

# Personal Finances as Millennials Take on Adulthood



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Millennials, people born between 1981 and 1997, now form the nation's largest demographic. They are also facing some of the most difficult financial challenges of recent generations, including a fast-paced, competitive job market, and for many, onerous, ongoing student loan debt. The evidence is in how so many millennials are living with their parents longer and waiting longer before marrying or otherwise venturing out on their own.

The best way to address the challenges of young adulthood is to adopt good financial habits. If you follow a few basic steps to take control of your personal finances, you can get your adult life off to a great start on firm financial footing.

Half the battle is understanding where your money is and where it's going. First, nail down your cash flow, that is, what's coming in and what's going out. Create a budget that lists your monthly take-home income and all your recurring monthly obligations, including expenses like rent and utilities, and student loans and other debt, like credit cards. That's your budget and the amount you have left when you subtract your expenses from your income is what you have to work with to pursue other interests and start on your way to reaching your financial goals.

A first use of available dollars is always to more aggressively work down your debt. Debt is expensive, interest piling on top of interest, and getting it behind you will enable you to start saving for more desirable goals, like buying a house or a new car.

In creating your budget, be sure to leave room for entertainment expenses like nights out with friends. No budget should wall you off from your society. As well, don't delay participation in your employer's 401k or other retirement program. You should commit to at least as much as your employer is matching. It's money you won't see so you won't miss it, and your employer's matching contributions are free money that, in combination with your contribution, will stockpile over the years to create a comfortable, worry-free retirement.

Good personal finances include building a cash reserve. You should have preferably six but at least three months of your expenses set aside in case of an interruption in

your income. Losing a job or transitioning to another job or an injury could wreck your finances, hurt your credit and add an immeasurable amount of stress to dealing with such situations that are already stressful.

Pay attention to your employer benefits. What employer-provided benefits are available to you other than your retirement savings program? Are there opportunities to protect against risk with life, disability or long-term care insurance? Work-based programs generally provide for more coverage at less cost. And the sooner you start, that is, the younger you are, the better your rates will be.

Take advantage of technology. One of the benefits you have as a millennial over previous generations is a vast array of helpful financial technology. For example, there are apps that alert you when bills are due; apps that help you organize your finances; apps that allow you to check your bank account, credit card and loan balances. Review financial apps to see which will be the most help.

As a young adult entering the workforce you have many new realities to deal with. Among the most important to your future are your personal finances. Developing good financial habits will put you on a fast track to financial security. It's something within your control and your first step to reaching your financial goals.

Planning is essential. A great way to get started is to meet with a financial advisor who will work with you to develop a financial plan that addresses your unique situation and goals. If your parents are working with a financial advisor, that could be a good person to start with. Or for an introduction to an HBKS® financial advisor experienced in working with millennials, call us. We're here to help you get started on a lifetime of financial security.

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