

TRS FINANCIAL AWARENESS VIDEO SERIES

VIDEO #4: Setting Financial Goals

Transcript

Meet Ana. Ana is a special education teaching assistant at an elementary school. She's been a TRS member for 5 years. Ana is a list-maker - from grocery lists, to places to visit, to reading lists, to financial goals. Here are the six steps Ana used when developing her list of financial goals. Your list may vary, but this is a good place to start.

One, identify your goals. Perhaps you want to pay off your student loans or go to the beach next summer. Maybe you want to buy a home or save for a wedding. Whatever your goals are, take a moment to write them down.

Two, prioritize your goals. Saving for retirement, paying off credit card debt, and building an emergency fund should probably be at the top of your list. But - what about that summer vacation? Don't you ever get to have any fun? Make achieving your priority goals the first step toward getting to your fun goals. For example, "Once I've paid off my credit card debt, I can start saving for a plane ticket to Cancun."

Three, make your goals specific, measurable and challenging. Setting a goal to just "save more" won't get you anywhere. Be specific. "Pay off my \$2,000 in credit card debt over the next eight months" is a great goal.

Four, set a budget and monitor your spending. If you don't know exactly where your money is going, you won't have the information you need to make progress on your financial goals. Look for ways to increase your savings, such as reducing your cable bill, eating out less, carpooling to work, or meal planning before your next trip to the grocery store.

Five, automate your savings. Set up an automatic transfer from your checking account to your savings account for the amount of money you want to save, and schedule it to occur right after your paycheck is deposited into your account. That way, you won't be tempted to spend the money on something else.

Six, make the most of any pay increases. Every time you get a raise, consider dedicating some or all of the extra funds to your 403(b), 457 or other retirement savings of your choice.

Once you've reached your goal, do something to celebrate. You've earned it! Then get started on checking the next goal off your list.

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