



Why You Need to Focus on All Your Financial Goals

by Cullen Douglass, CFP®

One of the questions I've asked thousands of prospective clients over the last 30 years is, "What is your most important financial goal?" They usually answer in one of four ways.

The first answer is usually a short-term financial goal. Examples would be getting out of debt, buying a home or saving for an emergency fund. These goals should be knocked out in under a couple of years.

The second answer is tied to a long-term goal. Having enough for retirement, not running out of money in retirement or saving for children's college. These goals are more long-term and require consistent focus and resources over an extended period of time.

Another answer I seem to get is a monetary goal, like, "I want to save \$1 million" or some other dollar amount that is important to them. This is usually a much more emotional goal from some prior life experience.

The final answer I hear is a goal around helping someone — usually a parent — with some important life event, such as paying off their mother's or father's home, helping a friend or family member get out of debt, or helping someone purchase a car. Usually, this goal is about some emotional and financial stress.

Someone asked me once which of these goals is most important. That's sort of like asking me which of my kids I love more. A well thought out, meaningful financial goal is critically important. That doesn't mean that all of your resources should focus on your most important financial goal.

For example, even if your most important goal is paying for your kid's college, it shouldn't keep you from funding your retirement. If one financial priority jeopardizes another one, it probably doesn't make sense. Even if there's not enough money to meet all your goals, it probably makes sense to attack as many of them as possible. Helping clients evaluate goals and strategize about the best way to accomplish them is critically important. Sometimes it's difficult for clients to hold up a mirror in front of themselves and make the critical decisions they need to make. A spouse isn't going to fire their partner for doing a bad job in financial planning. It's important to get a third-party perspective to help you with your life goals. Go find a CERTIFIED FINANCIAL PLANNER™ professional.

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