FINANCIAL GOAL SETTING

YOUR GUIDE

Achieving your financial goals isn't always easy. American's with a plan in place are more likely to make positive progress towards achieving their financial goals. A recent survey found, 56 percent of people with a plan in place reported making good or excellent progress towards their savings needs, compared to only 24 percent of those who didn't.* We've got five steps to assist you in the setting of your financial goals.

Step 1: Give your goals a "why"

Numbers do not often translate to an emotional response. That's why it's important to give your financial goals a "why". Placing a highly personal purpose behind the numbers can be a big motivator in achieving your financial goals. After all, financial goals and life goals go hand-in-hand, often supporting one another.

Step 2: Make your goals measurable

Ambiguity won't be your friend as you workto set goals. Focus on being as specific as possible instead, your goals should have a measurable and definitive finish line. This will help you track your progress and feel a sense of accomplishment once you achieve your goals. For example, if you have a goal to save money for a down payment on a new car, choose a number. While you may not know exactly what car you wan or how much it'll cost yet, put an estimate to your goal. Instead of saying "I want to save some money and buy a new car next year," try "I will put $250 in a separate savings account for the next 12 months that will be used as a down payment for a new car." This provides a clear, definitive goal that you can track month after month.

Step 3: Be Reasonable

As you look to set a goal, you must evaluate your current financial standings in comparison with your desired financial picture. If you'd like to accumulate a certain amount of wealth prior to your retirement, you need to figure out how it can be done. If your current saving and spending habits support this goal, then you're likely on the right track. But if you're often spending more than you're saving, then you may need to either adjust your goal or adjust your current spending habits.

Step 4: Set a budget

While mentioned in step three, evaluating your spending habits is a tip worth repeating. If your spending habits don't support your goals, you're likely fighting a losing battle. Create a monthly budget that supports your future financial goals and current needs. A popular budget breakdown is 50/30/20:

- 50 percent on needs (groceries, rent/mortgage, utilities)
- 30 percent on wants (shopping, eating out)
- 20 percent on health and wellness (medications, lifestyle choice)

For example, if your income after tax each month is $4,000, you'd spend $2,000 on necessities like your car payment, electric bill and rent or mortgage, $1,200 on entertainment, shopping and weekend trips and $800 would go toward medications, health and wellness lifestyle choices. While everyone's financial circumstances and current needs differ, this ratio can be a great place to start as you look to draft a budget.

Step 5: Balance short-term needs and long-term goals

Money is nothing more than a tool. The reason you set financial goals in the first place isn't to simply accumulate more money, it's to accomplish something that's pertinent to you and your happiness. It's crucial to strike a balance that allows for more continuity in lifestyle prior to and during retirement.

If you have a financial milestone you'd like to start preparing for, it's important to begin with a plan. Work with your financial advisor to evaluate your current needs and spending habits to develop a realistic goal and plan of action based on your unique financial picture

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* *https://americasavesweek.org/wp-content/uploads/2017/02/America-Saves-Week-2017-Infographic.pdf*