

# Money matters for young professionals

The building blocks of wealth for today's millennials



## WEALTH INSIGHTS

Analysis and insights into the trends, forces and factors shaping the world and your wealth



Wealth Management

# Build on a strong foundation

The goal of this Wealth Insights report is to convey the fundamentals of wealth planning to help you build wealth and reach your goals.

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“We feel older than we are because we've experienced a lot of change in a relatively short period of time.”

—@futiledeviices on Twitter

What's your memory of the dot-com bubble? How about the Great Recession of 2008? How will you remember the downturn caused by COVID-19? Every generation faces realities that shape its outlook on life and money.

Today's young professionals—namely millennials and generation Z—are living in a tumultuous time in American history. Yet this highly-educated, tech-savvy and resilient group may be better equipped to navigate economic uncertainty than previous generations due to their early experiences.

This Wealth Insights guide is intended to help young professionals master the fundamentals of saving and investing—and reach your unique financial goals. Along the way, we'll address the most important questions and provide strategies and insights into creating your vision of the future.

- How do you cover your expenses now?
- If you were affected by the downturn, how will you rebuild your finances?
- What's the best way to save for your immediate needs?
- How should you be investing for your eventual retirement?

**If you're in your 20s or 30s, you have an opportunity to make a significant impact on your financial future. But you need to start now.**

## Create your financial future. Start today.

Despite the uncertainty triggered by the coronavirus pandemic, young adults are building the foundation of their professional, personal and financial lives in ways unlike their parents or grandparents.

### New attitudes about life and money

- Today's young professionals are the most tech-savvy generation ever with a tendency to conduct their own research.
- This generation has a global perspective, with interest in socially responsible investing and giving back.
- In general, today's young professionals tend to be more conservative than their parents when it comes to investing.
- Young adults may put off building savings in favor of paying back a student loan or saving for a home.
- Many are choosing to marry or partner later in life.

You have time on your side when it comes to wealth planning and your ability to achieve the American dream. With a wealth plan and guidance on wealth planning—the essential wisdom that financial advisors pass along to their clients—you can create a future in which you and your family enjoy financial freedom and well-being.



### The fundamentals of wealth building

In this booklet we will cover the fundamentals of wealth building, including:

- Fund a savings account for emergencies.
- Max out your personal or employer retirement account.
- Use debt wisely.
- Take advantage of Health Savings Accounts (HSAs).
- Stay invested throughout the market's ups and downs.
- Put your long-term savings in something that gets a better return than a bank savings account.
- Stay calm when the stock market (and your investments) takes a hit.

## Your vision. Your plan.

**Writing your own story.** When you imagine your future, what do you see? Do you picture yourself doing something adventurous? Accomplishing something great? Or living comfortably in a nice home with your family?



### The experience economy

Unlike their parents and grandparents, young adults aren't spending money on cars, TVs and watches. Instead, they would prefer to rent scooters and tour Vietnam, rock out at music festivals like Coachella, or hike Machu Picchu, then share their experiences on Facebook, Instagram and Snapchat. Indeed, sharing life experiences on social media is more important than shopping for the next new things. Does that sound like you? If you seek unique experiences, then you'll need to bake that into your wealth planning.



### Career impatience

**Younger workers have a reputation for frequently switching jobs.** And to be sure, in hot job markets, job hopping makes sense, whether your goal is to find more meaningful work or increase your pay.

In light of the COVID-19 pandemic and the economic disruption it caused, you may have less confidence about your career prospects. If so, take heart. No downturn lasts forever. Like the larger economy, the job market moves in cycles. Eventually, you'll have more opportunities to build your career and boost your earning potential.



### Graduate school

**Getting a graduate degree is now commonplace**, if not outright required for some professions. Do you imagine investing the time and cash to get your MBA, JD or Ph.D? Depending on your field, it could be a wise investment that pays off with higher income potential—or it could be a move that leaves you with debt.

Take the time to calculate the true cost of graduate school (remember, financial aid is rare for graduate programs) and compare that to what you can reasonably expect to earn in your first year or two out of grad school. You may discover that for some degrees, and in some professions, the math simply doesn't work out.



### Early retirement

Some young adults embrace the idea of **F.I.R.E.**, which stands for **Financial Independence, Retire Early**.

We agree that financial independence is a worthy goal. But if you want to retire at age 50, ask yourself:

- Can I save and invest enough between now and my retirement date to ditch my day job?

