

The 10-Year High School Reunion Episode - Transcript

Tim Mullooly: Welcome back to Living with Money. This is Tim Mullooly. Let's dive right into the episode for today.

The inspiration for this episode actually came from a conversation that I had with my mom. She had the very distinct pleasure of reminding me that my 10 year high school reunion is coming up this year. It's something that I knew that was coming up, but I didn't actually think about it since the calendar flipped to 2020 that this is the year of my grades, 10 year high school reunion. It's kind of eye opening to realize that it's been an entire decade since the Wall High School Class of 2010 walked out of the school for the final time but then again, that's how time works. It's been 10 years since 2010, so here we are.

It got me thinking though, I'm sure if I were to go back and ask high school senior Tim, 17 years old, where he thought he would be financially in 10 years, he probably would've had slightly different ideas than where I actually am today, not good or bad, just different. So it's kind of interesting to see how things have progressed over these 10 years since high school has ended and it got me thinking of the reunion if we end up having one, just thinking about where everyone who I went to high school with, where we're all at in our lives, what we're up to, especially financially. A lot of us are probably in the same types of situations and it's a lot different than where our parents were when they were our age or they were 10 years out of high school.

So it got me thinking and I kind of wanted to talk directly to people that are closing in on their 10 year high school reunion. So in this episode I'm going to kind of think about where I'd say in quotes, "majority of people," might be at 10 years out of high school.

Again, that's kind of just a generalization. I understand that everyone is going to be different and everyone's going to have their own situations going on and not everyone is going to fall into the different categories, but just typically some things that might potentially be going on in your life and you know, offer some advice or some steps on how to get your finances together so you don't have to lie to people at the high school reunion if people ask how are things going?

So most people graduate high school and they're 17 or 18 years old. I was a little young for my grade, I think so I was 17 at the time. So coming back for a 10 year reunion, obviously that would make them 27, 28 years old, closing in on 30, which is enough of a crisis for people in their twenties as it is, let alone think of high school reunions to make them feel old as our older listeners roll their eyes, thinking about people in their twenties saying that they're old, I get it.

So I don't think that it's very fair to use statistics that are just referring to "millennials." You see a lot, a lot, a lot of headlines and articles written about millennials as a generation. But if you think about it, it doesn't directly apply to the entire generation.

Technically, the millennials go from people who are 19 years old today, all the way to people that are 37 or 38 years old today. So that's a really big timeframe to cover, a really big age gap and so much happens during those years from when you're 19 to when you're 38. I mean 19 years

old, you're your one year, two years out of high school, probably in college or working or doing something and then 37, 38 years old. A lot of people at that point have either settled down, moved somewhere different, maybe have a house, have kids, there's so much going on. They're probably, they're right in the prime earning years of their career financially.

So just looking over stats and thinking about headlines for millennials to put a blanket over it, I don't think it's very fair. To kind of illustrate that point even more, there was an article that I saw from the College Investor that I'll link to in the show notes. It had some really good statistics breaking down by year, a lot of different financials for averages for the millennial generation.

According to this article, the average net worth of a 27 year old today, so that someone my age is negative \$14,447 versus a 38 year old with a net worth today of positive \$33,173. So that's almost a \$50,000 split in net worth between someone who's 27 and who's 37, both technically are considered "millennials." So that's just to kind of illustrate the difference of where a lot of people are at in their lives at their mid to late twenties versus their mid to late thirties.

So according to the same article from the College Investor, the average starting salary for someone who is 27 years old, so that means like me, they graduated high school in 2010, the people in this article are assuming that they went to a four year school. So they, a graduated class of 2014, the average starting salary would be \$48,127 but at the same time the average student loan debt of that same person is \$29,526. Slightly higher average salaries than people in previous years, previous generations, but also at the same time the average student loan debt goes up on the chart that you can check out in the show notes from this article. So you're making more money but you also owe more money in student loan debt as well. Just something to consider.

