

## RANDS &amp; SENSE

# Scoring your financial goal

Would you like this to be the year when some of your dreams come true? Take some of the principles and discipline that soccer stars rely on to heart, apply some 'smart' rules to managing your money, and you can reach the financial goal you set.

This year seems to be all about goal scoring. Scoring a goal in the final of the 2010 FIFA World Cup takes a huge amount of preparation, total commitment, unwavering focus, effective communication and good timing.

Scoring your financial goal also needs proper planning and execution. Many of us have dreams that require financial support and unless you set proper financial goals, you stand little chance of achieving your dreams.

Perhaps your financial goal is to save enough for a deposit on a car. It could be to reduce your level of debt, maybe you want to ensure a financially secure retirement, or possibly you simply want to have enough savings so your 2010 FIFA World Cup tickets aren't still being paid off in December 2010!

Whatever your financial goal is and whatever the timeframe, the strategies for achieving your goal are the same.

'SMART' is an acronym that has been around for years to help people achieve their business and personal goals. SMART can be used to help you achieve your financial goals. SMART means your goal must be:

Specific,  
Measurable,  
Achievable,  
Realistic, and  
Timely.

## Specific

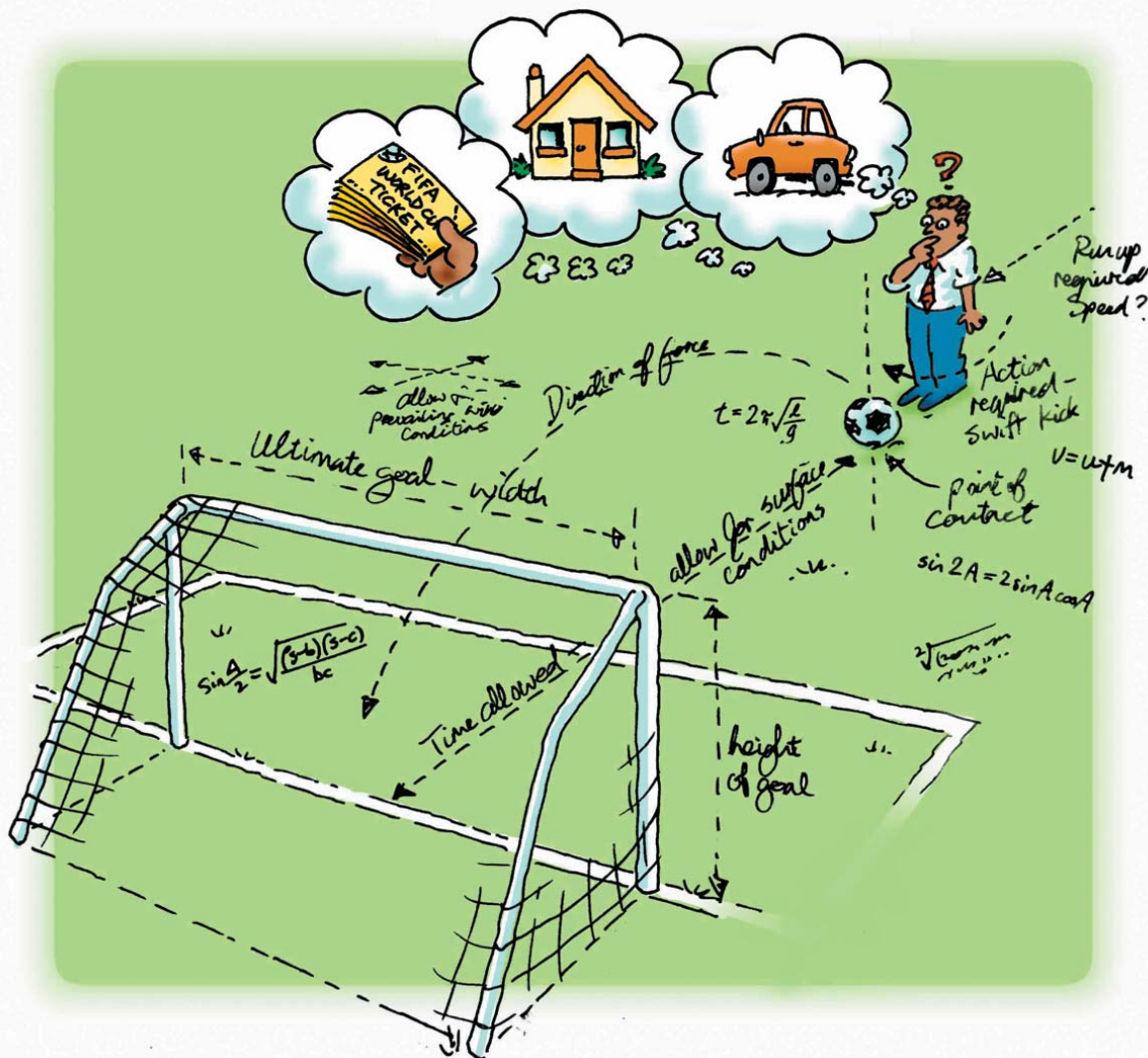
Your goal should be crystal clear with no room for misunderstanding. A goal 'to reduce debt' is not very specific and you will find it hard to achieve it.