- How big of a nest egg do I need in order to live comfortably in retirement for several decades?
- Statistically, there's a good chance of living to 100. Amid longer lifespans, how can I make sure I don't outlive my savings?

Everyone conceives of their future differently. The job of a financial advisor is to help you create a plan that helps move you toward your vision of the future. You get clarity about what has to happen so you can reach your specific goals. You become more resilient, so that you have options when life throws you curveballs.



## Freelancing for fun and money

**The gig economy is growing.** Maybe you can turn your skills into cash on the side as a freelancer. You might even make freelancing your full-time work.

Freelancing is tempting because you often stand to make more per hour than in your regular job. However, most freelancers are not able to bill 40 hours per week. Where does the time go? Sales, marketing, bookkeeping—things that aren't what you do for pay but still have to be done.

**Traditional adulthood milestones generally happen later in life for today's young adults than for previous generations—and often not in the same order, or sometimes not at all (see page 10).**



## Buying a home

**Whether it's a house, condo, townhouse or cabin, rising real estate prices make it seem impossible** for many young adults to get into a home as easily as their parents did. But if home ownership is a dream for you, you can get there, especially if you're willing to plan, make some budget sacrifices and “tier” your way up from a fixer-upper or a modest starter home.

While repeat buyers may need to conjure up a 20% down payment, the median down payment for first-time homebuyers was just 7% in 2019. That would mean being able to get into a \$300,000 house with only \$20,000 down.

Be sure to look at first-time buyer programs offered by the FHA, the VA and other agencies. Some states also offer first-time homebuyer incentives, so be sure to research your local options.



## Raising kids

**It's been said that there's no good time to have kids.** No matter what, children are expensive and will alter your lifestyle in a fundamental way. Even so, most parents will tell you that they wouldn't trade parenthood for anything.

As your children grow up, expenses like food, clothes, sports, vacations and activities also increase—ideally as your earning power also grows. If you hope to help your kids with college, then you'll want to take a look at 529 plans. By socking away college savings when your children are young, you'll have the best shot at putting a dent in tuition costs by letting the money grow over time.

## Investments that reflect what's important to you

Today's young professionals are different than past generations of investors. A peek at their portfolios shows that this diverse group increasingly seeks to align their values with their investment choices.

With a backdrop of climate change, global social unrest and a renewed emphasis on justice, equality and inclusion, an influx of young adults seek personal ways to make a difference in the world. Some are volunteering. Some are more actively engaging in their communities. Others are reevaluating their career choices. But more and more, young adults are making a difference with their dollars—both in how they spend and invest.

Whereas philanthropy was once the primary outlet for those passionate about social causes, socially responsible investing has moved into the mainstream as a way for investors to influence things they care about, whether that's clean water and a healthy environment, diversity in business, animal rights or the like.

**Sustainable funds attracted \$20.6 billion in new money in 2019 due to increased investor interest. That's almost four times the amount in 2018, which held the previous record.<sup>1</sup>**

### What this could mean for you:

- **Launching or working for a nonprofit**—If you plan on launching or working for a nonprofit, your wealth plans will need to take your earning potential into account, as nonprofits generally don't pay on par with the private sector.
- **Charitable giving**—If you want charitable giving to play a significant role in your finances, keep in mind that this could affect the funds you have available for other needs.
- **Socially responsible investing**—If you want to be able to make investment choices that reflect your values, you're in luck. Socially responsible investing provides you with lots of options.
- **Making an impact on your portfolio and your interests**—Combining the desire to make money with the impulse to do well is a concept that is catching on. Today you have lots of investment options, including mutual funds and exchange-traded funds focused on companies that have positive social or environmental practices.

### The rewards of responsible investments

One question lingers for investors: If I adopt socially responsible investing principles, will it help my investment returns or hurt them? According to key findings from the 2019 RBC Global Asset Management report, *Does socially responsible investing hurt investment returns?* there is a clear correlation between strong sustainability business practices and company performance. Findings include:

- Stock price performance often goes hand-in-hand with strong governance practices, strong environmental performance and high employee satisfaction.
- Companies with high Environmental, Social and Governance (ESG) ratings tend to outperform the market in the medium term (three to five years), as well as in the long term (five to 10 years).
- Companies that prioritize sustainability also manage environmental, financial and reputational risks better.

