

Setting Financial Goals

Setting financial goals is crucial in a world where financial stability and security are significant in achieving life's aspirations. Regardless of where you live, having clear financial objectives can help ensure your hard-earned money supports your dreams and values.

What are financial goals?

Financial goals are specific objectives that help you determine what you want to achieve with your money. They vary widely depending on your stage of life, lifestyle preferences and individual priorities, but they are generally classified into three categories:

- **Short-term:** Usually achieved within one year.
- **Medium-term:** Achievable in one to five years.
- **Long-term:** Expected to take five years or more to reach.

Each type of goal serves a unique purpose, helping you build momentum in the short run and stay committed to larger ambitions over the long term.

Short-term financial goals

Short-term goals focus on immediate needs or priorities and can be stepping stones to larger financial goals. These goals typically take less than a year to accomplish. Common short-term financial goals include:

- Creating an emergency fund
- Paying off small debts
- Saving for a vacation, holiday gifts or other upcoming expenses
- Starting a basic investment fund

To reach your short-term goals, take these steps:

- **Set specific targets.** Define a clear amount or outcome for your goal, such as saving \$100 for a holiday gift or \$500 for a school expense.
- **Automate savings.** Consider setting up automatic transfers to a separate account to keep funds untouched.

- **Track your progress.** Monitoring your savings regularly can help you stay motivated and adjust as needed.

Medium-term financial goals

Medium-term goals often require more planning and financial commitment and can take one to five years to achieve. Common examples include:

- Building funds for a house down payment
- Saving for a car or other large purchase
- Setting aside money for advanced education or training
- Investing to grow your savings over time

To reach medium-term goals, take these steps:

- **Prioritize.** If you have multiple medium-term goals, prioritize them based on importance and urgency.
- **Research and plan.** Consider ways to grow your money, such as mutual funds, stocks or other financial instruments that align with your risk tolerance.
- **Stay consistent.** Set up consistent savings contributions, adjusting for inflation and any changes in income.

Long-term financial goals

Long-term goals require significant time and discipline. These goals often take five years or more to achieve and may include:

- Building a retirement fund
- Saving for children's education
- Creating wealth for future generations

To reach long-term goals, take these steps:

- **Invest wisely.** Consider long-term investments that provide compound growth. Stocks, real estate or a diversified investment portfolio can grow wealth over time.
- **Protect your assets.** Safeguard your assets by looking into insurance, trusts or other financial protections.



- **Review and adjust regularly.** Life changes may affect your long-term goals, so reviewing them every few years is essential to stay on track.

Developing a plan to reach your goals

No matter the timeline of your savings goals, it's necessary to organize, prioritize and set a plan. Start with these tips:

- **Assess your current financial situation.** You can never know how far you must go without recognizing where you are first. Start by reviewing your income, expenses, debts and assets. As you do, the information will provide a baseline upon which to build.
- **Establish a budget.** Setting and keeping to a budget helps you allocate funds to your financial goals and ensures you're spending within your means.
- **Set clear, SMART goals.** SMART goals are Specific, Measurable, Achievable, Relevant and Time-bound. This framework can add structure and accountability to your plans. Define exactly how much you want to save and for what purpose. Track your progress to ensure you're on target. Set realistic goals that fit your budget without causing financial strain and ensure they align with your overall financial plans. Then, establish a deadline to get there.
- **Monitor and adjust.** Life and the financial markets are unpredictable, so flexibility is critical. Review your progress regularly and adjust as needed to stay on track. You may also need to review your priorities.
- **Celebrate small wins.** Recognizing achievements along the way, even for short-term goals, can help keep you motivated as you work toward your overall financial goals.

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