

EMPOWER YOUR FUTURE

WHY MILLENNIALS NEED A THOUGHTFUL SAVINGS AND INVESTING PLAN

From the time we're small children, most of us are taught about the importance of saving and investing for the future. We're cautioned that without a thoughtful plan and financial discipline, the goals we dream about may never come to fruition. These days, however, that message of self-reliance and self-determination is perhaps more important than ever.

Over the years, responsibility for retirement savings has been gradually but dramatically shifting from employers to employees. Just a generation ago, more than eight out of every ten (84%) retirees could count on monthly income from their employer's pension plan. Today fewer than one in four employees have a pension – and that number is falling.¹ The same trend is happening with Social Security, as the retirement age to receive full benefits rises. It's estimated that wealthy individuals today can expect Social Security to provide no more than 15% of the income they'll need in retirement.²

Unlike previous generations, millennials simply can't rely on the system to provide for their financial security. It's up to you to provide for yourself; but most millennials are falling far short. According to a recent study conducted by the National Institute on Retirement Security, two-thirds (66%) of millennials between the ages of 21 to 32 have NOTHING saved for retirement. And based on common financial advisor savings recommendations, only 5% of working millennials are saving enough.³

ESTABLISH YOUR SAVINGS PLAN

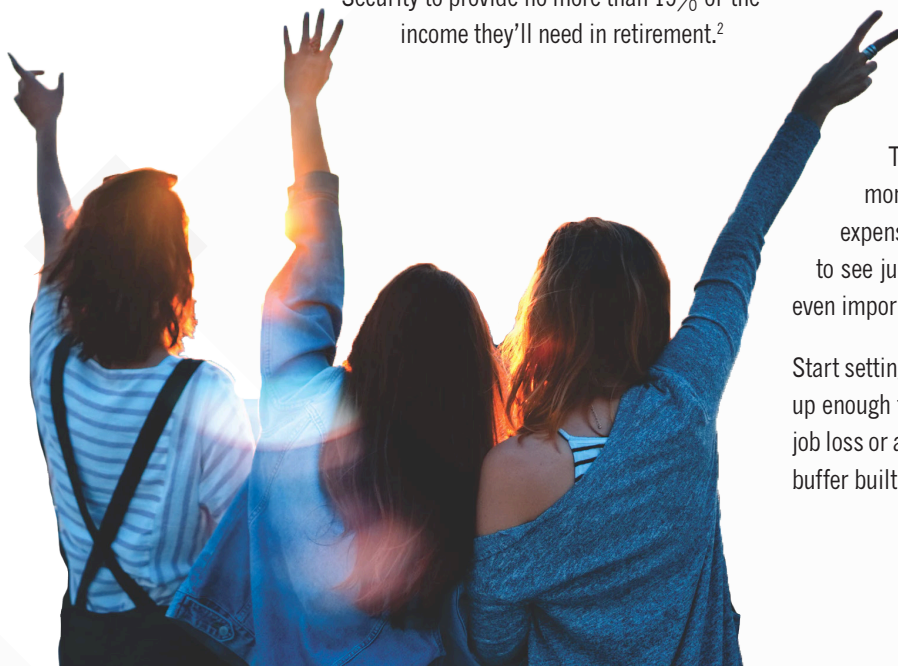
With millennials gravitating more and more to urban areas, saving can be a difficult challenge. After paying exorbitant rents, repaying student loans and taking care of other monthly bills, there's often little cash remaining. But a thoughtful spending plan can provide you with the structure you need to find extra cash – helping you avoid temptation and find a manageable balance between expenses that are important needs versus those that are simply instant gratification.

Track where your money is actually going on a weekly and monthly basis for a few months. Examine the breakdown of fixed expenses versus discretionary expenses. It can be a real eye-opener to see just how much you're spending each month on things that aren't even important to you.

Start setting aside a pool of cash to cover emergency expenses. Try to build up enough to cover six months of living expenses to help protect against a job loss or an unexpected major expenditure. Once you have that short-term buffer built, it's time to turn your attention to longer-term concerns.

