



Action Plan:

SET SMART GOALS

Getting what you want doesn't always come easily. Chances are, you'll have to work to reach your goal. Achieving what you want financially—whether saving to buy a house or for a fun vacation—requires the same planning, perseverance and know-how.

Goal-setting is pretty simple. A goal is something that you are willing to work for. You can get what you want by planning AND following the plan. Setting achievable—and SMART—goals is your first step to success. SMART goals are:

- **Specific** The more specific your goal, the easier it is to understand what you need to achieve.
- **Measurable** With a dollar amount to your goals, you have a built-in way of measuring your progress toward that goal and something tangible to work toward.
- **Attainable** Your goals should be a challenge, yet not so challenging as to be impossible to meet.
- **Rewarding** How are you going to feel when you've reached it?
- **Time-bound** You have to choose a reasonable timeframe for the achievement of your goals.

Compare the two sets of goals below. The general goals simply state what you hope or want without specifics to help you along. The SMART goals provide you with specific and measurable targets to work toward both in terms of a dollar amount and timeframe.

| General Goals | SMART Goals |
|-------------------------------------|--|
| Hope to get out of debt | Will be out of debt by January of next year based on monthly payments of \$600 |
| Want to buy a house | Will buy a home in two years with \$10,000 saved for a down payment |
| Want to send my children to college | Will have \$18,000 saved for college in 10 years when my child is 18 years old |

ACTION PLAN: SET SMART GOALS

When setting financial goals, it's important to understand the types of goals you are trying to achieve. In general, there are three types of financial goals, all distinguished by the time it would likely take to achieve them. One of your first goals should be saving for an emergency fund of three to six months of expenses. It is always important to keep that emergency fund on your radar as you're working toward achieving other financial goals.

| Short-Term Goals (Less Than a Year) | Mid-Term Goals (One to Three Years) | Long-Term Goals (More Than Three Years) |
|--|--|---|
| Emergency Fund | Getting out of debt | College fund |
| Buying a TV | Buying a car | Retirement |
| Buying new furniture | Buying a home | Vacation home |
| Going on vacation | Emergency fund | Emergency fund |

Once you've set your financial goals, achieving them requires planning to get to where you want to be. Take these steps to get going:

- 1 Set your goals. Figure out what you want to achieve and what it will take, financially speaking, to achieve it.
- 2 Plan the time and savings level to achieve your goals: Goals take time and effort. Set a realistic timetable and a savings level that you can keep up.
- 3 Stick to the plan.
 - Write down your goals
 - Place reminders where you'll see them every day
 - Use constant, positive motivation
 - Draw support from friends and family

ACTION PLAN: SET SMART GOALS

Set SMART Goals Worksheet

Use the worksheet below to help you outline your goals and a plan to achieve them.

Visit SaveAndInvest.org
for more tools and tips
about Managing Your
Money With Confidence.

| Goal | Amount Needed | Month & Year Needed | Saving Start Date | Months to Save | Monthly Amount to Save | Ways to Reach Goal |
|------|---------------|---------------------|-------------------|----------------|------------------------|--------------------|
| 1. | | | | | | |
| 2. | | | | | | |
| 3. | | | | | | |
| 4. | | | | | | |
| 5. | | | | | | |

Source: InCharge Education Foundation