Lesson 1: Defining Our Financial Vision

Everyday Money for Everyday People

Companion Workbook
2nd Edition
Todd Christensen of Debt Reduction Services Inc
Lesson 1: Defining Our Financial Vision

Having Money does not guarantee happiness. That said, however, having sufficient for our physical needs and several of our wants (not all) does typically lead to great satisfaction and happiness.

Additionally, we will find much greater satisfaction in life if we feel that we are achieving some of importance to us. Here is where a financial vision and financial come in. Establishing a financial vision for our lives helps us move from survival and reactive mode (often overlapping with the “victim mentality” that leads directly to indecision and a lack of initiative), regardless of our financial circumstances, to one of committed effort and proactive planning.

A Financial Vision is an overall view of what we’d like our financial future to look like. It is not a specific plan or detailed list of activities or events we’d like to participate in. Rather, it is the general description of what we’d like our future to look like.

Example 1: I’d like to be financially prepared to provide humanitarian service in third-world countries.

Example 2: With my spouse, I’d like to have the freedom to visit family around the country regularly.

Example 3: My career provides me great personal fulfillment, so I’d like to continue to work part-time “in retirement” but be financially prepared to take extended time off for meaningful events, trips and activities with family and friends.

Goals, on the other hand, are very specific. Through goals, we can establish detailed projects, milestones, and events that, step-by-step, lead us to creating a life in line with our Financial Vision.

Many have heard of SMART goals (Specific, Measurable, Attainable, Relevant, and Time-bound). SMART goals are a great start, since writing them down actually does make it more likely that we’ll achieve them, versus merely stating them verbally.

I typically suggest that goals be kept fairly immediate in nature (within the next 12 months or less) and fairly small ($1,000 or less for many households, though high-income households might go up significantly from there). The reason for these two limitations is that the further in the future the goal is, the less motivating it is. Unless we feel that we need to be working on the goal now (today, this week), we will not likely ever get around to it.
Here are a few examples of short-term SMART goals that correspond to the first Financial Vision example above:

Example of Vague Financial Goal: During my retirement, I want to take 10 trips to impoverished countries to help improve the lives of those in poverty.

Example of Good Financial Goal: I will need $100,000 by the time I retire in 2036 in order to take 10 trips to impoverished countries to provide humanitarian assistance and help.

Example of Better Financial Goal: By next May, I will be contributing 3% of my paychecks to my 401(k) to take full advantage of my employer’s matching contribution, in order to have $100,000 for the 10 humanitarian trips I want to take during my retirement.

Unfortunately, those who believe they will be fine with Social Security benefits only (and that is 23% of married couples and 46% of unmarried persons in retirement) should understand that the average Social Security monthly benefit is just barely ONE-THIRD of the retired person’s previous salary!

Now that we’ve established the importance of saving something for the future, and that goals are vital, it’s imperative to understand that writing down our goals is just step 1 of 4.

After writing down 2-4 SMART financial goals that are in line with your financial vision, RATE them from 1-10 on how they relate to your financial vision. A 10 means the goal is absolutely necessary to achieve your financial vision. A 1 is completely irrelevant. Consider replacing any goal that is a 5 or below.

Next, SHARE your goal(s) with a trusted friend or family member, then, finally, UPDATE that person weekly or monthly on your progress. A study out of the Dominican University of California found that individuals who completed all three of these steps (WRITE, SHARE, UPDATE) were 33% more likely to achieve their stated goals than those who only verbalized them.

1 www.ssa.gov/pressoffice/basicfact.htm
2 www.dominican.edu/dominicannews/study-backs-up-strategies-for-achieving-goals
Establishing a Financial Vision for Your Future

In the space provided, complete the following statements *in your own words* in order to form your financial vision. Consider examples on previous pages as guides, but let your inner desires express themselves freely. The suggestions in the box outlined to the left provide additional issues to consider. Once completed, consider copying your Financial Vision and posting it where you will see it regularly.

Eventually, I’d like to be in a financial position to afford to...

_______________________________________________________
_______________________________________________________
_______________________________________________________

Once my financial vision becomes reality, I will still want to be/do/have/go...

_______________________________________________________
_______________________________________________________
_______________________________________________________

However, I will no longer want to be/do/have/go...

