



FINANCIAL READINESS FOR COLLEGE GRADUATES

Have a new college graduate?

Give your loved one the gift of financial readiness. This is the time of year when college graduates prepare to make their career dreams and goals a reality. Despite their degrees, however, they may be ill equipped to face financial challenges. According to an ongoing study by the National Financial Educators Council, the average level of financial literacy in 19-24 year olds is 69%. College graduates may not be as confident in their abilities to earn, save, and invest their money as you had hoped.

Here are 3 tips that can help you prepare your new college graduate:

Tip 1: Consider buying them life insurance.

New graduates are typically excited about their independence and sense of accomplishment. You can help by buying life insurance policies in their names. Buying life insurance now also ensures you obtain the lowest, initial rates. College graduates are generally healthier now than they'll be in 10 years. Policies increase in cost over time and provide added financial security later in life.

Tip 2: Encourage your graduate to focus on college debt repayment.

College loans compel graduates to make repaying their debt a priority. Average per student college graduate debt is \$39,400, an increase of 6% from the previous year. Graduates may in rare cases, such as enlisting in the military, be granted a postponement in repaying their college debts.

Encouraging graduates to work with financial professionals in creating debt-management plans is one of the best approaches. Developing a financial plan early in life helps create disciplined habits of responsible money management that will last a lifetime.

Tip 3: Discuss the importance of starting to prepare for retirement.

Millennials will need to save nearly \$1.2 million to sustain them over a 30-year retirement, which would generate an annual \$40,000 income. However, only 25% say they believe they'll need at least \$1 million to retire comfortably.

While graduates have several decades of income earning potential, reinforcing the discipline of saving and investing for retirement will pay dividends in so many other areas of their life. By starting early in their careers, millennials will have more opportunities to build and meet their retirement goals. The statistics are bleak: About two-thirds of Americans say they expect to outlive their retirement savings. Nearly a quarter of Americans have nothing saved. About 10% have less than \$5,000 saved for retirement.



Helping today's college graduates avoid becoming part of that statistic will provide a lifetime of benefits. All families, including college graduates, face financial challenges. If you would like to learn more about preparing financially for every stage in life, we're happy to help.

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