# ESG investing

Sustainable investing is no longer just a buzzword. Investors want their money to contribute to a higher goal than the bottom line, and they are demanding that companies take a much more holistic view of their business than they have in the past.

You can support companies that perform well on environmental, social and governance metrics.



## Keep debt under control

Because of how quickly they compound, credit card balances may threaten your financial independence.

### Know the difference between good and bad debt

It's important to distinguish between good debt and bad debt. Good debt is defined as money owed for things that can help build wealth or increase income over time, such as student loans, mortgages or a business loan. Bad debt refers to things like credit cards with high interest rates or other consumer debt that do little to improve your financial outcome.

Pay down high rates first. Target your highest interest account, paying it off first, then move on to the next highest and so on. You also might look into consolidating higher-rate credit card debt into a lower-rate, fixed-term loan.

### If it's for pleasure, pay with cash

Many people no longer use cash and instead opt for debit and credit cards. Yet cash is great for limiting your spending because you see the money leave your hand and can quickly connect that money to the thing you're buying.

### If it's for productive purposes, then credit might be ok

Getting an advanced degree or certification is considered good debt because it will help you earn more over time. Similarly, some expenditures, like remodeling your bathroom, could help you build value in your home.

### Think twice before paying off your student debt early

Let's say your student loans have a 5% interest rate, but you could potentially earn 7% by investing. You might be better off putting any extra dollars into your retirement plan. Every dollar invested would essentially perform 2% higher than any dollar put toward paying down student debt.

### Know your credit score and understand how it is determined

Most credit scores fall between 600 and 750; scores above 800 are considered excellent. Your credit score is determined by your financial records and is broken down in the following parts:

- 35% Payment history (always paying on time can help you build good credit)
- 30% Amount you owe
- 15% Credit history (the longer you have an account, the better)
- 10% Number of new credit requests
- 10% Types of credit you have

Ever wonder where all your money goes each month? Do you often feel that you can't catch a break financially? If so, you may want to establish a spending plan to track your money—and to identify funds devoted to debt reduction or investing.



### Develop a spending plan

Today's young investors are likely to have a budgeting app on their mobile phone. Whether you use Mint, Acorns, YNAB or Google Sheets, there's power in knowing where your money goes.

As you budget and plot out your spending, keep in mind that it's a balancing act between now and the future. The money you spend right away helps you enjoy life now. But the money you save is about your future enjoyment, whether that future is in a month, a year or in 20 years.



# Know where your money goes

The 50/30/20 strategy can help you plan for must-haves, wants, and savings or emergency funds. To start: add up your total household income, and multiply by the percentages below.

Your total income includes: Your income (after taxes), your spouse or partner's income (after taxes), and any other sources of income like rental income, child support or alimony.

## 50%

### Spending on what you must have

The biggest piece—the 50% piece—goes toward all of your basic necessities. This is must-have stuff, including:

- Rent/mortgage payments
- Utilities
- Insurance
- Transportation expenses
- Groceries
- Child care/tuition
- Internet and mobile
- Minimum credit card payment(s)
- Student loan payment(s)
- Car payment(s)
- Taxes

## 30%

### Spending on what you need

The 30% piece goes toward all the extras—“wants” that are nice, but not essential:

|                                  |                               |
|----------------------------------|-------------------------------|
| Cable TV                         | Hobbies                       |
| Vacations                        | Magazines                     |
| Dining out                       | Music and movie subscriptions |
| Non-essential clothing purchases | Gym memberships               |
|                                  | Charitable gifts              |

## 20%

### Money to save, invest or reduce debt

The 20% that's left over goes to you into your savings account or emergency fund. It's money you could use to:

|  |  |  |
|--|--|--|
| Make an extra payment on a credit card or student loan | Make extra payments on must-have items | Save for a major purchase or adventure |
|--|--|--|



# Your financial roadmap

Wealth planning is the foundation of a secure financial future. But don't expect a straight line to your destination. In the long run, the following investment strategies can put you in control so you stay on track, regardless of what life throws at you.

## Start your journey

### Age 25



**Welcome to your first career job.** Most of your money will go toward paying off student loans, credit card debt, rent, car payments and other expenses.

**Put your savings on autopilot.** Start developing savings and investing habits that will help you reach retirement with \$1 million.

**Strive to save 10% of your salary** in your company's retirement plan or IRA, or at least meet the company match.

**Share your short-term and long-term financial goals and values with your partner** before you tie the knot. Write down your goals separately, then compare lists and discuss where your goals overlap and where you can compromise. Schedule monthly "money dates" to talk about finances.

