

Activity 17.3: Basic Financial Security Assessment as of _____ 20____

Use this activity to assess your financial status and draft a basic financial plan before you develop a spending plan.

Background. This comprehensive activity is designed to assist you, or you and your spouse/partner, in aligning your values with your future financial vision, your spending and your life purpose. It may take several hours to complete if you don't have the financial information like your total monthly income and expenses already available. Additional worksheets can be found at Activity 17.3b at www.wellnesscompasstravelguide.com/downloads to track income and expenses over time. Please consider doing this activity with a pencil, not a pen.

Part 1: Assess your current and desired financial status

Suggestion. Check which financial levels⁷⁵ below best describes your current financial status. Star where you'd like to be in 10 years. Place two stars by the level you desire during your retirement.

★ **Not Financially Stable**

- Vulnerable: One is homeless, very ill or disabled without benefits, or incarcerated.
- At risk: One requires support from others and has not yet acquired three months of income in savings.
- Not financially stable: One has not yet acquired six months of income in savings.

★ **Financial Stability**

- One has six months of income in savings (or assets that one can easily turn into cash).
- One has adequate housing and health insurance for all dependents.
- One must work to cover expenses.

★ **Financial Security**

- Passive or residual income covers one's basic needs without working.
- Work is required for wants, savings and investments.

★ **Financial Freedom**

- One has sufficient assets and income to maintain *current* lifestyle indefinitely.
- One works only because one wants to.

★ **Financial Abundance**

- One has sufficient assets and income to maintain his or her *desired* lifestyle indefinitely.
- One works only because one wants to.

Part 2. Circle the 3-5 categories below that are most important to you at this time in your life (your needs).

Appearances	Faith/Religion	Family	Friends	Fun	Fitness	Learning	Love
Health/well-being	Possessions	Purpose accomplishment	_____				

If you can't decide then consider the consequences of not having this item as a guide to what's most important.

⁷⁵ Shawn, "The Four Financial Levels," The Millionaire Secrets, 2007, retrieved on June 5, 2016, from <http://www.themillionairesecrets.net/millionaire-secrets-the-four-financial-levels/>.

Part 3. Prioritize: Classify what’s most important to you based on responses in Part 2.

Suggestion. Circle one letter (a,b,c,d,e) per row to indicate how important each item is to your life right now.

Item/Priority Code	Must have	Need to work	For F/F ⁷⁶	Maintain Lifestyle	Least Important
Air conditioning/Heat	a	b	c	d	e
Beauty/Cosmetics/Nails/Hair Care/Waxing, etc.	a	b	c	d	e
Basic essentials: soap, toothbrush, toilet paper, etc.	a	b	c	d	e
Basic transportation: Bus/Rail/Bike	a	b	c	d	e
Cable TV	a	b	c	d	e
Car: 1 st car + gas + basic car support/repair	a	b	c	d	e
Car: 2 nd and/or 3 rd car	a	b	c	d	e
Child care/Child expenses	a	b	c	d	e
Cigarettes/Other habits	a	b	c	d	e
Clothing: Basic & occupational	a	b	c	d	e
Clothing: Fancy and extras	a	b	c	d	e
Computer: Single for household + computer supplies	a	b	c	d	e
Computer: Additional computer, printers, etc.	a	b	c	d	e
Drinks not at home: coffee, alcohol, specialties, etc.	a	b	c	d	e
Debt payment (other than a home mortgage)	a	b	c	d	e
Education/Learning expenses	a	b	c	d	e
Food/beverages: Eaten at home	a	b	c	d	e
Food: Eaten out	a	b	c	d	e
Gifts including tithes and Christmas gifts	a	b	c	d	e
Housing: Home ownership (to build equity)	a	b	c	d	e
Housing: Rental (for basic shelter)	a	b	c	d	e
Insurance: Basic car, rental or home	a	b	c	d	e
Insurance: <10K life insurance	a	b	c	d	e
Insurance: >\$10K life, disability, property, etc.	a	b	c	d	e
Internet service for home	a	b	c	d	e
Loan/Legal Payments	a	b	c	d	e
Medical Insurance for everyone in household	a	b	c	d	e
Medical: All other medical expenses	a	b	c	d	e
Music, Art, Home Décor, Extras	a	b	c	d	e
Phone: Cell phone	a	b	c	d	e
Phone: Home/Fax	a	b	c	d	e
Professional/Occupational expenses	a	b	c	d	e
Recreation: Sports/Fitness	a	b	c	d	e
Recreation: Entertainment/Relaxation	a	b	c	d	e
Recreation: Vacations	a	b	c	d	e
Savings	a	b	c	d	e
Taxes	a	b	c	d	e
Tithing/Voluntary contributions	a	b	c	d	e
Utilities for basic electric, water, sewer, etc.	a	b	c	d	e
	a	b	c	d	e
	a	b	c	d	e
	a	b	c	d	e

⁷⁶ F/F indicates friends and family.

