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## TIPS FOR OTHER MAJOR FINANCIAL GOALS BEYOND RETIREMENT



A person is sitting on a beach chair, viewed from behind, looking out at the ocean during a golden sunset. The sky is a mix of blue and orange, and the water reflects the low sun. A semi-transparent dark grey box is centered over the image, containing white text. The person's shadow is cast on the sand in the foreground.

Let's say that at the age of 25, you earned \$35,000. If your salary increased at the average historical rate, you'd have earned nearly \$2 million in total by the time you were 65.<sup>1,2</sup> That might sound like a lot -- until you begin thinking about all the financial goals you'll need to juggle in a lifetime, including buying a home and paying for your child's education, while funding your own retirement.

If managed wisely, your money could potentially go a long way. It's really all about putting a plan in place and sticking to it. These tips may help get you started.

<sup>1</sup>Hypothetical example is for illustrative purposes only. Does not represent the return of any actual investment.

<sup>2</sup>Assumes inflation-adjusted 1.5% annual wage hikes, as reported by the Bureau of Labor Statistics.

# 1. GET A JUMP ON ALL YOUR GOALS

You've read in these pages before about the value of starting early on retirement savings, even if you can only invest a little each month. The same goes for college savings and other goals. Even a \$100 a month investment for college could potentially leave you with about \$16,470 in 10 years, assuming an average annual return of 6% -- a good start that you can build on as your income grows.<sup>1</sup>

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<sup>2</sup>Assumes inflation-adjusted 1.5% annual wage hikes, as reported by the Bureau of Labor Statistics.

## **2. SET ASIDE A SLICE OF PAY HIKE**

As your income rises over the course of your career, it's easy to slip into a pattern of "living up" to your means; that is, spending that extra pay you didn't have before on daily living expenses. Instead, consider setting a quota for yourself: Earmark a predetermined portion of every pay hike for your savings goals. You may want to apply the same rule to other windfalls, like an unexpected bonus or tax return.



### **3. USE THE RIGHT TOOLS FOR THE JOB**

Just as your employer-sponsored retirement plan offers a tax-advantaged opportunity to set aside money for your later years, certain vehicles, such as 529 college savings plans, provide potentially attractive tax breaks for college savers. Minimizing the taxes you have to pay up front on investments and earnings gives you the chance to make the most of compounding over time.

Finally, whatever your particular financial goals may be, keep in mind that minimizing debt is timeless, indispensable strategy for establishing personal financial balance.



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