

New Economic Realities for Today's Young Couples

For today's young couples, the route to a secure future may be looking a lot different from the way it once appeared. Their income may be less certain compared to previous generations, and the demands on their financial resources are greater. In addition, rapidly evolving technology will likely require many individuals to change or reposition their careers more than once during their lifetimes. With the future of Social Security in question, and many employers no longer offering traditional defined benefit pension plans, employees must now rely heavily on their *own* savings to provide the bulk of their retirement income.

Meeting the Challenge of Uncertainty

What's a young couple to do? Meet Kate and George. They're both in their mid-twenties and have been married for two years. Kate is a computer programmer at a software company, and George is a manager at a local retail store. Before they were married, they lived in the city and enjoyed relatively financially carefree lives. Now, they own a home in the suburbs and are hoping to start a family sometime soon.

As they begin to pursue their dreams, Kate and George are beginning to encounter the uncertainty many in their generation will face as a matter of course. Although their jobs are presently secure, many of their friends and relatives work for companies undergoing restructuring and are less certain about their job prospects. Since they'll be depending on two incomes to support their family, how will they manage if one of them loses his or her job? And, will their desired standard of living be affected if they each ultimately undergo a number of career transitions?

The possibility of an uncertain income stream raises even more questions. Will they be able to afford the number of children they want? Once they've started a family, will they be able to save for their children's education? Will they have adequate financial resources in case either of them becomes sick or disabled? And, what about their own retirement? Although they both participate in 401(k) plans at work, will they be able to save enough to retire comfortably?

A Clear-Eyed Assessment Today-A Brighter Tomorrow

Although they face a challenging future, Kate and George are getting off on the right foot by asking these questions. A realistic assessment of their goals and the economic climate they may face will allow them to develop alternative courses of action. If they start now, while they're still young, they'll have more flexibility in their spending choices and in determining the sacrifices they may need to make to secure both their current and long-term goals.

As Kate and George steer themselves toward a secure financial future, they'll be in a better position to achieve their dreams by keeping their eyes wide open. By making

informed financial decisions and choosing appropriate strategies today, they'll be less likely to lose their way if they encounter personal and economic detours tomorrow.

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