Part 4. Financial resources for the month of _____ 20____ (___ Gross or ___ Net)

Suggestion: Detail matters! Be as precise as you can, but it's OK to round to the nearest dollar.

1. Identify above the month/year, and whether you are calculating your gross financial resources (before tax and payments taken out) or Net (after tax/payment removed).
2. In the "\$\$\$ Amount" sum all sources of income to get an estimate of your total monthly income. You are expected to need paystubs, checking account and other financial statements to secure these amounts.
3. In the "Check or \$\$\$" column identify if you receive any other important financial benefits (paid by someone else or an organization) so you have an estimate of what it would cost you to replace that benefit

Earned and Financial Income	\$\$\$ Amount	✓ or \$\$\$	Other important benefits
Job1			Housing Assistance
Job2			Free medical Insurance
Job3			School aid/Scholarship
Other \$\$			SNAP/Food Stamps
Interest/Dividends			School meals/WIC
Social Security			Charity foods
Other Retirement			Charity clothing/gifts
Loan			Tax and/or Debt Assistance
Total Gross Monthly Income	\$	\$	Value of other benefits

Optional income by week of the month.

When you are working hard not to spend more than you earn or don't have enough in your checking account to cover expenses you need to know exactly when you can expect to receive the income so you have money to pay your bills on time.

Suggestion. Break down your income from above into either the weeks of the month you expect to receive them or the "other" category. Make sure your totals sum up to the same monthly total above.

Days 1-7 Total \$ _____

Days 8-14 Total \$ _____

Days 15-21 Total \$ _____

Days 22-31 Total \$ _____

Other Income Total \$ _____

Total Gross Monthly Income \$ _____

Part 5. Expenses for the month of _____ 20__

Suggestion. Skim the expense categories. List monthly expense totals for each category. Be sure to include a monthly average for expenses that aren't paid monthly like Christmas or vacations. Total all expenses. Those who need to cut expenses are encouraged to also add a priority code (a,b,c,d,e) from Part 2 in the priority column and add the exact date in the month when specific bills need to be paid. The budget column will be used in Activity 17.4

Expense category	Monthly	Priority	Budget
Beauty/Cosmetics/Hair/Nails	\$ _____	_____	\$ _____
Basic household essentials	\$ _____	_____	\$ _____
Bus/rail/bike for basic transportation	\$ _____	_____	\$ _____
Cable/TV/Internet	\$ _____	_____	\$ _____
Car/gas/basic car support/insurance	\$ _____	_____	\$ _____
2 nd and/or 3 rd car/gas/support/insurance	\$ _____	_____	\$ _____
Child care/education	\$ _____	_____	\$ _____
Child/expenses	\$ _____	_____	\$ _____
Clothing-basic & occupation	\$ _____	_____	\$ _____
Clothing-fancy and extras	\$ _____	_____	\$ _____
Computer/Internet/Computer supplies	\$ _____	_____	\$ _____
Education/Learning expenses	\$ _____	_____	\$ _____
Food/Beverages eaten away from home	\$ _____	_____	\$ _____
Food/Beverages eaten at home	\$ _____	_____	\$ _____
Gifts/Donations/Christmas/Tithes	\$ _____	_____	\$ _____
Housing: Rent or Mortgage/insurance	\$ _____	_____	\$ _____
Insurance (other, i.e. life, disability, other property)	\$ _____	_____	\$ _____
Other household (including furniture, appliance)	\$ _____	_____	\$ _____
Loan/Legal Payments	\$ _____	_____	\$ _____
Medical including insurance	\$ _____	_____	\$ _____
Personal	\$ _____	_____	\$ _____
Professional/Occupational expenses	\$ _____	_____	\$ _____
Recreation: Sports/Fitness	\$ _____	_____	\$ _____
Recreation: Entertainment/Relaxation	\$ _____	_____	\$ _____
Recreation: Vacation	\$ _____	_____	\$ _____
Savings	\$ _____	_____	\$ _____
Retirement	\$ _____	_____	\$ _____
Taxes	\$ _____	_____	\$ _____
Utilities: Electric/Gas	\$ _____	_____	\$ _____
Utilities: Phone/Cable	\$ _____	_____	\$ _____
Utilities: Water/Sewer/Other	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
Total Expenses	\$ _____	_____	\$ _____
	% income		% income

Part 6: Complete your financial security summary

Suggestion. Use the next two pages to get a sense of your current financial status

◇ Basic financial resources and practices

- I have at least one checking account and one savings account
- I track both accounts at least once a month and can move money from one account to another easily
- I have a debit card and a check book
- I have the minimal insurance I need medical home/rental, car, life
- I have a just the credit card (s) I need not more.
- I have a credit score over ___600___700___750___800___
- I have a retirement plan
- I am regularly contributing to my retirement or savings
- I contribute at least 10% of my income to retirement or savings.

