

Divide and conquer: How to set financial goals you can actually attain

Danielle Kubes, Special to Financial Post | October 14, 2015 11:12 AM ET



Once millennials finally land a job, the euphoria of getting a steady, biweekly paycheck can easily be replaced by anxiety. Setting financial goals can be too overwhelming — there's too much competition for too few dollars.

Should you dump any surplus in an RRSP, or is retirement too far off to think about? Should you put a portion away for a down payment? If you have debt, should you even be considering anything other than paying it off?

How can you set a financial plan and prioritize your money?

Karin Mizgala, founder of Money Coaches Canada, says the first step is to figure out your own values and principles, not just parrot other people's ideas.

"I would really encourage young people to get really clear with what their priorities are. Not what society or their parents say is a priority," she says. "You have to look inside and assess how valuable things are to you."

So, just because your parent's don't consider you a real adult unless you have a house, for instance, you may enjoy the freedom that comes with renting.

Have a brainstorming session with yourself and scribble down what you want your future to look like. If you leave it "rolling around in your head" you'll just get overwhelmed— write it down with pen on paper and don't censor yourself.

"It is absolutely critical to spend time on these sorts of exercises," Mizgala says.

Goals that should be included on everyone's piece of paper are paying off debt, building an emergency fund and saving for retirement.

As for the rest, before you cement anything, do some detailed research.

How realistic is it to own a detached house if you also want to live in downtown Vancouver? What's the average cost for a wedding in your town?

You need to spend a lot of time figuring out the details, because you won't be able to make a concrete action plan aimed at something vague. Review your goals every year as circumstances in your life change, like if you get a partner, have kids or get a promotion.

"There's no point in saying 'I need a house' if I have no idea what it's going to cost me, or put no money toward it because 'I'm not going to get it anyway,'" Mizgala says.

After you've come up with a few goals that seem achievable based on your interests and income, you'll feel calm, and also excited.

"It's really about being logical and clear minded about what your actual, real goals are so you're energized," she says. "They're really your goals so you're likely going to make the trade-off to really achieve the ones that are a priority."