

Getting Started: A Little Saving Now Will Pay Off Big Later



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As a financial advisor to young professionals, I emphasize how important it is to start saving early for retirement. As a young professional myself, I've begun a forced savings program where money is deducted from my paycheck automatically each month. I don't miss the money because I don't see it. And what I don't miss will amount to many thousands of dollars in the years ahead. As little as \$100 a month, given an average return of 6 percent annually, could grow to almost \$30,000 in just 15 years.

As we enter the workforce, we find out pretty quickly that life can be expensive. An apartment, groceries, even little things like cable TV and Internet — there's a lot to pay for that we didn't have to worry about living with our parents. That doesn't even include paying off a student loan. And of course, there are friends and entertainment to consider, nights out on the weekends, maybe even once or twice during a week. We don't want to miss out on a great social life.

You might not want to restrict yourself to a budget, but what you want to do is be a net saver, and the easiest way to become a net saver is to have some amount of money set aside automatically and regularly. If you have an employer that offers a 401(k) retirement plan, they are likely to match your contribution up to a certain percentage of your earnings. Maximizing that plan is the first and best way to save. And if you don't contribute at least the same amount as your employer's match, you're turning down free money, and in doing so, discarding one of the most valuable of your employee benefits.

Some young professionals just starting out say they don't have money available for savings. They'll begin later, they say, after they pay off a student loan or when they're making more money. But starting early is the key to saving for retirement; the returns associated with compounded earnings can be huge.

Now the goal isn't to have you stressed out or give up your social life. Contributing to a 401(k), or starting another type of forced savings plan, is not likely to affect your lifestyle much. Maybe one less night out once a month. So don't kick the can down the road. Get started saving a little now if you haven't already.

If you'd like to talk about how to begin your savings program, I and my fellow financial advisors here at HBKS are ready to help. Give me a call and let's get started.

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Chris earned his Bachelor of Science degree in finance, with distinction, from The Pennsylvania State University, where he was a member of the National Society of Leadership and Success.

A longtime and avid hockey player and enthusiast, he continues to play hockey in the adult leagues in Erie and Meadville. Chris is active in various charities, including the Penn State Dance Marathon, which provides financial and emotional support to children with pediatric cancer, and Swings for Soldiers in State College, which benefits veterans.

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