

## Identifying Your Financial Goals

### Ordinary goals we understand

Most of us react like a deer caught in headlights when asked what our financial goals are. This is not surprising, since few of us can picture a financial goal quite as easily as other goals. Fortunately, financial goals and other goals are quite closely related. Goals such as a trip to Las Vegas, graduating from college, developing our job skills, raising children, replacing a troublesome appliance, enjoying early retirement, and taking care of aging parents are goals that we understand. But what is a financial goal?

Simply put, a financial goal is the monetary component of those things we want to purchase, achieve or support with our financial resources. For example, if you want to take a trip that requires airfare, ground transportation, hotel accommodations, food, and incidental expenses, then your financial goal would be to come up with the money necessary. Sound simple?

It would be if your living expenses were low, your income generous, your savings plentiful, and your competing needs anything but urgent. However, few financial goals are pursued without pressure from limited resources and competing goals.

### Selection and commitment required

Goals involve selection and commitment. We must choose some goals over other goals, and we must commit our resources to the goals we choose. Many of the goals we choose are determined by our position in life. Young adults need to ensure their basic employability or career choice. Young married couples need to prepare for the advent of children. Couples with children need to support their care and development. Couples beyond childrearing need to focus on saving for retirement and perhaps taking care of their aging parents.

### Orderly choices build for success

Choosing goals in their order of importance is most important for long-term financial success. The choice between taking a trip now or at some future time may be relatively unimportant. But when a young adult commits \$30,000 or more to buying a sports car rather than saving for a home



down payment, it may mean years of distress trying to catch up later on.

### Lifescape provides meaningful horizon

A "financial lifescape" is a new tool used to help people, young and old, identify and prepare for their future financial needs. The lifescape charts the years ahead against the major categories of a person's life. The categories usually include self, spouse, children, parents, vehicles, home, vacations, etc.

To construct a sample lifescape, (1) write the years from now to 40 years from now in a column down the left-hand side of a sheet of lined paper, (2) place the major categories from the list above at the top of the sheet from left to right and draw columns down the sheet for each category, and (3) envision the future for each category and make notations for those years where you anticipate the occurrence of important events or achievements.

### Personalize your lifescape

Some reminders you might want to pencil in are the ages of yourself, your spouse, your children, and your parents at five-year intervals. This will make you more mindful of corresponding financial events in your life and your spouse's, such as vesting, eligibility for early retirement and full retirement benefits, and eligibility for partial or full Social Security retirement benefits.

You may also want to track the education of your children, the ages and financing of your motor vehicles, your progress towards buying a home or paying off a mortgage, and the likely changes and needs in the lives of your parents and your spouse's parents.

### Lifescape informs financial plan

A lifescape is not a financial plan, but it is a first step in outlining your future in a concrete way. You may discover interesting opportunities, conflicts, or coincidences and become better able to plan for the future as well as make more fitting and informed choices right now.

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