

Keep goals on money a bit vague

So how are those new year's money resolutions coming?

With the first month of 2011 practically in the books, you should be seeing progress by now toward achieving personal-finance goals such as boosting your 401(k) savings rate, improving your credit score, paying down debt or whatever.

But if you haven't made much progress, don't give up. Perhaps you simply framed your goals inappropriately.

In a new paper, marketing professors at the University of Utah and Stanford University argue that the odds of meeting new year's resolutions or other objectives improve if you set vague goals.

The researchers described studies they conducted in which subjects who were given vague results of how they were doing performed better than others who were told precisely how they were faring. That suggests people can stay motivated by focusing on favorable results, even if they're only part of the

WILES

Continued from D1

picture.

In a statement, researcher Baba Shiv, a marketing professor in the Stanford Graduate School of Business, provided examples. He said entrepreneurs would be better off striving to achieve "up to three innovations over the next few quarters" rather than "two specific innovations this quarter." Dieters, he added, would be better off striving to reach a weight range rather than a specific number, allowing them to focus on progress, however small.

Success largely depends on motivation. The problem is people tend to attach more importance to negative rather than positive results, which can set them up for failure.

By setting vague goals, it's easier to stay on track, the researchers contend. "You're sampling and can pick the part you want," Shiv said in a state-

ment.

Valley financial coaches who help clients set goals said they agreed with some of the research.

Valeri James of Simple Solutions Credit Consulting/Training in Gilbert quibbles with the notion of setting vague goals but agrees that it's important to achieve small successes that people can build on.

"Once you get the satisfaction of accomplishing something, even for a week, it gives you the motivation to keep going," said James, who helps clients budget and prioritize their debt payments.

She also recommends tactics such as tracking your progress in writing and posting goals on a bathroom mirror, refrigerator or other prominent place that you see daily.

Cynthia Fick of Financial Life Planners in Ahwatukee Foothills prefers plans that are detailed, especially those involving finances.

"When you're dealing with money, you have to look at numbers," she said. Fick also said it's important to examine your attitudes

about money to make sure you're not clinging to a belief that could undermine your goals. For example, she said some novices don't give stock-market investing a fair chance because they assume they could never understand how the market works.

Erica Young of Tailor-Made Budgets in Gilbert said the key with financial goal setting was to make progress that keeps you on track. One of her personal objectives this year is to save more money by clipping coupons, which she can easily monitor.

Young also believes it's important to focus on two or three goals, rather than a bunch, and to make them realistic.

"You want (the behavior) to become part of your lifestyle," she said.

child.

» June: Review and update your beneficiary designations on retirement accounts, insurance policies and the like.

» July: Do a midyear check of your portfolio, focusing on allocation and contribution rates.

» August: Take a break, perhaps by catching up with financial reading.

» September: Consolidate investment, banking or other accounts if doing so would simplify your finances, reduce fees or realize other benefits.

» October: Start year-end tax planning by mapping out potential capital gains or losses.

» November: Pay attention to workplace health and other benefits during the traditional open-enrollment period.

» December: Consider charitable donations, which can result in tax deductions.

Reach Wiles at russ.wiles@arizonarepublic.com.

Monthly goals?

Speaking of money resolutions, Fidelity Investments has come up with a series of 12 (fairly vague) financial goals, one for each month of the year, summarized below:

» January: Create a budget and stick to it, with the aim of accumulating enough savings to cover three to six months of living expenses in a pinch.

» February: Focus on retirement by monitoring your portfolio's asset allocation and boosting your savings rate.

» March: Organize your tax records by making sure you have gathered W-2 forms and other documents and by getting to work on your tax return, if you haven't started yet.

» April: Open or add to an individual retirement account, for which you have until April 18 to contribute for 2010.

» May: Revisit college savings, perhaps by adding to or opening a Section-529 college account for a child or grand-