**WORKSHEET 2—Financial Objectives Worksheet**

The generic objectives provided are typical for people of all ages and are geared to assist you with your goal setting. Please rank the objectives on the following scale.

1. – Not applicable at this time 3 – Important
2. – Not important 4 – Very important
3. – Somewhat important 5 – Crucial

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| --- | --- | --- | --- | --- | --- | --- |
| **Financial/Personal Objectives** | **0** | **1** | **2** | **3** | **4** | **5** |
| Becoming more financially  knowledgeable |  |  |  | X |  |  |
| Improving record keeping methods |  | X |  |  |  |  |
| Finding a life partner |  | X |  |  |  |  |
| Starting a family |  | X |  |  |  |  |
| Aquiring additional home furnishings |  |  |  | X |  |  |
| Reducing revolving debt |  |  |  |  | X |  |
| Increasing savings |  |  |  |  | X |  |
| Reducing taxes |  |  | X |  |  |  |
| Paying off student loans |  |  |  |  | X |  |
| Evaluating insurance needs |  | X |  |  |  |  |
| Increasing insurance protection |  | X |  |  |  |  |
| Advancing in current career |  |  |  |  | X |  |
| Changing careers |  |  |  |  | X |  |
| Increasing investment diversification |  | X |  |  |  |  |
| Increasing investment return |  | X |  |  |  |  |
| Starting a small business |  | X |  |  |  |  |
| Planning for children’s education costs | X |  |  |  |  |  |
| Saving to return to college |  |  | X |  |  |  |
| Purchasing a vehicle |  |  |  |  | X |  |
| Saving for the down payment on a home | X |  |  |  |  |  |
| Purchasing a home | X |  |  |  |  |  |
| Caring for parents |  |  | X |  |  |  |
| Investing an inheritance | X |  |  |  |  |  |
| Saving for retirement |  |  |  |  | X |  |
| Retiring early |  |  |  | X |  |  |
| Traveling extensively in retirement |  | X |  |  |  |  |
| Giving to charity |  |  |  |  |  |  |
| Transferring estate assets | X |  | X |  |  |  |
| Other: |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
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Personal Net Worth

[Enter your name here]

[Enter name of institution here]

This exercise has helped me in improving my personal financial management. This is a step by step exercise, first step relates to setting up financial goals for a specified period of time. These goals are set keeping the SMART framework in sight. These goals should be specific, measurable, achievable, realistic and timely. If we assess a goal of purchasing a major item, this is not a specific goal because this should have been written as purchasing some particular item. The bottom line is that these goals have set a track for us to measure our progress. If we assess the worksheet two, we should improve record keeping methods to assure that the data gathered is correct and reliable.

A balance sheet is also called a statement of financial position which in this case will be considered statement of personal position. Assets are the resources that a business owns whereas liabilities and owner equity will be the sources of finance which will be used to buy assets. There are considerable amount of monetary assets held by a person but there are no investments. We have learnt in this subject that there should be a consistent stream of cash flows that provide a certain amount of cash at a given point in time, this is not achieved by the person whose balance sheet has been prepared. Thus, he needs to rethink his strategy and invest some amount of money in various options. The person has invested a certain amount in retirement plan which is a good thing for securing future. In the above table, he has assigned importance to increase his savings, this will be duly achieved if he decides to use investment options. I think the person should focus on advancing in current job and saving some money from his current earning. Since there is a home shown in balance sheet, the person does not have to think or worry about residence, similarly, there is a motor car owned by this person so he does not have to worry about it as well. He has also got some furniture under his belongings (Ward, 2019).

As far as liabilities are concerned, there are some outstanding amounts to be repaid by this person, including some utility bills etc. These liabilities should be considered while calculating his net worth because it is the difference between assets and liabilities that is shown as net worth (Charles Schwabb, 2019).

In the income statement, the main source of expenditure is related to housing. A net income is shown by the income statement which reassures that he should invest more to get some regular income from this saving which will ensure that he will have a regular source of income. Transportation costs are another major source of expenditure for the person concerned. This may have resulted because the vehicle owned is not working properly. This point is also emphasized by the fact that there is high importance given to purchasing a vehicle for himself in goals. Another option that this person can avail is to invest his saving into retirement options. This will help him achieving his goal regarding saving for retirement.

We have read that money should not be kept idle in the form of savings so this person should be advised to invest his saving to earn some amount on it. Some of the goals that have been stated are not confirmed by the financial statements given along with. This may have happened because the financial statements have been prepared first and goals have been written thereafter, this is not the right approach, goals should have been set before making financial statements.

# **References**

Charles Schwabb. (2019). *https://www.schwabmoneywise.com/public/moneywise/essentials/personal\_net\_worth.* Retrieved from https://www.schwabmoneywise.com/public/moneywise/essentials/personal\_net\_worth: https://www.schwabmoneywise.com/public/moneywise/essentials/personal\_net\_worth

Ward, S. (2019, June 11). *https://www.thebalancesmb.com/balance-sheet-definition-2946947.* Retrieved from https://www.thebalancesmb.com: https://www.thebalancesmb.com/balance-sheet-definition-2946947