_______________________________________________________
_______________________________________________________
_______________________________________________________

Creating a Goals Card

On a small card or piece of paper (about the size of a business card), write down the three financial goals that scored highest on their relevance to your financial vision. Remember that your goals must be Specific, Measurable (dollar amount), Attainable, Relevant, and Time-Bound (specific month and year) and that they should not be set for more than a year or two in the future.

▲ Do make your vision meaningful
▲ Do consider this a long-term vision (10+ years down the road)
▼ Don’t focus on an amount of money (e.g. "I want to have $1,000...")
▼ Don’t focus on specific activities, trips, purchases, etc. Keep it general.
Everyday Progress

Tracking Charts
Your Monthly Motivation

While setting goals can provide us an initial boost in the right direction, they do not – by themselves – give us much ongoing motivation. That is where progress tracking comes into play. Complete the following graphs at the end of each month in order to “see” your continuing progress. As the lines head in the positive direction, you’ll find additional financial focus just by looking at them.

Best wishes,

“Generosity First” Giving Chart

Track how much you contribute each month to the wellbeing of others and add it to the previous month’s running total. Besides cash contributions and/or tithing, include the value of in kind donations (clothing, toys, etc.) to thrift store donation centers. Beyond the tax benefits, you’ll find great satisfaction noting the amount of good you’re able to do throughout the year.

<table>
<thead>
<tr>
<th>$10,000</th>
<th>$9,000</th>
<th>$8,000</th>
<th>$7,000</th>
<th>$6,000</th>
<th>$5,000</th>
<th>$4,000</th>
<th>$3,000</th>
<th>$2,000</th>
<th>$1,000</th>
<th>$0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Month 1</td>
<td>Month 2</td>
<td>Month 3</td>
<td>Month 4</td>
<td>Month 5</td>
<td>Month 6</td>
<td>Month 7</td>
<td>Month 8</td>
<td>Month 9</td>
<td>Month 10</td>
<td>Month 11</td>
</tr>
</tbody>
</table>
Initial Emergency Savings Chart

Each month mark the amount of money you have in your emergency savings fund. Avoid dipping into the fund unless you’re unemployed, on the verge of losing your home or vehicle, or in jeopardy of having your wages garnished by a creditor who wants to take you to court.

The goal is to have an upward line from left to right (and beyond). Commit! Save! Succeed!
Consumer Debt Repayment Chart

Enter your current debt in the bottom left-hand cell on the vertical axis so that the bottom horizontal line represents your starting debt amount. Then label each horizontal line with ten equal increments. E.g. Current debt = $5,800. The lines would be labels (in the left-hand column) $580, $1,160, $1,740, $2,320, $2,900…$5,800 ($5,800 ÷ 10).

The goal is to have an upward line from left to right. For those with excessive consumer debt, you may need to use a second (or third) chart over the next 2 or 3 years in order to pay off all of your creditors. Remember, though: “Your debt free life awaits!”

<table>
<thead>
<tr>
<th>$0</th>
<th>Currently</th>
<th>Month 1</th>
<th>Month 2</th>
<th>Month 3</th>
<th>Month 4</th>
<th>Month 5</th>
<th>Month 6</th>
<th>Month 7</th>
<th>Month 8</th>
<th>Month 9</th>
<th>Month 10</th>
<th>Month 11</th>
<th>Month 12</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The Book

*Everyday Money for Everyday People* was published in 2013 by Aloha Publishing in Eagle, Idaho. It is available for purchase:

- on Amazon in paperback (http://bit.ly/2a6bEMEP)
- through Kindle as an eBook (http://amzn.to/1h8K0ap)
- and as bulk orders through Aloha Publishing (http://bit.ly/1cx7WMX)
- and directly from Debt Reduction Services Inc (http://oureverydaymoney.wordpress.com/book)

The Author

Author and Certified Personal and Family Finance Educator, Todd R. Christensen, M.A. is Director of Education for the National Financial Education Center at Debt Reduction Services Inc, a nationwide nonprofit credit counseling agency. Author of *Everyday Money for Everyday People* (2013), Todd develops educational programs and produces materials that teach personal financial skills and responsibilities. He facilitates hundreds of workshops annually to thousands of individuals regarding the fundamentals of effective money management.

