Bahl&Gaynor
Investment Counsel

Financial Maturity: Leveling Up

Congratulations!

Your career is off to a great start and your path forward is filled with possibilities. As you embrace your future, it is key to know that financial maturity is bigger than those initial steps of getting a job, moving out, and paying bills. Good financial health, just like physical health, requires discipline and consistency every step of the way. To help get you started, and make it a successful journey, we have outlined a few helpful tips that can serve as financial guardrails to help you stay on track.

Start Saving Early.

One of the easiest ways to build wealth early is to participate in employee benefits by contributing to your 401k or 403b right away. It is a way to generate asset growth and interest, and contributions may reduce your taxable income for the year. If your employer provides a match, even better – just make sure to at least contribute up to the amount of the employer's match to get the full benefit of the plan. The sooner you begin saving for retirement, the more you can benefit from compounding – allowing your money to grow over time. For example, the money you start saving in your twenties will accrue interest, and then that interest will accrue more interest, which leads to growth over time. You are young and time is on your side. Start compounding now even if you start small.

Manage Needs and Wants.

It can be tempting to let early paychecks determine your spending but take control early. Start by resisting instant gratification purchases and being smart about your real needs versus wants. Create a monthly budget and stick to it. Needs are essentials that you require for everyday living (food, rent or mortgage, transportation, utility bills, health and wellness). Wants are desired items (entertainment, travel, memberships, and even streaming services). Pay down what you owe before spending on extraneous new items. While building up your credit score is a positive, make sure you do not run up your credit card bill beyond your means as that could have the opposite effect. It can also hinder your ability to get approved for car loans and mortgages. A good rule of thumb is the 50/30/20 rule: 50% of your after-tax income spent on needs, 30% spent on wants, 20% spent on savings and debt reduction. Adjust accordingly as needed.

Anticipate the Knowns and Unknowns.

While you are planning your future retirement, you should also be prepared for the unexpected. You can start by creating an emergency fund. It can get you through difficult moments – and help you sleep better at night. You may decide to change jobs – or lose your job due to a difficult economy. You may get sick. Or you may

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simply need to fix your car. No matter what the reason, the unexpected will happen and having the money in hand to weather the storm without going into debt will be a game changer. Aim to have six months of living expenses as a goal – and start by creating a separate savings account where money can be automatically deposited or transferred. Then do not touch it! If you use it, replenish it. This discipline will give you a leg up in life.

Review and Evolve Your Plan.

As your journey evolves and your financial life becomes more complex, it is essential to evaluate your situation and align the right solutions at the right times to protect everything you have earned while you continue to aspire to achieve new goals. Maybe you imagine a future where you are creating your own business, traveling the world, or starting a family. Talk with a financial advisor about the best ways to evolve your plan and portfolio, including the value and types of insurance as well as more sophisticated trusts, estate planning, tax management, charitable giving and other opportunities to protect your wealth and create a legacy.

Talk to an Advisor to Guide the Way.

What worked for your parents and their life experience is unique to them. You can carve your own path. A financial advisor can help create a plan to keep your financial goals on the trajectory you want to be. When picking an advisor, make sure they are a fiduciary. As fiduciaries, financial planners and advisors are obligated to work in your best interest. This means they have no incentive to offer you specific products to make a commission. Financial planners and advisors can help you think through heavy topics (investment management, financial planning, and retirement savings) to examine what makes sense and what will work best for you and your future.

Bahl & Gaynor is here to answer any questions you may have. Our financial planners stand ready to discuss customized strategies to grow and use your assets as your needs and situation demand. **You may reach us at info@bahl-gaynor.com or by calling 513-287-6100.**

What you need to remember!

As you embark into the journey towards financial maturity, many lessons are learned. Here's a **SMART** way to remember the keys to financial advantages:

Save early and start compounding.

Manage needs and wants.

Anticipate the unknowns.

Review your plan as you reach milestones.

Talk to a financial advisor.

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