

3 Types of Financial Goals

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In brief

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NB: A financial goal is a target to aim for when managing your money. It can involve anything from saving to spending, earning, or even investing.

Financial goals are often considered when creating a budget, as these goals will help you stay on track when monitoring your income and expenditures.

It's advised to spend some time visualizing what you're aiming for so that working towards your financial target is easy. Your financial goals should be specific, measurable, and time-orientated so that you are focused on and devoted to completing specific tasks that can provide you with future financial success.

There are several types of financial goals to consider, and we'll look at some examples of short-term, mid-term, and long-term goals to help you get started. It's important to learn the difference between these and how to budget and save for them.

Short Term Goals

Usually, short-term goals, like opening a savings account to manage unexpected expenses or save for a holiday, take less than three months to achieve and are often more attainable than mid and long-term goals. These types of plans can also be classed as your more immediate expenses, as they tend to cover more general things you're likely to spend money on-such as paying off a \$500 credit card balance in full.

Other short-term goals include building an emergency fund, covering rent and insurance, purchasing personal goods, traveling, and making any repairs or home improvements you may want to make.

Mid Term Goals

Before you get to your long-term goals, there's sometimes a grey area in between. These goals can take anywhere from 3 to 12 months to achieve. Mid-term goals will vary from person to person, and the timeframe may change depending on the goal.

For example, you may not need an emergency fund and might want to set one up in a few years instead. Other people may have a goal of saving \$4000 to start investing.

Other mid-term goals might include buying a car, saving for a down payment on a property, or paying off larger debt such as loans and credit cards with higher limits. If you're in Singapore and looking to finance larger purchases or consolidate debts, a personal loan Singapore could be a suitable option. It's important to compare interest rates and repayment terms from different lenders to find the most suitable option. You have to remember some caveats, as there's no way of knowing when you might have to repair an appliance or the length of time it might take to reduce your debts. The amount you can contribute now could change in the future.

Long Term Goals

Typically, long-term goals take more than a year, perhaps even a decade, to achieve, as they cover costs that paint a much larger picture overall. For example, you may want to earn enough from a side hustle to pay for all your current and future expenses.

Long-term goals usually require more money and attention than short- and mid-term goals. Other examples might include building a retirement fund, paying off your mortgage, setting up a business, investing in property, or saving for your children's education.

Saving for Your Goals

You must consider the best places or ways to save when putting money away to reach financial goals. You could achieve your long-term goals much faster by using a savings account with a reasonable interest rate or by investing in an asset such as property that can provide you with huge returns on investment over a long period - as suggested by RWinvest. This method might be used if you don't plan on using the money for at least ten years - perfect when saving for children's tuition fees or a retirement pot.

On the other hand, finding a place to save for your short-or mid-term goals will be much different, as you may need quick access to funds. Be sure to look for savings accounts without penalty fees if you need to withdraw money from your 'rainy day fund,' for example.

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