**The earlier you start investing, the less you need to contribute thanks to compounding interest.**

In this example, you save \$150,000 from age 25 to 40. Your balance reaches \$1,058,912 by age 65.\*

- Amount contributed
- Interest earned over 40 years



**Home ownership builds wealth.** As you pay down the principal, you build equity, increasing your net worth. No more than 30% of your monthly income should go toward housing.

**Take advantage of a Health Savings Account** to fund health care expenses.

**Build an emergency fund** of at least six months of your living expenses.

### Age 30

**Today the average age to marry is 30 for men and 28 for women.** According to The Knot, the cost of a wedding was \$33,900 in 2019, with couples covering nearly half of their wedding costs.<sup>2</sup>



To help you stay on track, follow these age-based milestones: Aim to have at least 1x your annual income saved by age 30, 3x by 40, 6x by 50, and 8x by 60.

\*A \$10,000 annual investment made by a 25-year-old for 15 years. This hypothetical illustration assumes an annual 6% return.

**Congratulations on the birth of your child.**

Parents can expect to spend \$234,000 to raise a child through age 17, according to the USDA.

**Save for your child's education through a 529 savings plan.** Ask family members to contribute, rather than buying a new toy or clothing.

**Age 40**

**As you reach your peak income, maximize your savings.** Raise your contributions to your retirement plan and stash extra cash when possible.

**Protect your most valuable asset: your earning power.** Disability insurance is especially important for those in their 40s—the time when workers are typically reaching their peak earnings. Life insurance policies protect your family should something happen to you.



**Take a test run.** Estimate the monthly income you expect from all sources in retirement, then try to spend a year living on that budget. It's a good way to know if you're ready or not.

**Age 60**

Take advantage of your retirement plan's **catch-up contributions**.

**Health and wealth become increasingly interconnected at this life stage.** Figure out expenses you'll need to fund in retirement, and consider long-term care insurance to protect your wealth from a costly health event.

**Age 50**

**Make an estate plan.** Ensure you have a revocable trust, will, power of attorney and health care directives.



**Include health care expenses.** According to a report by RBC Wealth Management, the average 65-year-old couple retiring today can expect to pay more than \$400,000 in health care costs.

**Age 60+**

**Early on, make sure your estate plan is up-to-date.** Also understand how to convert pensions and retirement savings into income.

**Deferring Social Security each year after age 62** will result in higher payments.

**Invest in your personal health.** Women who reach age 65 have an average life expectancy of 90 years versus 88 years for men.

**Think about your legacy.** Are there people or organizations that are important to you? Develop a gifting plan that reflects your values.

# Build your wealth plan

Where to begin? It's no wonder that many people find the topic of finances so daunting. There are lots of technical terms and rules to master. But as with any complex discipline, whether it's cooking or baseball, veterans will tell you that the fundamentals are what matter most. The rest is noise.

Our financial advisors tell us that if they had to boil down all their advice around the fundamentals of wealth planning, it comes down to these few things, in this order:

## 1) Build an emergency fund

This is the bedrock of financial health. You need a savings cushion so that you can weather short-term emergencies—like a job loss, health expenses or a new furnace—without having to touch your long-term investments. Generally, we advise saving up 6 months' worth of income.

## 2) Use debt wisely

This means avoiding the creation of new credit card debt, but also prioritizing how you pay down your debt. Focus on paying down the accounts with the highest rates first. Don't worry so much about your student debt, as it tends to be low interest.

## 3) Save for the future

Whether it's through an employer plan or a Roth IRA, you've got a shot at jump-starting your retirement. However, there's a yearly limit to how much money you can put into these plans, so you can't put it off. And many employers will match a portion of your contribution, which is essentially free money!

## 4) Watch your spending

We don't recommend living a spartan existence. You need to enjoy yourself now. But a simple attitude shift can make a difference.

## 5) Plan for the unexpected

You've reached the age where you may be taking out student loans, buying or renting a place to live, and having kids. These major life events make it important to have a safety net via insurance. These are the basic types of coverage you need.

