



LENOX ADVISORS

# **BUILDING A STRONG FINANCIAL FOUNDATION IN YOUR 30s**



## **SEVEN WAYS TO HELP SET YOURSELF UP FOR LIFELONG FINANCIAL SUCCESS**

Your 30s can be a remarkable period of growth. Perhaps you have a career that is starting to take off, or maybe you're still figuring out the profession that's right for you.

You may be happily single or happily settling down and possibly even starting a family. Regardless of the individual path you're on, you'll make a lot of important life decisions in your 30s—including when it comes to your money.

The actions you take now can help strengthen your financial security for decades to come.

**SEVEN MONEY MOVES TO CONSIDER IN YOUR 30S**



## GET COMFORTABLE TALKING ABOUT MONEY

### *Conversations can create clarity*

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#### **Talk with your friends**

Most of us have been conditioned to believe that talking about money is impolite, but it doesn't have to be. Your friends are likely facing many of the same financial questions and concerns that you are, and it can be helpful to share insights and resources. At the very least, it's nice to know that you aren't alone. Just keep it high level and avoid being overly invasive or competitive. Learn more about different financial personality types [here](#) to help get you started.

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#### **Talk with your partner**

Money may not be able to buy love, but it can certainly tear it apart. The fact is that money issues are one of the leading causes of breakups. It's important to understand how you both feel about and approach money in your lives, and whether it's compatible or an area you need to work on. How serious the conversation should be usually depends on how serious the relationship is. And it's not just romantic partners to consider but business partners and any other type of financial partner as well.

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#### **Talk with an advisor**

Your financial life is likely getting more complicated in your 30s, and it's probably time to bring in some professional advice, if you haven't already. The right financial planner can make the difference between achieving or falling short of your financial goals. Look for someone you trust and feel comfortable sharing your aspirations with and who you can work with long-term. Learn more about finding an advisor who is right for you [here](#).



## BUILD AN EMERGENCY FUND

### *Because Things Happen*

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#### **Saving for a rainy day**

Life is unpredictable, and an emergency fund can provide you with a welcomed financial cushion if you unexpectedly lose your job or face a large, unplanned expense. Focus on saving enough to cover six to 12 months' worth of essential living expenses.

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#### **Getting started**

Make it easy. Start by setting a realistic monthly savings goal. Then set up an automatic deposit program so you don't even have to think about it. Money will begin to add up before you know it, and as an added bonus, you'll be getting into the habit of actively saving.



## SAVE FOR RETIREMENT

### *Because time goes by fast*

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#### **Start as early as possible**

It may seem like retirement is years away, but the reality is that it will be here much sooner than you realize. The earlier you start saving for it, the longer you'll put the power of investment compounding to work, which can make major differences in how much you'll likely accumulate to enjoy your golden years. Also, get in the habit of regularly increasing your contributions as your salary rises. The more you earn, the more you'll need to save to replace your income once you stop working.

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#### **Getting started**

At a minimum, you should be contributing to any workplace retirement accounts up to any employer match. Otherwise, you are leaving free money on the table. Don't have access to an employer-sponsored plan? There are other types of retirement savings accounts you may benefit from. Most retirement savings accounts also offer attractive tax advantages that can help make your savings work even harder.



## PLAN FOR YOUR FUTURE GOALS

### *Invest for the life you want*

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#### **Set your targets**

What are your financial goals? Maybe it's something specific, like buying a house, saving for a wedding, and/or taking an amazing trip. Maybe it's a bigger picture and more about building general wealth. Once you have a clear vision of your goals, you can then set the right timeframes for achieving each one, which in turn can help determine the right type of savings and investment vehicles to use. One thing is certain—the best way to make sure you achieve your financial goals is to start actively working towards them today. Raises and bonuses offer great opportunities both to start and expand investing in your future.

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#### **Separate buckets**

It can be useful to mentally separate your financial goals into different saving "buckets." This can help you make your savings work harder by keeping each bucket's risk/reward options better aligned with its objective and time horizon, as well as help determine where taxable, tax-deferred, and tax-free investments make the most sense.