So again, I'll be generalizing a lot here, but I think it's kind of safe to say that a lot of people that graduated high school and are coming back now 10 years later are probably finally getting to the point in their life where they're starting to make some substantial money if they haven't already for a few years. They still have student loan debts that they're trying to pay down. They're trying to, if they haven't already moved out and get their own place to live, whether that means they're looking for a place to rent an apartment or maybe buy a condo or buy a house. Any of those, they're trying or thinking about at least moving out of their parents' place or their current living situation and getting something for themselves. Also at age 27, 28, medical insurances on their shoulders at this point too.

If it's not covered through work, that's something else they need to consider. They probably have car payments, thinking about getting married, maybe thinking about having kids. If they have kids already, thinking about paying for school, for childcare, et cetera, everything that goes along with having kids. Also, at the end of that, saving for that mysterious "retirement down the road," when people my age now say that saving for retirement is not even a priority, it doesn't even register on their list. I get it. There are a lot of things that I just listed off there probably take priority over something that's 30, 40, 50 years away. So, I get it. It makes sense.

Needless to say, all of that stuff is a lot on someone's plate. Having said that, every generation really is different. Every generation has their own hurdles to jump over and every generation thinks that their hurdles are the highest and the most difficult hurdles to jump over ever.

We think as people in their late twenties, we think that the problems that we face are the worst. They're the hardest. We have it the worst but at the same time our parents thought the same thing when they were our age and their parents thought the same thing when they're age. It's a never ending cycle in that sense.

To that point, to the 27 year olds listening, how many times have you heard a parent or older relative say, "Well, when I was your age, when I was 27 years old, I had three kids and a house." How many people have heard that? All of you? Yeah, that's what I thought. I feel you on that but it was just a different generation and it was different time and there were a lot of different circumstances going on and that's just what happened. Things change over time.

If you're listening to this and so far you think, "Well, I'm in my late twenties and I literally don't relate to anything of what he said so far." One, that's okay. Like I said before, everyone does their own thing. But two, especially financially, the things that might be popping up when you're 27, 28 years old, I just wanted to quickly review where you might be able to start when it comes to getting your financial life in order, and we've talked about this on a number of different podcasts, but I think it's particularly true for people this age 27, 28, 26, even 25 when you're getting out of college, you're trying to get your feet underneath you financially. It's never a bad time to review the important steps of where to start.

I'm sorry if I sound like a broken record, but cash flows. You got to start with those monthly numbers, money going in, money going out. Where's the money going on a monthly basis? Where's it coming from? Are you spending more than you're making? If you have money left over each month, where is it going? What are some costs that you can control each month to lower your spending and increase the amount that you have in the bank if that's something that you want to do.

The second thing, after you figure out all of those monthly numbers are your future goals. I mean, what financial goals do you want to accomplish in the next one to three years?

Disclaimer, there's no judgment allowed on those goals, so they're your goals. If you want to save money, go ahead. If you want to spend money on 12 trips in the next two years, go ahead.

What I'll say to you though is just have a plan and make sure that all of the money that comes in and out as being accounted for and if you want to put it towards all of those vacations or buy crazy things, that's your money and you can do what you want with it but just have a plan with it.

So not only goals that you want to save for in the next year to one to three years, three to five years, five to 10 years, even decades down the road. Do you want to save for a down payment on a house, like I mentioned before? Do you want to buy a new car? Do you want to buy your own car? Do you want to buy an engagement ring for your girlfriend? Do you want to pay down debt? What are the goals that you want to accomplish?

So regardless of how much money you have coming in, I mean there are ways to save for what you want or there are ways to spend your money wisely. You can take the blindfold off so to speak and actually look at where your money's going.

Sometimes it just takes a little time and effort but there are ways to do it. So just set up those ways to save or determine what you want to spend your money on because you know you're working for it most likely and you want to spend it wisely. It all stems back though to that monthly cashflow number that we were just talking about and that we talk about so often here.

