

# Retirement planning

## Setting realistic goals

The first and most important step in getting a real understanding of how to manage your money and plan for life after work is to get a sense of your goals. When things are uncertain, it's more important than ever to have a baseline for what you want to achieve – to give you a direction to move towards.

### Make them SMART

Goal setting is a powerful tool for identifying what really matters to you – and what needs to change to get there. COVID-19 shouldn't stop you from planning for the future. Goals help shape your end vision while also encouraging you to develop specific strategies to achieve it.

Getting started is as easy as writing a list, but you need to make sure that your goals are specific, measurable, achievable, realistic and timely (that is, SMART goals) so you can stick to them to reach your overall objective. And it's crucial to share your goals with your partner and relevant family members – so you can make sure you're on the same page.

### SMART goals checklist

To make sure your goals are clear and reachable, each one should be:

**Specific:** so you can focus your efforts and feel truly motivated to achieve.

**Measurable:** so you can track your progress and stay motivated.

**Achievable:** goals should stretch your abilities but still remain possible.

**Relevant:** goals should matter to you, and align with other relevant goals.

**Time bound:** so you have a deadline to focus on and something to work towards.

### If COVID-19 has changed your plans... plan again

Goal setting needs to be flexible. Because life happens. The COVID-19 experience was unanticipated. You may need to change some of your goals in the short and medium term to manage any consequences. That's where a framework really helps. You can take time to stop, review and reset your plans, your investment options and your retirement timings.

### Take action and control

When it comes to setting your goals for retirement, you'll want to look at your immediate and longer-term goals, then decide what actions you want to take. That way, you can understand exactly where you're heading.

**If COVID-19 has significantly affected your finances and your plans, please speak with your financial adviser.**

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### Top tips to consider for setting realistic goals

Don't allow COVID-19 and financial disruption to stop you from setting goals. Having a plan is the best way forward.

Don't be scared to set goals because you're worried about not achieving them. Even if you only get halfway there, you'll get further than if you hadn't set a goal at all.

Remember, your retirement can be up to 30-plus years. That's a very long time, so you might need to look at your goals several times through your retirement.

#### **Think now, think broad, think long term**

It's never too early or too late to start budgeting, saving, planning and investing.

Do some research so you have a baseline of knowledge about money and retirement planning.

Don't feel like you have to manage your money solo. There are a range of experts who can make a difference.

**Note:** There are all sorts of risks and factors to consider when it comes to spending, debt management and budgeting. Consult a professional if you need to.

**“Only 15% of Australians believe they are very well or fairly well prepared for retirement.”<sup>1</sup>**

<sup>1</sup> MLC, *A look at lifestyle, financial security and retirement in Australia*, Australia Today Report, 2018, [mlc.com.au/personal/retirement/australia-today](https://mlc.com.au/personal/retirement/australia-today)

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