

## Setting SMART Financial Goals

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Everyone has dreams. But, is it possible to manage the financial challenges of today and still reach those dreams? Setting financial goals is an important first step in developing an effective spending plan and managing money. Without goals, impulse purchases can take over and make it impossible to save for future purchases. Determining short-term, intermediate, and long-term goals will guide spending decisions and help in achieving financial success.

### Set Goals as a Family

Reaching goals is easier if everyone in the household is working together. Family members will be more motivated if they work together towards common goals. Financial goals will be different for every family dependent upon needs, stage of life, and additional demands on income.

### Goal Setting

Money management starts by using current resources to get what is needed and wanted. Setting goals is like creating a financial road map. By putting goals in writing you can literally see where you're going; use the "My Savings Goal" card and "SMART Financial Goals Worksheet" at the end of this publication to record your goals.

To start, goals need to be split into three categories:

- **Short-term goals** are those that can be achieved in less than six months. An example of a short-term goal would be to save \$250 for a prom dress.
- **Intermediate goals** are those that will take 6 months to one year to obtain. An example would

be to pay off credit card debt of \$1,500.

- **Long-term goals** are goals that take longer than one year to achieve. A long-term goal would be to save \$25,000 for a down payment on a new home.

As goals are created make sure they are SMART (specific, measurable, attainable, realistic, and timely).

- **Specific** – Be very specific when goal setting. What exactly needs to be accomplished and why?
- **Measurable** – The ability to track progress. Determine what steps need to be taken to achieve the specific goal and what success will look like.
- **Attainable** – After setting the goal, make sure it is doable with available resources. Look to see if the action steps that will be taken will really assist in reaching the goal.
- **Realistic** – Determine whether the goal is really something that can be committed to.
- **Timely** – Make sure that a start time and deadline are set for each goal. Also determine when action(s) need to be taken.

An example of a generic financial goal would be, "I want to save \$750 for a summer vacation." The same goal, after becoming a SMART financial goal would look like this:

- **Specific** – "I want to take a one-week trip to see my sister in Chicago, IL beginning July 1, 2013."
- **Measurable** – "I need to save \$750 to cover the cost of gas, food, and entertainment."

- Attainable – “Can I really save \$187.50/month out of my monthly paycheck and still be able to afford all of my monthly expenses?”
- Realistic – “Since I currently spend \$250/month on entertainment, if I cut back to going out once a month instead of once a week I should be able to save \$750 in four months’ time.”
- Timely – “July is 4 months away, which means I need to save \$187.50 a month until July.”

### Prioritize Goals

Decide on which goals are the most important. Do you need to pay down debt before saving for a vacation? Is a down payment for a vehicle needed to commute to work? Whatever the case, not all goals can be worked on at once.

Once one goal is reached, see if there is a new one to take its place. Make sure to celebrate when you reach a goal, this will keep the family motivated to move on to the next one or continue contributing towards it.

I am Saving For:



### Smart Financial Goals Worksheet

**Short-term goal (less than 6 months):** \_\_\_\_\_

Total \$ Needed	Start Date	End Date	Monthly \$ Needed (Total \$ / # Months)
\$	___ / ___ / ____	___ / ___ / ____	\$

What action steps do you need to take to accomplish this goal? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Intermediate goal (6-12 months):** \_\_\_\_\_

Total \$ Needed	Start Date	End Date	Monthly \$ Needed (Total \$ / # Months)
\$	___ / ___ / ____	___ / ___ / ____	\$

What action steps do you need to take to accomplish this goal? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Long-term goal (more than 12 months):** \_\_\_\_\_

Total \$ Needed	Start Date	End Date	Monthly \$ Needed (Total \$ / # Months)
\$	___ / ___ / ____	___ / ___ / ____	\$

What action steps do you need to take to accomplish this goal? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Make sure goals are Specific, Measurable, Attainable, Realistic, and Timely.**