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## PB1454 Setting & Achieving Financial Goal\$

The University of Tennessee Agricultural Extension Service

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# Setting & Achieving Financial Goals

Etta Mae Westbrook, Professor and Leader, Family Economics

According to some estimates, less than 5 percent of the population has clearly defined goals. Yet, setting financial goals is the first step to developing an effective spending plan. Without goals you may be dissatisfied with where your life is going and how you are using your resources. Without goals, you may find whatever happens at any given moment will set you off in a new direction, without thought to where you will end up.

When you set goals you are saying to yourself, I have a future and I can control it. The goals you set will help you to decide where you are going, what you need to do to get there and when you want to arrive.

## Values And Goals

Goals that you set should be very personal and based on your values. Your values are what you hold dear, what you believe in and what you would like to represent. Some values that may influence goals you set are honesty, status or security. Without knowing what is important to you, you will find it difficult to set satisfying goals. When you understand what your values are, you will find it is easier to set goals that you can achieve. Establishing what your values are will also allow you to decide which goals are most important and worth working toward.

## What Are Goals?

You may have goals that are only mental. That's all right. All of us have some goals in our minds only. However, when you write down goals, you will increase the possibility of reaching them. Writing down goals in specific terms forces you to think about whether you really need or want a particular goal. It also helps you decide whether you are willing to spend the time or money necessary to achieve the goal.

- ▲ *Goals state what you want to do or achieve.*  
Goals will give your life direction. Financial goals will help you to determine where your money will go.
- ▲ *Goals should be an extension of your values.*  
If the goals are not related to your beliefs about what is important and good in life, the possibility of your achieving the goals is unlikely. If you do achieve a goal not related to the values you hold, you will probably feel unrewarded and dissatisfied.
- ▲ *Goals need to be specific.*  
The goal, I want lots of money in the bank, has little meaning. Is "lots of money" \$5,000 or \$50,000? When will you know you have "lots of money"? Write each goal in specific terms. Write the goal in terms you can measure.

## Financial Goals

List some things you want that will require financial resources. If you are setting financial goals for the family, each family member should write a list of wants requiring financial resources.

Things I Want That Require Money	
1. _____	5. _____
2. _____	6. _____
3. _____	7. _____
4. _____	8. _____

## Short-term Goals

Goals focus on *what*, what you need or what you want. Some goals you have listed can be achieved in two years or less. These goals are referred to as *short-term goals*.

From the list(s) you prepared, list the short-term goals. Be sure to combine the short-term goals of all family members.

Goals That Can Be Achieved in Two Years or Less	
<input type="text"/>	<input type="text"/>

## Long-term Goals

*Long-term goals* relate to what you want to accomplish in five or more years. Long-term goals usually require more resources for achievement. From your list(s) of wants, write down your long-term goals. Include the long-term goals of all family members.

Goals To Be Achieved in Five Years or More	
<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>

## Prioritizing Goals

Typically there will be more goals than there are resources available for reaching them. You must now prioritize the goals you have. Most financial planners agree that it is almost impossible to work toward more than two or three goals at once. If you have already identified what you think is important, reaching the goals in order of importance will be fairly easy to do.

Identify the goals in the order you want to reach them. To identify possible conflict, each family member should develop a list of short-term and long-term goals to work toward.

Individual Short- and Long-term Goals to Work Toward		
Goals:	Check the type of goal:	
	Short-term	Long-term
1. _____	_____	_____
2. _____	_____	_____
3. _____	_____	_____
4. _____	_____	_____
5. _____	_____	_____

## Potential Conflicts

When the individual lists are completed, hold a family discussion to resolve potential conflicts. As a family unit, decide on which individual and family goals are important enough to use family resources to achieve.

You may find there is conflict among goals. This will be especially true if you are working on goals for the family, when each family member has a variety of goals. Open, honest discussions among family members can reduce conflict over the use of resources to reach family and individual goals. Goal setting and allocating resources to meet goals will require compromise among family members. Family members will need to treat each other's goals with respect. Really listen to what others say about their goals and allow each person to state opinions, needs and feelings without fear of criticism.

Another area of conflict may exist between short-term and long-term goals. Short-term goals often serve as bridges for moving you from where you are to where you want to be. However, if too many short-term goals are not related to the achievement of long-term goals, progress toward reaching long-term goals may be slowed or even stopped. To achieve long-term goals, you may find it necessary to give up something you would like to have now. This may require the dropping of some short-term goals.

