Twain was speaking about the lack of direction that exists in most people’s lives and how they could benefit by taking the time to determine what they want. I have seen this lack of direction in the investment portfolios of individual investors for my entire career. Most investors have never formulated a plan, so they accumulate financial products from various salesmen over a period of years and end up with random mutual funds, insurance policies, and stocks that are not work toward any particular purpose.

Salesmen often focus on either alleviating investors’ fears or appealing to their sense of greed. In the Wealth That Lasts course, we do away with that nonsense and establish a wealth management strategy based on your values and goals in balance with the lifestyle that you have determined that you desire. With this in place, decisions regarding which investments will work best to satisfy these goals is much easier.

Your values and goals are vitally important to the proper development and ongoing maintenance of your wealth management strategy, so it’s worth defining them at the start.

For our purposes, personal values are the traits or qualities that are considered paramount; they represent your highest priorities and deeply held driving forces. Compare that to a goal, which we define as the desired result a person envisions, plans, and commits to achieve. To help differentiate the two concepts, consider this short list of examples of each side-by-side:

<table>
<thead>
<tr>
<th>VALUES</th>
<th>GOALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Security</td>
<td>Financially Secure Retirement</td>
</tr>
<tr>
<td>Freedom</td>
<td>Education of Children and Grandchildren</td>
</tr>
<tr>
<td>Control</td>
<td>Care for Aging Parent</td>
</tr>
<tr>
<td>Family</td>
<td>Additional Home</td>
</tr>
<tr>
<td>Balance</td>
<td>Philanthropy</td>
</tr>
<tr>
<td>Personal Accomplishment</td>
<td>Benefit Others</td>
</tr>
<tr>
<td>Benefit Others</td>
<td>Travel</td>
</tr>
</tbody>
</table>

By examining the list above, it becomes clear that goals represent what an individual may want. While this is critical, the individual’s values represent why these goals are important. These values are what create a solid foundation of your wealth management strategy. With values properly understood, the goal actually has purpose. Each goal is worthwhile and it holds our interest.
Understanding your personal values also contributes significantly to motivation, which makes the likelihood of sticking with and achieving your goals more likely.

**Determining Your Values**

To help determine your personal values, start by creating your own set of value cards. You may create a card with each of the values listed above in addition to your particular values that are not represented in this list.

Couples should complete this exercise separately and then compare answers afterwards. To get started take a few minutes to place the cards into the following three stacks: “Always Important”, “Somewhat Important”, and “Never Important”.

Once you have completed this task, grab the pile of “Always Important” and set the rest aside. When finished, you will prioritize these from most important to least important. All of the cards in this stack will be part of your wealth management strategy, but the top three or four will represent the driving force.

I have already defined the word values above, but it is important to understand that there is no strict definition for individual values, as the definition is personal to the holder of the value. I make this distinction because freedom, personal growth, security, etc. can mean very different things to different people and that is just fine. If you wish to include your personal definition, feel free to write any notes you wish on these values cards.

In developing your personal wealth management strategy, this is step one. Next, on a separate sheet of paper, write your entire list of values in the left-hand column from most important on down. When complete, they will make up the outline for your personal wealth management strategy.

**Establishing Your Goals**

The next step is establishing your personal goals. As you start to develop your goals, consider how the different values will have an impact on the goals you wish to accomplish. For example, for people who view personal accomplishment as a primary value, the goal of retirement may not necessarily be on their list because they will probably be working at something productive their entire lives. For those that have family high on their lists, caring for an elderly parent will seem like an expectation or even a privilege, where it may seem like an obligation to someone that values freedom and independence. There is no wrong answer, but once these are aligned, the true benefit of your effort will be achieved.

As we begin establishing your goals, there should be very little consideration given to cost, timing, or level of importance. First, create a list of goals, that feel important to you.

To create this list, think of major goal items such as retirement, education for children, building a dream home, etc., but feel free to write any goal you can think of, from a new pair of shoes to funding a new business school at your Alma Mater. For some, this list will be short and only take a few minutes while for others, it may take days or weeks.
When you are satisfied that your list is complete, look at the list and circle those items to which you are willing today to commit your time, talent, energy, and resources. Evaluate this list in relation to the list of your values. If they are not in alignment, slow down and work it through until everything matches up. In this process, it is important to remind yourself that values do not change to accommodate goals; it is the other way around. Values are the foundation and goals are a by-product. Once the list of goals is complete, write it to the right of the values you created in step one.

This is the point where couples need to come together with their individual lists of values and goals and develop their joint list. In my work, I have found that couples will have many of the same values and goals. Where they are not in alignment, there is no need to worry. It is completely normal to have a few that are individually directed.

Realistic Potential

At this point, we’ll start getting to the details and the realistic potential of each goal. For investment goals to take shape, they should include these five characteristics: personal, specific, realistic, measurable, and time certain. It is now time to incorporate these elements. This level of clarification is necessary in order to determine how much the goal will cost immediately and in the future; and with that information, we can determine if the goal is feasible, given our level of assets and funding. Once we have determined that the goal is realistic, we must be able to track progress as time goes on; and for that, we will use tools that come much later in this process. For now, we need to be satisfied that you have completed your list of values, paired it with your list of goals, and have provided as much detail as possible.

We have all heard the saying “The devil is in the details”; and when it comes to your wealth management strategy, those details are very important. Without details, your goals may as well be called a wish. You will want to know how much your goal is expected to cost now or in the future. Also, will your goal require a lump sum payment, a number of payments over a specific period of time, or periodic payments indefinitely? I find it helpful to provide as much written detail as possible on each goal.

Next Steps

You’ve completed an important step in defining your personal goals and values. Together, these form the outline of your wealth management strategy.

This exercise illustrates one of the many processes and topics developed for the Wealth That Lasts course designed to help you build the wealth management plan that fits your personal goals and values.

If you found this helpful, I encourage you to join us in this program to continue this progress toward your wealth management strategy.

For more information, visit ce.uci.edu/wtl.