

# What's important to you?

Reaching those milestones starts with setting clear financial goals

We all have dreams for the future, and many of those dreams require money and planning to make them become a reality. Reaching those milestones starts with setting clear financial goals. Making decisions with a clear endpoint in mind can make it easier to achieve financial security and allow you to enjoy your life to the full, so we've put together this brief rundown to help you get closer to your goals today.

## BE PREPARED FOR ANY FINANCIAL EMERGENCY

Typically, emergencies don't let you know they're on their way, and in some cases, you can't afford for them to happen – so it's always good to be prepared for any financial emergency with savings. The amount of rainy-day savings you need will of course depend on your situation, but financial experts recommend aiming to have around three to six months' worth of your regular expenses put away.

Savings can act as a safety net until you get back on your feet or until the situation changes. By having an emergency fund, it helps you deal with those surprises without needing to get into debt. Depending on your budget, saving might not be easy, but if you can spend less than you earn, it's recommended to put some money aside for a rainy day.

## FOCUS ON YOUR TIME HORIZON

It's important to know the 'when' of your financial goals, because investing for short-term goals differs from investing for long-term goals. Your investment strategy will vary depending on how long you can keep your money invested. As your priorities or life circumstances change, you may also find that you want to delay certain goals by a year or two, while others you may want to try to meet sooner. And some – such as an expensive family holiday – you may decide to forego altogether.

It's important to stay flexible and adapt your timetable to your changing needs and priorities. While past performance is no guarantee of future results, historical returns consistently show that a well-diversified investment portfolio can be the most rewarding over the long term.

## BE PATIENT

Building wealth for most of us takes time, so you have to be patient. And achieving your financial goals can have its ups and downs. But sometimes, challenges aren't about failing to reach your goals – they're about setting better goals in the first place. Set yourself up for success from the start by creating realistic, achievable financial goals that are connected to what's important to you.

If you know what your financial goals are, you can start working to accomplish them. And working out what those goals are is the very first step. Setting financial goals is essential to financial success. Once you've set these goals, you can then write and follow a roadmap to realise them. It helps you stay focused and confident that you're on the right path.

## LITTLE AND OFTEN

Having set clear goals, getting started by saving little and often and seeing your own progress towards your goals can reinforce your motivation. Regular saving from a young age can make life easier when you need to access money quickly for a large purchase further down the line. Gradually watching those small amounts build up into more significant savings will further encourage you to save more.

One of the major benefits of long-term saving is the ability to make substantial gains through compound interest. 'Simple' interest is calculated on the original amount of a deposit. But compound interest is calculated on this amount and also on the accumulated interest of previous periods. Put simply, compound interest is 'interest on interest'. ■

## WANT TO TALK ABOUT YOUR FINANCIAL FUTURE?

Investing for your retirement or the years to come could be the most important financial goal of your life. We'll help you build a goal-based financial plan that reflects what's most important to you. Discover how we can help you grow more than wealth.

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