

## A message from Minnwest Bank about financial dreams vs. goals

All of us have financial dreams. But the trick is turning those dreams into reality. It isn't always easy and it does involve work to attain those dreams. The first step is very basic. Start by establishing a plan. . . a plan to make those dreams become a concrete reality. But surprisingly the majority of people don't have an actual plan for converting those day dreams. Unfortunately they remain just that. . . dreams. More important that plan needs to be thought out and written down. Those dreamers that actually take the time to prepare a written plan are far more successful in reaching their goals. There's just something about seeing the actual plan on paper. To get you on the financial path, we've outlined how to prepare a proper personal financial plan.

Remember, Minnwest Bank is here to help you attain those goals and be part of your financial plan. We've also highlighted some of our products that will help you grab onto those goals.

Good luck in your planning,

## Are you a daydreamer or a goal-setter?

### How to Prepare a Personal Financial Plan.

Do you have financial goals or financial dreams? Unfortunately, they are not the same thing. A goal involves planning and action. A dream is just that. . . hope that something happens. It's the planning, not the hoping, that accomplishes your desires.

When you set a goal, you are actually defining what you want and should be developing a plan for achieving it. Instead of wandering aimlessly, you have something to strive for and a clear path for getting there. You don't want to wake up one day and wonder where the time and the money went.

There's an old adage: "Most people don't plan to fail; they just fail to plan." Minnwest Bank believes everyone deserves the opportunity to achieve their financial goals. So we'll give you the planning tools to harness your financial dreams.

### A 5-Step Financial Plan.

There are 5 simple steps for setting financial goals:

#### 1. KNOW YOUR GOALS & PRIORITIZE:

Decide what are your actual financial goals and write them down. They could be a college fund, new car, home down payment, vacation, pay down credit card debt, retirement fund. . . Then prioritize your goals to determine what you really want. . . . a week in France or a new car. You may get both but in just a little longer timeframe.

**2. ESTABLISH A TIMELINE:** Place your goals into short term (less than 1 year), medium term (1-3 years) and long term (5 years or longer) categories. Then re-examine each goal and set a realistic date to meet your goal.

**3. ESTIMATE THE REQUIRED REVENUE:** How much do you need for each particular goal? Divide the estimated revenue needed for each goal by the number of weeks in your goal's timeline. This will tell you how

## A 5-Step Financial Plan

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much you need to save each week for that goal. Do you have the time and resources to actually make it happen?

$$\frac{\text{Cost of Goals}}{\text{TimeFrame}} = \text{Weekly Budget}$$

**4. IDENTIFY ACTIONS NEEDED TO REACH EACH GOAL:** Identify small, measurable steps you can take to achieve each of these goals and write them down after each goal. Perhaps it's as lofty as getting a second job or as simple as giving up a daily latte. Educate yourself about money matters. See what your bank has to offer, read books and magazines, consider investments. . . Consider an Automatic Savings Plan from Minnwest that automatically transfers funds from a specified account into a savings plan. Now take actions on those first steps.

**5. EVALUATE YOUR PROGRESS:** Evaluate your progress on a monthly and quarterly basis. If you're not making satisfactory progress on a particular goal, change your strategy. You can adjust timelines, costs, etc. After all they are YOUR goals, not someone else's.

## GOALS: Achievable, believable & conceivable.

Sometimes people choose goals that are too broad and nearly impossible to reach. Rather than vaguely write "new car", be much more descriptive. A specific goal would be "a \$23,000 new Toyota Camry." Experts claim that the more information you have written into your goal, the higher your success rate. That's because your goal is now more tangible. . . you can see it, feel it.

Make sure your goals are realistic and achievable. Start off with smaller goals, then move on to larger ones. Don't expect to save \$1 million in the next 10 years, unless you are a very high wage earner. You'll feel defeated and simply overwhelmed at the goal's prospects.

Your goals must also be measurable. That's why you place a price tag on each goal. Then realistically calculate how much you can save over the period toward that goal.

Long term goals, those requiring over five years to accomplish, won't happen overnight. Look at them realistically and evaluate their timeframe. As you evaluate them in the future, you may need to move them a little farther out on your calendar. Long term goals might include planning a college education for a youngster, retirement funding or home purchase. These goals generally require more funds than do your other goals.

Intermediate goals require one to five years. Purchasing or replacing a vehicle, shorter term educational costs or debt reduction could all fall into this timeframe.

Short term goals require less funding and have a more immediate need.

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## Achieve your goals with these Minnwest accounts!

If you're a goal-setter, there are several Minnwest accounts that should be in your planning process.

### Automatic Savings Account

Probably the easiest way to save for any goal is with Minnwest Automatic Savings Account. This nifty account automatically transfers a specific amount each month from your checking into savings. If you have a small goal or even a long term goal, you can transfer as little as \$25 month. There's no service charge and no minimum balance requirements. It's a great way to put your plan into action!

### Traditional & Roth IRAs

Two unique Individual Retirement Accounts for two different goals, but both provide for your retirement. What's the difference between the two plans? A contribution to a traditional IRA is made with funds that are tax-exempt, yet retirement withdrawals are taxed. That means your contribution funds, plus any interest, are taxed at the time of withdrawal.

