

Week 2 Setting Financial Goals

Setting financial goals is the foundation of building a secure financial future. For Gen Z—emerging into adulthood during a time of inflation, student loan burdens, and a shifting job market—establishing financial goals early creates a clear path to independence and long-term success.

Financial goals give your money a purpose. They offer direction and motivate you to make consistent choices that align with what truly matters to you. Goals can be small, like saving \$100 for a concert, or large, like buying your first home. No matter the size, goals are essential because they turn vague aspirations into actionable plans.

There are three general categories of financial goals:

1. **Short-term goals** – Achievable within a year. Examples: Building a \$500 emergency fund, paying off a small credit card balance, or saving for holiday gifts.
2. **Medium-term goals** – Achievable in 1 to 5 years. Examples: Saving for a down payment on a car, repaying a student loan, or taking a certification course.
3. **Long-term goals** – Take more than 5 years to achieve. Examples: Buying a house, starting a business, or saving for retirement.

A proven method for setting effective goals is using the SMART framework:

- **Specific**: Clearly define what you want to accomplish.
- **Measurable**: Quantify your progress so you know when you've achieved it.
- **Achievable**: Make sure it's realistic given your current resources and timeline.
- **Relevant**: Align the goal with your values and financial priorities.
- **Time-bound**: Set a target date to reach the goal.

Here's an example of a SMART goal: "I want to save \$1,000 for a summer course in six months by setting aside \$170 per month from my part-time income and cutting back on dining out." This goal is specific, measurable, achievable, relevant, and time-bound.

Without clear goals, it's easy to lose track of your money. You might spend impulsively, forget to save, or fail to plan for future needs. On the other hand, when you have a goal, you're more likely to make sacrifices and stay focused. For example, if your goal is to save \$2,000 for a used car, you might choose to skip impulse purchases and pick up extra shifts.

Gen Z has access to more financial tools than any previous generation—budgeting apps, savings challenges, and automated investing platforms. However, tools are only useful if you know what you're working toward. Your goals are your destination; the tools are your map and vehicle.

Remember that goals evolve. Life circumstances change, and your priorities will shift. What matters is not perfection, but persistence. If a goal becomes unfeasible, adjust it. If you reach a goal early, celebrate and set a new one.

Most importantly, link your financial goals to your dreams. Whether it's moving out on your own, traveling, buying a car, or launching a creative business—financial planning is your gateway to turning those dreams into reality.

Now, let's dive into how to apply these principles in practice.