

Improve your financial life

Setting a financial New Year's resolution you'll actually keep

Heading into the New Year, it's the perfect time to take stock of your budget, liabilities and investments – and check them against your financial goals. The New Year brings an opportunity to reflect on the past year and to set new goals for the year ahead.

But before setting financial goals, it helps to understand your financial priorities and your overall plan to achieve the financial life you want. Think about your financial plan, and what you are hoping to accomplish, not only this year, but in years to come. Think about what you can do this year to help reach your longer-term goals.

SECURE YOUR FINANCIAL FUTURE

Whatever situation you find yourself in, it's important to be realistic about your goals. We all have different financial goals and aspirations in life. Yet often, these goals can seem out of reach. In today's complex financial environment and with the challenges of the COVID-19 pandemic, achieving our financial goals may not be that straightforward. This is where financial planning is essential to help secure your financial future.

The benefits of setting financial goals all work together to boost your financial health. You'll gain more confidence in your money management decisions and significantly decrease money-related

stress. If you want to take control of your money and create more security, you need to set some financial goals.

KEEP YOUR GOALS REALISTIC

A financial plan seeks to identify your financial goals, prioritise them, and then outline the exact steps that you need to take to achieve your goals. Figuring out your objectives and matching them with timelines are the keys to setting financial goals. Your financial goals are specific and unique to a number of factors related to you, like your age, your interests, your current financial situation and your aspirations.

Based on these, you need to develop your goals and establish a plan to achieve them. Any goal (let alone financial) without a clear objective is nothing more than a pipe dream, and this couldn't be more true when setting financial goals. However, it's important to keep your goals realistic as it will help you stay the course and keep you motivated throughout your journey until you get to your destination.

MONETARY VALUE TO THAT GOAL

You need to be crystal clear about why you are doing what you're doing. This could be planning for your children's education, your retirement, that dream holiday or a property purchase.

Once the objective is clear, you need to put a monetary value to that goal and the time frame within which you want to achieve it. The important point is to list all of your goal objectives, however small they may be, that you foresee in the future and put a value to them.

SHORT, MEDIUM AND LONG-TERM

Now you need to plan for where you want to get to, which will likely involve looking at how much you need to save and invest to achieve your goals. The approach towards achieving every financial goal will not be the same, which is why you need to divide your goals into short, medium and long-term time horizons.

As a rule of thumb, any financial goal which is due within a five-year period should be considered





mulberry

wealth management ltd

Mulberry Wealth Management Ltd

366-370 Cyncoed Road,
Cyncoed, Cardiff CF23 6SA

T: 02920 023 333

E: info@mulberrywealth.co.uk

W: www.mulberrywealth.co.uk

short-term. Medium-term goals are typically based on a five-year to ten-year time horizon, and over ten years, these goals are classed as long-term.

DEVELOPING A CLEAR PICTURE

This division of goals into short, medium and long-term will help in choosing the right savings and investments approach to help you achieve them, and it will also make them crystal clear. This will involve looking at what large purchases you expect to make, such as purchasing property or renovating your home, as well as considering the later stages of your life and when you'll eventually retire.

Creating and implementing a comprehensive financial plan will enable you to develop a clear picture of your current financial situation by reviewing your income, assets and liabilities. Other elements to consider will typically include putting in place a Will to protect your family, thinking about how your family will manage without your income should you fall ill or die prematurely, or creating a more efficient tax strategy.

ITERATIONS AS LIFE CHANGES

There is little point in setting goals and never returning to them. You should expect to make iterations as life changes. Set a formal yearly review

at the very least, to check you are on track to meeting your goals.

We will help you to monitor your plan, making adjustments as your goals, time frames or circumstances change. Discussing your goals with us is highly beneficial as we can provide an objective third-party view, as well as the expertise to help advise you with financial planning issues.

FINALLY, MAKE SURE YOUR FINANCIAL GOALS ARE SMART

Thinking about 'SMART' goals can help give direction to your financial aspirations and make those goals more achievable.

Specific – Rather than pledging to 'save money' or 'reduce debt', thoroughly analysing finances and targeting specific areas for improvement could boost your chances of reaching your end goal.

Measurable – Having benchmarks can help you track your progress, letting you make changes if you need to.

Attainable – Setting a realistic goal can help keep your confidence up as you feel the achievement of getting close to your desired result.

Relevant – Ensuring your goals are appropriate to what you are trying to achieve can help you avoid wasting time.

Time Sensitive – If you know when you want to achieve your goal, this can allow you to pace savings and ensure you put the right amount of money aside. ■

BEEN PUTTING OFF PLANNING FOR YOUR FUTURE?

For many people, the New Year often brings around an opportunity for change. We're here to help you achieve your money resolutions and plan for the financial future you want. The start of 2022 is the ideal time to review your financial situation. To discuss your plans or for further information, please contact us.

