



## Avoid Financial Failure: Set Goals

Recent studies have shown that as many as **60% of Canadians will not have saved enough money** in order to adequately provide for their retirement<sup>1</sup>. The problem for most people is not that they plan to fail, they simply failed to plan, adequately. And, while many may have been conscientiously saving towards retirement, somewhere along the line they lost sight of their target. Either the target never existed or it was never very clear in their sights. Without a target, they can't possibly know where or how high to aim. So, is it any wonder that most people won't hit their target?

### If it is to be, it is up to Thee

This is not only true of retirement aspirations, but for any goal that people have for themselves or their families, whether it's for a college education, a down payment on a home, a new car purchase, or true financial independence. The reality is that, without goals the things that you want, or, more importantly, that you need to have happen probably won't. Very rarely does anything of financial importance happen accidentally.

Goals need to be inspiring enough and real enough to motivate you to action. Without an emotional attachment to your goal, without a deep sense of what your life will be like when the goal is achieved, it is likely to wind up somewhere on a to-do list that finds itself buried underneath a stack of mail.

### Keys to Setting Achievable Financial Goals

**Decide** what is important to you and why: We would all like to be able to do many things financially, but they may not all be achievable.

Every goal has a price, and we all have limited resources, so it is important to attach a value to your goals and prioritize them to ensure that you can at least achieve your most important goal.

**Quantify** your goals: If you don't know how much your goals will actually cost, you won't know if they are realistic or how much to save towards the goal. If you are shooting for a target too high in the sky you're likely to fall short. It is essential to determine the cost and the specific time-frame of your goal.

**Determine** how much to save: Saving for a future goal involves many moving parts, including the amount of savings, your time horizon, the expected rate of return on your money, inflation, and the cost of the goal itself. Factoring all of these together will enable you to arrive at a monthly amount of savings. You can even find a number of free savings calculators online that can help you determine the savings needed for each goal.

**Set your budget:** One of the fundamental principles of successful savings is to pay yourself first, which means allocating the first piece of your paycheck to your savings. If your savings goal is \$500 a month, that should be the first expenditure in your budget. All other expenditures, including debt payments, should be budgeted around that.

**Monitor** and measure your progress: Properly set goals will enable you to know where you are in relation to the goal. It is vital that you monitor your savings and measure your progress towards your goals so that you can make any necessary adjustments, either in the amount of your savings or the size and distance of your goal.

<sup>1</sup>*Globe & Mail, Feb. 2016 Many Canadians entering retirement with inadequate savings.*

**Need help setting your financial goals? We're here for you.**

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