



Dream It and Achieve It How to Set and Attain Financial Goals

Do you work all day, go home, spend 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, but you can't figure out how to get what you want. All too often financial dreams are abandoned in lieu of life's practical obligations. They may seem unachievable, or even silly. You may wonder how you can even consider buying a new car when there are other bills to pay.

Take heart...you can get started toward achieving your financial goals by following the five steps listed below.

Step One: Identify your goal. Ironically, 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 undefined wish for more money). 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 is very important and deserves your utmost attention.

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.

Step Two: 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? Consider increasing your cash flow with overtime hours, a part-time job, or even an overdue raise. Omit or reduce unnecessary expenses. Get creative and break out of your box; you may never achieve your dreams without considering all the options.

Step Three: 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.

Step Four: Design a savings strategy. Have your 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. 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.

Step Five: 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 several months. Or, you can alter your plans or achievement date slightly.

If you find yourself regularly unable to meet your savings goal, you may have deeper issues to consider. Were you too optimistic with those overtime hours? Couldn't give up smoking to save the extra \$100 per month? Changed your mind about your goal? Perhaps you thought a new computer was vital to your happiness, but the prospect of owning it just isn't giving you the thrill you 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, but the results can be very rewarding.