

e-Health video:

Setting financial goals you can reach

It's true that money doesn't buy happiness. But having a healthy relationship with money can help you feel more secure and less stressed. Setting and working toward financial goals can help you maintain that healthy relationship.

Goals everyone should have

Some financial goals can help everyone, no matter what their income level, family situation or favorite hobbies happen to be. Spending less than you make would be one of those goals.

How to spend less than you make

Track your take-home income and expenses. Be sure to include any annual expenses — divide them by 12 for a monthly budget — and add in your best estimate for unknown costs such as car repairs or health insurance deductibles and copays.

If you're spending more than you make, you may find yourself a little (or a lot!) deeper in debt from year to year. That means you'll also pay more in interest. There are three ways to help you start or continue to spend less than you make:

1. Earn more. Sell stuff – try a yard sale or selling items online. Volunteer to work overtime if you're able to. Try freelance work or a side job. How can you bring in a little more income this year?
2. Spend less. That's where tracking your spending makes a difference. Even if you're making good progress toward your savings goals, see where you can cut back. You may be able to reach your goals even faster than you think.
3. Both. Many people, when they earn more, start spending more. Try doing the opposite. Next time you get a raise, save more and spend less. It'll help you reach your financial goals.

Goals unique to you

Your financial goals can be anything, but many involve saving up for things, like:

- A down payment on a house, a car or even just a new toaster oven
- Experiences, like vacations and other fun activities
- Educational opportunities for yourself or family members
- An emergency fund or
- Retirement

Many banks let you divide your savings account into separate “buckets” so you can allocate funds toward different goals. And for some large goals, such as college and retirement, it makes sense to research investment accounts and learn about the risks and possible rewards.

Reaching your goals can take time and discipline. The steps themselves are simple, yet some people find them difficult to follow. Above all, be sure to:

1. Spend less than you earn and
2. Put money aside toward your goals each time you get paid

You can even set up your payroll or bank accounts to transfer funds automatically. It can help to keep your checking account for paying bills separate. That way you'll be less likely to spend your goal-reaching funds without realizing it.

Try these simple steps to help you reach your financial goals.

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