**Health:** Young and healthy people should consider high deductible plans and a Health Savings Account.

**Property and casualty:** Covers your car, home and belongings.

**Disability:** Replaces your income if you are disabled or can no longer work at your job.

**Long-term care:** Helps cover the cost of care if you have a chronic medical condition.



## Stay ahead of inflation

Inflation is the steady increase in the cost of goods and services. Or, put another way, it's the steady decrease of the buying power of the dollar. It's why your college tuition was five times what your parents paid back in the day. Another great example of inflation is the cost of an iPhone, which has risen in price from \$499 to \$1,149 since 2008.

### What does this mean to you?

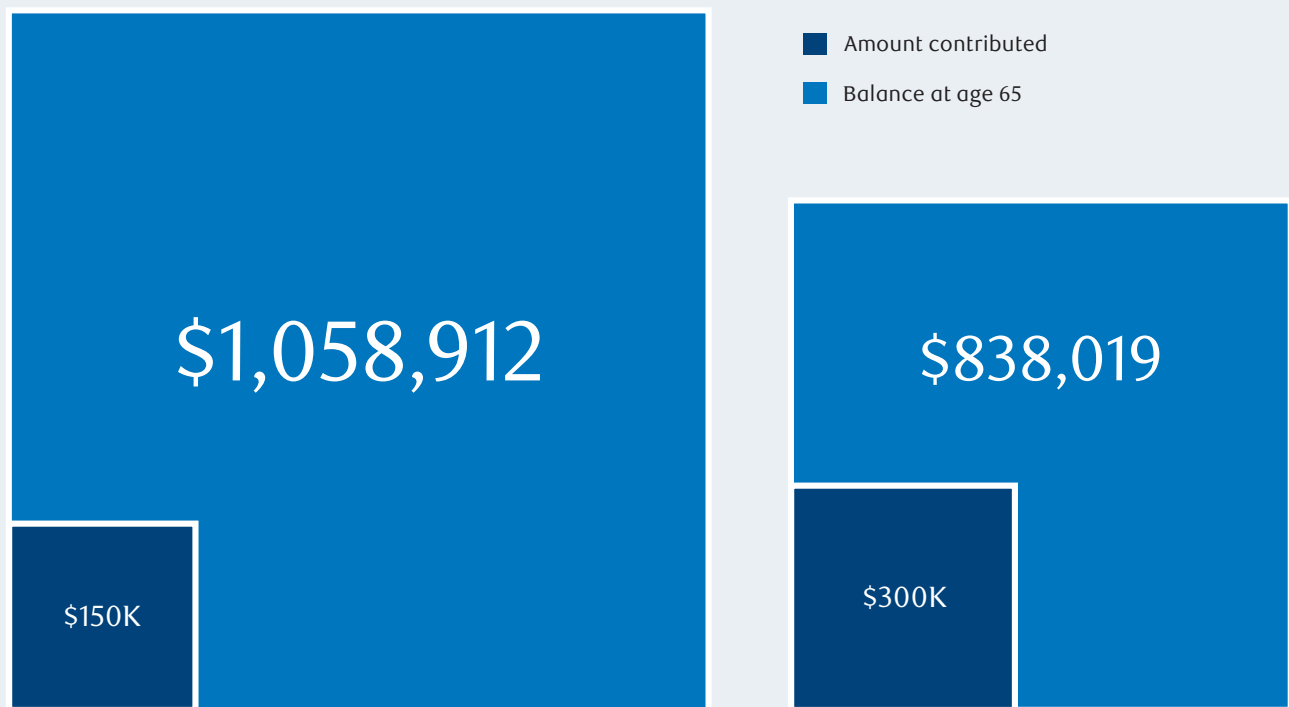
You need to invest at a rate that surpasses the inflation rate. Bank savings accounts, Certificates of Deposit and money market accounts might match inflation at best. You'll need to consider investments like mutual funds and stocks in order to beat inflation.

**Do you have an inheritance coming your way? Get prepared. Talk to your benefactor about their wishes. What do they hope to accomplish by leaving you an inheritance? What did they do and learn to build their own wealth? Talk to a financial advisor about what you should know, prior to receiving your inheritance.**

## Save early. Save often.

Use the power of compound interest. It's important to start saving early, since compound interest can make a dramatic difference over time.

Compound interest is not only calculated on the initial principal of your retirement savings account, but also on the accumulated interest of prior periods.



### You save from age 25 to 40

In this illustration, you're an early investor!  
By investing \$150,000, you will reach a balance of \$1 million by age 65.\*

### Your friend saves from age 35 to 65

Even while investing twice as much as her friend (\$300,000), this late investor will retire with approximately \$840,000.\*\*

\*A \$10,000 annual investment made by a 25-year-old for 15 years.  
This hypothetical illustration assumes an annual 6% return.

