

Time is Greatest Ally of “Generation Y”

If you’re a member of “Generation Y” - generally defined as those between the ages of 18 and 25 - you’re probably thinking of many things: going to school, working at your first “grown-up” job, finding a good apartment, hanging out with friends, listening to your favorite bands and so on. But here’s something else you should think about: saving and investing for your future. As you work to reach your financial goals, you’ve got a great asset going for you: time.

In fact, time can work for you in a number of ways. Let’s consider a few:

- **You’ve got time to develop good financial habits.** Now is the perfect time in your life to develop sound financial habits. For example, don’t abuse your credit cards - try to live within your means. Also, if you have student loans, set up a repayment schedule and stick to it. But even while you’re repaying your loans, try to put aside some money each month in an investment account, even if it’s only a modest amount. By doing so, you may be able to give yourself a financial “cushion.” Just as importantly, you might develop a healthy interest in investing - an interest that can be useful as your career advances and you have more money available to invest.
- **You’ve got time to invest for growth.** Many of your peers are investing too conservatively. The average Gen Y worker participating in a 401(k) plan is putting about 35 cents of every dollar into accounts containing bonds and other fixed-income securities, according to a survey conducted by Hewitt Associates, an employee benefits consulting firm. That means Generation Y members are investing more conservatively than their baby boomer parents, who only put in about 31 cents of every dollar into these fixed-income vehicles. Since you have so many decades to go until retirement, you need to consider investing for growth - and that may mean purchasing stocks, because stocks have historically given the greatest opportunity for long-term returns. Of course, as we’ve seen quite dramatically in recent months, stocks can go down as well as up, and there’s no guarantee you won’t lose some or all of your initial investment. But, more than any other demographic group, you have time to potentially overcome short-term price fluctuations. So, both in and out of your 401(k), you should consider some exposure to quality stocks.
- **You’ve got time to establish appropriate financial strategies.** As you move through your adult life, you’ll have many financial goals, such as buying a home, saving for college for your children and building resources for a comfortable retirement. To achieve these objectives, you’ll need to employ a variety of saving and investment strategies. Given your stage of life, you have time to carefully plan out these strategies to be as effective as possible.
- **You’ve got time to get the help you need.** To improve your chances of meeting your long-term goals, you may want to work with a professional financial advisor - someone who will take the time to understand your needs, preferences and risk tolerance.

As a member of Generation Y, you’ve got a lot of hopes and dreams, and you’ve got time to achieve them - especially when you learn good financial and investment skills.