

San Diego Miramar College
Business 120 *Personal Financial Management*
Dr. Duane Short

FINANCIAL GOAL INSTRUCTIONS

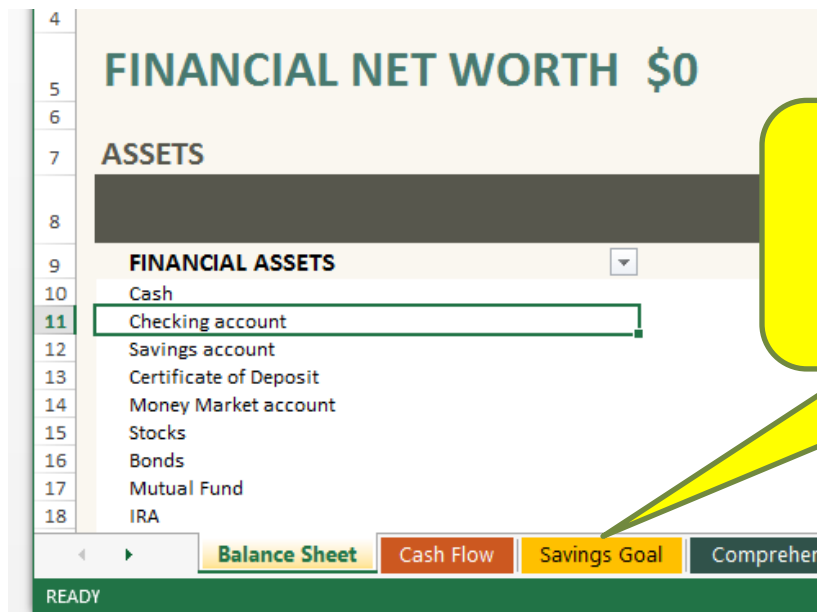
Step 1

Determine the purpose of your financial goal:

- If you are not already funding a retirement savings plan for yourself, then create a goal to start saving for your retirement. For guidance for how much to save, visit the Retirement Calculator at www.calculator.net/retirement-calculator.html. Or you can use a “rule of thumb” to save at least 15% of your current gross income. (We’ll cover retirement savings more in a later module.)
- If you are already funding a retirement savings plan (or are already retired), then use the SMART goal you created in Module 2 of this class.

Step 2

Open the “Financial Worksheets” Excel document and click on the “Savings Goal” tab at the bottom of the screen.



Step 3

Enter your name, the date, and a brief description of the purpose of your savings goal at the top of the spreadsheet under the “Savings Goal” title.

	A	B	C
1	SAVINGS GOAL		
2	[Enter your name here]		
3	[Enter the date here]		
4			
5	Purpose of the Savings Goal		
6			
7	Dollar Amount of the Goal		
8	Annual Interest Rate (APY) or Rate of Return on Investment		
9	Number of Months to Reach the Goal		
10	Monthly Savings Needed to Reach Goal		

Enter your name and date by clicking on the bracketed sentences

Enter the purpose of your savings goal in this white box

Step 4

Enter the dollar amount of your goal, the rate of return you expect to achieve (that’s the interest rate in a savings account or a rate of return in an investment), and the amount of time in months you have allocated to achieve your goal. This will give you the amount of money you need to save in order to achieve your goal. (If your financial goal was to save a particular amount each month and not accumulate a total amount, you’ll need to play around with the numbers you input until you get the monthly savings result that you want.)

	A	B	C
1	SAVINGS GOAL		
2	[Enter your name here]		
3	[Enter the date here]		
4			
5	Purpose of the		
6			
7	Dollar Amount of the Goal		
8	Annual Interest Rate (APY) or Rate of Return on Investment		
9	Number of Months to Reach the Goal		
10	Monthly Savings Needed to Reach Goal		

Enter your savings goal information and the expected rate of return here

Step 5

Review the monthly savings needed to reach your goal. Is it realistic? In other words, could you actually save this much per month? And is the annual interest rate you used reasonable? (Keep in mind that stocks have earned around 7% historically, while bonds have earned about 4% historically but about 2% in recent years.) If needed, play around with the numbers you enter until you get a savings goal that is realistic. Don't worry right now if the dollar amount is less than you hoped for in your retirement (or for some other financial goal): We'll cover some ideas for increasing your retirement savings in a later module.

	A	B	C
1	SAVINGS GOAL		
2	[Enter your name here]		
3	[Enter the date here]		
4			
5	Purpose of the Savings Goal		
6			
7	Dollar Amount of the Goal		
8	Annual Interest Rate (APY) or Rate of Return on Investment		
9	Number of Months to Reach the Goal		
10	Monthly Savings Needed to Reach Goal		

**Revise these numbers
if needed**

Step 6

Click on the "Cash Flow" tab at the bottom of the screen

Balance Sheet	Cash Flow	Savings Goal	Co
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**Click on the "Cash
Flow" tab**

Step 7

If your savings goal is for something other than retirement, then enter a title for your savings goal in the “Saving/Investments” section of the cash flow statement. If your savings goal is for retirement, then there is no need to enter a new title because there is already a “retirement” line item in the cash flow statement.

In either case, do not enter an annual amount because the cash flow statement is a historical record of past cash flows and this is a new savings goal – either for retirement or for your SMART goal from Module 2.

Savings/Investments	Annual	Monthly	% Income
Cash Reserves		\$0	
Retirement		\$0	
My New Savings Goal			
[Enter other as needed]		\$0	
[Enter other as needed]		\$0	
Total	\$0	\$0	

Enter a title for your goal here

Step 8

You’re done entering data! Your retirement savings or other new savings goal will now appear as a budget item and you can allocate a monthly amount to it when we work on the budget portion of this worksheet in the next module.