



## Prioritization Exercise

What is the first thing that comes to mind when you hear the word “budget”? Yuck! Budget! I won’t get to do anything fun! I can’t buy the things I want to, I’ll be restricted and it’ll be uncomfortable! Why is it that budgets feel that way? Well, sometimes when we make a budget based on what someone else tells us we “should,” do or what we think we “should,” do not what we would really like to experience. **If there is a disconnect between what you really want, and what your budget allows then it will not be sustainable.**

Let’s call it a spending plan. How do I create a spending plan that is sustainable? If your spending and savings plan is aligned with your priorities and values there is a much higher chance that your spending plan will be sustainable.

Imagine going into a store and seeing a sweater you really like. In the past, before you had a budget you would just buy it! Now with your budget you can’t get it, and it feels bad. What if instead of telling yourself “no, you can’t have this,” you say, “I can have this, but I choose not to get it because there are 7 other things that are more important to me that I would **rather** put that money towards. Instead of a negative feeling of being deprived, you leave without the sweater glad that you will put that money towards something else you want **more!**

**Every time I have had someone do this exercise they have seen something surprising.** Commonly people spend a significant amount of money on things that are low priorities. Also, I have many clients who do not put any money towards their 1, 2, 3, 4, or 5, top priorities!

**How much more motivated would you be to work hard to hit your goals if you were actually putting money towards your highest priorities?**

“How do I find out what my priorities are?” You ask.

THE KEY TO THIS BEING A VALUABLE TOOL IS YOUR HONESTY IN DOING THE EXERCISE. You may wish your priorities were different or you

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may judge them. Be honest. If you want to influence or change your priorities we can discuss that, but for now, be honest.

1. Make a list of 10-15 categories of **expenses** that you currently spend money on or save money for **that are not bare necessities**. The reason you do not want to include bare necessities is because they will certainly rise to the top. Food (Groceries) you need to live, so we do not need to see how it compares to “movies,” we know which one is more important for survival. You can use your report to help you with ideas. Be more specific than “entertainment,” such as “movies,” “concerts,” etc.

a. Common categories: dining out, clothing, movies, gym, pet expenses, home expenses, travel, hair/makeup/nails, personal care (be specific), health care, etc.

b. Fill in here:

- i. 1
- ii. 2
- iii. 3
- iv. 4
- v. 5
- vi. 6
- vii. 7
- viii. 8
- ix. 9
- x. 10
- xi. 11
- xii. 12
- xiii. 13
- xiv. 14
- xv. 15

2. What would you **like to spend money on or save money for that you may or may not be currently putting money towards? Do not let your current financial position limit you from adding something on the list.**

If you would like to have a jet airplane and you don't have millions of dollars, put it on the list anyways. Add these categories to the list.

a. Common categories: Manager start up, peace of mind fund, retirement, travel, gifts, charity, and education/personal growth.

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3. Start with the first item and compare it to the second item, for example if the first item is dining out and the second item is clothing, ask yourself this critical question, **“If I could only experience dining out or buying clothes over the next year, which would I choose?”** Remember BE HONEST. **Making a definitive choice here is critical to the effectiveness of the exercise.** THERE ARE NO TIES. Put a tally mark next to the one that wins. Then compare the first item to the third item, and ask yourself the critical question above. Put a tally mark next to the one that wins.
  - a. Repeat with 1v3, 1v4, 1v5, so on and so forth, until 1 has competed against all other categories.
  - b. Then 2v3, 2v4, 2v5, 2v6, so on and so forth.
  - c. Then 3v4, 3v5, 3v6, 3v7, so on and so forth until 3 has competed against every number below it.
  - d. Repeat for each number until the second to last item competes against the last item.
4. Add up the tally marks for each category.
5. Rewrite out the list in order of categories with the most tally marks to the categories with the least tally marks. **These are your priorities!**
6. Now we can create a personal spending plan and savings plan that is aligned with your TRUE priorities.

### **Reflection:**

1. Does anything on your list of priorities surprise you?
2. Are you putting any money towards your top few categories?
3. How much money are you putting towards your lowest priorities?
4. What can you do immediately to better align your spending and savings with your priorities?

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