The Keys to Jump-starting Your Retirement Plan in Your 20s

RETIREMENT & PLANNING SOLUTIONS TEAM

Learning how to budget and kick-start your retirement planning is the first step in helping to secure your financial future. In your 20s, the first step is simple: *save*. Many 20-somethings mistakenly think it's too early to start saving for retirement. With college loans to pay off and the expenses that come with starting your professional life, it may seem daunting to allocate finite cash flow to an account that they may not utilize for years to come.

SET UP AN APPOINTMENT WITH A FINANCIAL ADVISOR

At the start of your professional career it is critical to meet with a Financial Advisor to discuss the various ways for you to jump-start your retirement plan. Create a Customized Financial Analysis[1] and learn what you're doing right and where there is room for improvement. It's never too early to start planning for your retirement.

SET UP A BUDGET

A budget should be both realistic and beneficial for the short and long term. Get started by brainstorming your goals to help you prioritize your spending habits so you can save a little more each day. You should already know what you are required to spend (e.g., transportation, rent, food, utilities, etc.) and what expenses are considered "wants" and "wishes" rather than "needs." Our Retirement Calculator is a simple way to figure out your target amount for what will most likely be the biggest savings goal of your life.

Life has its ups and downs, and you know what it's like to live through a few financial emergencies. We recommend that you save around 10% of your paycheck.

DECREASE YOUR STUDENT LOAN DEBT

Graduating from college is a fantastic life achievement that you should be very proud of. But it sometimes comes with unintended consequences — the burden of student loan debt. Starting your career with a disheartening amount of debt may hinder your willingness to save.

LEARN HOW TO INVEST YOUR MONEY IN EFFICIENT ACCOUNTS

Taking advantage of your employer's 401(k) or other qualified retirement plan(s) is extremely beneficial in building your retirement savings. These plans automatically withdraw money from your paycheck, and many employers will match a certain percentage of your contributions. You may also consider contributing to an Individual Retirement Account (IRA) in addition to your employer's plan, if possible. And where your employer does not offer a qualified retirement plan, an IRA is a good alternative retirement account option to build your retirement savings.

BE WILLING TO ADJUST FOR EMERGENCIES

Life has its ups and downs, and you know what it's like to live through a few financial emergencies. With this being said, we recommend that you save around 10% of your paycheck. To ease into the process, set up automatic transfers into the savings account of your choice. Over time we recommend that you have six to nine months' worth of living expenses set aside in an emergency fund. Completing a Customized Financial Analysis may help you understand your "What If" concerns and illustrate how saving now can benefit you in the future.

[1]The Customized Financial Analysis referenced is a tool that provides an additional resource in the evaluation of the potential risks and returns of investment choices. The projections or other information generated by the Customized Financial Analysis regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results.