

Setting Financial Goals

Financially, what is it that you want out of life? Is it to retire by the time you're 50 years old, to send your child to Harvard, or simply to live a modest life with fewer financial headaches?

There is no right or wrong answer. It's your life!

This sounds simple, doesn't it? The irony is, however, that goal setting is more difficult than it seems. Because many of us can't have it all right away or can't envision achieving all of our goals at some point in the future, we don't set any goals. Many times, for this reason, our financial lives do not improve.

Priorities

As adults, we must make choices that will improve our financial lives; no one is going to do that for us. Given the fact that our resources may limit how much we can accomplish, we must set priorities. Here are a few suggestions:

1. Recognize that high-interest debt must be eliminated. Any budget must include a systematic elimination of this item.
2. Recognize that you are responsible for your retirement. Any budget must include contributions to a retirement fund, even if the contribution amount seems too small.
3. Get started. If you find that all you can do is pay an extra \$25/month toward your high-interest debt and \$50/month to a retirement fund, then do it. You will find that as you set goals and accomplish them (regardless of how small) you will feel more confident about your ability to do more. Big successes are built on a multitude of small successes.

Focus

You may find yourself wanting to do so many things, but your finances are limited. So how do you choose the ones to focus on?

1. After adhering to the suggestions listed in "Priorities" above, make a list of your other financial goals.
2. Determine which goal you want to achieve at the expense of foregoing all of the others, and scratch it off the list. Write that goal at the top of another list.
3. Keep repeating step 2 until you have a new list that represents, in order, which financial goals you want to achieve. The results may change over time, but at least it gives you a starting point.
4. Pursue, in order, the goals as listed. If you find out you can only contribute to the first 3 of 20, include those 3 into your budget. The other 17 will need to wait.
5. Set a budget for your everyday expenses, too, and work your goals into your budget.

Conclusion

As you will see throughout the personal finance area, setting realistic goals coupled with self-discipline and commitment, you can greatly improve your financial situation.

Next Steps

Get started on your goals and visit our other articles to help you develop a plan to invest.