UFinancial.

MONEY MANAGEMENT

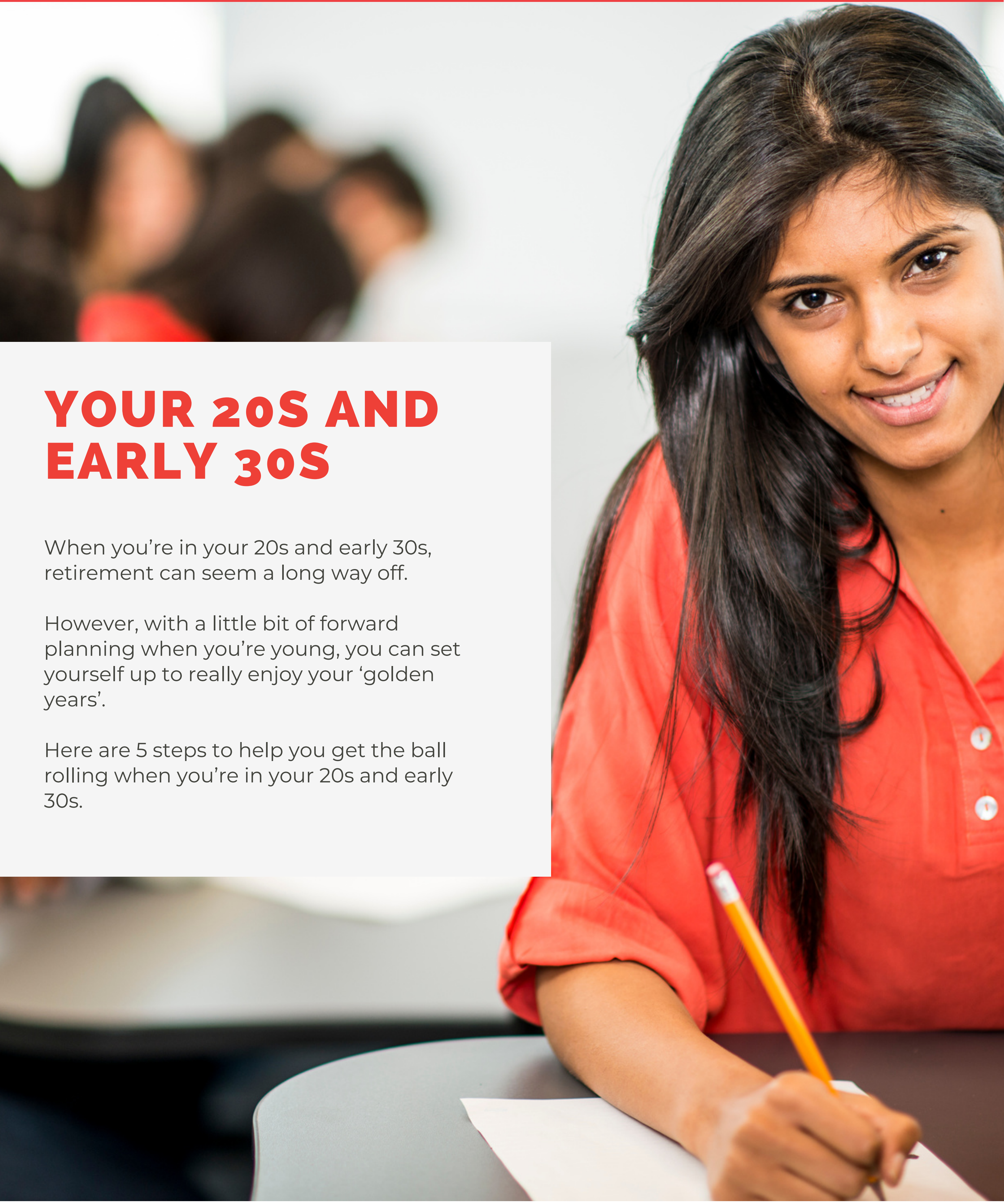
Planning your financial path from your 20s to retirement and building better habits along the way.

‘Adulting’ is a real thing. It has even made it to the Oxford dictionary where it’s defined as “behaving in a way characteristic of a responsible adult, especially the accomplishment of mundane but necessary tasks”.

So today we’re kicking off a series of articles on adulting from a financial perspective.

Starting from your first decade of adulthood, we will step you through what you should be focusing on financially at each life stage.

Think of it as a financial road map that will steer you towards your ideal retirement



YOUR 20S AND EARLY 30S

When you're in your 20s and early 30s, retirement can seem a long way off.

However, with a little bit of forward planning when you're young, you can set yourself up to really enjoy your 'golden years'.

Here are 5 steps to help you get the ball rolling when you're in your 20s and early 30s.

01

CHECKPOINT 1:
SET GOALS AND CREATE A BUDGET

Planning for your financial future starts with setting short, medium and long term goals. And yep, that includes thinking about retirement.

