# Establish Financial Goals

## PURPOSE

Because our finances impact so many aspects of our lives, it is important to know how to effectively establish a financial goal. Most of our life goals will have a financial component attached to them. We may also have goals that are purely finance related, such as having the necessary money set aside in an emergency fund. In either case, establishing an effective financial goal is key.

### Establishing Financial Goals

Antoine de Saint-Exupery is attributed to the following quote: “A goal without a plan is just a wish.” Goals must have actionable steps attached to them in order to turn those goals into reality.  One set of guidelines to establish effective goals utilizes the acronym SMART.

### SMART Financial Goals Defined

| **S** | **M** | **A** | **R** | **T** |
| --- | --- | --- | --- | --- |
| Your goals should be **SPECIFIC**. Include dates, resources, and dollar amounts you’ll need to accomplish them.  Exactly what is to be done with the money involved.  | They should be **MEASURABLE** by the date, dollar or other appropriate unit.  | Your goals should be **ACTIONABLE** and **ATTAINABLE**.  Create a step-by-step action plan outlining exactly how the goal can be reached.  You might even be able to complete part of your goal right now.    | If your goals are **REALISTIC** and **RELEVANT** to your life, they’ll be easier to achieve.   | You’ll need a specific **TIMELINE** to accomplish your goals. Since there’s never enough time to complete all of your goals immediately, you’ll need to prioritize them.   |

### Timing of Financial Goals

Another component to consider when planning for a financial goal is determining the timing. The timing can help to prioritize financial goals by considering the following:

Immediate-term

These goals are ideally completed within 0-6 months. Some examples could be to save up an Emergency Fund of $500, a weekend getaway to the beach, or purchase a play set for your child’s next birthday in 4 months.

#### Short-term

These are the goals we want to accomplish between 6 months to 2 years from now. Examples could include complete the Welding Technician Certificate of Proficiency program, save for a new laptop, or pay off a credit card balance.

#### Medium-term

These goals would be completed within 2-5 years. This could include completing your bachelor's degree, take a 3-week trip to Europe, or save up and pay for a wedding.

#### Long-term

These are goals that will be accomplished 5 years and beyond. Purchasing a home and retiring are two common long-term goals.

## ACTION

Considering the SMART goals guidelines, together with the timing of goals, we ask you to identify a Financial Goal that you have and apply the SMART Goals framework.

Here is an example of a very comprehensive SMART goal that connects a life goal with its financial component:

“In order to have a career as a Welding Technician, I will pursue a [Certificate of Proficiency](https://catalog.clark.edu/academic-plans/welding-technology/welding-technician-cp/) at Clark College. The financial component of this goal is the cost of tuition, fees, books, and other supplies. This will cost me [roughly $9,000](http://www.clark.edu/academics/catalog/gainful-employment/814B/Gedt.html) and will take 15 months to complete the program. I will apply for Financial Aid, utilize grants, and apply for scholarships to help fund these costs. Based on my personal circumstances, I expect my Financial Aid to fund all my educational expenses except for $500. I will pay this amount by saving $50 a month from my part-time job for 10 months in my savings account.”

Now, write down a Financial Goal that you have and apply the SMART goal guidelines.

## NEXT STEPS

Once you have successfully completed this Financial Wellness Activity, you have increased your understanding of your own financial well-being. You are now prepared to use this information to guide you in making thoughtful, calculated, value-driven financial decisions.

You are now one step further in MyPlan. At this point we encourage you to discuss your progress with a faculty or staff member at Clark College, such as an academic advisor or faculty advisor, such as an academic advisor or faculty advisor, Financial Wellness Coach, Career Services staff, or class instructor.

It may be useful to print out and refer to this completed activity before your meeting, or email it to the staff/faculty ahead of time.