\*\*A \$10,000 annual investment made by a 35-year-old for 30 years.  
This hypothetical illustration assumes an annual 6% return.

# Don't put all your eggs in one basket

Logical, right? You don't want your entire financial future to hinge on one investment. Instead, financial advisors recommend asset allocation, an investment strategy that aims to find the right balance of risk and reward across all your investments.

## Your goal is to select a blend of investments that balances two factors:

- **Your risk tolerance**—how much risk can you handle in order to get the investment return you want? Some people don't want to take on too much risk. Others are much more comfortable with risk. Not sure where you stand? Your financial advisor can help you determine your risk comfort zone.
- **Your time horizon**—how long do you have until retirement? Generally, financial advisors recommend reducing the risk in your portfolio as you approach the time in which you'll need your money. But if retirement is still 40 years off, you may have enough time to reach an ambitious target amount via more aggressive investing. The idea is that you may have enough time to recover if your investments experience a dip in value.

## Stay in the market

Don't panic if the market tanks and your investments drop in value.

Historical data shows that time in the stock market—in other words, long-term participation in the market's ups and downs—has produced a greater return than trying to time the market.

Why? Because when you jump in and out of the market, you might inadvertently miss out on some of the market's biggest upswings. Over time, this approach could potentially rob you of significant long-term growth in your retirement savings.

## Make use of your most valuable asset—time

The biggest favor you can do for yourself is to give your investments time to grow. With time, your investments have the potential to earn not only interest, but interest on that interest. This is called compound interest. It's what makes big credit card balances difficult to pay down. It's also what makes it possible to systematically build wealth by saving thousands, even millions of dollars.

Wealth planning can be complicated. But it doesn't have to be. And you don't have to go it alone.



