

Financial Goal Setting Reference Sheet

Creating effective financial goals using the SMART framework

The SMART Goal Framework

S

Specific

Clear and well-defined. What exactly do you want to achieve?

M

Measurable

Quantifiable with numbers. How will you track progress?

A

Achievable

Realistic given your resources. Can you actually do this?

R

Relevant

Aligned with your values. Why does this matter to you?

T

Time-bound

Has a deadline. When will you achieve this?

Weak Goal	SMART Goal	Why It's Better
"I want to save money"	"I will save \$3,000 for an emergency fund by December 31st by setting aside \$250/month"	Specific amount, clear timeline, actionable steps
"I need to pay off debt"	"I will pay off my \$2,400 credit card balance in 12 months by paying \$200/month plus any extra income"	Measurable target, realistic timeline, specific strategy
"I should invest"	"I will open a Roth IRA and contribute \$100/month starting January 1st, increasing to \$200/month after my raise in July"	Specific action, measurable amounts, time-bound milestones

Goal Timeline Categories

Short-Term (< 1 year)

- Build starter emergency fund (\$500-1,000)
- Pay off small debts
- Create and stick to a budget
- Start automatic savings

- Build credit history

Medium-Term (1-5 years)

- Full emergency fund (3-6 months)
- Pay off high-interest debt
- Save for major purchases
- Start investing
- Increase income/skills

Long-Term (5+ years)

- Down payment for home
- Retirement savings (15%+ income)
- Children's education fund
- Financial independence
- Wealth building

Goal Prioritization Strategy

- **1. Immediate needs:** Food, shelter, basic transportation
- **2. High-interest debt:** Credit cards, payday loans
- **3. Employer match:** 401(k) up to full match
- **4. Emergency fund:** 3-6 months expenses
- **5. Additional retirement:** Max out tax-advantaged accounts
- **6. Other goals:** House, education, large purchases

Common Goal-Setting Mistakes

- **Too vague:** "Save more" vs. "Save \$200/month"
- **Too aggressive:** Setting unrealistic timelines
- **No tracking:** Failing to monitor progress
- **Too many goals:** Focus on 2-3 priorities
- **No flexibility:** Life changes; adjust goals accordingly
- **Ignoring "why":** Goals need personal meaning

Breaking Down Large Goals

Example: Save \$10,000 for a car in 2 years

- **Yearly target:** \$5,000/year
- **Monthly target:** \$417/month
- **Weekly target:** \$96/week
- **Daily equivalent:** \$13.70/day

Breaking goals into smaller chunks makes them less overwhelming and easier to track. Celebrate milestones along the way!

Tracking Methods

- **Spreadsheets:** Custom tracking, visual charts
- **Apps:** YNAB, Mint, Personal Capital
- **Paper:** Goal journal, vision board
- **Bank tools:** Savings buckets, automatic transfers

- **Calendar:** Monthly check-ins, milestone dates

Staying Motivated

- **Visualize success:** Picture achieving your goal
- **Find accountability:** Share goals with others
- **Reward milestones:** Celebrate progress (within budget!)
- **Review regularly:** Weekly/monthly progress checks
- **Adjust as needed:** Goals can evolve with life

Key Formulas & Benchmarks

Emergency Fund Target: Monthly expenses × 3-6 months

Savings Rate Goal: At least 20% of gross income

Retirement Savings: 15% of income (including employer match)

Debt Payoff Priority: Highest interest rate first (avalanche) or smallest balance first (snowball)

Goal Progress: $(\text{Current Amount} \div \text{Target Amount}) \times 100 = \% \text{ Complete}$