6 TIPS FOR MILLENNIAL INVESTORS TO CONSIDER

1. Define specific goals rather than just investing to make money
2. Given a long time horizon, don't be afraid to take on some investment risk to fuel growth
3. Don't let every short-term market fluctuation dissuade you from your long-term plan
4. Take more risk with long-term goals, and be more conservative with short-term goals
5. Work with your advisor to ensure that your portfolio is well-diversified
6. If you have student debt, work with your financial advisor to determine the best plan to pay it off and save for retirement



INVEST IN YOUR FUTURE

Why spend years saving and investing for a future that's unknown? Why not just enjoy the present and deal with tomorrow when it gets here? These are questions that many of us contemplate at one time or another. But the simple truth is that long-term investing is your best protection against future risks such as inflation and the possibility of outliving your assets – offering a means of growing and preserving your wealth.

You don't need to know everything about financial markets to be a great investor. All you really need are a few specific, tangible goals, a thoughtful plan how to achieve them, and the discipline to stick with it. Given enough time, even investing just a small amount each month can help you reach your goals thanks to the power of compounding.

With compounding, not only does your original investment earn a return, but you also earn a return on all the interest, dividends and capital gains you accumulate. As a result, your money grows faster and faster as more years go by; and this is especially true in your retirement accounts where money accumulates either tax-deferred or tax-free. Want to see an example of compounding in action? Take a look at the following table:

Began Investing at Age	Invested Regularly for	Initial Investment	Additional Monthly Investment	Estimated Annual Interest Rate	Amount at Age 65
25	40 YEARS	\$500	\$500	6%	\$933,714.65
35	30 YEARS	\$500	\$500	6%	\$477,220.86
45	20 YEARS	\$500	\$500	6%	\$222,317.11

1 EBRI Databook on Employee Benefits, October 2015

2 Income of the Aged Chartbook, SSA Publication No. 13-11727, April 2016

3 National Institute on Retirement Security, "Millennials and Retirement: Already Falling Short," February 2018

Disclosures

CTS Financial Planning, Inc. ("CTS") is an SEC registered investment adviser with its principal place of business in the State of Illinois. Registration does not imply a certain level of skill or training. For information pertaining to the registration of CTS, please contact CTS or refer to the Investment Adviser Public Disclosure web site (www.adviserinfo.sec.gov). For additional information about CTS, including its fees and services, please send us a written request for our disclosure brochure. This newsletter is provided for informational purposes only. The information contained herein should not be construed as the provision of personalized investment advice. Information contained herein is subject to change without notice and should not be considered as a solicitation to buy or sell any security. Past performance is no guarantee of future results. Investing in the stock market involves the risk of loss, including loss of principal invested, and may not be suitable for all investors. The performance results portrayed herein are hypothetical and are provided in order illustrate the effect of compounding. They do not reflect the firm's expectations of future performance, or of the firm's past performance, or of actual trading in any individual client's account. This letter contains certain forward-looking statements which indicate future possibilities. Actual results may differ materially from the expectations portrayed in such forward-looking statements. As such, there is no guarantee that any views and opinions expressed in this letter will come to pass. Additionally, this letter contains information derived from third party sources. Although we believe these sources to be reliable, we make no representations as to the accuracy of any information prepared by any unaffiliated third party incorporated herein, and take no responsibility therefore. All expressions of opinion reflect the judgment of the authors as of the date of publication and are subject to change without prior notice.

By starting young and remaining committed to your investing plan, compounding can really help turbo-charge your retirement savings.

GET STARTED

With thousands of stocks, bonds, mutual funds and ETFs to choose from, how do you decide which investments are best given your unique needs and goals? Because different asset classes often move in different directions, diversifying your portfolio can help reduce your overall portfolio risk.

As a young investor, time is your greatest ally. So take advantage of the opportunity by working with your advisor to create a plan, sticking with it through thick and thin, and taking full advantage of all your tax-deferred and tax-free investment opportunities.