Are Your Goals 'Must Have' or 'Nice To Have'?

Like everyone, you may have a lot of financial goals. But are they all of equal importance? Probably not. And do they share a similar timeline? Again, it's unlikely. So, your first step may be to prioritize your goals — and then follow a process that can help you achieve them.

This process should include the following steps:

• **Identify your goals as "must have" or "nice to have."** Making sure you can retire comfortably and won't outlive your resources is a "must have" goal. For this goal, you can't compromise — you need to be certain of achieving it, or at least as certain as possible. But if you want to someday own a vacation home by the beach, and you can't ever quite afford it, you might find an acceptable substitute, such as renting. So, it seems fair to say that achieving this goal would be "nice to have."

• **Prioritize your investment dollars.** Unless you have unlimited sums to invest — and very few of us have that luxury — you'll probably need to prioritize where your investment dollars are going. For your main "must have" goal — retirement — you'll be helped by the ability to automatically invest through your 401(k) or other employer-sponsored retirement plan. If you're on track toward this goal, and you budget carefully and potentially receive salary increases over the years, you may also find space to keep contributing toward the "nice to have" goals.

• **Put "price tags" on your goals.** You need to know what your goals will cost. Of course, you may need to estimate the costs for some goals based on different factors. For example, when you think about your goal of retiring comfortably without outliving your money, you'll need to consider some key questions, including these: *When do you want to retire? What sort of retirement lifestyle do you envision? Do you see yourself downsizing your living arrangements?* For other goals, though, such as purchasing a vacation home, you could get more specific on how much money you'll need.

• **Follow an appropriate strategy.** The nature of your goals, and their estimated cost, along with your appetite for risk, should drive your investment strategy — but another key factor is *time*. So, for a long-term goal like retirement, you'll likely need a reasonable amount of quality growth-oriented investments in your portfolio. While these investments — such as stocks and stock-based mutual funds — will fluctuate in value over shorter periods of time, your hope is that, over several decades, they will ultimately provide the growth you need to meet your retirement goal. However, to achieve a goal you want to meet in a year or so — perhaps you're paying for a wedding or planning a long vacation — you may want to consider more stable investments, such as certificates of deposit (CDs), short-term bonds or even cash or cash equivalents. They may not provide much in the way of growth, but you can essentially count on them to provide the amount you need when you need it. You'll need to regularly review the performance of your investment strategy for each goal to assess your progress.

Achieving any goals — whether they're "must have" or "nice to have" — can be challenging. But by identifying and prioritizing these goals, following an appropriate strategy to meet them, and consistently reviewing your approach, you can help yourself get to where you want to go.

This article was written by Edward Jones for use by your local Edward Jones Financial Advisor.

Edward Jones, Member SIPC.