You know after you determine those goals, if there is money left over and you do want to invest some of it or you do want to, you've gotten a handle on your cash flows, you've gotten a handle on your goals, you have money going towards all of those. If there's money left over and you want to invest or you want to save for retirement, that's great and you should definitely do that if that's something that you want to do. Even if it's just a little bit. I mean, every little bit matters when it comes towards putting money away for retirement or for your goals.

Some money is better than none, so even if you think it's a tiny amount that's not substantial enough to make a difference, open that account and put that money away. If you're confused about how to do that, about how to get started investing or opening an account for retirement, that's when I think, it'd be a really good time to sit down with an investment advisor or financial planner, someone that can point you in the right direction and help you get your feet off the ground in that sense.

If you have all of those things going for you, you have the cash flows, you have your goals mapped out, you have concrete ways that you're working towards those goals and then on top of that, if you're investing, you're saving for retirement, if you check all those things off your list and getting back to that 10 year high school reunion, if someone comes up to you and asks what you've been up to or what you have going on in your life, even if there's nothing else at that point that you feel like bringing up, you can at least come off looking and sounding like a normal, functioning adult with ambition and goals. It sounds silly, but just having goals I think, and having ambition and knowing, having a plan of how you're going to get to those goals is very unique in today's day and age. So having that in your arsenal, I guess when people ask you what, what you've been up to or what you're currently doing, it goes a long way and it shows that you have something in your life that you're excited about and that you're working towards.

Also just keep in mind that definition of millennials that I was talking about earlier and how wide of a range that it really covers. When you're reading articles about how millennials are doing good or bad, just know that it's interesting reading material but it shouldn't really affect how you're doing personally since it's such a wide range.

There's 19 year olds that are still in college. There's people my age that are 27, still trying to figure things out and get started with their prime earning years in their life and then there are people that are 37, 38 years old that are firmly entrenched in their career path and have been earning a lot of money for a lot, a lot of time. So there's a really big range when it comes to generations and don't let it pin you down or don't let it get you overwhelmed.

Life moves at its own pace for everyone and even if none of what I talked about today kind of applied to you or you're starting from scratch, just know that it's okay and that it's never too late to get started.

I'm talking mostly towards people, like I said, that are 27, 28 years old. Even if you've never started any of what I've talked about today, just know that there are plenty of people out there who are getting ready for retirement that still haven't started doing a lot of these things and they have decades on you in the life experience department. So even if you get started when you're 26, 27, 28, 30, I mean you're still way ahead of a lot of people out there. So getting started, even if you think it's too late at this point, trust me, it absolutely is not the case.

Another thing to keep in mind, if you're kind of having a quarter life crisis, getting ready or you're thinking about how "old" you're getting nearing 30, 10 years out of high school and you're hearing from your parents, from your relatives, your aunts and uncles about how they had kids and they had houses and they had all this when they were 25, 26 years old. Every generation is totally different. They had problems from their parents when they were our age, just like we do from them now and we're going to give our kids a hard time when they're 26 and they're 27. So it happens. Every generation is completely different. We've got enough on our plate to keep us very busy and justifiably overwhelmed at times.

Even if you're feeling overwhelmed, that's all right. I mean it happens. It's happened to everyone. Your parents felt overwhelmed at one point. Their parents felt overwhelmed at one point. It's going to happen. Don't let other people get you down. Just keep your head down, tune it out and keep doing your thing and make sure that you're staying on the right path for you.

Throughout the hundred plus episodes of the podcast, we've heard some great advice for millennials and for younger people in general. So I've decided to clip together a couple of the best pieces of advice towards the younger generation that I thought we've heard throughout the show to this point.

So there's a couple clips here to kind of wrap up the episode. Hope you enjoyed this episode of Living With Money and I'll let these clips play us out. Thanks for tuning in.