

Draw Your Financial Dreams

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Barbara O'Neill, Ph.D., CFP®
Extension Specialist in Financial Resource Management
Rutgers Cooperative Extension

It is easier to save money for something specific than to save for savings sake. The “whys” for your savings are your financial dreams. While dreams are often defined as a series of images and emotions that take place when someone is asleep, they can also refer to a strongly desired goal or purpose. For example, someone might have a dream of owning a business or traveling to Hawaii.

To get started, draw a picture of what you are dreaming about financially. You don't need to be an artist and you don't need to have concrete plans at this point. Just put on paper a simple vision of what you want to accomplish. Stick figures and/or short phrases are fine. People often refer to their list of dreams as a “Bucket List” so, for inspiration, you might want to list your dreams inside a drawing of a pail or bucket.

Financial dreams can include something that you want to buy or do. For example, maybe you want to buy a new car or take a cruise or have a comfortable retirement. If so, draw a picture of these dreams- or use short phrases (e.g., comfortable retirement, good education, 3-bedroom house) to describe them. Dreams can also be anticipated feelings such as “peace,” “financial independence” and “financial security.”

Having dreams alone is not sufficient to make financial progress. The next step is to make your dreams a reality. Many people have dreams but don't follow through to achieve them. This is where [financial goals](#) come into play. A dream is vague like “I want to send my child to a good college,” or “I want to be comfortable in retirement.” A goal is very specific with details filled in about what you want to do and when.

So-called SMART (Specific, Measurable, Achievable, Realistic, and Time-related) goals include a dollar cost and time deadline. An example is saving \$10,000 to buy a new (to you) car in four years. Once SMART goals are identified, it is easy to “do the math” and calculate the required savings to reach a goal on an annual or monthly basis. To calculate the amount needed to reach your goals, you will need the following information:

- **Approximate Amount Needed**- Gather data by reading advertisements, visiting stores, conducting online searches, and/or talking to professional advisors to determine the cost of financial goals.
- **Month and Year Needed**- Determine a target deadline to reach the goal (e.g., December 2022).

- **Number of Months (Years) to Save-** Identify the time remaining in months and/or years between the current date and the target deadline (e.g., from February 2018 to December 2022).
- **Monthly Amount to Save-** “Do the math” by dividing the approximate amount needed to achieve a financial goal by the number of months to save (e.g., \$10,000 divided by 59 months = \$169.50 per month).

Once you've calculated the savings required to achieve your financial goals, tell other people so they can cheer you on and hold you accountable. Then track your progress on an ongoing basis. Better still; automate the savings for your goal so that it happens automatically. For example, you might set up an automatic monthly transfer from a checking account to a savings account or mutual fund.

Your financial goals will also help you make smart investing decisions. If you have a short-term goal, like a new car purchase in two years, you'll want to keep this money liquid so that there's no loss of principal. On the other hand, if you have a long-term goal, like retirement in 20 years, cash assets are a poor choice due to their risk of loss of purchasing power and limited growth potential.

Financial dreams are the spark for savings and financial goals are the flame. Draw your dreams and then develop SMART goals and an action plan to achieve them. You can't reach financial goals if you don't set them. Dream, plan, and save for a better financial future.