Contributions to a Roth IRA are just the opposite. Roth contributions are subject to income tax, yet any interest on those funds are tax-free. A Minnwest banker can explain the unique differences and advantages of each account for you. And, don't forget to discuss your situation and tax deductibility with your tax advisor for your best possible solution. There are some exciting new changes to the Roth IRA beginning in 2010. We'll



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## FINANCIAL GOALS

Goal	Date Needed	Cost Estimate	Amount Already Saved	Steps To Achieve

### Planning means making choices.

To have a successful plan probably means trade-offs in your financial future. You'll need to decide if you must cut back your expenses, how much you can actually save from your paycheck or what you're willing to sacrifice or give up.

### Practical planning pointers.

To make your planning easier, add these tips to your planning process.

**Don't forget to add interest.** That's right. Your savings will be compounding so look for your highest rate of return on savings products. Consider CDs which will keep temptation at bay. You won't be allowed to dip easily into those CD savings as they grow. And, if your goal is to pay off a debt, remember that you'll be saving interest payments, especially if you make extra payments to pay off that debt early.

**Set savings milestones.** If you wish to save \$10,000 over the next 7 years, set short term goals along the way. And, you could even stagger your savings pace by earmarking \$1,000 the first year, \$1,250 the next and \$1,500 the year after. Once you've reached that first year goal, you've built up enough confidence to increase it a little.

**Pay yourself first.** After paying your regular monthly commitments, put any extra money into your savings account immediately rather than waiting until month's end to see what's left over. This step will prevent you from spending your extra cash on unnecessary items that will place your financial goals in jeopardy. That's where Minnwest's Automatic Savings Account comes into play. Your saving is done for you with this account.

Your plan only becomes a plan when you actually write it down and take action. Make a commitment today to build a plan for your financial goals.

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tell you all about them in the next issue of Community Connection!

### Health Savings Accounts (HSAs)

Take control of healthcare spending with this account which is growing in popularity. Its tax saving features makes it an attractive choice. Due to an IRS requirement, you'll need to have a qualified High Deductible Health Plan in order to open this tax-exempt account. Why has it become so popular?

- Contributions into the account are tax-deductible provided you follow IRS guidelines\*
- Interest earned on an HSA is tax-free

What our account holders enjoy about the Minnwest HSA are the tiered interest rates which earn you higher rates for higher balances. As your balance grows, you'll earn more money on your HSA.

\* Consult your tax advisor, employer or insurance provider regarding health plan eligibility and tax advice.

### Money Magic Savings Club

Start your youngsters out early knowing how to handle money and you'll have raised a financially responsible adult. Minnwest Bank has developed an exciting activity for you to share with your child. It's an activity that's not only fun and rewarding, but it will teach your child lessons he or she will use for a lifetime! Milo, our Money Magic Wizard, makes understanding easy. There are rewards, events, gifts and even a quarterly newsletter. The club is open to kids up to age 13.



## HEALTH SAVINGS ACCOUNT (HSA)

# A GOOD WAY

## TO PAY FOR HEALTH CARE

- Open an HSA with your qualifying high-deductible health plan (HDHP).
- Tax advantages include:
  - Tax-deductible contributions
  - Tax-free earned interest
  - Tax-free withdrawals for qualified medical expenses
- Funds can be left to accumulate year-to-year without penalty.
- Use funds to pay for any qualified medical expense from insurance deductibles & co-pays to certain over-the-counter medications.
- Ownership of the funds is yours whether you change medical coverage, move, change jobs, or retire.

### NO ANNUAL FEES • NO START-UP FEES

- Access funds by Minnwest's MasterCard ATM/Debit Card, check, electronic transfer, or over-the-counter withdrawals
- No minimum distribution amount
- Automatic deposit available
- Low \$100.00 minimum opening deposit

For more information about Minnwest Bank HSAs, stop by or call today.

MEMBER FDIC

\*Qualifications apply



Your situation is unique, please consult with an appropriate advisor before making any decisions based on this information. While all information was obtained from resources believed to be reliable, Minnwest Bank and its marketing affiliate cannot guarantee that the information is complete or accurate. Minnwest Bank's Community Connection is intended to provide general information only and should not be construed as legal, accounting, tax or other professional advice.

## **ATTENTION EMPLOYERS!** Improve your benefits package with Minnwest's Preferred Banking.

- Free for employers.
- Free for employees, too.
- Earns employees savings, discounts & free banking services.
- Helps attract qualified personnel to your firm.

If you're an employer, add Minnwest's Preferred Banking to your benefits package. And, if you're an employee, ask your employer to consider this attractive employee-friendly package.

Preferred Banking is a great way to increase your company's benefits package without costing you a cent! And, now couldn't be a better time to beef up your benefits package.

It costs employers nothing, but gives employees hundreds, if not thousands of dollars of savings depending on the types of accounts and services they utilize. Free services, better rates and loan discounts are all part of Minnwest's Preferred Banking.

Preferred Banking is open to firms of any size and there's no requirement to the number of employee participants. Preferred Banking is a great benefit booster, especially now. And, remember it costs employers nothing. This exclusive package is not offered to the general public.

Ask your Minnwest Banker to see our complete information on Preferred Banking . . . including discounts, services & preferred rates. . . for your employees.

Improve their financial lives, and yours too, with Preferred Banking from Minnwest Bank.