

Tips for reaching your financial goals

Resisting the impulse to buy something new can be difficult. Below are some tips for setting and reaching your financial goals.

Set goals. Goals can be identified as short term (can take a short time, or up to five years, to reach) and long term (can take more than five years to achieve). Setting financial goals can help you focus on what's most important to you.

Make your goals SMART. Imagine you've set a goal to save money. This goal is vague and there's no way to tell when you've succeeded. But look what happens when you make the goal SMART:

SMART goal elements	Related questions	Example
Specific	What are you saving for?	Create an emergency fund
Measurable	How much do you want to save?	\$400
Attainable	Is this realistic? Is this doable?	Yes, if I spend less
Relevant	Is this worth the effort? Why?	Yes, to prepare for the unexpected
Timebound	When will you meet the goal?	In five months, or 20 weeks

People who take the time to write a SMART goal and create a plan to achieve it are much more likely to succeed.

Create a budget. Knowing how to make a budget is an important step in reaching your financial goals. A budget is a plan for how to spend and save money. It helps you decide how much you'll need to spend on necessities, how much money you'll put aside for savings, and how much you can use for things you want but don't necessarily need.

Recognize who and what influences your spending decisions. Whether we recognize it or not, the decisions we make about saving or spending money are affected by people close to us. When it comes to money, each person may have different ideas about what's important and why. It's a good idea to understand what influences your spending decisions.



Track your income and spending. Keeping track of everything you earn and spend money on each month lets you see all your income and expenses in one place. Many people who track their spending discover that they're spending money in small ways that add up and sometimes don't match their priorities.

Track your saving. One of the best ways to achieve your financial goals is to set aside some money – even if it's a small amount. Whether your savings goal is a short- or long-term one, it's helpful to track it. Keeping track of how much you've saved toward your goals can encourage you to save more.