He currently serves as president of the Idaho Jump$tart Coalition, chair of the Ethics Committee for the Association for Financial Counseling and Planning Education, member of the Council for Certification of the American Association of Family and Consumer Sciences and as a member of the program coordinating committees of three southwest Idaho housing authorities.

Todd has spoken to large groups at the Smart Women Smart Money conferences in Idaho since 2004 (audiences of between 200 and 600 women) and a general session of the Association for Financial Counseling and Planning Education in Jacksonville, FL in 2011 (over 250).

His other published articles and booklets have addressed topics ranging from marriage and money to raising financially smart children, from recovering from bankruptcy to controlling holiday spending.

Todd also served in 2009 as a volunteer translator at the Special Olympics 2009 World Winter Games in Boise, in 2008 as an evaluator of the Pre-Professional Certification Test for the American Association of Family and Consumer Sciences and has served frequently as a financial education awards judge for various conferences and associations. In 2007, he helped to draft the course standards for Idaho’s new Mathematics of Personal Finance high school class. An eagle scout himself, he has also served in adult leadership positions in scouting, including assistant varsity coach since 2012.
He thrives on speaking at large and small conferences and facilitating classroom presentations at all levels.

Please contact Todd today to schedule him as a speaker at your conference, class, or meeting.

Toll-free (877) 688-3328 x 906

The Company

Debt Reduction Services Inc is a nonprofit "full service" debt management and credit counseling service organization that has helped thousands of consumers since our inception in 1996. Our goal at Debt Reduction Services is to significantly improve the financial well-being of our clients, and assist them in achieving a better overall quality of life through credit counseling, debt management and credit and debt education programs.

Our services include free budget and credit counseling, low-cost debt management programs, and free community-wide educational programs as a part of a complete and sound financial outcome for our clients.

Debt Reduction Services Inc is committed to educating the general public, and in particular each of our clients, in order to help individuals learn to live a debt free life. Our intention is to offer the highest quality instruction and credit counseling, and in those instances where applicable, couple that instruction and counseling with our debt management programs.

Headquartered in Boise, Idaho, Debt Reduction Services Inc operates 8 local offices in 7 states, from Alaska to New York. We serve clients in most of the United States through our telephone counseling center.

Our mission is to promote financial responsibility in our clients and community members nationwide. We accomplish this through educational programs, counseling, and personalized services. We thus empower individuals to develop and use positive budgeting skills and effective spending behaviors, to use credit wisely, and to prevent, manage, and eliminate consumer debt.

Debt Reduction Services is certified compliant by BVQi NA,Inc. to the ISO 9001:2008 Quality Management System Standard in order to ensure the highest level of quality service to our clients. Our credit counselors are certified through Partners for Financial Education and the Association of Financial Counseling and Planning Education, independent credentialing bodies recognized by the debt management industry and individual state regulators and creditors.

Debt Reduction Services is also a member of the Better Business Bureau (BBB) and the Association of Independent Consumer Credit Counseling Agencies. AICCCA is a national membership organization, established to promote quality and consistent delivery of Credit Counseling Services.
Unwritten Goals Remain Unfulfilled Wishes

Saving Is a Commitment, Not an Amount!

Financial Success Happens at the BEGINNING of the Month!

What will you take away from your time with the Everyday Money for Everyday People program?

- Ideas for escaping the paycheck-to-paycheck treadmill
- Tricks for finally saving money without the risk of breaking the family piggy bank
- Tips for paying off debt and building financial stability

Whatever you take away from this program, you’ll find it to be practical, down-to-earth and financially helpful in the ways you need it to be.

This workbook accompanies our book, Everyday Money for Everyday People (available on Amazon and Kindle), Our Everyday Money blog (www.debtreductionservices.org/education/everyday-money-for-everyday-people) and our Everyday Money for Everyday People presentations and slideshows.

To schedule Todd as a meeting or conference speaker or for more help, materials, and publications from Debt Reduction Services Inc and Todd Christensen, see www.debtreductionservices.org/education/host-a-class or contact us at Education@DebtReductionServices.org or (877) 688-3328.