## Resolving Conflict

To help resolve conflicts that may arise, examine each goal by asking these questions:

- ▲ Is this a goal that *must* or *ought* to be reached?
- ▲ Does the goal contribute to what you want to do as an individual or a family?
- ▲ Will the goal help you to get what you *really* want?
- ▲ Is it a goal that could be delayed?

- ▲ Is the goal important to the wellbeing of the whole family?
- ▲ Is the goal so important it should be reached even though it would prevent reaching other goals?
- ▲ Will this short-term goal delay or defeat reaching long-term goals?
- ▲ Can the goal be reached with the resources you have?
- ▲ Is this a realistic goal?

## Develop a Plan

Planning brings your future into the present. Remember, if you are serious about achieving your goals, you will want to work on only two or three goals at a time. You will need to develop a plan for reaching your top two or three goals. A successful plan for reaching a goal will include four basic parts:

1. **Your plan should include a specific, measurable statement of the goal.**
2. **When you want to reach the goal.**
3. **Which resources you will need.**
4. **The specific steps you will need to take to reach the goal.**

Now is the time for developing your plan. List what needs to be done in the order in which it needs to be accomplished. (See pp. 6-7.)

## Achieving Goals

To achieve your goals you must *start now*. The keys to achieving your goals are motivation, commitment and discipline. No one but *you* can put your plan in action.

- ▲ You must be committed to it.
- ▲ You must practice discipline.
- ▲ You must be willing to defer things that would be nice now for the things you really want.

Goal-setting is a dynamic activity. Goals will be in various stages of development. Because events you did not foresee occur, you must make your plan flexible. Be ready to adjust to change. Part of planning is evaluating your progress so you will know when or where change needs to be made. There are no shortcuts to achieving your goals. Be positive about the outcomes you expect and describe those outcomes as clearly as you can. Keep sight of the goal you want to achieve. Monitor your plan on a regular basis and make changes as needed. Once you achieve a goal, move on to your next one.

Remember, with self motivation, commitment and discipline, you can achieve your financial goals and take control of where your money goes. A goal, like an idea, only has value when you act upon it.

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# Goal Worksheet

**Goal:** \_\_\_\_\_

**Target Date:** \_\_\_\_\_

**Cost/Resources Needed:** \_\_\_\_\_

<b>What Needs to Be Done:</b>	<b>Who Will Do It:</b>	<b>By When (Date):</b>
_____	_____	_____
_____	_____	_____
_____	_____	_____

**Goal:** \_\_\_\_\_

**Target Date:** \_\_\_\_\_

**Cost/Resources Needed:** \_\_\_\_\_

<b>What Needs to Be Done:</b>	<b>Who Will Do It:</b>	<b>By When (Date):</b>
_____	_____	_____
_____	_____	_____
_____	_____	_____

**Goal:** \_\_\_\_\_

**Target Date:** \_\_\_\_\_

**Cost/Resources Needed:** \_\_\_\_\_

<b>What Needs to Be Done:</b>	<b>Who Will Do It:</b>	<b>By When (Date):</b>
_____	_____	_____
_____	_____	_____
_____	_____	_____

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**Goal:** \_\_\_\_\_

**Target Date:** \_\_\_\_\_

**Cost/Resources Needed:** \_\_\_\_\_

<b>What Needs to Be Done:</b>	<b>Who Will Do It:</b>	<b>By When (Date):</b>
_____	_____	_____
_____	_____	_____
_____	_____	_____

**Goal:** \_\_\_\_\_

**Target Date:** \_\_\_\_\_

**Cost/Resources Needed:** \_\_\_\_\_

<b>What Needs to Be Done:</b>	<b>Who Will Do It:</b>	<b>By When (Date):</b>
_____	_____	_____
_____	_____	_____
_____	_____	_____

**Goal:** \_\_\_\_\_

**Target Date:** \_\_\_\_\_

**Cost/Resources Needed:** \_\_\_\_\_

<b>What Needs to Be Done:</b>	<b>Who Will Do It:</b>	<b>By When (Date):</b>
_____	_____	_____
_____	_____	_____
_____	_____	_____

# *a U.T. Extension Reminder...*

## **Financial Map for the Future**

As a family, map out your financial future. Together, decide where you want to go and how you are going to get there. A first step is developing a family spending plan.

A family spending plan is a tool to help you feel in control of family living expenses. It will help you to determine how much income you have and to decide how you want to spend it.

Following a spending plan requires self discipline. Therefore, once your family has decided on a plan, stick to it. All family members working together and encouraging each other can make a personal family spending plan work.

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Agricultural Extension Service Charles L. Norman, Dean