RETIREMENT PLANNING

The 20s Checklist

Retirement is a journey not a destination. How you live today and the decisions you make every day throughout your life will impact your ability to enjoy the retirement you envision. The important challenge, of course, is to balance enjoying your life today while simultaneously preparing for your future. One of the best ways to accomplish this is to create and follow a financial plan targeting the retirement you want to live. Financial professionals are skilled in helping you to create and manage a plan tailored to your unique goals and finances.

DEVELOPING YOUR RETIREMENT PLAN

The retirement planning process generally begins with a discussion with your financial professional of how you envision your retirement. That vision will have financial requirements which become the target you and your financial professional will work toward achieving. Your financial professional will help you develop a holistic plan that addresses and balances the four interconnected financial behaviors of Earning, Spending, Investing and Insuring. Your financial professional can help you put a custom plan into action and help you manage the plan as your life events and life goals evolve over time.

WHEN TO START

Today! It is never too soon and it is never too late.

TAKE ACTION!

Use the following Checklist to help identify important considerations when developing your retirement income plan and revising your plan through the years.

BNY MELLON
INVESTMENT MANAGEMENT

The 20s

EARNING

- ❑ Develop a career plan that takes into account industry, experience and education. Careers in which you learn all of your skills and expertise before starting tend to pay well in the early years, but salary progression may not be as great compared to careers in which one is continually learning and gaining more valuable experience.
- ❑ Target a desired retirement outcome and assess the level of monthly and annual savings and investments needed to achieve that target.
- ❑ Develop healthy financial habits of saving and investing 10% or more of every paycheck.
- ❑ Take advantage of investing through your employer's retirement plan for matching dollars, dollar-cost averaging and discipline.
- ❑ Make a plan to prioritize paying off college loans while balancing the need to start saving.

SPENDING

- ❑ During these years, many young people are on their own and making money. Temper the temptations to buy the new car, rent the expensive apartment and spend freely.
- ❑ Pay yourself first by saving 10% or more of every paycheck for the future. The remaining 90% can then be used for the budget.
- ❑ Avoid the expense of debt and increase your purchasing power by waiting to make purchases when you have cash available.

INVESTING

- ❑ Save to build an income security cushion of FDIC-insured savings equal to at least six months of living expenses.
- ❑ With the cushion established — and increasing with income — contribute as much as you can afford to the employer's retirement plan. The maximum allowable pre-tax and Roth contributions into a 401(k) plan are indexed annually for inflation.
- ❑ Consider a more aggressive asset allocation since retirement is many years away.
- ❑ Increase retirement plan contributions with each salary increase.
- ❑ Increase retirement plan contributions once loans have been paid off.

INSURING

- ❑ Although the 20s are often the healthiest years, it is a must for people in this age bracket to get health insurance — not only because injury and illness can happen to anybody, but it can saddle one with tremendous debts. And it is also the law.
- ❑ Without dependents, the need for life insurance may be low, but if purchased now, annual rates will be lower than if purchased in the future. Funding a permanent life insurance policy has the potential to accumulate significant cash value, which may provide a source of guaranteed tax-free income in retirement.
- ❑ A low-cost renter's policy protects larger possessions in case of theft or fire.
- ❑ Auto insurance is required by law on all motor vehicles.
- ❑ Complete your Beneficiary Designation forms for all retirement, health savings, and education accounts to ensure the assets are transferred to whom you intend.

MARK-198718-2021-06-29
BNYMR-20CKLST-0721