About Personal finance

Personal finance is the application of the principles of finance to the monetary decisions of an individual or family unit. It addresses the

==Personal financial planning== A key component of personal finance is financial planning, a dynamic process that requires regular monitoring and reevaluation. In general, it has five steps: # **Assessment**: One's personal financial situation can be assessed by compiling simplified versions of financial balance sheets and income statements. A personal balance sheet lists the values of personal assets (e.g., car, house, clothes, stocks, bank account), along with personal liabilities (e.g., credit card debt, [http:/www.normalforce.com/personal-loan/ bank loan], [http:/www.normalforce.com/mortagage-loan/ mortgage]). A personal cash flow statement lists personal income and expenses. # **Setting goals**: Two examples are "retire at age 65 with a personal net worth of $200,000 American" and "buy a house in 3 years paying a monthly mortgage servicing cost that is no more than 25% of my gross income". It is not uncommon to have several goals, some short term and some long term. Setting financial goals helps direct financial planning. # **Creating a plan**: The financial plan details how to accomplish your goals. It could include, for example, reducing unnecessary expenses, increasing one's insurance/ employment income, or investing in the stock market. # **Execution**: Execution of one's personal financial plan often requires discipline and perseverance. Many people obtain assistance from professionals such as accountants, financial planners, investment advisors, and lawyers. # **Monitoring and reassessment**: As time passes, one's personal financial plan must be monitored for possible adjustments or reassessments.

Typical goals most adults have are paying off credit card and or student loan debt, retirement, college costs for children, medical expenses, and estate planning.