



3M GUIDE: MILLENNIALS, MONEY & MANAGEMENT

RADEMACHER
FINANCIAL, INC.

An Independent Registered Investment Advisor



If you are part of the generation affectionately referred to as “Millennials”, congratulations! You are known for being tech-savvy, hardworking, and high-achieving in our increasingly digital world. While you are at the peak of your working years, it’s time to make the most of your hard-earned wealth!

There are various financial strategies you can implement to help set yourself up for an abundant and secure financial future.

Whether your goal is to purchase a home, explore the world of investing or eliminate student debt, read below to learn some financial strategies curated solely to enhance your financial success and reach your dreams.

STAY INFORMED

Managing your finances can get tricky and complex, leaving many millennials in the dark about how to move forward as they accumulate their wealth. How do you organize your finances? How do you effectively budget and keep track of your money? Do you know what tax strategies could help you make the most of your wealth?

The first step to creating your financial blueprint is finding a trusted financial advisor who will work with you to help define your goals, organize your current assets and help guide you toward investments that are suitable for you.

Some other great educational resources to keep you informed about money management include:

- **BOOKS**
- **PODCASTS**
- **FINANCIAL MANAGEMENT TOOLS**
- **FINANCIAL LITERACY COURSES**
- **CONVERSATIONS WITH A TRUSTED ADVISOR**

HOW TO GET STARTED

You are probably familiar with the adage, “Let’s cross that bridge when we get there...” — this is typically a great tactic to avoid becoming overwhelmed or stressed with daily activities. But when it comes to developing a financial plan, it’s never too early to start!

In fact, the sooner the better.

Having a plan for how you will allocate your wealth and sticking with it can greatly impact your future success and financial security as you begin investing or approach retirement.



BEGIN TRACKING EXPENSES

Understanding how and where you spend your hard-earned money is the first step to changing your money mindset and ultimately, your behavior. Here's how you can get started on tracking your expenses:

The more detailed you can get with this, the better. If you have your monthly expenses outlined, it makes it easier to go back and determine where you can cut costs if needed.

There are many financial management apps to track spending that will alert you if you are eating out too frequently or if you have a little wiggle room to treat yourself!

Utilizing the perks of living in a digital age is great for tech-savvy millennials. Use whatever app or system that is easiest for you and start tracking your spending.

Getting a grasp on your current spending habits also allows you to see what your expenses might look like in the future. If you want to keep up your current lifestyle, you will need to know how much money that will require on a monthly basis once you retire.

1. DETERMINE NET INCOME
2. TRACK SPENDING
3. OUTLINE YOUR BILLS, HOBBIES, MISCELLANEOUS SPENDING
4. CREATE A PLAN THAT WORKS FOR YOU, THEN STICK TO IT!

AVOID DEBT

If you didn't know this already, the credit card companies love you! While building credit is important, younger millennials are prone to falling into hard-to-resist credit card offers, so it is important to be cautious. The temptation of having access to money at your fingertips on a little card can be too much for some. Avoid unnecessary purchases that dig you into a credit card debt that you will struggle to pay off. Prioritize paying off cards with the highest interest rate first.

As a general benchmark, aim to keep your credit utilization rate below 30% of your total credit limit to maintain a solid credit score. If used wisely, leveraging your credit is a great tool to help you qualify for loans and more, but be careful not to rack up the debt.

STUDENT DEBT? SQUASH IT WISELY

That monthly student debt bill. You hate to see it. While you want to get that paid off as soon as you can, it may still be wiser to pay into your 401(k) than pay your student loans off right away. Factoring in your interest rate will help you determine which path will be most efficient.

Keep in mind there are other financial goals that should come before paying off student debt, like some that will be mentioned below. In essence, don't automatically rush to pay off student debt. There may be a better and more strategic way to make the most of your monthly payments.

YOUR 401(K)

If your employer matches your 401(k) contribution, you should take advantage of that offer and max out your contribution. As mentioned above, you may want to consider your 401(k) contribution first and use any excess income to pay off your student loans. It's a great idea to team up with a financial advisor to create a course of action that would best suit your unique situation.



BUILD UP YOUR CASH RESERVE

Having a certain amount of cash reserves that are set aside from your income, and allocated for emergencies, is extremely wise and should be done each month. The general rule of thumb is to have between 3-6 months worth of expenses in liquid savings and a percentage of your income going into a retirement account (and other savings accounts) every month.

If an emergency occurs, you will want to have funds set aside to help cover expenses and have all your bases covered. If you lose your job, suffer an injury or fall ill, having cash reserved will give you security and carry you through a tough time or transition. Always stay prepared and relieve yourself of the stress of not knowing what you will do in an emergency.

Let's not forget about your retirement fund! It's never too early to begin saving for retirement. Money grows the longer it stays in the account. Therefore, the earlier you contribute, the better.



INVESTING 101

When it comes to investing, there are plenty of options. If investing with environmentally-conscious companies is important, we can design an investment strategy that reflects that. We take care of investments to make sure they coincide with specific values, if that is essential for the portfolio.

Depending on your goals, and your unique financial portfolio, an experienced financial advisor will be able to guide you through the process of finding the investment options that suit you best, as well as helping develop a diversified portfolio. It is important to not keep all of your eggs in one basket.

CREATING A PLAN FOR FINANCIAL FREEDOM

At Rademacher Financial, our team strives to help people in various stages of life navigate their finances and reach their goals. We want to be there with you every step of the way to help you live the life you have always desired. Contact us today to schedule a complimentary 30-minute Initial Meeting.

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