FINANCIAL GOALS

Basically, there are six major financial goals or objectives, which include:

1. **STANDARD OF LIVING** – This is the desire to maintain an enjoyable standard of living under present and future income and economic conditions. It includes satisfactory allocation of funds to permit adequate food, clothing and shelter, in addition to a balance of luxury items.

2. **SAVINGS** – You will require a certain amount of cash reserves for emergencies; usually three to six month's salary should be reserved for contingencies. Although liquidity is a necessary requirement for contingency funds, this does not necessarily mean that the funds have to be kept in a savings account – there are other investment vehicles available. However, these may not be FDIC-insured or offer fixed rates of return.

3. **RISK PROTECTION** – It is important that you arrange for protection against all types of insurable risks. You will want to insure yourself against the potential loss not only of physical properties, but also for loss of future income due to death or disability.

4. **ACCUMULATION OR INVESTMENT** – This is the most complex of the financial goals, as it requires the determination of investment priorities and the choice from a variety of investment vehicles. It is important that you be able to quantify the amount of capital to be accumulated and clearly define a time frame as well as your risk tolerance.

5. **FINANCIAL INDEPENDENCE** – You may wish to become financially independent at a particular age, whether or not that age represents retirement.

6. **ESTATE PLANNING** – As wealth is accumulated, it is necessary to plan for its appropriate distribution in the event of death. Usually this goal also involves planning to ensure your estate is covered adequately in the event of your death.