CORNERSTONE WEALTH MANAGEMENT

Smart Financial Moves in Your 20s, 30s, 40s, & 50s

The right moves for every age.

Provided by Cornerstone Wealth Management

Have you ever mapped out your financial timeline? If you're like many Americans, it may have been more difficult than anticipated. One of the most helpful ways to achieve your financial goals is to break it down by your age. After all, depending where you are on life's journey, certain financial moves make more sense than others. Read on to learn more.

What might you want to do in your twenties? First and foremost, you should start saving for retirement – preferably using tax-advantaged retirement accounts that let you direct money into equities. Through equity investing, your money may grow and compound profoundly with time – and you have time on your side.

Aside from equity investment, you will want to try and build your savings. A good place to start is an emergency fund equal to six months of your salary. That may seem unnecessarily large, but it is worth pursuing, especially if you have loved ones depending on you. Accidents do happen, and you could suffer an illness or injury that might prevent you from earning income. About 25% of people will contend with such an episode during their working lives, and less than 5% of disabling illnesses and accidents are job related, so workers compensation insurance will not cover them.[1]

What moves make sense in your thirties? By now, you may have started a family or taken on other financial responsibilities. So, your spending has probably increased from the days when you were single. As you save and invest, remember also to play a little defense.

Many people in their thirties use this time to create a will and set up financial power of attorney in case something unforeseen happens. Another smart move is securing a solid life insurance policy. Depending on the policy that's right for you, you may even be able to use your policy as an investment vehicle. As always, speak with a financial or insurance professional to make sure you have the coverage that's right for you.

What considerations emerge between 40 and 50? Try to maintain your retirement planning efforts in the face of financial stressors. You may have teens or preteens at home, and if you have not yet considered creating a college fund that can grow and compound over time, now is the right time. You should not dip into your retirement fund to pay for their college educations, no matter how onerous college loans may seem.

You may want to look into long-term care insurance. Buying it before age 50, when you are likely in good health, is a wise move, especially if you are interested in such coverage.

Between 50 and 60, you are in the "red zone" before retirement. If you can, accelerate your retirement savings through greater contribution levels or take advantage of the catch-up contributions allowed for many retirement accounts after age 50. If possible, think about an approximate retirement date. Aim to reduce your debt as much as possible by that time or earlier. Retiring with multiple, major debts can be stressful, to say the least. Lastly, check in with a financial professional to gauge how close you are to realizing your long-term financial objectives.

Citations.

1 - https://www.cdc.gov/media/releases/2018/p0816-disability.html [5/24/2019]