

Personal Action Plan

Your financial goals and concerns

- You have debt and you want to prevent yourself from getting deeper into debt
- You need to pay down your credit cards and start saving for an emergency fund
- You would like to have \$15,000 saved for each child by age 18.
- You want to save for a down payment on a home and need \$50,000 saved four years from now.
- You want to make sure that your credit report is favorable so that you can qualify for a mortgage.

Action Plan

Jane, first of all, congratulations on taking an important step towards a healthy financial future for you and your family! Based on our conversation, I've created a personal action plan you can use to get out of debt and start saving toward your financial goals. Materials indicated in bold italics will be found on this web link.

Step 1: Stop the spending and make a plan to lower your debt

- Stop using your credit cards for unnecessary expenses like shopping sprees or impulse buys.
- Consolidate credit cards to lowest interest rate possible
- Negotiate with the credit card company to lower interest rates
- Use a credit counseling agency to negotiate on your behalf
- **Resource: *Getting and Staying Out of Debt***

Step 2: Create a spending plan that will allow you to pay off your debts

- Put together a budget so you can track your expenses and find additional money to pay down your debts.
- Decide on your debt repayment strategy: highest interest or lowest balance first.
- Set up an automatic monthly transfer from your checking account to your creditors
- Order your credit report and check for errors.
- **Resources: *Getting and Staying out of Debt, DebtBlaster, Budget Worksheet***

Step 3: Determine how much you can afford to save for your short and long-term goals

- You would like to have 3 months worth of expenses in an emergency fund. Calculate how long it will take to save and set up a monthly transfer from your checking to savings account.
- Can you afford to save \$50,000 in 4 years? You'd need to save \$944 per month at 5% to reach \$50,000 by February 2007
- College Fund (8 year old): \$97 per month at 5% to reach \$15,000 in 10 years
- College Fund (10 year old): \$128 per month at 5% to reach \$15,000 in 8 years
- **Resources: *5 Steps to Education Planning, Saving for Goals and Education Estimator calculators.***

*Any figures in this action plan are for illustrative purposes only and are based on the information you provided during your Personal Financial Consultation. Certain assumptions like rate of return were made to get sample calculations. All calculators used are available via the **On-line Resource Center** (see below link). You should use these calculators to run your own calculations prior to making any savings or investing decisions.*

Resources

Access all available resource materials and calculators at www.financialfinesse.pfc.com