



وعي مالي شخصي
Personal Financial Literacy

Lesson 1

Setting Priorities

Road map to
investing wisely

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ABU DHABI COUNCIL FOR ECONOMIC DEVELOPMENT



Lesson I

Setting Priorities

Financial success requires establishing goals and priorities, making a plan, paying attention to the details of your personal finances, and keeping track of your financial progress. Since circumstances in anyone's life can change over time, it is suggested that you begin by developing a five year plan and then reviewing it every year. This plan at a minimum should include:

1. Developing personal and financial goals or priorities and updating and revising them annually.
2. Creating a personal financial statement or balance sheet of all your assets (things you own), and liabilities (things you owe).
3. Establishing a monthly cash flow budget of all your sources of income and expenses. Since actual income and expenses can be different than budgeted you should track them monthly against your budget and revise it if needed.
4. Designing and maintaining an effective and organized record keeping system.

We will cover steps 2 through 4 in upcoming lessons, so let's focus on set 1 first. What are your financial goals and priorities? Goals are very personal and depend upon your age, situation in life, and long term objectives. You may be unmarried and considering finding a spouse and eventually starting a family. You might wish to make a major purchase such as a house or automobile. You may be seeking to secure additional training or education for future career growth. You may already have a family and be seeing to plan for the educational needs of your children. You may seek to reduce liabilities that you have acquired such as paying off credit card debt (as you'll see later, this is often the best thing to do first). You may be seeking adventure and be planning for an exciting vacation. You may desire to establish a retirement plan so you can quit working at some point in the future. All of these areas are important for you to consider as they directly impact your personal financial planning needs.

Whatever your priorities it is suggested to write them down and consider the implications on your financial situation and needs:

Priority	Financial Goal	Timing	Financial Implication

Completing a worksheet such as this will assist you in future financial planning.

There are some guidelines about goal setting that are helpful. We call this the **SMART** method of goal setting:

S	Goals are specific . It pinpoints something you want to change to achieve.
M	Goals are measurable . You can measure or count a SMART goal.
A	Goals are achievable . Setting goals too high can lead to frustration.
R	Goals are rewarding . Reaching the goal should be a reward for your hard work.
T	Goals are “trackable” . Set milestones and schedules for your goals.

In setting your goals do not forget to consider the establishment of a contingency or “rainy day” fund. Unfortunately, bad things sometimes happen to good people so we must prepare for this eventuality.