

Financial Health by Decades



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The Consumer Financial Protection Bureau, combined with a review of research and consultation with leading experts, found that financial well-being includes the following four elements:

1. Having control over day-to-day, month-to-month finances.
2. Having the capacity to absorb a financial shock.
3. Being on track to meet your financial goals.
4. Having the financial freedom to make the choices that allow you to enjoy life.

Another way to think about it is that financial well-being is the feeling of having financial security and financial freedom of choice, both in the present and when considering the future.

So – what does financial health look like at each age? Timing will vary from person to person, but below are suggested financial milestones to achieve at each decade of life. This is not an all-inclusive list, but provides a foundation of things to consider. Milestones achieved at earlier ages, such as a good credit score and an adequate emergency fund, should continue into the following years.

- Age 10: Learn to add and subtract, sell a service or good for money (i.e. lemonade, car washing, cookies, babysitting, cleaning, etc.). Save up for something you really want, use money to buy a gift for someone or donate to a charity.
- Age 10-20: Work at a job for money, have checking/savings accounts, establish a Roth IRA, decide the type of lifestyle you'd like to live, what salary you'll need for that lifestyle, and what career/job you'll need to support that. Build credit with a credit card that has a low borrowing limit and use it regularly, but pay it off monthly.
- Age 20: Learn to invest, budget, track income and expenses, regularly contribute to a Roth IRA and build credit. Make on-time debt payments, stay below 30% of your allotted credit amount on credit cards, save for emergencies, have \$1,000 in an emergency fund, save for 3 months' worth of expenses in a separate savings account and obtain adequate insurance.
- Age 30: Achieve financial independence from parents, including independent living arrangements and no "subsidies" to pay expenses such as insurance

premiums and cell phone bills. Have student loan debt completely repaid or close to repayment, have a year's worth of salary ([1x](#)) saved for retirement, and establish a good credit history with a credit score in the mid-700s or higher. Become a regular at saving/investing, have at least 3 months' worth of income set aside for emergencies, have educational credentials such as certifications and graduate/professional degrees earned or near completion, and have current estate planning documents and life insurance to protect dependents or co-signers, if applicable.

- Age 40: Have three times annual salary ([3x](#)) saved for retirement, saving at least 15% of gross income, establish a college savings for children, if applicable, and increase investing expertise and diversification of investment portfolio assets. Increase human capital, including job skills and knowledge to remain employable and earn promotions/raises.
- Age 50: Have six times annual salary ([6x](#)) saved for retirement; make catch-up retirement savings plan contributions, increase knowledge about the specifics of Social Security, Medicare and employer retirement benefits, increase knowledge of aging parents' finances and communication about caregiving-related issues. Use financial advisers, as needed, as net worth increases and finances become more complex.
- Age 60: Have eight times annual salary ([8x](#)) saved for retirement, have mortgage paid off, home equity loan, and credit card debt paid off prior to retirement. Use catch-up retirement strategies, if needed, such as downsizing, moving, working longer and selling assets, learning new skills and/or making other preparations to transition to a "second act" job or volunteer role.

Questions to ask yourself: Am I on track with the suggested

financial milestones at each decade? What would it take to get on track with my current decade? For more information about financial milestones by decades, visit <https://www.reuters.com/article/us-column-stern-advice-idUSBRE97R0VV20130828>. For more real-life money smarts, visit www.utahmoneymoms.com. Join the conversation on Facebook and Instagram @utahmoneymoms.