

Money matters for Gen Yers

Every generation has different needs, attitudes and approaches to living. Life would be very boring without the generation gaps. Those in their twenties – labeled “Generation Y” – are tagged as being fast learners, practical, enterprising and sociable. On the financial side, they are said to not understand the concept of short-term sacrifice for long-term gain. They want it all, now.

Gen-Yers have unique financial planning needs. If you're 20-something, here are five tips.

Super, super everywhere

You may have had many jobs – some casual, some short term while you seek your ideal career. Usually that means you have many superannuation funds. Whilst retirement may seem an impossibly long way away, getting super into one fund and investing for the long term will be a smart strategy. And don't forget to check if the Tax Office has details of any “lost super”.

www.ato.gov.au

What happens if you die?

Of course, you aren't going to die just yet, but what if you did? You may think you have no assets and no need to have a will. But you may be surprised. Your super fund is likely to include life insurance so there will be tens of thousands of dollars that can be used to pay off debts and final expenses and be distributed to your beneficiaries. If you have no will, your assets will be distributed according to a legal formula – maybe not how you would have preferred.

Managing cash

Life in your twenties should be fun. Your salary may be increasing which gives you financial freedom like never before. The skill of managing cash is vital – paying bills on time, having cash when you want it and not having the “debt blues” is very liberating. Clocking up debts may seem of little significance but having a dodgy credit rating can be a serious problem later in life. Sure, Gen-Yers don't worry about the future but this is one area where you will be the one who suffers.

Where you do need insurance

A regular income gives you financial freedom but what if you can't work? Sick leave will cover you for a short while. Maybe you have annual leave you can take but then you will be dipping into savings or giving the credit card a work over to buy groceries. How will you pay the rent? Moving back in with Mum and Dad may not be an appealing prospect!

Income protection insurance can keep you in your own place and pay the car loan and the groceries until you recover.

Virtual savings

If you are saving for a trip, car or deposit on a house, online savings accounts may be the way to go. They are a simple, flexible and profitable way to save. With interest rates over **5%** per annum and automatic deduction arrangements, it's easy to build up a stash of cash quickly. And you can access it within 24 hours.

There are more important things to worry about than money. Financial freedom will help you get on with enjoying life.

Australian Financial Planning are dedicated to providing you with information so that you can make the decision that is right for you. We invite you contact us on (03) 9663 3031 or email samantha@afp.net.au to make an appointment today.

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