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Money Matters | A Pearl Jam memory: 10 tips for Gen X to keep your financial dreams alive

By DAN MATHEWS

Twenty years ago an up-and-coming band at the time called [Pearl Jam](#) rolled into Lawrence, and performed a free concert at KU's Day on the Hill.

Most of us in the crowd that day (including me) were Gen Xers; an apathetic bunch labeled as "slackers" with a cynical view of the world. We have successfully debunked the "slacker" myth in the workplace, now it's time to turn our short attention spans toward securing our financial futures.

In remembrance of Pearl Jam's debut album Ten, here are my 10 tips for Gen Xers to keep our financial hopes and dreams Alive!

1. Create a written financial plan that outlines your short and long-term goals and objectives

Remove this plan from your head and put it in writing where it can become actionable and monitored. Consult with a [Certified Financial Planner™](#) professional if you need help.

2. Pay off non-mortgage debt

Aggressively pay down high-interest debt that is eroding your cash flow.

3. Place a greater emphasis on saving for retirement

We will likely not receive a company pension and Social Security may or may not be there for us (read the May 13, 2011, [press release](#) from Social Security). Take action to secure your own retirement.

4. Start a 529 Plan education savings account for your children

The total average annual cost of a four-year public institution has increased threefold since 1992, according to the [National Center for Education Statistics](#). Without a savings plan, your children could get left behind.

5. Protect your assets and income with an appropriate amount of insurance

At this age, your ability to earn income is the greatest economic benefit to you and your family. Have enough disability and life insurance to replace it if something happens.

6. Execute an estate plan and documents

Without signed documents, your personal and financial matters will be governed by state laws. Also, align the beneficiary designations on your life insurance policies and retirement accounts with these documents.

7. Get an annual physical

Twenty years ago, we were invincible; today, not so much. Minimizing the risks of major health events will lead to healthier finances over the long run.

8. Pay bills with a joint checking account, but open his/hers checking accounts for “fun money”

This is a simple way to reduce financial stress in a marriage.

9. Create a diversified investment portfolio that is not too risk adverse

It's easy for us to be skeptical toward the stock market, but we need to keep an open mind. In my opinion, a diversified portfolio of stocks, bonds, alternative investments, and cash is still the best investment strategy to grow savings over the long term.

10. Talk to your parents about their financial goals

As our parents age, we need to play a greater role in their personal finances to protect them and to be ready to step in when they can no longer manage things by themselves.

We of Gen X will have to choose an alternative path to financial independence as compared to the Baby Boomer and Silent generations before us. However, given where we came from, the alternative will suit us just fine.

The Money Matters column is written by members of the Financial Planning Association of Greater Kansas City. This week: Dan Mathews, a Certified Financial Planner with Stepp & Rothwell, Inc., Overland Park.

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