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#### **Consider your information sources**

It feels great to start investing. We are lucky to live in the digital age where there's lots of financial and investment-focused content easily available. While this can be a great starting point to educate yourself, make sure you're getting reliable information. A trusted financial advisor can help.



## PROTECT YOURSELF WITH INSURANCE

### *For peace of mind*

#### **Disability Insurance**

Disability insurance helps protect one of your most valuable assets: your ability to earn income. In your 30s, you have a long career ahead of you. What happens if an accident suddenly cuts that short, and you are no longer able to earn a living? Long-term disability insurance will typically replace around 60% of your salary if you can no longer work. Your employer may offer group disability coverage, but a private policy can often make more sense because these types of plans can be tailored to your specific needs and are portable if you change companies. You'll also want to revisit your coverage periodically based on your income. Learn more about your options [here](#).

#### **Life Insurance**

If there will be an income need in the case of your death, then you need life insurance. Perhaps you want to make sure your loved ones are taken care of, or maybe there are assets and liabilities that would suddenly be someone else's responsibility that you want to plan for. In either case, life insurance is always more affordable to purchase when you're younger and healthy. There are two broad life insurance options to choose from: term and permanent (also known as whole life). Term policies last for a preset timeframe and can be a smart choice if you are young, prefer a lower-cost policy, and want to make sure that you're covering time-specific financial obligations, such as a mortgage or raising a child. Permanent policies last for your lifetime and tend to be more of an investment. If you have a pre-existing condition, securing a life policy can become more complicated, but there are options out there. You can learn more about those options [here](#). An advisor can help you review what makes sense for your specific situation.



## BE THOUGHTFUL ABOUT YOUR CAREER

### *It's an investment, too*

#### **Choose wisely**

How does your career fit into your life? Whether you are climbing the corporate ladder, diving into entrepreneurship, or managing a household, it's always good to take a step back and consider whether your career is taking you where you want to go in life. If not, how can you course correct? If so, what can help you make the most of it? Would an advanced degree be useful? Maybe your employer will sponsor you. Are there particular investments you can make in things like childcare or home duty services that might free up time and energy to be put to better professional or personal use?

#### **Build connections**

Now is the time to develop strong professional relationships that can last a lifetime. Create a solid network, find a mentor, actively reach out to people on LinkedIn, and join professional organizations and industry groups. Regardless of whether you choose to build a career with one organization or are open to moving between companies, always keep in mind how your actions affect your colleagues around you, especially if they've helped you with your professional achievements and growth.

#### **Keep growing**

How are you positioning yourself for later career success? Build your skills, go above and beyond in your day-to-day responsibilities, volunteer for opportunities, and constantly seek out new challenges. The experiences, skills, connections, and reputation you build now can pay dividends for years to come.



## BEWARE LIFESTYLE CREEP

### *Spend wisely*

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#### **Understand where your money is going**

As people make more money, they tend to spend more. It's natural to want to enjoy increases in your discretionary income; just make sure previous luxuries aren't becoming new necessities unnecessarily. Consider if there are financial areas you might be able to pull back on that wouldn't really cramp your style. The first step is to track your expenses so that you know where you are spending your money. Then, you can make realistic budget decisions that align with your lifestyle, values, and financial goals. Learn more about budgeting [here](#).

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#### **Balance spending & savings**

Be smart about your disposable income. When you are weighing financial decisions, ask, "How does this money best serve me?" It's about balance. Of course, you deserve to enjoy your life today and reap the benefits of your hard work, but you also deserve to take care of your financial future.

## IT'S NEVER TOO EARLY TO START SMART FINANCIAL PLANNING

Building a strong financial foundation in your 30s can help you take control of your money management. Your actions now can help keep you on track for your financial goals and aspirations, both today and in the years ahead.

That's where a financial advisor can help. At Lenox Advisors, we work closely with our clients to understand their specific financial situations and what they want to accomplish with their money. Together, we can build a plan designed to help you achieve your financial goals.

**Interested in learning more? Visit [lenoxadvisors.com](https://lenoxadvisors.com) or call us at (212) 536-8700**

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