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New Year's resolutions

Make 2016 a year of real financial achievement

Have you made your New Year's resolutions? Considering that the most common topics are health and finances, there's a pretty good chance that at least one of them involves a financial goal.

START THE YEAR WITH GOOD INTENTIONS

The start of a New Year is the perfect time to take stock and think about how you can improve your financial position. Many of us start the year with good intentions, but things often get in the way as the year progresses.

One way to make 2016 a year of real financial achievement is to set up a few small, regular changes and reap the benefits over time. Tempting as it may be to put off tackling your finances, giving your money matters a thorough sort through will help you work towards what you want to achieve financially out of life.

BE PRACTICAL AND REALISTIC

Once you've made your resolution, it's important to be practical and realistic in working out how to stick to it and achieve your goals. If you have multiple financial goals, it can be useful to try to

prioritise them – from what you feel is the most important goal through to goals you may not be as concerned about. For example, protecting your finances and income initially may be most important, before you start thinking about saving or investing.

In order to make plans for the future, you need to know where you are today and where you want to be in the future. Goal setting is very much like creating a business plan. You need to know a starting point and ending point, the time frame for 'exiting' (or reaching your goals) and the estimated cost involved.

CONSIDER AND PLAN YOUR GOALS

- Retirement planning or property purchase over the very long term (15 years or more)
- Life events, such as school fees over the medium term (10–15 years)

- Rainy day or lifestyle funds to finance goals such as a dream sports car over the medium to shorter term (5-10 years)

WHAT REALLY MATTERS MOST?

Many people muddle through their financial lives, spending to meet the day-to-day expenses that dominate their attention. That's why to get what you want most, you must decide which goals will take priority and work toward the lesser goals only after the really important ones are well provided for.

MINIMUM TIME HORIZON

The minimum time horizon for all types of investing should be at least five years. Whatever your personal goals may be, it is important to consider the time horizon at the outset, as this will impact on your approach to achieving your goals. It also makes sense to revisit your goals at regular intervals to account for any changes to





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your personal circumstances, for example, the arrival of a new member of the family, or as you enter retirement.

REFLECT ON WHAT WORKED

As a starting point, consider the goals you set previously, and reflect on what worked and what didn't and why. Once you've done this, it's time to define your specific goals clearly. Most people tend to set goals that are more about money than about objectives that motivate them emotionally.

SMART RESOLUTIONS YOU TRULY VALUE

Goals that are tied to what you truly value are often easier to achieve than goals that are simply tied to money. Part of what gives this type of goal its power is that it's SMART: it is Specific, Measurable, Attainable, Relevant and has a Timeline.

The first step sets you on a path and should also be:

- **Specific** – 'To get wealthier' is not a specific or clear goal, but 'to achieve two thirds of your previous working lifetime income at 55 when you retire' is

- **Measurable** – Set deadlines for your financial goals, such as the age at which you want to retire, or the timeline for buying a holiday home
- **Achievable** – Use your own income (and expected income) to set your financial goals for the future. Don't count on inheriting money
- **Relevant** – Create a personal financial bucket list of goals, but always view it as a flexible document that will change with time as your interests and life situation changes
- **Timeline** – Identify your time frame by categorising your objectives by short-term, medium-term and long-term financial goals to provide focus and to help match your goals with appropriate savings and investments

TIME TO TAKE STOCK AND THINK ABOUT HOW TO IMPROVE YOUR FINANCIAL POSITION?

We all have dreams for the future, and many of those dreams require wealth to make them come true. Reaching those milestones starts with setting clear financial goals. Saving and investing with a goal delivers its own reward: the purchase or life change that you've dreamt of and worked to achieve. We're committed to our clients' financial success and would like to have an opportunity to review your situation. To find out more, please contact us – we look forward to hearing from you.

