

Millennials Want a Different Kind of Retirement

Here's what Millennials' retirement dreams look like ... and how they can get there.



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Over the last decade Millennials have gotten a lot of attention (good and bad) for their “slacktivism,” job hopping, mountains of student debt and FOMO culture. But Millennials are growing up, and many of them are prioritizing financial independence and thinking seriously about their path to retirement. Perhaps unsurprisingly, and in contrast to the generations before them, they have different ideas about what that path and the ultimate destination will look like.

According to a new Schwab study, Millennials are more likely to prioritize travel over homeownership in retirement. They want the freedom to use their savings to pursue their desired lifestyle and passions more than chase financial stability. They want flexibility and new experiences more than traditional retirement pursuits.

The Millennial Road to Retirement

As for the path to reach these non-traditional goals, Millennials are looking for flexibility on that front too. They are less focused on a specific retirement savings amount. Instead, they see the accumulation process as more of a continuum, and they want to pursue their passions along the way toward retirement – not just in retirement. Additionally, they are less interested in preserving their wealth in retirement and will not spend as much time managing their investments as Boomers.

Some of these Millennial preferences may seem out of line with responsible retirement goals, but this is a generation of action. Millennials, to their credit, are already starting to save much earlier than their predecessors and over the course of the pandemic, many have stepped up their engagement and focus on financial planning.

It's also worth noting that Millennials aren't simply re-writing the script for retirement because they can. Major economic and societal shifts are driving these changes in how younger people approach money, careers and life. They have encountered challenges that are different from the generations before them. The cost of homeownership has risen, pensions plans have dwindled, student debt has risen dramatically – just to name a few.

Tips to Help Millennials on Their Path

The road to retirement has only gotten more challenging over the course of Millennials' lifetimes. The good news is that many timeless financial planning strategies can be readily adapted to fit their needs.

Here are the top tips I share with Millennials for reaching the retirement of their dreams:

- **Stash some cash:** The first step to planning for the rest of one's financial future is creating a financial cushion to fall back on in preparation for the inevitable disruptions life will bring. A few months' worth of savings is a good place to start an emergency fund.

NYSUT NOTE: Start saving for your emergency fund with the help of the NYSUT Member Benefits Corporation-endorsed Synchrony Bank Savings Program. This program offers online savings accounts with competitive interest rates and 24/7 online and mobile banking. [Click here](#) for more information and to get special discounted member rates.

- **Focus on your financial *state*, not your retirement *date*:** Don't think of retirement as an arbitrary date when a switch is flipped and retirement begins. Instead, target a financial state that would provide for the flexibility to make work optional. That could look like saving enough by the time you are 60 to be able to stop working if you needed to, but with the idea that you will continue working and saving until you are emotionally ready to retire. It is important to crunch the numbers to figure out how much will be needed to feel comfortable. From there, adjust your savings accordingly to grow that nest egg.
- **Grow it and protect it:** We all want to grow our savings and investments to sustain us through our lifetimes. But don't lose sight of protecting what's already in place. There's no such thing as a "sure thing," and that means that diversification is important to potential growth along with stability. Don't risk more than you can afford and be ready to re-evaluate your risk tolerance over the course of your investing journey.
- **Don't be derailed by FOMO:** Hot new investment trends can be very enticing, but getting caught up in the rush toward shiny possibilities can lead to setbacks that limit future potential. Remember that investing is about helping grow money over time to reach your goals and not speculating or chasing fads.
- **Think long and short:** Retirement planning is a long process that requires time and patience. It also requires flexibility to adapt to changing circumstances. No one can

predict all the challenges that lie ahead, or if their future self might look at things a bit differently than their present self. Create a plan and revisit it at least once a year, knowing that there will be changes along the way.

The Bottom Line

Just like Boomers and Gen X'ers, Millennials have distinct generational characteristics that set them apart, but at the same time they are not a monolith. Millennials will take many different approaches and paths to retirement. Their personal lives will take unexpected twists and turns that may change some of their goals along the way.

Sound financial planning that begins early is the key to success no matter the desired destination. That much never changes.

NYSUT NOTE: It's never too early to begin financial planning for retirement, and the NYSUT Member Benefits Corporation-endorsed Financial Counseling Program is here to help. Gain access to a team of Certified Financial Planners® and Registered Investment Advisors that will provide NYSUT members with unbiased advice customized specifically for you and your financial situation. Visit [the website](#) for more information or to enroll today.

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