

# Financial Roadmap

## 3 Steps to Success

**01**

**Current Location**

Understand where you are financially by completing a Personal Financial Statement.

**02**

**Route**

Know which way you are heading by understanding your monthly budget.

**03**

**Destination**

Put SMART goals in place to help you reach your destination.



# Personal Financial Statement

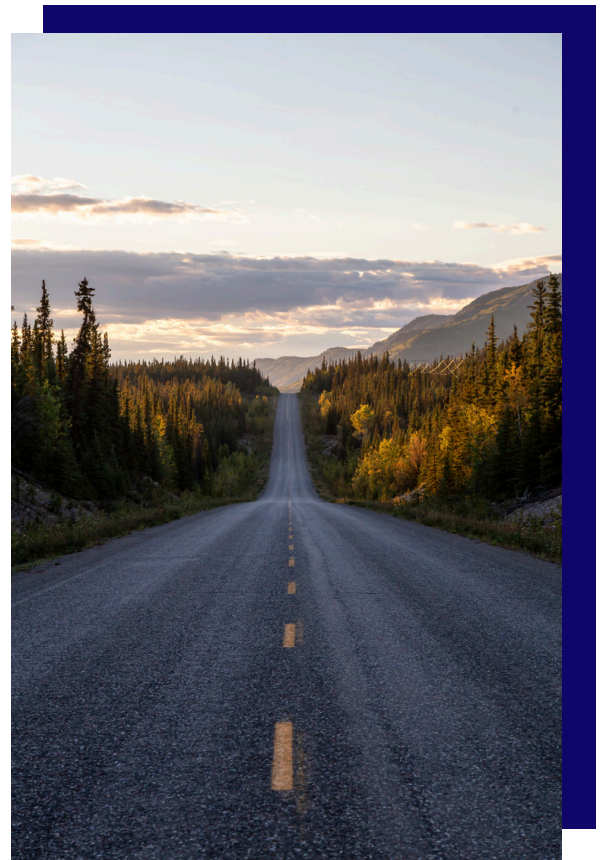
## What is it?

A personal financial statement (PFS) is an evaluation of your financial position at a given point in time. It's a way to understand your financial profile in terms of assets that you own and debts you are liable for. And ultimately, it calculates your net worth, which is the difference between the total value of your assets minus your total liabilities.

Your net worth is a valuable metric to understand because it represents how much cash you would have available if you sold all your assets and paid off all your debts.

Completing a PFS semi-regularly allows you to track your financial health - to see how it is improving or deteriorating over time. This is because a PFS is a snapshot in time. It informs you of what your net worth is *right now*. This value will be constantly changing as you make payments towards liabilities and as asset values change over time, among other factors.

The next five pages of this document will walk you through the process of completing a PFS. It can be evaluated as an individual, as a couple, or as a business. Whoever the evaluation is for, it will ultimately calculate the current net worth, which is critical to understanding where you are, financially, right now. Without knowing where you currently are, it is pretty difficult to get to where you want to go. You might not even make it to the destination. And if you do, it likely won't have been in an efficient manner.



# Assets

Assets are resources with economic value. They can be thought of as items that can be exchanged or sold for cash at some future time. Assets can also be used as collateral when trying to secure a loan.

List the values of any assets you own into the appropriate sections below. Rented and leased items are not included.

## Money in Financial Institutions

Include balances for all accounts held at banks, credit unions, or similar financial institutions (checkings, savings, certificates of deposit, money market accounts, etc.). Enter the total value of account balances held in financial institutions into the box below. Also include cash on hand.

**Total Money in Financial Institutions**



## Marketable Securities

Include balances for all marketable securities that you own (stocks, bonds, mutual funds, etc.). Enter the total value of your marketable securities into the box below.

**Total Value of Marketable Securities**



## Retirement Plans and Life Insurance Policies

Include account balances for all retirement plans that you have (IRAs, 401ks, etc.). For life insurance policies, include the cash surrender values. Enter the total value into the box below.

**Total Value of Retirement Plans and Life Insurance Policies**



# Assets



## Real Estate

Include appraisal values for all real estate owned, both personal and investment.  
Enter the total value of owned real estate into the box below.

**Total Value of Real Estate**



## Vehicles

Include current values for all vehicles that you own. Also include items such as boats, RVs, etc.  
Enter the total value of vehicles owned into the box below. Leased items are not included.

**Total Value of Vehicles**



## Additional Assets

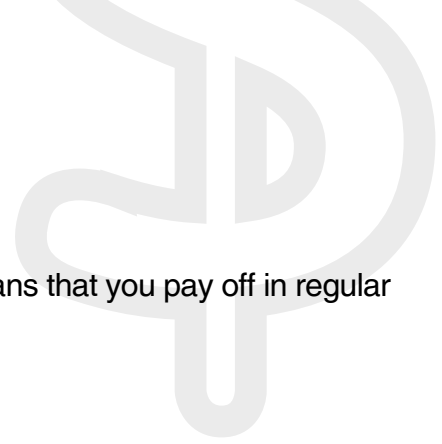
Additional assets can include items such as jewelry, collectibles, machinery, art, antiques, etc. Items should only be included if the value can be verified by an appraiser. Enter the total value of additional assets into the box below.



