



Financial Fitness

Health, Happiness, and Financial Fitness:

Most of us probably have a good sense of what it takes to improve our physical health. Furthermore, similar to achieving your fitness goals or running a marathon, it takes time, energy, and dedication to achieve financial fitness over a period of time. We may be driven to invest in a gym membership, commit to weekly exercise with friends, become more informed about our food choices or speak to experts in the fitness industry and be guided from there. It's no different when it comes to our financial health, and it's important to have goals to strive for and to seek expert advice as well.



When it comes to effective personal finance, it is not always easy to keep your financial health in tip-top shape. Becoming financially fit means feeling good and confident about your financial situation, as well as, being able to manage your money in a way that serves your current and long-term needs.

Let's make your financial goals **SMART**:

The SMART framework for goal setting is a common approach that helps prevent your goals from being a vague notion of achieving a goal. SMART goals are typically used to reach fitness goals but can also be very helpful for achieving your financial goals. Here's what it means to create a SMART goal:

- Specific – State exactly what is to be done with the money involved.
- Measurable – Write the exact dollar amount needed to achieve the goal.
- Attainable – Determine how it can be reached based on your budget.
- Realistic – Do not set a goal that is unattainable or unrealistic.
- Time Bound – Specifically state when the goal needs to be reached.

Diving deeper into **SMART goals**:

S: When first setting up a financial goal, be very *specific* about what you want to accomplish in the end. Think about this step as the “mission statement” for your financial goal. Some of the following are things you should consider:

- Who – Who all needs to be involved to achieve the goal? If your goal is to create a family budget and stick to it, you'll need to involve everyone in the household.
- What – Think about exactly *what* you're trying to accomplish and don't be afraid to get very meticulous about the details.
- Why – What is the true *reason* for the goal? How is this financial goal going to benefit your finances and ultimately your life?



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M: What metrics or data are you going to use to determine if you meet the goal? This makes a financial goal more tangible because it provides a way to actually measure your progress and results. Items such as, receipts, pay stubs, tax records, banking and insurance information and any other documentation that is relevant to your financial situation can aid in tracking your progress.

A: Focus on how important the goal is to you and what you can do to make it attainable or achievable and if it will require developing new skills and changing attitudes or bad spending behaviors. This one is meant to inspire motivation, to keep you going in the right direction. Think about how to accomplish the goal and if you have the proper resources, tools, or skills needed to get there.

R: Focus on something that makes sense for your current financial situation. You can set a goal of saving \$100,000 in 4 months, but if you only make \$2,500 a month that goal is not realistic AT ALL. You are only going to set yourself up for failure! Sit down and really think about what it's going to take to reach your financial goal.

T: Anyone can set a goal, but if it lacks any sort of real time-frame, chances are you're not going to succeed. Providing a target date or deadline is super important. If a goal will take 6 months to achieve, it's helpful to define what should be attained half-way through the progression. Providing time constraints also creates a sense of urgency, and it can give extra motivation to those who need it.