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HOW

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Jul. 18, 2018

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They can start by learning from the money-managing mistakes of previous generations, says financial management coach **Tom Graneau**, author of *Pennies to Power* (www.tomgraneau.com). He points out that most millennials, for example, aren't doing a great job of saving money. About two-thirds of them, according to the National Institute on Retirement Security, have nothing saved toward retirement.

As a Baby Boomer who once went bust, Graneau says his past financial challenges are a reason he wants to help educate young people now on the pitfalls of over-extending financially. The worst financial mistake Graneau believes a young adult can make – and one he made – is buying a home.

“The last thing you want to do is get into home ownership; I see home ownership as the No. 1 factor leading to financial negatives in our country,” says Graneau. “You have a country where the banking system, real estate system and government tells us to buy homes, yet most can't really afford the mortgage long-term.

“Most of your mortgage payment goes only to interest the first few years. What they will pay in interest over the long run is mind-boggling, and it often dwarfs any equity they have in the home.”

Many millennials, however, buried in student loan debt – another thing Graneau

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issues.

“The outside world thought I was doing fine, but I was as broke as those individuals I worked with,” Graneau says. “I was about 40 and I had to look at my situation deeply. My salary was stagnating, I was in a multi-million-dollar home and I realized I couldn’t pay that mortgage the rest of my life.

“I lost my job and lost my house. I started recovering by shedding as much debt as possible and saving as much money as possible.”

It was then he started investigating what’s wrong with America’s financial picture. Why are older folks so mired in the debt problem and depending mostly on Social Security? Why does each generation overextend on credit and so many live paycheck to paycheck. The problem, Graneau says, is largely traceable to a lack of financial education and discipline.

“Our society has done a poor job at teaching people how to save as well as construct a real budget and stick to it,” Graneau says. “It doesn’t emphasize limiting debt and saving money, and you see people with all this trouble.”

To Graneau, money problems most often can be traced to an inability or unwillingness to save. A lack of discipline is to blame more than a lack of funds, he says. He recommends putting away 15 to 20 percent per paycheck, or whatever a person can afford, then increasing when they can.

“It’s a hard lesson to portray to younger people,” Graneau says, “but we should never spend all of our paycheck. Always put some of it away.”

Payroll

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