Your 20's – Asset Accumulation

Earnings

- Target a desired outcome and assess the level of monthly and annual savings and investments needed to achieve that target.
- Develop healthy financial habits of saving and investing 10% or more of every paycheck.
- Take advantage of investing through your employer's retirement plan for matching dollars, dollar-cost averaging and discipline.
- Make a plan to prioritize paying off college loans while balancing the need to start saving.

Spending

- During these years, many young people are on their own and making money. Temper the temptations to buy the new car, rent the expensive apartment and spend freely.
- Pay yourself first by saving 10% or more of every paycheck for the future. The remaining 90% can then be used for the budget.
- Avoid the expense of debt and increase your purchasing power by waiting to make purchases when you have cash available.

Investing

- Save to build an emergency fund (3-6 months of income).
- With the cushion established – and increasing with income – contribute as much as you can afford to the employer's retirement plan. The maximum allowable pre-tax contribution into a 401(k) plan is indexed annually for inflation.
- Consider a more aggressive asset allocation since retirement is many years away.
- Increase retirement plan contributions with each salary increase or once loans have been paid off.

Insuring

- Health, auto, homeowner's and/or renter's insurance are necessary.
- Individuals start or supporting a family needs life insurance. Term insurance costs less than permanent (whole or universal) insurance.

Legacy Planning

- Will, Living Will, Healthcare Power of Attorney, Durable Power of Attorney, potential trust planning.
- Beneficiary Review