



Top Financial Goals for 2021

Last month, I lauded the gift of making a fresh start in the new year and offered some tips to help with personal assessment to steer your path to improvement. One very important tip was setting goals and making a plan for the new year. Remember, goals should be SMART: specific, measurable, attainable, relevant, and time-based. It's always good to have a clear idea of why you are saving and spending. Set goals that get you excited and then give it everything you've got. Here are financial goals to build a strong foundation in the coming year.

1. **Create a financial plan.** A financial plan is not just for those with financial advisors or tons of money. It is a plan for everyone, to document the details of your goals and how you will reach them. Your plan begins with "What do I want my life to look like a year from now?" and is completed by your goals and objectives in priority order.
2. **Save for emergencies.** Saving for emergencies should be at the top of your list. Having an emergency fund for unexpected events helps protect you from a financial crisis. Most financial experts recommend your savings covers three to six months of expenses. If that seems overwhelming, start with saving \$500 then \$1,000 for emergencies. Given the economic uncertainty around us, this goal will provide much needed stability.
3. **Maintain to a budget.** The best way to manage your finances is with a budget. There are many tools available to help you set and track to a budget. Budget worksheets are available free online or in Excel templates. You may choose to track your budget through an app or by printed forms. The monthly cash envelope system is another option that many have found helpful. Envelopes are separated with cash designated for the different line items in your budget. Be sure to review your budget every month.
4. **Pay off debt.** Getting into debt is easy, getting out can be hard work. Start small if needed by paying off your smallest debt. Or you may decide to pay off debt with the highest interest rate or highest monthly payment. The debt snowball method is another option that includes paying off the smallest balance first then rolling that monthly payment into the next smallest debt to progressively work through your debt.
5. **Save for retirement.** To secure your future, you need to save for retirement. And the earlier you start saving, the more money you will have in the future. If you have an employer sponsored plan, be sure to participate. Our bank offers options to start your retirement savings and we can help you determine how much you need to save to retire by a certain date.

6. **Purchase a home or save for a down payment.** Buying a home is a big move in your financial life, one that builds wealth. But a home is more than a financial goal, it is the beginning of building a legacy and being able to leave something behind for your family. If you are planning to buy a home this year, we can show you how much you can afford, how much down payment you need and see estimated monthly payments.

With all the challenges of 2020 behind us and with our hopes that 2021 is not a repeat, the reality is that the future is uncertain. However, I have found that just by setting goals—be it reading financial books, adopting healthy habits, taking a trip—I am much more likely to achieve them. Let go of the emotions and fear of last year and lead with your head, lead with a plan and at least five financial goals. All of us at Anahuac National Bank are available to help you achieve the financial goals you have set. We're always on your side believe in the power of community.

