

Assessing your understanding

## Goal Setting – Savings and Investments

1. What was the personal savings rate in the United States in 2006?
2. What was the personal savings rate in May 2009?
3. What factors contributed to the increase in the savings rate?
4. How many months of living expenses should every household have in savings?
5. Based on the latest 6 months of spending, how many months of living expenses do you have in savings? If less than 6 months, how long will it take to reach that level?
6. Financial goals can be either short-term or long-term goals. List your long-term and short-term financial goals.
7. Is debt reduction a financial goal?
8. What type of financial account is best for accumulating savings that will be used for the purchase of investments at a future date?
9. Assuming you are qualified, rank the following investment accounts in priority for your investing dollars:
  - a. Traditional IRA
  - b. Roth IRA
  - c. Employer-sponsored retirement plan with employer contribution.
  - d. Taxable savings and investment accounts.
10. What is the difference between a Cash Flow Analysis and a Budget?