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Saving for a rainy day

Understanding why your lifestyle makes it more relevant and real

FACTSHEET

From the old adage of saving for a rainy day to planning for a comfortable retirement, before you can actually define your investing goals you need to ask yourself what you want to achieve. While deciding on the best fund, tax regime, pension or investment is a necessary part of the financial planning process, it's crucial to understand what these mean to you – and your lifestyle makes it more relevant and real.

TIME HORIZON

The minimum time horizon for all types of investing should be at least five years, and whatever your personal investment goal may be it is important to consider the time horizon at the outset, as this will impact the type of investments you should consider to help achieve your goals.

To make this a reality, you need to ask yourself three main questions: 'What resources are available to me now?', 'What resources will I have in the future?', and 'What will I need to have to achieve my goals?'

WEALTH CREATION

Setting investment goals simply means deciding what you want to do or achieve in a certain timeframe. Setting meaningful financial goals is the basis towards achieving your financial freedom. Goal setting plays such an important and integral part of the wealth creation journey.

Some people may spend a considerable amount of energy and time focusing on their financial situation, but the majority won't have specific financial goals. They may have heard about the importance of goals but probably haven't spent the small amount of time required to really focus on the specifics.

LOGICAL PROCESS

Goal setting is a logical process and can be done in whatever way works best for you. It may sound obvious, but initially write down your goals. Whether you use paper and pencil or your

smartphone or tablet to record your thoughts, it is vital to make sure you write your goals down so that you can review them at a later time.

It also makes sense to revisit your goals at regular intervals to account for any changes to your personal circumstances, for example, the arrival of a new member of the family.

ENSURE YOUR GOALS ARE:

Specific – make each goal clear and specific

Measurable – frame each goal so that you know when you have achieved it

Achievable – you need to be able to take practical actions to achieve a goal

Realistic – a goal must be relevant and realistic

Timely – you should assign a timeframe to each goal so you can track progress and achievement

DESIRED LIFESTYLE

So first you need to identify what your desired lifestyle is, then establish how to achieve that plan and maintain the desired lifestyle. It's important to think beyond where you are today and look to the future and visualise the possibilities of living without any financial worries.

This might mean outlining all the things you want to do in the future, without the risk of leaving it too late or dying with too much. To achieve this, you need to structure your affairs today to provide for the income you'll eventually need while investing in a way that helps to retain the purchasing power of your capital. ■

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ONGOING ADVICE

Working through this process of setting financial goals will help you to define the life you want, and with our ongoing advice we will make the recommendations to show you what can be done to ensure that you live your desired lifestyle. If it's been a while since you took a close look at your financial plans and goals and you would like to review your situation, please contact us.