that seems enormous at first glance becomes much more manageable when you divide it into small, attainable steps. Here's an example:

Elaine wants to eliminate her credit card debt, so she's created the following goal: "Beginning this month, I will eliminate my \$5000 credit card debt in six months."

Here's where the "how" part of the equation comes in. Elaine's not focusing on the large \$5000 amount, but instead has broken it up into smaller, manageable chunks (about \$833 plus interest). She then figures out how she can chip away at that \$833 each month by creating action steps.

She's decided to bring a lunch to work each day instead of dining out (\$140 a month), referee three high school and middle school soccer games a week (\$500 a month) and get a roommate (\$300 a month). By doing these things, Elaine will actually exceed her initial goal—and can reward herself with a night on the town for all her work!

How you partition your goals is up to you—the most important part of creating action steps is to make them attainable so that you don't get discouraged.

### IMPLEMENT YOUR PLAN

Follow your action steps and track your progress. You might even find the act of crossing off these "to-do's" addictive.

Don't be too hard on yourself if you get off-track. All you need to do is review your goals and adjust them appropriately. Remember, there are often many routes to the same result.

#### WEBSITES FOR MORE FINANCIAL INSPIRATION

- Money Basics [money.cnn.com/pf/101/index.html](http://money.cnn.com/pf/101/index.html)
- How to set up a budget [financialplan.about.com/library/howto/htbudget.htm](http://financialplan.about.com/library/howto/htbudget.htm)
- How to save money [www.ftc.gov/bcp/online/pubs/general/66ways.htm](http://www.ftc.gov/bcp/online/pubs/general/66ways.htm)



# Goal Setting Worksheet

Write your financial goals in the space below. Remember, a goal is achievable when it is specific. Improve a goal like "I want to be able to retire early" by changing it to "I want to retire in 20 years with an annual income of \$60,000."

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## PRIORITIZE AND ORGANIZE

Decide which goals are short-term (less than 1 year), intermediate (1 to 3 years) and long-term (5 years or more). Add up the monthly amounts to determine the feasibility of your goals or decide which ones you should tackle first.

	GOALS	DATE NEEDED	TOTAL COST	REQUIRED MONTHLY SAVINGS
SHORT-TERM GOALS (ONE YEAR OR LESS)				
INTERMEDIATE GOALS (ONE TO FIVE YEARS)				
LONG-TERM GOALS (FIVE YEARS OR MORE)				

*"To will is to select a goal, determine a course of action that will bring one to that goal, and then hold to that action till the goal is reached. The key is action." – Michael Hanson*