

SETTING FINANCIAL GOALS AND PRIORITIES

When it comes to personal finance, too many people wander aimlessly focusing on the 'now' and everything that needs to be accomplished immediately. Setting goals is very powerful and can be very rewarding simply because it sets a foundation for future success. Setting financial goals starts the path or journey to developing a plan or strategy to achieve it.

Too many people skip this important step in their path to financial independence or retirement or if they set goals, they do not set goals properly. Skipping goal setting can certainly still lead to success but maybe success by chance instead of choice. Setting goals can increase the likelihood of success because it starts a plan. Remember the old saying *"People who fail to plan, plan to fail."*

FINANCIAL PRIORITIES

One of the challenges to the world of personal finance is it's such a big space. Financial planning can mean so many different things. Here are the 12 key areas of financial planning:

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|---|----------------------|--|----------------------|
| 1. Financial Organization – Are you dealing with the basics of money management like using the net worth statement, income statements and paper management? | <input type="text"/> | 7. Investing – Do you know what you are invested in? How is your portfolio doing? Do you participate in the management of your portfolio? Have you reviewed your portfolio? | <input type="text"/> |
| 2. Debt management – Do you know how to reduce, manage and pay down your debts like mortgage, credit cards, lines of credit, etc. | <input type="text"/> | 8. Tax Planning – How much tax are you paying? How much do you keep after tax? Do you do tax planning? Are you taking advantage of tax savings strategies? | <input type="text"/> |
| 3. Managing your spending – Do you live within your means? Are you an oversaver? Do you need to learn about budgeting and expense tracking? | <input type="text"/> | 9. Retirement planning – Do you have a retirement plan? Do you know when you want to retire? Can you retire? Do you know how much money you will need or have at retirement? | <input type="text"/> |
| 4. Saving money – Do you save money regularly? Do you know how much should you save? Do you know if you are using the right accounts like RRSPs or TFSAs? When do you have enough? | <input type="text"/> | 10. Estate planning – Have you thought about an estate plan? Do you have a will, an enduring power of attorney, and a personal directive? Have you thought about what will happen if you die or get disabled? | <input type="text"/> |
| 5. Career and Work – Are you happy with your work? Are you making enough income? How can you improve your work and income? | <input type="text"/> | 11. Saving for children's education – Are you utilizing RESPs? Have you looked at other ways to save? | <input type="text"/> |
| 6. Risk management - Are you protected from financial disaster? Do you have enough life insurance? Do you have disability coverage? | <input type="text"/> | 12. Working with advisors – Do you need help from a professional? How do you find them? How do you work with them? How do you pay them? | <input type="text"/> |

In each of these 12 financial areas, rate how you are doing on a scale of 0 to 10 and put it into the corresponding box. A score of 0 would be a poor rating, which may be that you do not pay attention to this area or you are not knowledgeable or you are very vulnerable in this area. A score of 10 would mean that you are very knowledgeable and you are doing all of the right things in this area.

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SETTING GOALS

There are a few different approaches to this step. First, review the 12 financial areas again. Think about setting a goal or two in your areas of weakness because weaknesses are easy places for improvement. Sometimes it is hard to get motivated to work on your weaknesses, so the other area to set some goals around is your strengths. Even though these areas represent your strengths, it does not mean you cannot improve in these areas.

Some areas you may not have a strong opinion about or maybe do not have a lot of knowledge about. It may be an area you have not thought a lot about. In this case, setting some research goals may be useful so you can learn about these areas.

Come up with a list of goals around your strengths and weaknesses. Remember that goals need to be specific and realistic. The best goals also have a specific time frame to reach that goal.

Setting Financial Goals			
WHAT IS YOUR GOAL?	WHEN DO YOU WANT TO ACCOMPLISH IT?	WHAT ACTIONS ARE REQUIRED?	PRIORITY

MONITOR YOUR PROGRESS

It's important to develop an action plan. Goals cannot be met without action. These actions need to be monitored. Sometimes it's important to break down your goals into smaller milestones. It's OK to make adjustments to your goals as necessary. Achieving goals starts with finding a balance between setting goals that can be accomplished but still challenging enough to be rewarding and interesting.