

FINANCIAL INSIGHTS BLOG

BUDGETING | SAVING & INVESTING | THE ECONOMY

Make 2025 Your Best Financial Year Yet

People the world over use the start of a new year to set personal goals. Many resolve to improve their health and fitness habits, travel, or to spend more time doing things they love. The start of a new year is also the perfect time to press the reset button on your finances. Whether you want to pay off debt, save more, invest, or simply improve how you manage your money, the secret to success is in setting achievable goals and staying motivated throughout the full year. Let's break down five ways to set financial goals and stick to them in 2025.

Set Clear Specific Goals (Not Just Resolutions)

If you've ever set vague financial resolutions like "save more money" or "spend less," you probably know how hard it is to stay on track. The key to achieving your financial goals is clarity. Start by defining *exactly* what you want to accomplish. For example:

- **Save for an emergency fund:** Set a goal to save \$5,000 by December 31st.
- **Pay off debt:** Pay off \$3,000 of credit card debt within six months.
- **Invest for the future:** Contribute \$200 a month to your retirement fund.

Start Small

The ancient Chinese proverb goes, "the journey of a thousand miles begins with one step". The thought of tackling insurmountable debt or starting an emergency fund may seem



impossible, especially if your disposable income is already stretched thin. But if you start small and remain consistent, you may be surprised how smooth the process can be. First, set a realistic budget: Track your current spending and assess areas where you can cut back, and areas that need more of your attention. Next, attack the smallest goal. If the goal is to pay off debt, start with the smallest loan. You will feel freedom with one less monthly payment to make and can use the money that would have been spent paying that bill to build your savings.

Automate Savings and Payments

One of the best ways to stay motivated and ensure you stay on track with your financial goals is by automating your savings and payments. Here's how:

- **Set up automatic transfers:** If you're saving for an emergency fund, retirement, or another goal, set up

automatic monthly transfers to your savings account. This removes the temptation to spend the money elsewhere and helps you consistently work toward your goal without thinking about it.

- **Automate debt payments:** If paying off debt is a priority, automate the minimum payments for all your loans and credit cards. If possible, add a little extra to each payment each month. This will help you pay down your debt faster and avoid late fees.

Keep Track of Progress and Adjust as Needed

The excitement of the New Year may give you the jolt of energy and focus to aggressively tackle your financial goals. This may lead to you achieving one or two of them faster than expected. It's good to take stock every quarter or by the middle of the year of how much of your goals you've accomplished and adjust as needed.

On the other hand, you may encounter a bump in the road (like an unexpected repair or unplanned purchase) that can throw you off course. It's important to remember that these things happen and to stay committed to your goals. Seek professional advice from a financial advisor to help you get back on track.

Leave Room for Fun

Even the most committed and successful people find time and money to reward themselves. Treat yourself in a way that doesn't undermine your progress (like treating yourself to a nice dinner or buying something you've wanted for a while). Celebrating small victories along the way—like reaching the halfway point of your savings goal—

will keep you motivated.

CFAL is here to help.

If you need additional help, feel free to reach out to us for a Financial Planning Session. Our Certified Financial Planners are here to assist you with your budgeting, saving, and investing needs.

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