



FINANCIAL PLANNING FOR MILLENNIALS

Millennials often have mixed feelings about financial planning. You might sometimes feel like you are running out of time, but on the other hand, you may not want to place much pressure on yourself. Whichever the case may be, it is always wise to take control of your finances.

Financial planning does not need to be an elaborate affair. As a matter of fact, you do not need to do much to have a plan that works well. In this article, we will discuss little ways and lifestyle adjustments you can make to have a firmer grip on your finances without putting too much strain on yourself.

Why should you create a financial plan?

You may wonder why you need a financial plan right now, especially if you are a millennial who is closer to Gen Z. It is important to note that if you want to secure your financial future, creating a financial plan is non-negotiable. It is even more important that you start early, so you will have more time to address all the important subsets of financial planning.

When you have a plan, you will find it easier to make good financial decisions that help you meet your goals. You will also eliminate guesswork and manage your income more effectively. You can improve

your standard of living with time, secure your future and that of your family. Planning increases your chances of making better, more profitable investments because you will have had more time to research and carefully consider your options.

What goes into financial planning?

The beauty of being young is, you have the luxury of time and opportunities. For this reason, financial planning for millennials does not involve much outside the following steps:

Set financial goals

If you are considering drawing up a financial plan as a millennial, one of the first things to do is set long and short-term goals. While this might seem daunting due to the many challenges that come with everyday life, it is important to note that setting goals will be instrumental in creating a plan that will help you meet those goals.

Create a budget

Creating a monthly budget for your expenses helps you keep track of your spending and limit unnecessary purchases. This is a great way to keep a handle on your finances, and it makes you less likely to live paycheck-to-paycheck. While creating your budget involves finding avenues to cut costs, sticking to it gives you more money that can go into savings.

Develop a savings plan

A savings plan helps you breakdown your savings goal into monthly installments. It is never too early to start saving. Interestingly, it is more advisable to start saving as a millennial, seeing as your funds will grow and develop interest over time. Developing and sticking to a savings plan also helps you to learn financial discipline and is a great place to channel whatever extra funds you have from budget cuts.

Educate yourself

Recent studies show that financially literate people have higher chances of making better decisions when it comes to their finances.[1] While time may be on your side now, it is best to take advantage of it before it is too late. You should garner as much knowledge as you can find, actively search for learning resources, investment opportunities, and professionals who can give advice and guidance.

Helpful tips to remember when creating a financial plan

If you have made up your mind to create your own financial plan, or you have already begun creating one, here are some things you should bear in mind while creating your plan:

1. Try to implement meaningful lifestyle changes that align with your plans and will help you in achieving your goals.

2. Develop and grow an emergency fund. Your emergency fund could be a part of your savings or could be an entirely different fund.

3. Create a debt repayment plan. You can create a system where you pay off any outstanding debts such that in a set period of time, you will be debt-free.

4. Vary your investments. Ensure that you do not focus all your investments in one place. As the adage says, do not put all your eggs in one basket. Having multiple investments not only creates multiple streams of income for you, but it also protects you in cases of inflation and economic recession.

5. Remember to include your beneficiaries in your financial plan.

Of course, no one expects you to have figured everything out right now. Still, starting somewhere will be good for you, no matter how small. This article is merely a general guide as to what you may need to create a financial plan and in getting started. We advise that you conduct more research to arrive at what is best for you.

Reference

[\[1\] Financial literacy and the need for financial education: evidence and implications.](#)