

Millennials and Retirement Planning

In a CNBC **commentary**, **Evan Kirkpatrick**, founder and chief executive of Wendell Charles Financial, discusses what millennials need to know about retirement planning.

As of the first quarter of 2015, according to the **Pew Research Center**, millennials are now the largest generation in the U.S. labor force. With the explosion of “FinTech,” Kirkpatrick points out that millennials have a variety of portfolio creation and asset allocation tools at their disposal. However, he warns that many of these tools oversimplify the investment process, using cookie-cutter allocations based on age and risk tolerance.

In the end, Kirkpatrick rightly states that developing a financial plan is the key to meeting your financial goals.

Whether you use a professional advisor or do the planning yourself, Kirkpatrick suggests a few things millennials should be doing right now as part of their retirement planning:

- Know where your money is: Use an account aggregator that collects all your financial accounts in a single location.
- Know where your money is going: Using online budgeting tools or mobile apps to track your spending habits.
- Automate your financial life: Use your account aggregator or budgeting software to receive regular reports of your income, expenses and investments. Also, automate your retirement contributions to your IRA or Roth IRA.
- Protect yourself and your family: Make sure you have adequate levels of health, life and renters/property owners insurance.
- Set your financial goals using percentages, not dollars: Basing your savings on percentages instead of absolute dollars allows you to plan consistently even in your income changes.
- Review and monitor your plan: Kirkpatrick suggests that millennials think of themselves as corporations: “Your Name Inc.” Are you profitable? Would you buy your own stock?”.

AAII has a number of useful **financial planning** articles to help get you on the path to financial success. One article in particular comes to mind: **Creating and Following a Real Financial Plan** by Carl Richards.