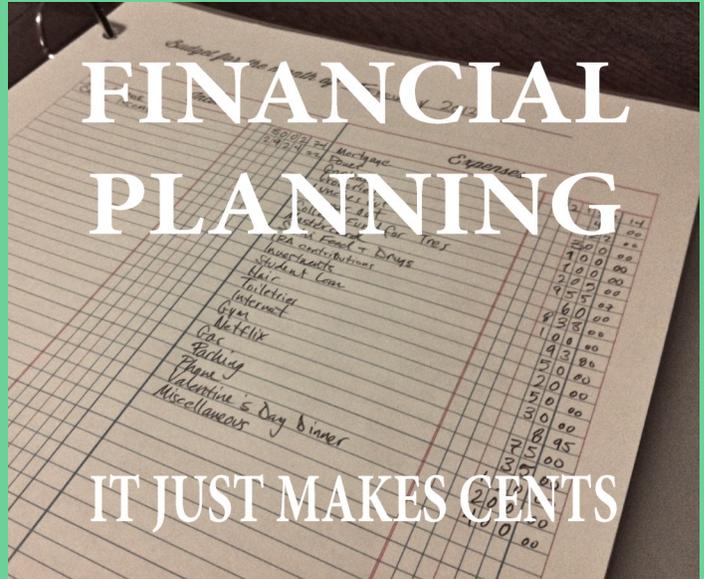


GOAL SETTING

After budgeting, this is the next step in financial planning.



Really, it's the same as trying to drive somewhere you've never been, without a map.

How do you expect to get there, when you don't know where you're going?

Also, life is going to happen whether you're prepared for it or not. Most of us get into debt because we don't plan. A little thinking and planning can keep you from going into debt, paying more than necessary and help you get the things you truly need and want in life, without the stress and chaos that many of us go through.

Following are some possible long and short-term goals to think about. Take a look and determine which are best for your lifestyle and income.

Short Term

-BUILD YOUR CREDIT-

Get a credit card, but be responsible. Use it only to pay for things you would purchase anyway (and can afford), like gas, and pay it off on time, every month, to avoid paying interest charges. Some credit cards even give you points for purchases, which you can use for gift cards, flights, merchandise, etc. But remember, the amount of points you get don't justify unnecessary purchases – not even close! They're just gravy. So don't start buying stuff just to get the points – it'll cost you way more than it's worth!

How To Get A Credit Card

I'm sure you get offers in the mail left and right. And, if you have poor or no credit history, the APR (annual percentage rate (interest)) is going to be pretty high on any card you're offered. Don't worry about that right now, because the idea is to use this card only to build your credit.

That means you'll only spend money you can afford to pay back each month from your paycheck and therefore, you won't have to pay any interest charges, so the APR won't matter. Just be sure to pick a credit card that does not have an annual fee.

If you are not getting credit card offers in the mail, you can find them all over the web!

Reasons To Build And Take Care Of Your Credit

1. You need a credit history to rent an apartment or you'll need someone to co-sign for you. If you do this, remember that you are making that person ultimately responsible for your entire lease contract, if you default.
2. When buying a car, you're going to need a credit history – and the better it is, the less you'll have to put down & pay in interest. Otherwise, once again, you'll need a co-signer.
3. A lot of employers now take your credit history into account when deciding on employment.
4. While it's best to have an emergency savings fund, a credit card gives you peace of mind that you have options in case something unexpected happens that you can't pay for right away (car repairs, etc.).

In this case, you'll probably have to carry a balance on the card, and that's when you'll want the lowest interest rate possible. Pay your bills on time, and your credit rating will get better and better, which will result in lower interest rates and less money out of your pocket.



You can even ask your credit card company for a rate reduction, once you have some history with them.

GET AN APARTMENT

You'll need first and last month's rent, plus a security deposit. Security deposits vary, but cannot be more than twice the rent for an unfurnished apartment, 3 times the rent for a furnished one. This deposit is refunded when you move out, provided there's no damage or discrepancies.

Two Good Reasons To Take Care Of Your Apartment

1. You want your deposit money back
2. You're going to need a referral for your next apartment.

How To Get Your First Apartment

Determine what you can afford to pay in rent.

1. Figure out how much you are making in a month (net earnings, after taxes), by adding up all the paychecks you get within a given month. (If the amounts vary, average on the low end.)
NOTE: Some months have more weeks, so budget accordingly.
2. Add all of your current monthly expenses (gas, insurance, telephone, food, etc.). You may not have exact amounts, so average on the high end, but do your best to be accurate. A high average will give you a little wiggle room, so that hopefully you'll spend less than tallied.
3. Find out the average you'll pay each month for electricity and/or gas, cable TV and internet. This is hard to determine exactly, but you could ask friends who have apartments, just to get a rough idea. Always budget high for expenses and give yourself that wiggle room in case you're wrong!
4. Determine other monthly expenses you haven't planned for, i.e. quarters for laundry, groceries beyond food - toiletries and other personal items.
5. Add up numbers 2, 3 & 4 and subtract them from 1 - now you have a handle on your expenses and how much you can afford on rent. Give yourself some wiggle room here too, because if the amount is \$1,000 and you spend \$1,000 on rent, you'll have nothing left to spend on bills that went above what you budgeted for, save for emergencies or spend on "discretionary" things like going out with friends. Don't go overboard, but be sure to leave yourself a bit of money to "play" with.
6. Look online for an average rent rate for an apartment in the area you'd like to live. Can you afford it? If not, you may have to reconsider the area. You could also consider getting a roommate to split costs with you, or renting a room in someone's home.

7. Once you've found an apartment, you need to budget for the first/last/deposit.

If rent is \$1,000.00, you may need as much as \$4,000 to get in. The manager can give you the exact amount.

- a. Start saving as much as you can, per month, making it a goal to have the money you need to get into an apartment. If your budget leaves you able to pay \$1,000 per month in rent, then start saving \$1,000 per month, until you come up with the \$4,000 needed to get in. That's only 4 months! And if the apartment you wanted is no longer available, look for another one in the same price range. Now, you can afford to get in right away because you saved the money!
- b. It's a really good idea to save for a few more months, just to have some emergency cash behind you. You might have to sign a lease – that means you're contracted to pay rent each month for as long as the lease specifies. Saving money is important! If you lose your job, you're still going to have to pay rent - until you find another job. But, if you saved, you soften the blow. If you don't have money saved, you could take a cash advance on that credit card, but you'll pay almost double in interest and you really don't want to do that!

Long Term

Think about these, as you are conquering your short term goals. What do you want in life? Do you want to buy a house, travel, get married, have children, retire? These all take money – lots of it! And while you may think they are far off, time flies! Most of us look back and say, "Where did the time go? I never did _____ because life is busy and I never had the money."

The money will never be there, unless you plan and save. Anything is attainable, if you want it bad enough, because if you really think it through, it's not near as daunting to reach any goal, as we make it out to be in our heads.

Now, no one is suggesting that you figure out everything you want in life today, but the importance of saving for the long term can't be over stated. Saving offers you a financial head start for when you do figure it out.

Like I said, life will happen to you, whether you're prepared for it or not!