**Total Value of Additional Assets**



# Liabilities



Liabilities are monies owed. They are your debts, in the form of loans that you pay off in regular installments over time.

List the values of your liabilities into the appropriate sections below.

## Mortgages Owed

Include the principal balances remaining for all mortgages, both personal and investment. Enter the total debts owed for mortgages into the box below.

**Total Debts from Mortgages Owed**



## Vehicle Loans

Include the principal balances remaining for all vehicle loans. Also include loans for items such as boats, RVs, etc. Enter the total debts owed for vehicles into the box below.

**Total Debts from Vehicle Loans**



## Student Loans

Include the principal balances remaining for all student loans. Enter the total value of debts from student loans into the box below.

**Total Debts from Student Loans**



# Liabilities

## Credit Card Debt

Paying off monthly balances in full does not count. This refers to credit card balances that are being paid off in monthly installments (and are accruing interest). Enter the total value of credit card debts into the box below.

**Total Credit Card Debt**



## Unpaid Medical Bills or Unpaid Taxes

Include balances for unpaid medical bills and unpaid taxes. Enter the total value of these debts into the box below.

**Total Debts from Unpaid Medical Bills or Taxes**



## Loans You Have Co-signed

Even though you may not be making the payments, you are still liable for any loans you have co-signed. Include the principal balances remaining for all loans you have co-signed. Enter this value into the box below.

**Total Debts from Co-signed Loans**



ONE NATION  
- CAPITAL -

# Net Worth

## Assets

Add up the values of assets you entered (blue arrows). Enter this total value into the box below.

Total Value of Assets



## Liabilities

Add up the values of liabilities you entered (red arrows). Enter this total value into the box below.


Total Value of Liabilities



## Net Worth

Subtract your total liabilities from your total assets. Enter this value into the box below. This is your net worth.

Net Worth



By calculating your net worth, you have a solid understanding of where you stand financially, right now.



# Personal Income Statement

To know which way you are going financially, you need to understand your budget. You can evaluate yours by completing the budgeting table, or Personal Income Statement, below. Enter monthly amounts into the table to get a better understanding of your cash flow - how much money is coming in (income) vs. how much money is going out (expenses) each month. Why is this important? Without knowing which direction you are headed, it's pretty difficult to reach your destination.

<u>INCOME</u>	<u>AMOUNT</u>
Salary	
Bonuses / Commissions	
Side Hustle / Other	
<b>TOTAL INCOME</b>	

<u>EXPENSES</u>	<u>AMOUNT</u>
Mortgage / Rent	
Car Payment	
Car Insurance	
Groceries	
Utilities	
Other	
<b>TOTAL EXPENSES</b>	

<b>MONTHLY CASH FLOW</b> (Total Income - Total Expenses)	
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# Your Financial Standing

Congratulations on taking steps to better understand your financial standing!

It's critical to know your current location before you embark on a journey. Otherwise, how could you effectively get to where you want to go? By completing the Personal Financial Statement (PFS), you know where you are financially, right now. You've tallied your assets, added up your liabilities, and calculated your net worth. Your net worth is a valuable metric to understand for any financial endeavor, and this is especially true if you plan to apply for mortgages, as it is generally part of the application process.

You've also determined which direction you are going by evaluating your monthly budget. In the Personal Income Statement (PIS), you analyzed your income and expenses, and then calculated your cash flow. Your cash flow represents how much money is coming in vs. how much money is going out. This is your direction; it's which way you are *currently* headed.

For both the PFS and PIS, it's important to remember that these are snapshots in time. The values aren't permanent. Rather, they are constantly changing, from factors that you can control, and also from some that you can't. You can't control changes to interest rates, and you also can't control the market's effects on the values of your assets. However, as you pay down loans that you have, your liabilities will decrease, and you do have control over your payment amounts and frequency. You also have control over how you spend your money. You can make changes to your budget to put you in better alignment with where you want to be.

## Your Destination

Where do you want to be? What are your goals? Now that you understand your net worth and monthly cash flow - how achievable are those goals? Are your goals in alignment with your current location and which way you are headed? Or, do you need to make some changes in life for those goals to be more realistic? If changes are needed, consider evaluating your spending. Can you cut out unnecessary expenses? If you don't know where to start, get back to the basics: simple budgeting guidelines such as the 50/30/20 rule are great for orienting in the right direction.

Once you know your desired destination, use the final page to formulate SMART goals to help you get there. SMART goals are a simple concept that will help you lay out goals objectively, which ultimately means better chances of achieving those goals.

We hope this document has helped illustrate your financial roadmap, and we sincerely hope you make it to your destination.

# Setting SMART Goals

## SMART Goals Are:

**Specific** — What do I want to accomplish and why?

**Measurable** — How will I know when I have accomplished it?

**Achievable** — How can I accomplish this goal?

**Relevant** — Is this the right time for me to be working towards this goal?

**Timebound** — When do I want to accomplish this goal by?

## Goal 1:

**Specific.**

**Measurable.**

**Achievable.**

**Relevant.**

**Timebound.**

## Goal 2:

**Specific.**

**Measurable.**

**Achievable.**

**Relevant.**

**Timebound.**

## Goal 3:

**Specific.**

**Measurable.**

**Achievable.**

**Relevant.**

**Timebound.**

