FPA FINANCIAL PLANNING ASSOCIATION OF NORTHEAST FLORIDA

What We Can Learn from Gen Xers About Managing Our Finances

This article is the second in a series of three that explore what one generation has to teach other generations about money and managing their financial lives. The series began with an article discussing what we can learn from Millennials about managing our money. It continues here with a look at what we can about financial responsibility from members of Generation X.

As a generation of people who during their adult lives have endured a financial market crash and subsequent deep recession, stagnant job growth, the bursting of a tech bubble, corporate accounting scandals, criminal behavior by Wall Street banks, an ever-more volatile and unpredictable stock market, terrorist attacks on their own soil, and various other peaks and valleys on the economic, political and financial rollercoaster, members of Generation X (born 1965 to 1980) have seen and experienced plenty as they approach their 40s and 50s. Add to that the sandwich situation in which many Gen Xers find themselves, where they must juggle their own financial priorities with the needs of their aging parents as well as their children, and it's clear why members of this generation profile as skeptical of financial institutions but hungry for sound, unbiased financial advice.

Given this mindset, what does Generation X have to teach us about how to handle our money and our financial lives? At the risk of making sweeping generalizations, here are a few Gen X qualities worth applying to our own lives:

• **"They're some of the best savers,"** observes Rita Cheng, a Certified Financial Planner™ who heads Blue Ocean Global Wealth in Gaithersburg, MD. Due to the uncertainty surrounding the Social Security program and other factors, Gen Xers tend to save "aggressively" for retirement, she says.

• **They're motivated to accumulate wealth so they can experience life.** Similar to Millennials and unlike many Baby Boomers, Gen Xers "don't want to just accumulate money just to buy stuff. They want to build wealth to meet their goals and to be able to experience and enjoy life," Cheng explains.

• **They're pragmatic about taking on student loans and other forms of debt.** When they were students themselves, student loan debt wasn't as big an issue for Gen Xers as it is for Millennials, says Cheng. Now, however, many Gen Xers realize they and their own kids may need to get creative — and assume more debt — to fund a college education.

• Because so many Gen Xers face the competing priorities of supporting themselves while also providing financial assistance to their kids and perhaps even their parents to some extent, **"They tend to be very receptive to professional advice about their finances,"** says Cheng. To find a financial professional in your area, visit the Financial Planning Association's searchable national database of personal finance experts at www.PlannerSearch.org.

• **They tend to want their financial advice delivered by an unbiased, independent source,** and are highly skeptical of — and highly attuned to — sales pitches masquerading as advice. "They're solution-oriented and are turned off when they sense a sales pitch," she says.

• **"They really value transparency" with their investments and from their financial professional.** "They want to know what they're getting for their money and the fees they're paying," Cheng says.

• **They like to know why** — the reasoning behind financial and investment recommendations, according to Cheng. And they're not afraid to ask questions to find out.

• **They want to be engaged in the financial planning process and to work collaboratively with their financial professional** to address the money-related issues in their lives. “They like to be involved,” Cheng says.

June 2017 — This column is provided by the Financial Planning Association® (FPA®) of Northeast Florida, the principle professional organization for CERTIFIED FINANCIAL PLANNER™ (CFP®) professionals. FPA is the community that fosters the value of financial planning and advances the financial planning profession and its members demonstrate and support a professional commitment to education and a client-centered financial planning process. Please credit FPA of Northeast Florida if you use this column in whole or in part.