◇ Gross monthly income (Part 4) \$ _____ as of _____ (date)

◇ Total monthly expenses (Part 5) \$ _____ as of _____ (date)

- This estimate includes items like Xmas gifts, state, federal, and property taxes, repairs, furniture, and vacation expenses that you may not necessarily have to pay monthly, but do have to planned for.
- This is just a rough estimate (my best guess), not based on real expenses.

◇ Calculate your monthly balance as of _____ (date)

\$ _____ (Total Income) - \$ _____ (Total Expenses) = \$ _____ (Balance)

◇ Adequacy of your savings: Estimate total savings (not retirement): \$ _____

Savings \$ _____ Stocks/Bonds/Other \$ _____ Easily Liquid Assets/Gold \$ _____

Divide your total savings by your total monthly expenses \$ _____ months of expense covered by savings
_____/I/we are financially stable. We have sufficient savings to cover 6 months of our expenses.

◇ Optional: Estimate your net worth as of _____ (date)⁷⁷

\$ _____ (Total Assets) - \$ _____ (Total Liabilities) = \$ _____ (Net Worth)

◇ Estate planning needs.

- ___ I/we have a thorough list of all my/our financial data (a financial organizer)
- ___ I/we have an up-to-date will that is stored _____
- ___ I/we have sufficient life insurance to cover key expenses ___self ___spouse
- ___ I/we have a health care directive(s) and provided it to my/our medical providers
- ___ I/we given someone power of attorney ___financial matters ___health matters
- ___ I/we have an adequate retirement plan(s)

⁷⁷ This is a difficult task best done with the assistance of a financial planner or accountant. You must first estimate all your assets and your debts. Assets include the value of everything you own, all savings, stocks/bonds, etc. Liabilities include all your debts (loan balance, credit card balance, amount you owe others. Because it is not easy to acquire accurate all this data at the same time, it is often only calculated once a year after annual taxes are paid or accounted for.

Part 7: Actual financial status.

Circle the financial status category (from Part 1) that corresponds with your responses from Part 6.

Not Stable Stable Secure Freedom Abundance

In your own words write what you learned from this activity so far:

Part 8: Initial financial to do list

Suggestion. 1) Check off the statements below that address a key aspect of what you need to do to achieve the financial status you are aiming for. Jot down ideas in response to the prompts in italics. 2) Rank items to clarify what's most important to do first. 3) If you aren't confident you can significantly improve this item yourself you are encouraged to check off that you need help and to identify at least one source of assistance. 4) Use this information as a starting point for Part 8 and/or to clarify what you need to accomplish with Activity 17.4.

___ **I/we need to better manage my financial matters:** ___ I/we need help from:

What do you need to do that you aren't doing well enough now?

___ **I/we need to better manage my debt.** Outline what needs to happen below. ___ I need expert help

Summarize your total debt, monthly payments and interest amounts below.

___ **I/we need to cut expenses** (to pay off debt or save more). I need to develop a spending plan and stick to it .

Use Activity 17.4 to develop a spending plan. The key thing I want to accomplish with this spending plan is to:

___ **I/we need more income or benefits,** ___ I need help from:
Outline your initial ideas for sources of income or benefits.

___ **I/we need to work on my taxes.** ___ I need expert help from:
Outline what's the problem and what you think needs to be done about it.

___ **I/we am ready to develop a financial plan** or otherwise work with a financial planning expert.
Use the vision statement in the next activity to clarify what you want to achieve in the short-term and long-term and take this activity along with other financial data to the meeting with your financial expert. Expect your expert to help you refine your vision and goal and provide additional strategies to accomplish your goals.

___ **I'm/we're ready to invest:** ___ I need help from:
Use the vision statement in the next activity to clarify what you want to achieve in the short-term and long-term and take this activity along with other financial data to the meeting with your financial expert. Expect to be able to define the amount of money you seek to invest, your desired rate of return, how quickly you expect it, and how much risk your are willing to take to get the return you desire.

___ **I/we need to work on my estate planning or retirement:** I need help from:
Use the vision statement in the next activity to clarify what you want to achieve in the short-term and long-term and take this activity along with other financial data to the meeting with your lawyer and/or retirement plan experts. Expect to be able to define what type of life style you want to maintain and how much it will cost.

___ **Other: I/we need to** _____

Part 9: Initial financial plan

Draft a financial vision and then identify initial strategies to accomplish this vision as the starting point for action.

1. Vision for Financial well-being

In the next three months:

In the next year:

In the next five years:

2. My strategies: Key things I/we need to do to accomplish this vision

In the next three months:

In the next year:

Over the next five years:

Note. Once you complete these goals you are encouraged to assess your financial status monthly and update your financial plans at least once a year.