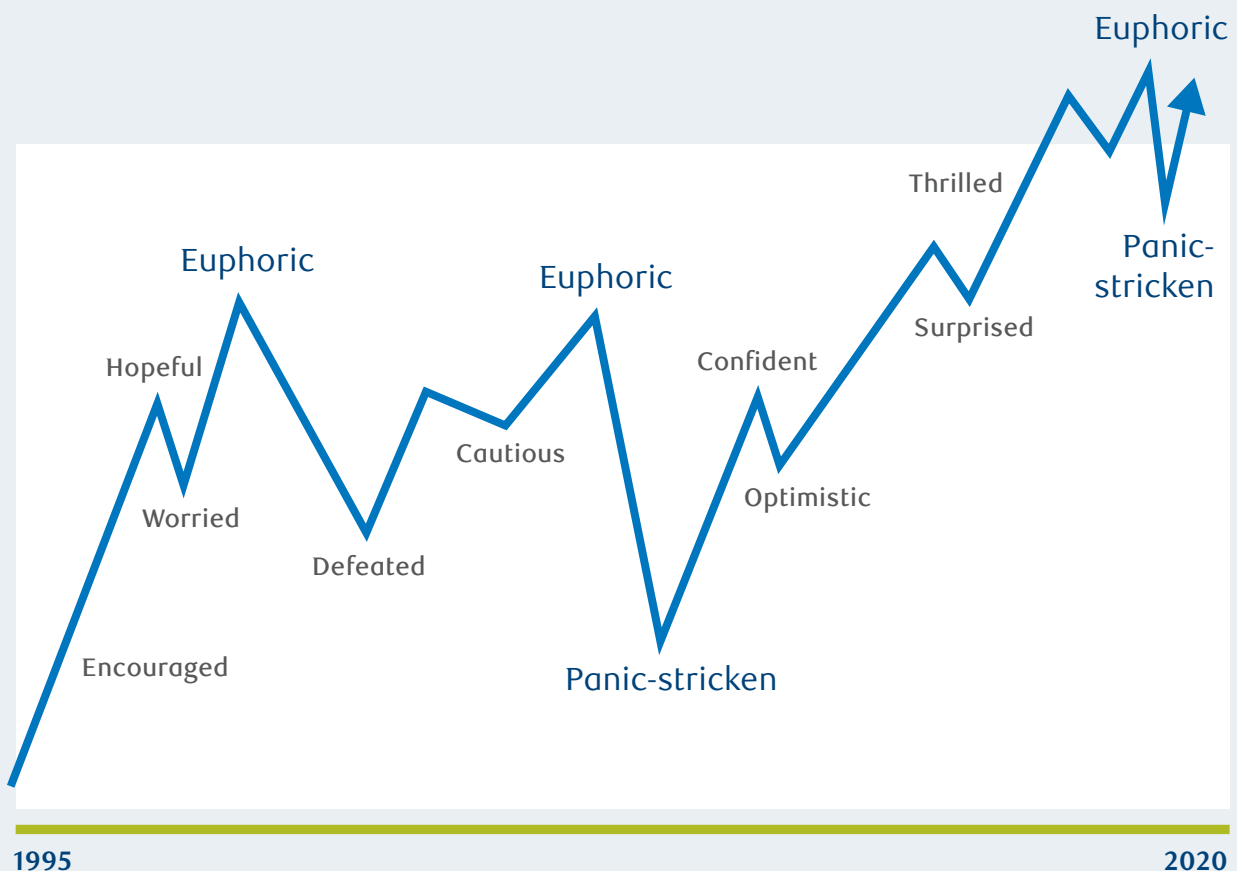
## Build an all-weather portfolio

**Asset allocation** is an approach in which you invest in a mix of assets, namely stocks, bonds and cash, to diversify your portfolio.

History proves that diversification is one of the best ways to weather market ups and downs and maintain the potential for growth. So while stocks are zigging, bonds are zagging, and cash remains steady. How you allocate your money hinges on several factors, including your financial goals, risk tolerance and timeline.

## Life comes with risk

Over the long haul, stocks historically provide attractive wealth-building opportunities. But in the short term, stocks can be volatile, causing some investors to make emotional decisions that undermine their investment strategy. That's why it's important to have a wealth plan that can guide you through gyrations and keep you focused on your long-term goals.



The graph above represents the Dow Jones Industrial Average (DJIA) stock market index over the last 25 years (1995–2020).

*Past performance does not guarantee future results.*

Source: <https://www.macrotrends.net/1319/dow-jones-100-year-historical-chart>, 2020

## You've got powerful tools at your disposal

Rent, utility bills, student loan payments and groceries might seem like all you can afford when you're starting out. But once you've mastered budgeting for those monthly expenses (and set aside cash in an emergency fund), it's time to start investing.

Investing does not need to be complicated. You simply need some basic knowledge. Think of the following popular investment vehicles as your road map to a secure financial future.



Americans believe that not investing in a 401(k) is the worst financial mistake you can make. Not having an emergency fund was voted number two, while not contributing enough to a 401(k) to get the company match came in at number three.<sup>3</sup>

### 401(k), Roth 401(k) and 403(b) plans

Most employers offer retirement plans, the most common of which are 401(k) or 403(b) plans. Your employer retirement plan is arguably the single most powerful tool for building up your retirement savings in your 20s and 30s. By contributing early, you have the best shot at benefiting from compound growth.

- Take action**
- Get the company match!**  
If your employer offers a match (e.g., for every \$1 you contribute, your company might contribute 50 cents) you should take full advantage.
- Automate your increase.**  
Many employer retirement plans have a feature that lets you automatically increase your contribution by a small percentage each year.
- Start early** and strive to max out your contributions as soon as you can.
- Review your investment choices** and asset allocation at least annually.

### Roth IRAs

A Roth IRA is a retirement plan that lets you contribute money that has already been taxed. Unlike most other retirement plans, a Roth IRA lets you withdraw your money tax free, provided you're 59½ or older.

Another Roth difference: you can access Roth IRA funds before retirement. Roth funds can go toward a first-time home purchase, unreimbursed medical expenses, medical insurance, and higher education (subject to requirements, of course).

- Take action**
- Find out if you're eligible** to open a Roth IRA.
- Talk to a financial advisor** about how a Roth IRA might make sense for your overall plans. An advisor can help you evaluate different ways of funding your account and also project how and when it will make sense to access your funds.



Amid the demise of employer-sponsored pension plans and lingering concerns over the future of Social Security, saving for retirement is more important than ever.

According to the most recent Survey of Consumer Finances, households headed by someone under age 35 have a median of \$12,300 in retirement savings.<sup>4</sup>

## Employee Stock Purchase Programs (ESPP)

An employee stock purchase plan is an optional benefit that lets you purchase company stock at a discounted price. Depending on your company's performance, being able to buy stock at a discount price could help you build wealth more quickly.

