



Dollars & Sense

Financial News from BALANCE

Dream It and Achieve It

How to Set and Attain Financial Goals

Do you work all day, go home, spend the contents of your paycheck, and wonder where you are really going financially? Vague fantasies of owning your own home, buying new furniture, taking a vacation, or retiring early may pass through your mind – you *want* something bigger and better, but what exactly? And how do you get there? All too often financial dreams are abandoned in lieu of life's practical obligations. They may seem unachievable, or even silly. After all, you may think, how can you even consider a new car when there are bills to pay?

Fortunately the New Year is approaching. An unmarked calendar represents fresh opportunity, and is the ideal time for life-transforming action. You can go from *wishing* in January to *having* in December by following these five steps.

❶ Identify your goal. This is often the most difficult step. You may have suppressed your true desires for so long, you no longer know *what* you want (outside of an general wish for more money). However, a goal should be two

things: *tangible*, so you can track progress and know when you reach the finish line, and *exciting*, so you are motivated to keep going when you are tempted to give up. This step deserves your utmost attention. As the song says, “If you don’t have a dream, how you gonna make a dream come true?”

There are three basic goal types: short-term (under a year), mid-term (one to three years), and long-term (three-plus years). Have multiple goals? Either work towards them simultaneously or narrow your focus to one. The key is to not overwhelm yourself.

❷ Look at the numbers. Now that you have a goal, it's time to understand your financial parameters and options. Examine your income and expenses, and determine how much you can save each month. Looks bleak, you say? Consider increasing your cash flow with overtime hours, a part-time job, or an overdue raise. Omit or reduce unnecessary expenses. Get creative and break out of your box – you'll never reach your dream by saying *no*.

❸ Know when you want it. Assign a time frame for your goal. Mark your calendar with the projected achievement date. If the goal is mid or long-term, allocate progress points (i.e. “\$500 in my IRA account by June 5th, \$1,000 by December 12th). Keep yourself motivated by flipping to those dates often.

❹ Design a savings strategy. Have the allocated savings sum *automatically* deducted from your paycheck or checking account and deposited into a separate savings account. It's easy, and you'll never miss what you don't see.

A traditional savings account is usually sufficient for short-term goals, but if you have years to build capital, you'll want to move it into an account where your money will really work for you. Once you've accumulated enough to make a minimum deposit in an investment vehicle (amount varies by type), research your options carefully. Remember: the greater the return, the greater the risk. After you've worked so hard to save, you don't want to gamble your goal away.

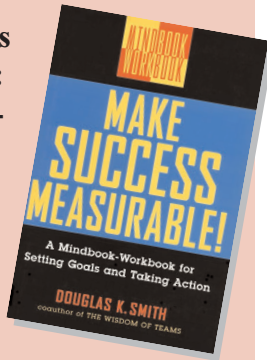
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Recommended Reading

Make Success Measurable!: A Mindbook-Workbook for Setting Goals and Taking Action

by Douglas K. Smith

244 pages, John Wiley & Sons, February 26, 1999



One of the best books you can read about how to set and achieve all types of goals, Make Success Measurable! is a guide to getting what you truly want out of life. Smith offers practical advice, relevant examples, and a detailed, step-by-step approach to goal setting. The workbook section is particularly useful, as it provides you with unique tools and techniques that you will be able to put to use immediately. Relevant both for your personal life as well as in the workplace, this is a must read for anyone who is serious about defeating apathy and overcoming obstacles.

“We have tomorrow right before us like a flame.”

– LANGSTON HUGHES

⑤ **Be flexible.** Don't give up – *modify!* If you simply can't put the \$150 into your Maui extravaganza fund this month because your transmission blew, *resist the urge to panic.* Consider it a temporary setback. With a little extra effort, you may be able to make it up over the next couple of months. Or alter your plan achievement date slightly.

If you find yourself regularly unable to meet your savings goal, there may be deeper issues to contend with. Were you too optimistic with those overtime hours?

Couldn't give up smoking to save the extra \$100 per month? Or perhaps the goal really wasn't for you – you thought a new computer was vital to your happiness, but the prospect of owning it just isn't giving you the thrill you had anticipated. No matter. Revisit the first four steps and reassess.

There are few greater gifts you can give yourself than pursuing – and achieving – your financial goals. To do so takes strength and courage. So break out that fresh, clean calendar and make this a truly prosperous New Year.

Top Ten Financial Goals You Can Achieve Today

1. Open a savings account.
2. Run a net worth statement on yourself. Use a good online financial calculator, such as Kiplinger personal finance information: <http://www.kiplinger.com/tools/networth.html>
3. Clean out your wallet.
4. Call your credit card companies and request interest rate reductions.
5. Exchange watching a rerun of “Friends” for “Lou Dobbs Moneyline” (it won't kill you!).
6. Obtain a copy of your credit report.
7. Give to your favorite charity (it can make you feel like a millionaire).
8. Teach your child the value of money. Explain how long it takes to earn the price of a Playstation II.
9. Eliminate *one* unnecessary expense from your life.
10. Set up automatic deduction with your financial institution.