# How to set your investment goals

## Setting objectives and creating a plan is easier said than done. Here's how to get started.

Everyone has goals, whether it's to eat healthier, exercise more, or learn a new skill. But without a plan, these things rarely come to fruition. It's the same with retirement goals, or any other financial objective you'd like to achieve. By developing a well-thought-out road map that indicates where you are, where you want to go, and how you plan to get there, you can turn your dreams into reality.

For many, though, that's easier said than done. Here are some ideas on how to get started and how to stick to your plan.

### 1. How much do you have today?

Start by looking at your finances as they stand today. To do that you'll need to create a net worth statement and an income statement.

To find your net worth, itemize all of your (and if applicable, your spouse's) assets, including cash, registered and non-registered accounts, pension plans, primary and secondary residences, and so on. Then subtract all your liabilities, including any credit card debt, loans, lines of credit, and mortgage debt. The balance (which is hopefully positive) is your net worth.

An income statement outlines your cash flow situation. To create one, add up all of the money you expect to receive, including employment income, investment and pensions dollars, and any money from other sources. Do the calculations using numbers over a certain time period. Looking at one month is common, but often isn't long enough (try six months, to be safe). Then, subtract all of your fixed and variable expenses. The difference is what you'll have left over to save. If it's not enough, you may have to reduce some expenses or find ways to bring in more income.

### 2. Determine your priorities

Before choosing your goals, you need to decide what's important to you. Do you enjoy giving to charity? Taking continuing education classes? Travel? What are your hobbies or other interests? What kind of retirement are you hoping for?

Once you pinpoint your priorities, it will be much easier to come up with clearly defined goals—also sometimes called objectives—to support them. For example, if you like to spend a lot of time at home, a kitchen renovation could be a smart short-term goal for you. If you're constantly on the go, a new car might be a priority. If you want to spend your retirement being close to family and helping to care for your grandchildren, your financial goals will differ from those who want to travel the world during their golden years.

### 3. Use a SMART strategy

Make your financial goals Specific, Measurable, Achievable, Relevant, and Timely. Retirement goals, for example, can be broken down as follows:

- **Specific:** What specifically do you want to do in retirement? (e.g., take art classes, care for grandchildren, travel)
- **Measurable:** How much money will you need to achieve your goals? (Our retirement calculator can help.)
- **Attainable:** Are your goals attainable (i.e., achievable), or do you need to make some adjustments to your retirement plan? (If necessary, revisit your net worth and income statements to see where you have financial flexibility.)
- **Realistic:** Are your goals realistic and suitable for your situation, given the retirement plan options you are considering?
- **Timely:** What is your set retirement date, and what signposts (progress checkmarks) are you using to keep track along the way?

### 4. Measure your progress

The only way you'll meet your objectives is to track your progress. You need to make sure you're putting away the right amount of money every month and that your savings are growing by the amount set in your plan. If you're investing in the stock market, the time it takes to reach your goals could fluctuate—market ups and downs can either accelerate or delay your plan—so you may need to make a small adjustment to what you initially set out. You may also need to shift direction slightly if an emergency arises, such as if an unexpected medical issue keeps you away from work, or if the roof suddenly needs repairing.

Review your long-term goals at least annually, but consider doing more frequent appraisals as you get closer to realizing your goals. For example, if markets pull back five years before your anticipated retirement date, would that mean you'd need to spend less and save more? Or work longer, or just part time? Test your plan under different conditions. Crunch the numbers to see if it can sustain lower returns, an earlier retirement, or larger portfolio withdrawals than originally assumed.

While no one can predict the future, the more your plan can withstand different outcomes, the more secure you will feel about your situation, knowing you can pivot and adapt.