



## 3 Savings Goals Millennials Should Aim for That Aren't Retirement

### Description

If you're a millennial, you've likely already heard the lecture about saving for [retirement](#). Whether it's a financial advisor or simply your parents telling you, it's something everyone should save for. I'm not saying it isn't! But there are far more pressing savings goals millennials should also have in mind.

And millennials are already such great savers! So, having goals that are in the shorter term will only benefit your retirement goals. If you start the habit now, you can simply keep growing that income until you reach retirement any way. So, let's look at three savings goals millennials should have in mind and how to [achieve](#) them.

### The goals

Rather than thinking about retirement, there are at least three other savings goals millennials are likely facing right now. The first most pressing would be debt. In all likelihood, even excellent savers still have debt to pay. That could be car debt, sure, but school debt is by far going to be a higher cost. You cannot reach financial freedom, in retirement or otherwise, until that school debt is paid down in full.

Another goal to consider would be buying a house. This has become a contentious issue these days, with housing prices soaring upwards. However, putting cash towards a house does make it possible to achieve a down payment and, from there, continuing to put cash aside for mortgage payments — especially with interest rates still relatively low.

Finally, not all millennials want children, but for those that do, having kids is costly (believe me). Even young children can cost a lot, with child care an enormous factor. Even with government aid, kids will continue to be a drain on your resources all the way up until you help them with *their* school debt. And thus, the cycle beings again.

### How to start

The best way to start knocking these goals off one by one is by coming up with a plan millennials can *afford*

. That's the key. Do *not* try to say you're going to stop eating out completely or buying clothes or something that's simply unrealistic. Instead, you need to look at your budget and have a limit on those items.

Then, once you have a budget, start putting aside what you can afford to part with. A great place to start is between 5% and 10% of each paycheque. If you're making \$50,000 a year, that's \$6,000 you've put aside at 10%! That certainly will help contribute to debt payments and a house downpayment. If you have a partner, that doubles to \$12,000!

You can achieve this goal seamlessly by then setting up automated payments into a savings account. A great option is the Tax-Free Savings Account (TFSA). If you don't have one and were 18 in 2009 (most millennials were), you have \$75,500 in contribution room towards your goals!

## Knocking off those payments

Let's start knocking out those goals! Let's focus on the example above and say you want to achieve all three of these savings goals. A millennial and their partner have a combined \$20,000 in student debt. You both also want to buy a house, and we'll use the Ontario average of \$594,000 at writing. For that, you want to put down a 10% down payment, perhaps putting it on a line of credit.

Finally, you want to continue saving for your children and their future, along with mortgage payments, using those savings to make payments when necessary.

Now, let's say you put aside that 10% on a \$50,000 income, and you and your partner can therefore have \$12,000 in savings per year. Not taking into account promotions, other income, or even interest, this is how it would shake out.

### Year Contribution Student Debt Housing Payment Children Savings Total

1	\$0	\$20,000	\$59,400	\$0
2	\$12,000	\$8,000	\$59,400	\$0
3	\$12,000	\$0	\$55,400	\$0
4	\$12,000	\$0	\$43,400	\$0
5	\$12,000	\$0	\$31,400	\$0
6	\$12,000	\$0	\$19,400	\$0
7	\$12,000	\$0	\$7,400	\$0
8	\$12,000	\$0	\$0	\$4,600
9	\$12,000	\$0	\$0	\$16,600
10	\$12,000	\$0	\$0	\$28,600
11	\$12,000	\$0	\$0	\$40,600
12	\$12,000	\$0	\$0	\$52,600
13	\$12,000	\$0	\$0	\$64,600
14	\$12,000	\$0	\$0	\$76,600
15	\$12,000	\$0	\$0	\$88,600

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16	\$12,000	\$0	\$0	\$90,600
17	\$12,000	\$0	\$0	\$102,600
18	\$12,000	\$0	\$0	\$114,600
19	\$12,000	\$0	\$0	\$126,600

## Foolish takeaway

As you can see, even without taking into account other sources of income, compound interest and the like, within two decades, you could have \$126,600 in savings! And don't think you have to wait for a house or kids in the meantime. Paying off your debt is important for your credit, and that means you can get a line of credit. Then, as you pay it off, you can still achieve these life savings goals every millennial should have access to.

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