



Achieving a goal gives you a sense of accomplishment, which motivates you to set new goals for even bigger and better things. So learning to set clear financial goals is crucial for your success in life. How do you do this?



- Make Goals Important to YOU
- Write them down
- Tell other people about them

First of all, goals need to be meaningful to you—something *you* want to do, not something your friends or family think you should do. Unless it's something you really want to do, you will probably not be motivated enough to accomplish the goal.

After you figure out what you really want to accomplish, make yourself a list. By taking the time to write down your goals, you can plan how you will accomplish them. Put the list some place so you will see it every day. You can even find pictures of your goals and put them where you can see them frequently. For example: if one of your long-term goals is to travel to Rome, Italy, find a picture of Rome and put it on your refrigerator or download one for your computer desktop. These reminders can help you to make better short-term decisions in order to reach your goal.

You can also tell other people about your goals and ask them to check on your progress periodically. Many people want to lose weight, a very worthwhile goal, but one that is difficult to accomplish because it's so easy to get discouraged. If you write your goals down, put them somewhere you will see them, and ask people to check on your progress, you will have a much greater chance of success because you know someone besides you is holding you accountable for your goal!

## How to Set and Achieve Goals

Make them specific  
and measurable

Save \$1,000 in 1 year.

Goal                      Timeframe



How do you make your goals specific and measurable?

Measurable means that you have a clear way to determine if you have accomplished your goal. Very broad goals are difficult to achieve because there's no clear direction that you should take to accomplish your goal.

Say you're tired of having an empty wallet and want to save money. Okay, how much? Is one dollar enough to accomplish your goal? Since your goal is to save money, then yes, you've met your goal, but that's probably not what you meant!

“I want to save one thousand dollars” is measurable and much more specific. You have a target to shoot for, but when do you want to accomplish this goal? This goal is measurable because it has an exact target, but it is not specific enough because it needs a timeframe. If you fail to set a timeframe, you could take years to accomplish your goal.

How about this? “I want to save \$1,000 in one year.” That's much better because it's easy to tell if you have met your goal or not. At the end of the year, if you have at least one thousand dollars in your savings account, you met your goal. Anything less and you didn't.

## How to Set and Achieve Goals

Be sure they are realistic

Goals should be specific, measurable, and realistic enough that they point you in the right direction to make them a reality.



Next, make sure your goals are realistic. Suppose your goal is to save one thousand dollars by next week. Unless you are expecting to win the lottery, this is pretty unrealistic since you would have to save about one hundred forty-three dollars every day. The goal is specific and measurable, but not realistic unless you have a really high paying job.

Setting goals requires you to be honest about your ability to achieve them. They should be specific, measurable, and realistic enough that they point you in the right direction to make them a reality.



You have set a realistic, measurable, specific goal. Now it's time to create a plan of action which lays out the steps you need to take to accomplish your goal.

Let's say your goal is to save four hundred fifty dollars for prom, which is six months away.

First, break the goal down into smaller ones. How much do you need to put in savings each month? Four hundred fifty divided by six is seventy-five dollars each month. How will you earn the money?

Let's say you do yard work for pocket money, and you make twenty dollars per job. To meet your monthly goal, you will need to work on four yards every month and put that money in savings. If you work on one yard a week and save all the money, you'll have seven hundred fifty dollars in about five-and-a-half months.

By setting a specific, measurable, and realistic goal, you could see what you needed to do in order to accomplish the task. You are able to create a to-do list for the goal!



When you accomplish a goal, celebrate by crossing it off your list. It is important to give yourself credit for reaching your goal. Even if you just give yourself a big “woo hoo!” after you reach your goal, you are recognizing an important accomplishment! This will motivate you to complete other goals.

It’s good practice to replace a completed goal with a new one. When you always have something to work toward, you are less likely to spend your money without thinking. Keep in mind that you don’t have to have a specific item that you work toward in order to have a saving goal. Saving just to save is a wonderful, responsible practice. It gives you a safety net in case some unexpected expense occurs.

When you cross off one of your goals, ask yourself: Are my other goals still worthwhile to me? Is there a new goal I want to add to my list? Is there an old goal I want to drop or change? Your goals can and will change!

Remember, when you set goals, they are not set in stone. Just because you set a goal to go to Rome in ten years, it doesn’t mean you can’t change your mind and decide to go to Greece instead. As your life changes, so do your priorities. Everyone changes over time. You should review your goals periodically to make sure they are still what you want to do.

**Setting Goals**


Question

# Setting Goals

For each of the following goals, identify whether the goal is a need or a want. Then, decide which components of each goal are present and which are missing.

An illustration of a bow and arrow on the left and a target on the right. The bow is positioned vertically, and the arrow is horizontal, pointing towards the target. The target consists of three concentric circles, with the innermost circle being the darkest and the outermost being the lightest.


## Final Tips for Goal Setting



Resources are limited!  
Stick with the plan!

Need based?

Want based?



Resources, especially money, are limited, so we have to choose what to buy. Decide what you want to spend your money on, and stick to your plan. Many decisions involve trade-offs. Earlier, you learned about opportunity costs, what you give up in order to have the thing you want. You have to decide which option is more important to you. Is what you have to give up worth more to you than what you will get?

You also learned about needs and wants. Remember needs are things we need for survival and wants are just that, things we would like to have but can do without. It's important to determine if a goal is need-based or want-based because need-based goals automatically take precedence.

With longer-term goals, many times you have to be willing to give up something you may want now in order to get something you want more in the future. Short-term spending can really throw your progress off track. You may have deny yourself a short-term want in order to meet your long-term goal.





Think back to the example of saving four hundred fifty dollars for the prom where you had to put away seventy five dollars each month for six months. Suppose that new iPhone comes out and you really want one, but it costs two hundred dollars. If you decide buy it, you will not be able to meet your prom savings goal. You will need to decide which is more important to you. Do you have to have the phone now or can you wait until your birthday and hope your parents will buy it for you? Can you wait until after prom and start saving for the phone then? Can you get by with just two hundred fifty-dollars for prom?

We live in a world of instant gratification, so it is hard for us to wait for the things we want. Since our resources are limited, we have to make choices, and these choices have an effect on our future. Each decision has related consequences for us, other people, and the world around us.

Many Americans are in credit card debt because they want instant gratification and buy something on credit instead of saving for it. Waiting is hard, but short-term spending can make achieving our goals difficult or even impossible. Basically, it comes down to deciding which thing you want the most because you can't have it all! If you think things through and review your goals before you spend money on your short-term wants or impulses, you will learn to be a responsible, skillful decision maker. And, you will be much more likely to have the things you really want.