

Newly Minted Adult Children – What did(n't) we teach them?

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As the parent of three young Millennials, ages 25, 23 and 19 years old, I pondered this question.

I did a fair bit of reflecting this past week as I visited with my parents in New York. I thought long and hard about the financial lessons that had been imparted to me while growing up and as a young adult just starting out and the impact my family had on my financial health.

I wondered, did I pass along similar lessons to my children, and were they prepared to be successful in their own financial lives?

I have to skip out a generation and thank my grandmother for giving my four brothers and me our start in the stock market. For each birthday and Christmas, she would give us one share of stock. She did this for years until my dad told her it was ridiculous how much she was paying in fees. There were no discount brokerage firms back then. From that point on, she would give my dad a lump sum of money, and he would buy the shares and transfer them on our birthdays and Christmas.

My dad was always in the stock market and encouraged us kids to buy more stocks with our summer earnings. He would help us follow their progress, and track our gains and losses. The stocks were listed in the newspaper—no computers back then for the ordinary household.

By the time I left college, I had grown my portfolio to about \$15,000 and thought I was rich. Thank you, Grandma, for the Westinghouse stock. And thanks, Dad and Mom, for encouraging us to put our savings to work.

As all three of my children are coming home for a visit this weekend, I wonder if I can command an audience to impart a few more pearls of wisdom that they may have missed, forgotten, or ignored along the way.

Here are my top 10 pearls in no particular order:

1. **Pay yourself first and save.**
 - Treat your savings account like a bill—automate.
2. **Don't pass up a sure thing.**
 - Contribute to your company's 401(k), at least up to the match. Don't leave behind free money.
3. **Live within your means.**
 - Find a way to afford what you want without credit cards.
 - Understand the dangers of credit cards and debt.
4. **Don't shop on an empty stomach.**
 - Everything looks great when you're hungry and can cause you to overspend.
5. **There is nothing wrong with second-hand.**
 - Craigslist, eBay, factory-refurbished, used cars, yard sales are just a few resources.



6. **Always carry health and auto insurance.**
 - Even a small illness or accident could have a devastating financial impact.
7. **Learn how to fix or make things.**
 - Even if your parents didn't teach you, there are now great resources such as YouTube where you can learn pretty much anything. *Maybe steer clear of electrical and plumbing.*
8. **Knowledge is power.**
 - Do your research; the more you know, the better the deal you can get.
9. **Understand the power of compounding.**
 - Time is the most powerful weapon in an investor's arsenal. If you start at age 24 and invest \$5,000 a year at an annualized return of 10%, you will have \$1 million by the age of 55. If you start at age 34, you will only have \$357,000; if you start at age 44, you'll have just \$107,000.
10. **Make sure you understand why financial planning is essential.**
 - Learn the benefits of creating a budget, setting goals and following a plan. Here are some tools to help get started: www.themintgrad.org, www.mint.com

I know this is a short list, and there are so many valuable lessons we learn in life that could be added. No matter how young or old you are, make it a goal and priority to keep learning. And please, share your wisdom with your children and your parents.

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