### Take action

- Max out your 401(k) first.** Before you commit to an ESPP, you should make sure you've maxed out your employer retirement account.

### Don't over-invest.

Be careful about devoting too much of your finances to your ESPP. Any single stock or investment type carries more risk than a balanced portfolio of investments.

- Talk to a financial advisor** about how your ESPP might work within your overall financial situation.

## Stock options

If you work for a startup (and sometimes a more established business) you may be offered stock options as part of your compensation. Depending on how many options you've been granted and how the company performs, stock options can add significantly to your wealth. That's why companies offer them.

### Take action

- Meet with a financial advisor** to discuss how your stock options fit with your overall wealth plan. This is one area where you don't want to DIY!

## Health Savings Accounts (HSAs)

An HSA is a savings account for people with high-deductible health insurance plans. An HSA lets you save money that you can then use to cover medical expenses your insurance doesn't cover.

HSAs take the edge off the expenses associated with high-deductible health insurance. You benefit from tax savings, because you don't pay income tax on your contributions. If you spend your HSA money on qualified health expenses, then you win by never paying taxes on that money.

### Take action

- If you qualify for an HSA, be sure to take advantage of the plan.

- At the very least, try to fund your HSA so that you can cover your anticipated expenses, like recurring prescriptions and copayments.

- If you've maxed out on your Roth IRA or employer's retirement plan, consider using your HSA as a supplemental retirement savings account. Just like with your 401(k), you will be able to make investment choices and the money will grow tax-deferred until you make withdrawals after age 65.

# Life planning

## Holistic approach for life's journey

Reaching your destination requires a holistic approach to your financial life. Where you focus often depends on your life stage. It may require you to make trade-offs in your priorities. It is important to be proactive about your long-term well-being, no matter your age or wealth. At RBC Wealth Management, we believe financial wellness requires a wealth plan that always addresses each of these key financial pillars:



### Accumulate and grow your wealth

From having an emergency fund to developing various ways to save for the future, it's important to focus on achieving long-term wealth. As you step through life's stages, there will be opportunities to accelerate wealth building through events such as home ownership, inheritance, liquidation events and income spikes.



### Fund your lifestyle today and tomorrow

How you think about spending needs today versus in the future plays into lifestyle choices. Planning ahead to help ensure your essential needs are covered is a top priority. This requires a view into the future and understanding the impact of the market, inflation, taxes, interest rates and other risks that might impact your plan and how the impact changes as you age.



### Protect what is important to you

Protecting your family and your wealth during your working years is foundational to sustaining wealth. As you age and your wealth grows, it is important to revisit the purpose and amount of coverage for your protection strategies, as well as explore other important considerations, including protecting your wealth for the next generation.



### Create a lasting legacy

Tackling estate essentials is an important step that everyone should prioritize, regardless of age or wealth. Establishing key estate documents, including a current health care directive, will and power of attorney, are important first steps. Ensuring your assets are properly titled and beneficiary designations are current is a vital part of any basic estate plan.

## Let a financial advisor help you map out your financial future

Here's the good news.  
You're not on your own.

You might receive unsolicited advice on how to handle your life and finances, but it's really up to you. You get to make the choices that determine how your life story plays out.

Despite the unique set of challenges facing today's young professionals, you have a real shot at financial independence in retirement, if not sooner.

The other good news? You're not on your own. With the help of an RBC Wealth Management financial advisor, you can start building toward financial independence today.

Your financial advisor takes into account your needs and wants before crafting a customized wealth plan. And they're always on hand as your situation changes (and it will!) and you need to think flexibly about how to adjust your plans to still meet your goals.

Working with your financial advisor is a collaborative process, in which you'll learn not just what to do with your finances, but why you're doing it. And through it all, you stay in control, making smart choices about your wealth.

# About Wealth Insights

Your financial journey is informed by both a clear understanding of where you are today and the strategic options that can fuel your tomorrows.

At RBC Wealth Management, we are committed to delivering insights that educate, equip and engage you for that journey.

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Strengthening your financial security<sup>SM</sup>  
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<sup>1</sup> Morningstar, Jan. 2020

<sup>2</sup> Source: The Knot’s 2019 Real Wedding Study

<sup>3</sup> TD Ameritrade, Financial Taboos Survey, July 2019

<sup>4</sup> Source: Nerdwallet, August 3, 2018

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