Take Charge of Your Money

A University of Hawai‘i Cooperative Extension Service Project

www.ctahr.hawaii.edu/tcym
Course Objectives

- Increase your knowledge about financial planning
- Improve your ability to make informed decisions
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Lesson Objectives

- Learn how to make a SMART saving goal
- Become aware of how to organize these goals into a prioritized saving plan
Three Keys to Successful Saving

• Set a goal
• Make a plan
• Save automatically
Identify Your Savings Goals

Develop a list of your **SMART** saving goals

- **S**pecific
- **M**easurable
- **A**ction-oriented
- **R**ealistic
- **T**imely
Examples of SMART Goals

- Save $3120 for a down payment on a car by saving $50 a week
- Reduce credit card debt by paying an extra $30 a month above the minimum payment and not using the credit card for one year
SMART Financial Goals

Separate your goals by time frame

- Short-term goals (less than 3 years)
- Intermediate goals (3-10 years)
- Long-term goals (greater than 10 years)
## Goals Timetable

<table>
<thead>
<tr>
<th>Goals</th>
<th>Amount Needed</th>
<th>Month &amp; Year Needed</th>
<th>Months to Save</th>
<th>Start Date</th>
<th>Monthly Amount to Save</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term (&lt; 3 years)</td>
<td></td>
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<tr>
<td>Medium-term (3-10 years)</td>
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<tr>
<td>Long-term (&gt; 10 years)</td>
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</tr>
<tr>
<td>Total Monthly Saving</td>
<td>XXXXX</td>
<td>XXXXX</td>
<td>XXXX</td>
<td>XXXX</td>
<td></td>
</tr>
</tbody>
</table>

[http://www.njaes.rutgers.edu/money/pdfs/goalsettingworksheet.pdf](http://www.njaes.rutgers.edu/money/pdfs/goalsettingworksheet.pdf)
A saving goal of $30,000 that will be reached in 5 years

- Amount needed = $30,000
- Number of months to save: 5 years x 12 months = 60 total months
- Monthly Amount to Save: Amount needed/months to save $30,000/60 = $500 a month
Cash Flow Budget

- Cash flow budgets are designed to help you determine if your saving goals are realistic
- They identify all cash coming in and all cash going out each month for an entire year
  - Cash in: Income
  - Cash out: Expenses
Three Types of Expenses

- Fixed: same amount paid each month
- Flexible: vary depending on your choices
- Periodic: occur less than once a month
Income minus Expenses

- If you have more cash coming in than going out, Congratulations!
  - You can start saving immediately
- If not, then more work is needed to find savings
Types of Savings

- Emergency Fund (3-6 months of expenses)
- Accumulation Funds for large irregular bills
- Savings for short/intermediate goals
- No-Touch Savings for long-term goals
Deciding Your Savings Priorities

- If you cannot save enough to fund all your goals, then you will have to divide your available savings up between them.
- Make retirement savings a priority.
- Put your savings into an investment(s) designed to help you reach your goal.
- Pay yourself first.
Ways to Save

- Save coins
- Save a $1 a day; then increase
- Use automated savings
- Continue paying a loan or bill to yourself
- Accelerate debt repayment
- Track and slash expenses
- Increase household income
Ways to Save

- Reinvest all cash distributions and lump sum payouts
- Use an installment plan IRA that allows weekly contributions
- Take advantage of free money from employer matches, tax credits for low income savers, or catch up contributions for people 50 or older
Summary

- SMART saving goals are needed to create saving plans
- Your savings will need to be prioritized to meet your financial needs
- Look for every opportunity to save
Take Charge of Your Money

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