



MONEY WISE

VALUING PEOPLE. VALUING MONEY.
MANAGING IN TOUGH TIMES INITIATIVE



Jennifer Hunter, Ph.D.
Associate Extension Professor
Family Financial Management
(859) 257-3290
jhunter@uky.edu

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THIS MONTH'S TOPIC: SETTING FINANCIAL PRIORITIES

Most people would agree that financial security is an important life goal to achieve. However, most people would also admit they do not have a clear idea of how to obtain financial security. The majority of people go through their financial lives doing their best to meet daily financial obligations without setting aside the time to think about and plan for long-term financial goals.

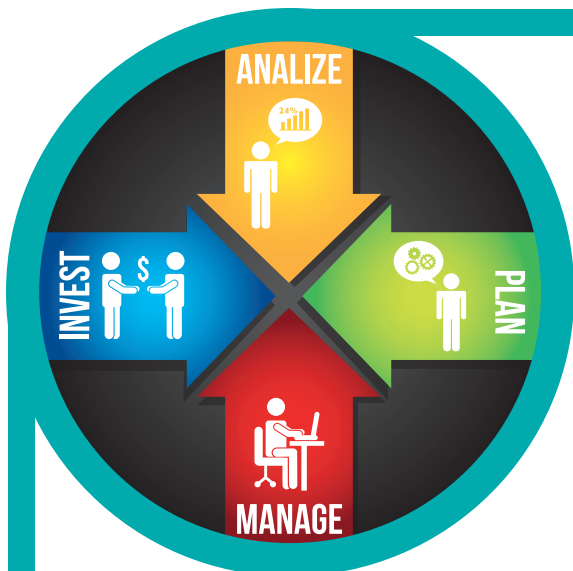
In order to make financial security a reality, you need to take the first step of setting financial priorities. Establishing financial goals will allow for you to take control of your spending and to set aside the necessary money that will hopefully leave you financially independent and successful in the future.

Below are steps that you can take to set financial priorities:

- **Figure out what you want.** Setting financial priorities is about using what you have to get what you want. You must first identify goals that are personally relevant to you and your

family. Do not be afraid to identify goals that will challenge you!





- **Ask your family to get involved.** Your partner and children can all be involved in identifying goals that are most important to your family. Additionally, the possibility of achieving these goals is increased when everyone is aware of what the goals are and are invested in making them a reality.
- **Make a list.** Write down your financial priorities. These priorities can range from paying off your debts to establishing a college fund for your children.
- **Categorize your financial priorities.** It is likely that your list is quite lengthy. In order to make this list more manageable, it is useful to categorize your priorities into short-, medium- and long-term goals. Short-term goals are those that can be reached within the next 6 months to 1 year. Medium-term goals can typically be accomplished within one to five years. Long-term goals require more time and will likely be achieved 5 or more years from now.
- **Rank your list.** It is common to experience difficulty with this step because financial priorities often overlap. For example, paying for your child's braces may take away money that could otherwise go to a college fund. In this situation, it is useful to ask yourself which

goal will cause the greater harm if it is delayed. Remember, putting off a goal for a while does not mean that you are abandoning it!

- **Do your research.** You will most likely need more information in order to figure out how to best meet your goals. For example, if one of your financial priorities is to retire by the age of 62, you may need to determine how much money you will need to have saved before retirement in order to live comfortably.
- **Revisit your list.** Once you have set your financial priorities, your job is not over! It is helpful to keep your list in an easily accessible location and to revisit it frequently to ensure that you are staying on track. A critical part of sticking to your financial priorities is making sure that you are controlling your spending and saving. It may be best to plan on revisiting your list whenever you are evaluating your budget.

Setting financial priorities may feel overwhelming. However, by following the steps outlined above, you are one step closer to making these priorities a reality. Keep in mind that it is okay to adjust your financial priorities as needed. Financial priorities should be taken seriously but should also be able to adapt to you and your family's changing needs.

Kristyn Jackson, LMFT, Ph.D. Candidate, Department of Family Sciences, University of Kentucky

Jennifer Hunter, Ph.D., Associate Extension Professor Family Financial Management, University of Kentucky Cooperative Extension Service, (859) 257-3290; jhunter@uky.edu

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