An example of a specific goal is: "I will pay off my credit card debt in full by March 2011".

## Measurable

How are you going to evaluate progress against your goal? There is a great saying in the business world: "what gets measured gets done". This saying applies to your personal goals as well.

Set yourself targets that can be measured at least once a month or even weekly. For example, if you have a credit card debt of R4 000, and you are paying off the minimum instalment of R200 per month, you may want to get rid of this debt. Set yourself the measurable goal of settling the debt in 12 months by paying a fixed amount of R400 per month.



“ All goals must have a time frame that has a due date for achieving the goal as well as the actions steps required to achieve it. ”

If the credit card is costing you 27%, by paying off R400 per month you will have settled the debt in 12 months! It is very easy to measure whether you have paid your R400 each month.

## Achievable

Is your goal achievable? Can you afford your monthly living expenses and pay off R400 per month against your credit card? Put the steps in place to ensure the goal is achievable.

For example, you could prepare a budget to see where your money is being spent and then cut out unnecessary expenses while you are in the process of achieving your goal.

Any goal worthwhile achieving will require some sacrifices, but the end result is always worth the effort.

Bafana Bafana were never going to achieve

their goal with a coach that didn't speak English! Now, with a coach that can speak English, their goal of getting through the first round of the 2010 FIFA World Cup is more achievable.

## Realistic

Don't set unrealistic goals. You will simply be setting yourself up for disappointment. Bafana Bafana have set themselves the goal of getting through the first round of the 2010 FIFA World Cup. This is a far more realistic goal than Bafana Bafana setting their sights on reaching the finals.

To continue with our example, it's no good paying off R400 a month on your credit card while you are still buying on credit. That way you will definitely not achieve your goal.

If you want to get rid of credit card or store card debt be realistic and admit that the first

step is to stop using the card to create more debt.

To be realistic, your goal of paying off your credit card debt must be supported by using cash or debit cards for your purchases and by not using your credit card while you are paying it off.

## Timely

All goals must have a time frame with a due date for achieving the goal, as well as the action steps required to achieve it. Your due date for achieving the goal is March 2011. This is realistic and achievable.

Bringing this all together into a SMART financial goal would read as follows:

"My goal is to pay off my credit card in full by March 2011. To achieve this, I will stop using my credit card from April 2010 and pay R400 per month into my credit card. I will only use cash or my debit card for my expenses."

It's also a great idea to write down how you will feel after achieving your goal, and how you will reward yourself. For example:

"After achieving my goal, I will proudly say I have no credit card debt and am living within my means. After achieving my goal I will also be able to save R400 per month towards my next financial goal!"

## Some additional tips

1. Share your goal with a few trusted people. Supportive, positive people can be a great help in achieving your goal.
  2. Reward yourself. Find a way to reward yourself each month when you achieve positive progress towards achieving your goal. Don't wait until you have reached your goal to reward yourself – it could be a long time.
  3. Don't bite off more than you can chew! Break down big goals into smaller pieces that can be achieved in a shorter time.
- This year is going to be the year of goals. By following the guidelines above, you will achieve your financial goals. Set the goal today and watch your dreams come true.

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