

# Create a Financial Mission Statement in 4 Steps

A financial mission statement (FMS) outlines your household's mission, purpose, and reason for being financially secure. A household may be just you as an individual, you and a partner, or you and your family.

**A good FMS will accurately explain what your household wants to achieve financially in the future and how you are going to get there.**

It also incorporates your values. In other words, if you want to thrive financially without sacrificing things that matter to you, such as charitable donations or travel, you should include those in your mission statement.

There is no exact way to write a mission statement but the shorter, denser, and more meaningful it is, the better.

Your FMS should be easy to read, memorable, and motivating. You want it to inspire you to take action or remind you of why you're making the sacrifices you are to achieve your financial goals.

Some questions to consider for creating your FMS:

- What do you hope to achieve in your life and how will money play a role in getting you there?
- How do you view money and its function in your daily life?
- What does a [financially secure future](#) look like to you?
- Is being debt-free important to you?
- What are your most important [saving goals](#) today?
- If in a relationship, do you have frequent and effective [money conversations](#) with your partner?
- Are you pursuing [financial independence](#)? When do you hope to achieve it?

## How Do You Create a Financial Mission Statement?

You can create your financial mission statement in three simple steps:

1. Determine the problems or opportunities you need to address
2. Focus on what you are going to do to solve these problems and embrace the opportunities
3. Define your household values and determine how they will help you achieve your goals
4. Put it all together

Sounds pretty simple, right? Let's get a little more specific.

**Steps and template below**

## **Step 1 – Determine The Problems or Opportunities You Need to Address**

In this step, you'll want to include the problems and/or opportunities your family faces and how you are looking to correct them.

- Prepare statements that get to the point quickly and stress the areas you would like to focus on.

Examples:

If your primary problem is paying off debt, you want to include some motivational keywords to make you want to complete this task fast.

*The financial mission of the (Your Last Name) household is to remove the vicious hold debt has on us. We will strive to aggressively pay down our existing debt and not increase our debt by taking out new loans or charging up credit cards.*

You would also use this area to focus on financial opportunities that may be coming in the future. Looking to fund your Roth IRA fully each year? Put that in this section!

*The financial mission of the "Smith" household is to fully fund both of our Roth IRAs each year. We also strive to place an additional \$3,000 into our 401(k)s after funding the Roths.*

## **Step 2 – Determine How You Are Going to Address The Items Defined**

Now that you have your focus points, state the path you are going to take to meet the goals.

If you said that you wanted to pay off debt, explain how you plan on doing it.

*We want to aggressively pay down our debt by taking on additional part-time work and put into place several frugal habits. We realize that many of our previous spending habits were hurting us, and it is time to change those behaviors.*

The statement focuses on how you are planning on paying down the debt. It also gives you things to focus on to ensure you complete the goals.

You could use the same statement for increasing your savings and investing by just replacing a few words.

*We want to aggressively increase the savings we are putting into our retirement accounts by taking on additional part-time work and put into place several frugal habits. We realize that many of our previous spending habits were hurting us, and it is time to change those behaviors.*

## **Step 3 – Incorporate The Values of Your Household and List How They Will Help You Meet Your Goals**

In this step, you should inject your values into the FMS.

- Do you hate debt?
- Do you want to give 10% of your income to charities?

- Is paying for your children's education important to you?
- Is travel a luxury you don't want to cut out?

This is the section to include those things.

*While completing our drastic debt reduction, we will continue to support our local charities. Also, in our quest to retire at age 55, we still want to enjoy certain things like traveling.*

## Combine To Get The Finished Product

Now that you have finished each step, you should combine your thoughts and goals into a complete financial mission statement.

**Keep in mind your statement should be motivational.** You'll want everyone in your household to remain focused on the financial tasks at hand.

**Here is an example of a complete financial mission statement:**

*The financial mission of our family is to remove the vicious hold debt has on us. We will strive to not increase our debt and aggressively pay down our existing debt without sacrificing our gifts to local charities. After we erase this debt, we will focus intensely on increasing our savings so we may retire at age 55 and do work that we love and enjoy. We want to accomplish this without becoming "cheapskates". We also want to teach our children the ins and outs of money at an early age as we do not want them to face the same financial problems we have.*

The above mission statement gets to the point and **conveys exactly what the family wants to achieve.**

It may not include all of the small things that will most certainly come around, but it at least keeps them **focused on the financial task** at hand.

It may take you a few drafts to finish your FMS, just get it down on paper and refine it until you get something that feels right.

When you've finished your financial mission statement, post it in an easy to see location, such as on your refrigerator in a bright color for all to see.

Keep in mind as your personal and family circumstances change, your financial priorities may change too. Revisit your FMS at least annually or when you experience a significant life event to update what financial goals are most important to your household.

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Other values or philosophies you want to include:

**Step 1 – Determine The Problems or Opportunities You Need to Address** - (debt, income, career, housing, saving, investing, etc.)

Problems you'd like to solve:

Opportunities you want to grasp:

## **Step 2 – Determine How You Are Going to Address The Items Defined**

Explain how you will accomplish overcoming the problems and grabbing the opportunities you identified in step 1

## **Step 3 – Incorporate The Values of Your Household and List How They Will Help You Meet Your Goals**

What values will you not compromise on as you pursue these goals?

