

How To Set and Achieve Financial Goals

With the evolving people's lifestyle and spending habits and capacity, it's become a strenuous task to set financial goals. If you look at the numbers as of 2022, consumer spending across India mounted to 22.6 trillion rupees. The rising prices not only make saving even more difficult but also makes us spend even more than our budget.

Setting up financial goals is important for everyone. But setting a goal and working towards it to achieve it is not as easy as it sounds. You may not be required to have a post-graduation degree but you need to have proper planning and control of your spending habits and a well-prepared budget to achieve your goal. Let's now understand what exactly financial goals are.

What are financial goals?

Financial goals are nothing but targets set by an individual to achieve financial milestones or plans within a certain period of time. Generally, your financial goals are influenced by many factors, especially external factors like your income, spending habits, lifestyle, expenses, debts, EMIs, and a lot more.

In other words, financial goals are the kickstart to achieving your long-term goals. It is the targets and priorities that you set for yourself for how much you want to spend and how much you save. Setting up a goal will help you to understand your expense and what you need to work on to save the most to achieve your ultimate goal.

Importance of setting up financial goals



They say money can't buy happiness but a healthy financial condition can give you liberty and independence amongst society. It will equally impact your well-being. Setting up your financial goals plays a vital role if you're the one who wants to be financially strong no matter how the external factors would affect your life.

1) You will be confident about your future

Having planned financial goals for yourself helps you to become secure financially for your future. No matter how the external factor could affect you will be secure financially. There are times when we don't understand where our life is taking us to. Having a goal will help as a road map for your [money management](#).

2) Helps you to become more focused

Once you prioritize your goals you will be more focused on

things to work on and which things to avoid. When you are focused on your financial goals you will be more attentive in taking your monetary decisions on spending and budgeting which shall help you in achieving your long-term achieving your financial goal.

3) Helps you to segregate your short-mid-long-term goals

Before setting your financial goals, you need to understand which are your short-term, mid-term, and long-term goals. Organizing teaches you which goal to focus on and when accordingly, you can plan your objectives and priorities.

4) You will know your priorities

Once you know your financial goals, where you want to be, and the path. You will be able to decide what is a priority that you have to focus on and what you have to eliminate.

For instance, if you want to save 5000 from your earnings to buy a laptop for your work but you want to buy a limited-edition shoe then you can easily prioritize whether you should buy the shoes or not.

5) Able to track your growth and improvements

When you have a dedicated objective for yourself towards your financial goals it will become easy to track your progress to see whether you are going in the right direction and what else needs to be done to achieve your goal.

6) You will be financially independent

Setting a financial goal is like setting a path for your future which ultimately leads you to become a success. Having a Financial goal for yourself pushes you to take decisions on

your own. You will have a grip on your expenses. Though you will be restricted from spending according to your budget you will be your own boss, you can spend as much as you want and can save whatever you want.

7) Helpful in case of emergencies

No denial, life is unpredictable, so in order to face the challenge, one should be prepared well in advance financially. You might face a health issue, family issue, medical expenses, loss of goods, and unexpected sudden expenses for all these you need money for. Setting a financial goal and mindful savings can help you to deal with such situations.

8) It helps to monitor your financial goals

This might seem tough for most people to make adjustments and sacrifice the things that they love doing the most. But this shall pay you off with a much bigger achievement. Your financial goals need to be monitored and tracked to see if you are on the right path and have to make adjustments with cheaper alternatives and by sticking to the budget.

Types Of Financial Goals

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Everyone has different financial goals. To make it easy for people to segregate their financial dream the goals have been divided into three different categories. Short-term, mid-term, long-term.

1) Short-Term Goals

Short-term goals are those that are meant to be achieved within a year. Short-term goals are the foundation to achieve long-term goals.

2) Mid-Term Goals

These are set to be achieved in between 1 to 5 years. Mid-term goals may vary depending on the individual's priorities.

3) Long-Term Goals

Long-term goals are those that are usually planned to be achieved in between 5 to 10 years.

An example of financial goals

Financial goals can't be the same for everyone, as everyone's

needs and wants, and dreams are different, from the goals. For some buying a simple phone can be a goal, for others, it may not.

1) Example of short-term goal: This could be, buying your favorite brand of shoes or a laptop or looking for a higher-paying job, reducing expenses.

2) Example of mid-term goals: Mid-term goals could be arranging money to go to your favorite holiday destination, or buying a car.

3) Example of long-term goals: Long-term goals are usually buying a house or planning for your retirement or a world tour.

How to set financial goals

Although setting financial goals is not easy, sacrificing your favorites, being more focused, and planning are difficult to implement. But still, having dedication and an optimistic view can make a difference. Here are a few tips that will help you set your financial goals.

1) Make your goal explicit: A clear specific goal helps you to measure whether you are on the right path. This will give you a clear picture of what you want and how much more you have to work towards it to achieve it.

2) Make it realistic: Your goals can't be like I want to buy Buckingham palace in London. Prioritizing your goals and making them achievable should be based on your current circumstances and income source.

3) Set a deadline: We all know how scared we are of deadlines. So, when you give yourself a deadline you will be more focused and alert. For instance, if you have a goal to save 10000 by the end of the year, stick to it.

4) Goals should be based on your risk-taking capacity: The risk-taking capacity defines your capability based on your income source. If you are recently initiated setting your goal you should understand how much risk you can afford to take. For instance, investing in the stock market might seem like making money within a short time but the amount of risk associated with losing your money is also the same.

5) Segregate your goals and monitor them: It would be easy if you segregate and fix certain benchmarks for your goals. Right after you achieve your small milestones you track your progress and can evaluate yourself.

6) Organize your goals: Goals usually vary. Goals can't be the same all the time and can't be achieved all at the same time either. So, organize your goals as to which are easier to achieve and will take less time and vice versa. It would be easier for you to focus if you differentiate your goals.

Benefits of setting up financial goals

Setting up a financial goal could be the toughest and most crucial thing for anyone. For lower-income people, it is highly important to have a financial goal for themselves. Though people know the importance of financial budgeting and saving they don't really do so because of the sacrifices that they need to make. Here we have listed a few benefits of having a financial goal.

- A better understanding of your financial position.
- Will help you to reduce unwanted expenses.
- Help you to improve your standard of living in the long run.
- Helps to avoid distraction from unwanted fancy expenses

(Bars, pubs, etc.).

- You will be financially stable and secure.
- This will help you become more responsible.

Tips for achieving your financial goals



Having a financial goal is necessary for you to achieve your material dreams. Many tips can be followed to attain your objective. A few tips are,

- Monitor your spending by preparing a budget and sticking to it.
- Keep track of your daily progress.
- Prioritize your goals in the short, medium, and long term.
- Take advice or guidance from the appropriate person whenever you need it.

- Keep an account of the amount of money that is coming in and going out.

If you are a beginner and keen to save money and focused on your financial goals but still confused about how to save your hard-earned money check out [Smart & Easy Ways To Save Money 2022 Beginners Guide](#) for great tips.

Summary

Setting and achieving goals, especially financial goals, can be challenging but it's not impossible. With small sacrifices and adjustments, you can secure your future and can have a financially stable life. Since we have read and understood the types, tips, and ways to set your financial goals, now let's try implementing them in real life.