

## **HOW TO SET AND KEEP YOUR FINANCIAL GOALS**

What's on your wish list for the future? Do you dream about taking a special vacation, buying a home or retiring to a dream location? With the proper planning, it's possible to reach many or all of your goals. The Virginia Society of CPAs (VSCPA) offers tips on how to do it.

### **Begin with a plan**

Dreaming about what you want is fun, but the first step toward making those dreams a reality is writing down what you actually want to achieve. Doing so turns your daydreams into a plan. After you have your list, separate the items into short-term and long-term goals. Buying a new car within the next year is a short-term goal, while retiring early goes into the long-term column. You can also categorize the items on your list based on whether they are absolute necessities, such as a new dryer to replace an old clunker or dreams like a vacation in Florida. Mark each item with "N" for necessities or "D" for dreams. Once your plans are organized on paper, it's easier to begin determining how to achieve them.

### **Focus on priorities**

If you've made your list based on the recommendations above, then the top priority items will be your short-term necessities. Whether they include that new car or braces for your child, find out how much each one will cost. If you're not sure, make your best guess.

### **Create a budget**

CPAs recommend that all families maintain monthly budgets by writing down how much money you make each month and how much you spend on regular expenses, such as rent or mortgage bills, car payments, groceries, transportation and all your other regular needs. After you deduct your monthly expenses from your monthly income, the amount that's left can be spent on your short- and long-term financial goals. Say you'd like to replace an aging dishwasher. Is there enough left over in your monthly budget to cover that cost? If not, figure out how much you can set aside this month and make sure that money is saved regularly — in a separate savings account if possible — until you can buy the new appliance. This kind of budgeting and saving toward a short-term goal can help you achieve your aims.

### **Remember the long term**

Immediate goals are clearly going to take precedence, but don't forget to budget for those that are either long-term or dreams rather than necessities. So, when you set aside money for that dishwasher, see if it's possible to earmark a few more dollars toward a great vacation next summer. That getaway may seem a long way off, but the only way to get there is to plan now and start setting aside as much as possible toward making it a reality.

### **Involve the family**

Saving money doesn't always seem like a fun activity, but you can turn it into one. For example, now that you know you must set aside a few extra dollars each month for next summer's vacation, you may need to cut back on unnecessary expenses, such as takeout meals. Instead of falling off track on your savings plans, turn your usual takeout night into a family cooking evening, where everyone pitches in. You might also want to hang posters of Florida, the Grand Canyon or wherever your dream destination might be. These simple steps can help make it more fun to stick to a savings plan over the long term.

### **Consult your CPA**

Whatever financial issues you are facing, your local CPA can help. Turn to your CPA for answers to the financial questions facing your family.