**Planning for Your Financial Life Stages**

Having a sound overall financial strategy requires you to recognize that your finances are in a constant state of change. Not only do financial markets fluctuate, but your financial needs also change over time. It can be hard to predict the direction of Wall Street and other financial markets. Fortunately, it is easier to predict changes in your own financial life.

Most individuals pass through three primary financial life stages as they age. Income levels, spending patterns, family situations, and areas of financial concern, while not exactly predictable, tend to follow a pattern.

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| **Life Stage** | **Life Events** | **Financial Events** |
| Stage One | Enter work force Marriage Children | Develop financial habits Purchase car Purchase home |
| Stage Two | Family grows Career advancement Inheritance | More home purchases Accumulation of wealth Funding college educations |
| Stage Three | Major promotion Retirement Grandchildren Death of spouse | Greater tax sensitivity Preserving wealth Estate planning |

**Stage one – building a financial foundation**

Young adults face the task of learning how to manage spending and saving within the constraints of their income levels. Developing sound financial habits is critical.

1. Learn how you are spending your money to identify ways to save. Prepare a household budget.
2. Use a wise borrowing strategy. Borrow for things that provide long-term value. Control the use of credit cards.
3. Establish a saving pattern. Consider using [direct deposit](http://www.bbt.com/bbtdotcom/banking/checking/direct-deposit.page?) for your paycheck and setting up a recurring automatic transfer so that some amount is deposited into a [savings account](http://www.bbt.com/bbtdotcom/banking/savings/default.page?) on a regular basis.
4. Set some savings goals. Whether it is accumulating a down payment for a home, paying for a car, or saving for a vacation, connecting a tangible goal with your saving can provide the motivation and discipline you need to save.
5. Make sure you have adequate [insurance](http://insurance.bbt.com/).
6. Take advantage of employee benefit plans at work.

**Stage two – during your prime earning years**

This is often a time when your income is rising as well as expenses. Nicer homes, nicer cars, and raising children can easily consume your increasing income. This is also the time when the financial decisions you make have the greatest impact on the financial lifestyle you enjoy during retirement. By now, you should have accumulated some savings and developed the expertise to make sound choices.

1. Plan ahead for your children’s college expenses. Consider [Section 529 Plans](http://www.bbt.com/bbtdotcom/investing/college-savings/529-college-savings-plan.page?), or [Coverdell Education Savings Accounts](http://www.bbt.com/bbtdotcom/investing/college-savings/coverdell-education-savings-account.page?) (Education IRAs) – both of which offer significant tax advantages.
2. Take full advantage of employer offered retirement plans. If you have a 401(k) plan available, contribute as much as you can or at least enough to get the full matching contribution from your employer.
3. Invest wisely. Consider an asset allocation strategy that matches your time horizon (age) and risk tolerance. Don’t ignore the potential long-term returns of equities. But do your homework, or rely on a qualified advisor. A BB&T Relationship Banker can connect you to an advisor who can help you achieve your goals.
4. Be sure your [insurance](http://insurance.bbt.com/) protection has kept pace with your needs. Having adequate [life insurance](http://insurance.bbt.com/lifefinancialplanning.html) to protect your family, in case of your untimely death, is critical.
5. Prepare an estate plan to minimize taxes and to ensure that your custodial, financial, and medical wishes are carried out.

**Stage three – nearing or during retirement**

These years can be some of the most enjoyable and fulfilling times of your life. If children and grandchildren are part of your life, having the financial ability to help them can be rewarding. A successful career, the freedom to live the retirement lifestyle of choice, and a sense of satisfaction with what you have accomplished can make your golden years truly enjoyable. However, there are still financial issues that should be addressed.

1. Be sure your medical insurance is adequate. We are all living longer, and the costs of medical care continue to rise. [Health savings accounts (HSAs)](http://www.bbt.com/bbtdotcom/banking/savings/health-savings-account.page?), Medicare, Medicaid, and private health insurance will all be important.
2. Be sure your estate plan is up to date. Changes in your financial situation, moving to a different house or state, and changes in your family should all be triggers for reviewing your estate plan with a qualified estate-planning attorney.
3. Continue to manage your investments carefully. If you are using an advisor or stockbroker, be sure to fully understand their recommendations before accepting them.
4. Enjoy.

**Go See for yourself!**

1. Go to this website:

<http://www.bbt.com/bbtdotcom/financial-education/planning/financial-life-stages.page>

1. Go to the Calculators at the bottom of the page, complete each letter with the given information
2. [Based on my current age, smoking habits, gender, and several other important lifestyle choices, what is my current life expectancy?](http://www.bbt.com/sites/bbtdotcom/calculators/LifeTime.html) –plug in your real information:

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1. [Compound Interest](http://www.bbt.com/sites/bbtdotcom/calculators/CompoundInterest.html): your Great Aunt just left you $25,000, what is the difference if you find an investment (that pays 6%) that compounds daily, compared to yearly if your invest the $25,000 for:

5 years:\_\_\_\_\_\_\_

10 years:\_\_\_\_\_\_\_

20 years:\_\_\_\_\_\_\_\_

1. [Savings, Taxes, and Inflation](http://www.bbt.com/sites/bbtdotcom/calculators/SavingsVariables.html):

What is the difference of saving $50 a month to $75 month over 5 years with no current balance in savings, a rate of return of 5%, expected inflation of 2%, Fed taxes of 20% and State of 6%.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. [Retirement Planner](http://www.bbt.com/sites/bbtdotcom/calculators/RetirementPlan.html): You are 22, your new post-college job pays you $50,000

-rate of return for investments before retirement is 7%,

-you contribute 6% ( and company match 3% so totally of 3%)

-you will live for 37 years after you retire

- inflation is 2.5%, age of retirement is 65, **you have no current savings for retirement**,

-rate of return DURING retirement is 5%

-you expect to get 3.5% salary increase

-would like 75% of your income at the time of retirement.

-IF you WAITED to begin savings until you were 30 years of age what would the difference be?\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. [Don't delay your savings!](http://www.bbt.com/sites/bbtdotcom/calculators/WaitCost.html)

-Brainstorm something you want to save for, use your current age, you earn minimum wage, you work 15 hours a week ( take out 20% taxes)

-tell me what it is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_and how much you expect it to cost\_\_\_\_\_\_\_\_\_\_\_

-Think of a your bank, look up their website and find a savings rate (if you can’t go to bank rate.com) bank\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Current rate of CD’s or Savings\_\_\_\_\_\_\_\_\_\_\_\_\_\_

-If you wait two years what will it cost you( explain)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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