It is an exciting time of year when smiling faces in caps and gowns are seen everywhere! Recently having the pleasure to witness my son's graduation, the President of the University of South Carolina made sure that the graduates took the time to thank their parents for helping them get to this important occasion. Absolutely! So, congratulations, parents! Turning 21 or graduating from college are exciting milestones and your kids have now reached what we all consider to be the beginning of "adulthood" as they get ready to enter the "real" world. Kids grow up in all different ways and in all different stages – is your young adult ready for launch?

At DWM, we like to offer proactive financial advice for all members of our clients' families. As your young adult is readying to depart the nest, however that looks, we think this is a good opportunity to provide some education, as they take the reins of their own financial future. Many college-aged kids have had a student checking account and understand how to use their debit card pretty well by now! They probably have some experience with having a job and budgeting for things they want to buy in the short term. However, some of the more complex financial topics can be intimidating for young adults, While they may have a solid background in finance, it is always good to review concepts like compound interest, building good credit, taxes, buying insurance and understanding 401(k)s, for once they land that first "real" job! We might suggest that a good place to start is by getting a copy of The Wall Street Journal. Guide to Starting Your Financial Life by Karen Blumenthal (https://www.amazon.com/Street-Journal-Guide-Starting-Financial/dp/030740708X). This book covers issues about renting or buying your first home, basic investing, taxes, purchasing health insurance, buying a car, establishing good credit and saving for retirement, among other topics. Might make a perfect college graduation or 21st birthday gift!

In addition, this is a good time to help them make sure all of their accounts are properly set up, titled appropriately and that they have a savings program in place. Reaching the age of majority, which is age 21 for both Illinois and South Carolina, is a good time to change any custodial accounts like a UTMA and UGMA to individual accounts. It may also be helpful to talk about debt, perhaps review student loans and consider opening a credit card account to establish some credit history. Using debt wisely, having a good emergency fund and responsible budgeting are all really valuable conversations and will help your young adult navigate their new financial map.

Encouraging saving and investing is a fundamental lesson and the "pay yourself first" concept is an important one. Remind them that they are paying their future self and that, just like the rewards for eating right, exercising and wearing sunscreen, saving and investing will benefit the health of their future self (as well as their current self!).

One idea that might help is having an automatic savings app like the one found in *The College Investor* article https://thecollegeinvestor.com/17610/top-automatic-savings-apps/ . Also from *The College Investor*, you can find numerous financial and investing podcasts available that your young adult may take interest in. Here's the link to get started: https://thecollegeinvestor.com/6778/top-investing-podcasts/ . Or maybe they would want a subscription that focuses on the economy, like The Economist or Wall Street Journal.

If working and the business offers it, they should always make sure to contribute to their 401(k) to get the most advantage of any company match. And, if they don't already have one, starting a Roth account is another great investment savings vehicle, especially while their starting incomes and lower tax brackets will allow them the opportunity to make annual contributions. Up to $5,500 of their earned income can be directly contributed to a Roth account and the compounded gains will never be taxed. Your young adult can set up automatic transfers to investment accounts or savings vehicles so they get used to not seeing those funds in their everyday account, just like 401(k) contributions. It is a great way to plant the seeds for a successful future!

Once the young adult has gotten some traction and they have good financial habits in motion, encourage them to contact us and check out the **Emerging Investors** program at DWM http://

www.dwmgmt.com/investors/ . You can learn even more about the **EI** program by clicking on this link and accessing one of our recent blogs written by Jake Rickord http://dwmgmt.com/archives-blog/index.php/2017/11/ . Our Emerging Investors program offers a specialized financial planning model with DWM investment strategies that uses the automated Schwab IIP platform. Our goal is to help them graduate to full DWM Total Wealth Management clients down the road. The best way to reach the level of a TWM client is not just by higher earning, but by stronger and earlier investing. We love to educate and help others plan for their financial future. We are always available if you or your young adult have any questions and would certainly welcome feedback. Please let us know how we can be of assistance!