

ARE YOU TRYING TO FOCUS ON TOO MANY FINANCIAL GOALS?

By: Miranda Marquit January 5, 2015

“Goals are so important when planning your road map for success,” says Bill Demaree, of Demaree Retirement Services. “The challenge is that when a person starts establishing goals they can start setting too many, or others that are unachievable in a realistic time period.”

We want to improve, and goals can be a big part of that, especially when it comes to our finances. However, goals aren't effective if we try to do too much at once. Research indicates that humans are terrible at multi-tasking, and being distracted by too many goals can create tension in your life, as well as keep you from accomplishing anything, since you don't have the time and energy to focus on getting all the way through with one goal, because you are spread so thin.

Instead, it makes sense to narrow your focus. Rather than setting several financial goals, identify a realistic financial goal that you can start with.

KEEPING YOUR FINANCIAL GOALS REAL

“Each goal should be realistic and, more importantly, measurable,” says Demaree. “For example, I see a lot of clients approaching retirement. They want to start increasing their savings by 35 percent in one year.”

Demaree points out that such a goal is not realistic for many to begin with. If you add in other financial goals, that one goal starts to look almost impossible. Rather than try to check off the 35 percent savings goal, and then try to make everything else on your goal list happen, too, it makes more sense to focus on the 35 percent savings goal and break it down.

“Start by increasing your savings by 10 percent at the beginning of the year,” Demaree says. “Six months in, you can increase savings by another 15 percent.”

Following this strategy, you can take a more realistic approach to increasing your retirement savings. During the months that you have increased your retirement savings by 10 percent, you can take other, smaller actions, to reduce your expenses and/or earn more money.



That way, when you reach the halfway mark, you can increase what you pay in by another 15 percent. By the end of the year, you should be consistently paying in at least 25 percent more than you did at first. You can go up by another 10 percent of what you are paying now to start the coming year, and you will have achieved your goal.

The fact that you made this one financial goal your main focus for the year means that you have more energy to make sure it happens, and you are better able to track your progress. Not only that, but the gradual nature of the progression means that the new behavior is better integrated into your life and finances. For the following year, you can focus on another goal.

“My number one tip is to start every goal with moderation,” says Demaree. “A new runner wouldn't start running a marathon in a day, week, month, or even six months. Why would you start trying to achieve a financial goal over such a short timespan?”

HOLD YOURSELF ACCOUNTABLE

Demaree also suggests getting an accountability partner. If you have a life partner, it makes sense to set goals together, have your partner hold you accountable. He also points out that you can have other goals in other areas of your life. “Break down the categories into financial, health, personal, professional, and family,” he says.

The idea is to work on different areas of your life, but to not get bogged down with a huge list of goals. With a big list, all that will happen is that your efforts will be diluted and you will become discouraged and abandon all your goals.

Take some time to think about what's most important to you in the different areas of your life. In some cases, goals can be combined. For example, if you want to start a business in the coming year, it can make sense to combine that goal for both your professional and financial goal. Take that big goal and break it down into steps that can help you reach the goal. You can spend all year working on it if you have to, since there won't be other financial and professional goals to distract you from your purpose.

There's nothing wrong with being ambitious in your efforts to improve yourself in the coming year. However, you also don't want to overdo it. Rather than trying to fix every financial problem you have in the coming 12 months, choose the biggest financial problem you have, and figure out how you can start making progress on that goal.

And don't forget: You might need to make it a two-year or three-year goal if it's an overwhelming goal. The important thing is that you recognize that you can improve, and that you start working to make a better financial future



Indianapolis based Demaree Retirement Services, specializes in safeguarding and growing assets for clients in or approaching retirement. Bill Demaree, owner and founder of Demaree Retirement Services, is recognized in Indianapolis as *Your Retirement Guy*. He has been helping individuals, couples, and families transition from the accumulation phase of retirement to wealth preservation for more than 28 years.

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