The Millennial Minute

New Year, New Outlook, Same Problems

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As much as I hate to start on a sour note, I think we all need to take a deep breath and admit it to ourselves: 2022 was AWFUL. Between a continuing climate crisis, political and civil unrest throughout the world, along with the highest inflation any of our generations have ever seen, I believe the following image best describes how the past twelve months felt:

Yes, the ever "burning dumpster fire" – a phrase that has gained a LOT of popularity over the past three years is still very much applicable even going into the new year. If you want to delve into the year that was 2022 and read about the top ten most significant world events of the year **(spoiler alert: none of them are good)**, you can click here and check out the Council on Foreign Relations article.

Today, however, I want to give you the **"Financial Survivor's Guide to 2023"**, which is a little overview of how we can all get through this insane inflation without drowning in debt and living off of scraps the grocery stores can't sell.

First and foremost, the beginning of the year should ALWAYS start with a look over your finances. All of your chequing, savings, RSPs, TFSAs, investments and insurance policies should be reviewed. Print off statements, make an excel sheet, make a binder – whatever you need to do to see an overview of your current financial standing, because you need to see the whole picture in order to make well thought out decisions. **My husband and I block off an entire evening,** we crack a bottle of (cheap) wine, rip off the band aid that is the Christmas Bill, and then we plan our financial focus for the year.

In addition to finances, review all of your monthly expenses. Have you been a dedicated customer to a certain phone or internet provider? Call them up and negotiate a price reduction. I find that our providers will typically give us a deal for a few months if we call saying we've gotten a better offer elsewhere – sometimes more data, or an extra service, sometimes even a temporary price reduction! (don't overuse this tactic! With great power comes great repsonisbility, after all)

Or maybe you have too many streaming services and you want to downsize them? Netflix has just recently added the cheapest price point I've seen at only $5.99/month – you have to watch some ads, but we millennials grew up with ads! If anything, we should want it not only for the nostalgia, but also to help our kids understand "a simpler time".

Don’t forget about insurance! Maybe you’re driving less, maybe you’re driving record is spotless, or perhaps you’ve changed vehicles or added security to your home. You can call your insurance company to see if there are any credits you can take advantage of.

Once you’ve seen where small sacrifices can be made, it’s time to make your game plan on managing your wealth for the year.

Concentrate on debts, now is not the time to save

This might seem counter productive. Of course we want to save money! Millennials will (hopefully) get to retire around the 65 mark and we need savings to do it.

However, **think about the interest rate hikes we’ve endured over the last few months.** With rates threatening to hit double digits, it’s going to be more important than ever to pay off any lending products you might have: loans, lines of credit and credit cards, even mortgages should be a big priority for us this year. Focus on one debt product at a time and try to dump extra money into it to pay it off quicker.

My husband and I have two lines of credit and one extra credit card we are aiming at eliminating this year alone. Once they are gone, we have one last big line of credit to take care of, and we will hopefully be back near zero for consumer debts.

Once you’ve paid off one debt, move on to the next. If saving is still a part of your plan, keep the savings contributions the same this year, or decrease them slightly to offset the increased debts payments. **Trust me, if you can eliminate more debt this year, do it! Your savings will thank you in the long run.**

Parents, if you are able, help out your kids or grandkids with loans – it’s a good idea

This is a big ask – especially because many of our parents are nearing (or are in) retirement now, and their money needs to stretch as well. However, parents, if you are in a position where you can help out, I’d encourage you to do so. **Helping your kids now to manage their debt load will save them in the long run coming to you when payments get out of control.** Have a sit down with your kids and plan a loan agreement; an interest rate, a payment plan, and a timeframe to have the money back in full plus interest. Kids will be much more receptive to a 4% interest rate from mom and dad as opposed to a 9% or higher interest rate from the bank.

Be careful as well! You don’t want to be taken advantage of. You can write up the loan agreement between you and your child(ren), have everyone sign and keep copies in a safe place. Get a lawyer involved if you’d like an extra layer of protection.

Put off big purchases

With the spending season behind us, many will be looking towards the spring time and planning outside projects and inside renovations. Now isn't the time for big purchases. That new LG Rose Gold fridge would look amazing in your kitchen, but can you really justify the $5,000 price tag? Especially if you aren't paying cash? (remember my mention of interest rates?)

Before pulling out your wallet, take at least a week to assess: Do you REALLY need a new fridge? Or do you just WANT it? Is it imperative that you redo your flooring this year? Or can it be put off until you have the cash on hand to pay for it?

Remember, 2023 should be about eliminating debts, not building up more!

Negotiate a raise or change jobs

Let's be honest with ourselves, everyone took a pay decrease last year. Even if your company gave you an increase, there's 99.993% chance it did NOT match the rate of inflation for 2022. It surprises me to see this, as millennials (and GenZ) *especially* have proven to leave jobs if they aren't feeling valued, no matter how long they've been with a company.

If you are like a lot of the general working population, and you feel you can be better compensated – start with trying to negotiate a raise at your current place of employment. Most companies know how expensive it is to onboard and train a new employee, and they'll want to keep their seasoned and hard working employees satisfied. **Keep expectations reasonable.** Build your case and practice your dialogue. There are many tools online that can help you for free! A quick Google search will bring you a plethora of information on how to negotiate a raise.

If your current employer either cannot or will not budge, then it's time to update that resume and begin searching for greener pastures. Don't let fear or loyalty hold you back. You are always well within your right to look for better opportunities.

I know this article may seem a little too fluffy for the times we are currently facing. Money is tight. The cost of living is almost too much for anyone but the very wealthy to bear, and we won't be seeing any real, long term relief or solutions in the near future. **No one is coming to save us, so we need to save ourselves.**

Educate yourself, seek the advice of wealth professionals, read as many books and articles as you can regarding budgeting and wealth management. **Throw yourself the lifeline to carry you through 2023 and with some discipline and a little luck, we will all make it to other side of this year a little wiser – and maybe even a little wealthier.**