

Well-Defined Saving Goals

by Jan D. Andersen, PhD

You will develop three well-defined saving goals: one short-term (within 1 year), one intermediate (1-5 years), and one long-term (5 or more years). Saving goals are goals that require saving a specific amount of money to be spent on something in the future, something for which you have not already created an obligation or existing expense. Therefore, goals like paying off a car, house, credit cards, or student loans—although worthy goals—would not count as saving goals. Also, do not list goals which someone else (mom, dad, uncle, friend, etc.) will be paying for, or goals for which you have already saved the money.

Every well-defined goal contains three elements: **What**, **When**, and **How much**. Additionally, although not necessary to create a well-defined goal, it is wise to consider the strategies and resources you will use to accomplish your goals because you probably don't want to set goals which are clearly unattainable. Your saving goals should follow the format given below (an example of a long-term goal is given):

A. Brief **goal title** (*For example: Vacation Home*)

1. **Detailed description**--describe in as much detail as is necessary (and reasonable) to identify exactly what you want. Be specific in your description; do not use vague words or expressions like "nice," "comfortable," "big/large," "about," "around," "till the money runs out," "fully loaded," "upscale," "luxurious," etc. A good indication of whether your goal description is specific enough is if another person can read it and know precisely what you want. Being very specific in your description will not only help you focus on the features or qualities that are most important to you, but will also assist you in determining the correct dollar amount.

For example: 3 bedrooms, 2 bathrooms, 1500 square feet, fireplace, ¼ acre lot, white picket fence, mountain view, no more than 150 miles from Boise, Idaho.

2. **Target Date**--indicate a specific month and year.

For example: November 2016

3. **Dollar amount**--total amount you will need to accumulate by the target date. If you will be saving only a down payment, list the total down payment and show the down payment as a percentage of the entire cost.

For example: \$50,000 down payment (20% of \$250,000)

B. List the **spending and saving strategies** you will use to accumulate the necessary funds.

For example: Cut back on entertainment. Obtain a second job. Take sack lunches to work instead of eating out each day.

SavingYourFuture.org

The Future Is Always A Work In Progress!