When do you want to retire? How much money will you need when you get there? What kind of lifestyle do you want when you retire?

It might seem like you're getting ahead of yourself, but think about it this way: you can't kick a goal if you don't know where the goalposts are.

Once you have your goals figured out, create a budget that documents all of your spending each month.

ASIC has a handy budget planner that can get you started. We can also help you put a more comprehensive one together.

02

CHECKPOINT 2:

BUILD HEALTHY SPENDING HABITS

Now that you've got a budget, it's important to respect it. Don't spend more than you've budgeted for in each category, such as food, entertainment, or (gulp) alcohol.

Every time you do, you're shooting your future self in the foot.

Remember though, this isn't about cutting out all the fun – it's about finding a balance between enjoying yourself now, and really enjoying yourself later. So make sure your budget includes treats for the here and now.

When it comes to debt, try to never keep a negative balance on your credit card. These cards carry insanely high-interest rates, and you'll be accomplishing nothing more than giving your hard-earned money to the credit card company.

03 CHECKPOINT 3:

START INVESTING NOW, NOT LATER

By investing even a little bit of money now, you give compound interest a long time to work its magic.

The best way to illustrate this is by looking at an example featuring two brothers we'll call Lewis and Clark.

Lewis decides to start saving early, and invests $2,000 a year for 10 years, then does nothing at all for the next 20.

Clark, on the other hand, procrastinates for 10 years, then invests $2,000 each year for the next 20 years. Both brothers earn a clean 7% interest each year.

Who do you think ends up with more money after their 30 years are up?

Well, Clark did pretty well. He put a total of $40,000 of his own money in and ended up with $81,991 at the end of it all.

Lewis on the other hand, only put $20,000 of his own money in, but after the same timeframe he ended up with $106,930 – over $20,000 more than his brother Clark!

That's the power of compound interest. The moral of the story is: start investing now, even if you can only afford a little bit, and you'll thank yourself later.

04

CHECKPOINT 4:

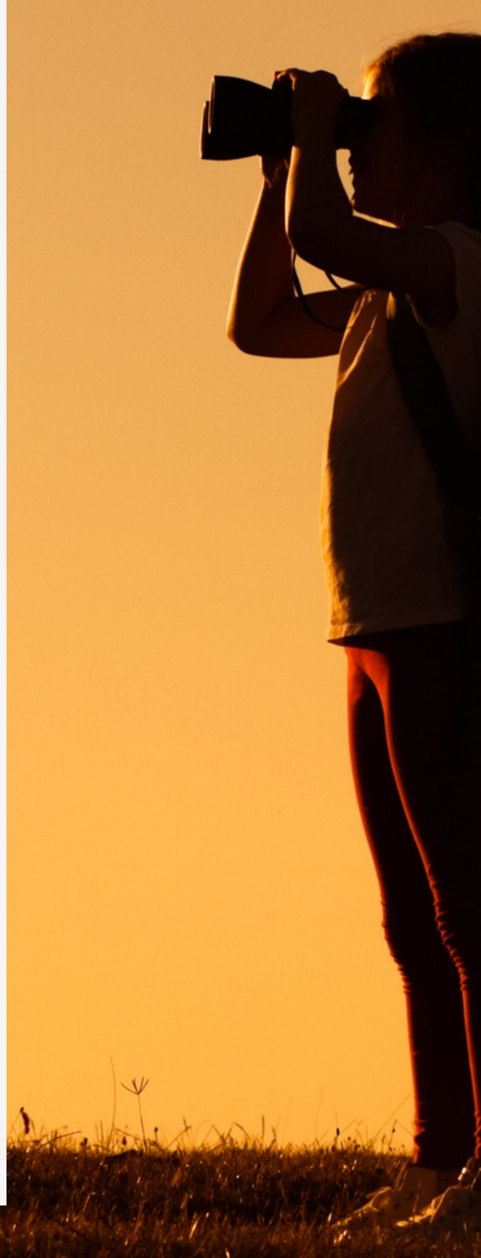
LEARN THE BASICS OF INVESTING

It's ok to start investing by putting your money into a savings account, but before long you're going to want to move your money into an investment vehicle that works harder for you.
Take some time to research the different types of investments that exist in the market, and give some thought to which ones might be best for your needs.

Do you want to start a property portfolio? Perhaps a few steady performers on the ASX 100 have caught your eye? Or maybe you like the look of ETFs?

Whatever you choose, make sure you do your research beforehand. And then start putting your savings towards it!

If you need a starting point on where to conduct your research, get in touch and we'll point you in the right direction.



05

CHECKPOINT 5:

CHOOSE YOUR OWN SUPERANNUATION FUND

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FINAL WORD

Saving for retirement can seem daunting, especially in your 20s and 30s, but it doesn't have to be.

Start by taking baby steps: set a goal and budget, spend wisely, and save whatever you can afford each month. Before long you'll start to see progress.

And of course, educate yourself! Be sure to check out our blogs, socials, and newsletters for more information.

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