



Millennials: Don't Destroy Your Savings With These 3 Mistakes

Description

Behavioural finance experts believe that millennials could be unconsciously sabotaging their savings. While this younger generation has strong work ethics, extreme pressure could take its toll and affect their financial decisions.

Luckily, millennials have time to correct the mistakes and improve their financial well-being. Having flexibility will help them achieve financial freedom heading into retirement.

No budget to work around

Millennials need to take a big step by resisting the temptation to splurge. It's not wise to reward yourself because you have the money. The smart way is to prepare a strategic budget and work around it.

With a budget in place, you have a tool to set a limit for savings, needs, and wants. Over time, you should allocate a larger amount for savings, which you can use to invest in income-generating assets.

Spending on things with no value

Millennials resort to spending as a way to cope with life's pressures. This coping mechanism veers them away from saving money. As a result, money is spent regularly on online shopping or to purchase non-essentials.

If millennials could cut back on useless spending, the money saved could be used to purchase a dividend-paying stocks like **Exco** ([TSX:XTC](#)). This small-cap stock offers more value than eating in a fancy restaurant. You can own XTC for less than \$8 per share and earn a hefty 4.8% dividend in return.

Exco, a global supplier of innovative technologies servicing the die-cast, extrusion, and automotive industries, has a robust and profitable business. This \$302 million company operates in 10 countries and serves automotive and industrial markets throughout the world.

Despite the current sluggish environment in the auto sector, the company is optimistic about the prospect of generating improved earnings in the coming quarters. Exco remains highly profitable and is already producing a 16% return on equity. The dividends are safe, as Exco has more liquid assets than total liabilities.

Exco is also showing millennials that a very light debt load could improve one's financial standing.

Not motivated to build a retirement fund

The hindrance of millennials to save money is the lack of motivation. Making the supreme sacrifice of spending less is hard. However, you only need a one-time action to feel the motivation to build your nest egg. Set aside a percentage of your income to purchase shares of **Great-West** ([TSX:GWO](#)).

This \$29.35 billion international financial services company is the [quick-fix solution of retirees](#) who are short on retirement savings. For the younger millennial, Great-West is the long-term solution to create a stable retirement fund. You're investing in a company with capital strength and financial flexibility.

Great-West is a financially robust company with an impressive track record of high-quality dividend payments. With its 5.25% dividend, your investment could double in fewer than 14 years. That is your reward from an investment of great value.

Financial freedom

About 91% of millennials make their own financial decisions, and most of them are not thinking long term. However, this generation is more open-minded than their older counterparts. If they can focus on things of lasting value, they can create wealth long before retirement.

Exco and Great-West are income-generating dividend stocks that offer [wealth-creation opportunities](#) for millennials. By curtailing frivolous expenses and saving at every occasion, they can achieve financial freedom sooner than later.

CATEGORY

1. Dividend Stocks
2. Investing
3. Tech Stocks

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1. TSX:GWO (Great-West Lifeco Inc.)
2. TSX:XTC (Exco Technologies Limited)

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