20s TIME TO PARTY, BUT ALSO TO PLAN

Your 20s are the most carefree and fun loving decade of your life. Or they have been, up until quite recently.

In 2016, the 20s mean something a little different to this generation than it did to Baby Boomers. Sure, you still party hard, travel a lot and enjoy life to the full, but it seems some life concerns creeping in at an earlier point.

Instead of free university education, early marriage, the prospect of long-term careers and home ownership, life is a little more uncertain. A much larger percentage stay at home, because renting is prohibitively expensive and saving for a home deposit is much easier under the family roof.

Then there are HECS fees accumulating, and while paying them off is a decade or so in the future, 20-somethings finish their education with substantial debts.

As they make their way through uni, many have a variety of jobs and accumulate a number of superannuation accounts. Few will stay in a job for longer than two years and many will have several part-time jobs at the same time while they study or try to get a business together.

Four or five envelopes arriving in the mail from various super funds

Today's 20-year-olds are partying with more of an eye on the future

each year may be annoying, but it does mean 20-somethings are getting an early start. While their parents may have been in the workforce a decade or more before compulsory super was introduced in 1995, 20-somethings have never known anything else.

Of course there are good and bad sides to these differences.

"Kidults" staying at home can extend their adolescence into their late 20s and beyond, but it doesn't mean the world they will eventually emerge into will be any easier. Today's 20-year-olds are partying with more of an eye on the future than the generations that went before.

SIX-POINT CHECK LIST

1 STAY AT HOME: There is a reason more young people are staying in the family home for longer. It's cheaper than a share house and Mum and Dad aren't too bad after all.

2 START TO SAVE: You'll never have fewer outgoings, so it's a perfect time to start saving. Think about saving half of what you make.

3 BEWARE THE CREDIT CARD: Getting into big trouble with credit cards will not only mess up your credit rating, it's a financial black hole. Be careful.

4 DON'T WORRY ABOUT UNI DEBT: Australia's HECS system of paying for university is just about the cheapest debt you'll ever have. Get educated.

5 THINK ABOUT INSURANCE: Life and income-protection insurance only get more expensive the older you get. Be aware premiums rise with age, and for health insurance, sign up before you're 30.

6 HAVE FUN: Life is for living. Money will never be less important again.

CASE STUDY

STARTING TO GET ORGANISED

TWENTY-FIVE-YEAR-OLD Elizabeth Brown is less than a year into a full-time job and is already saving hard for a home deposit. The young lawyer graduated from university in mid-2015 and is living with her parents while she saves about $1,500 a month from her salary of about $70,000 a year.

"The main reason I am at home is to save up some money to buy a property," Elizabeth says. "I'm paying 10 per cent of my wage as board to my parents."

Elizabeth's plan is to save about $30,000 and then buy her first property, potentially with her parents. She has her sights focused squarely on buying in Sydney's inner-city, in a suburb where she would like to live.

"I don't think I'd buy somewhere just as an investment, and not live in it," she says. "I'd like to have the option to do either, so to do that, I want to buy in an area where I can see myself living long term."

With housing prices so high, Elizabeth understands it is likely to take her longer to accumulate the deposit to buy into a more expensive suburb.

"I do get pessimistic about it, but at the same time I do think it's possible," she says. "Houses are just so expensive these days, but to me it is worthwhile to save up longer to purchase the property I want."

Elizabeth's focus on her financial future is a recent thing. She admits that in her university years, she was more interested in "holidays, going out and shopping", but has brought that under control since starting full-time work, with the ultimate goal of accumulating the home deposit.

On the advice of family and friends, she also saw a financial adviser, which focused her mind on her goals and how she could achieve them.

"My issue was that I was a student until I was 24, so I always thought there was little point in starting to save," she says.

The contact with the financial adviser, she says, also helped her understand exactly where her money was going.

"I've brought back my spending now, because I didn't realise just how much I was spending on eating out for lunch and dinner, going out on weekends," says Elizabeth. "I still do holidays and go out on the weekends, but I've definitely got the shopping under control, which was were a large portion of my salary was going."

Superannuation, she admits, is not her "primary focus", but she is also taking some action there. Like many people of her age, she has accumulated several superannuation accounts through working in a range of casual and part-time jobs.

With the help of her adviser, she is in the process of consolidating them all into the one account.

"I think I need to find out more about super because I do realise that its going to be more important later on," she says. "But it's probably not my main priority right now. The main priority is the house deposit."

OUR PANEL'S ADVICE

DAVID REED
Cash flow and debt management are critical. Set goals and build a simple system to manage money. Education on investment will build your confidence to start saving 10 per cent of your income and grow long-term wealth. Invest in growth assets and let compound interest work its magic. Personal insurance such as income protection is crucial. Consolidate super funds into one.

BEN NASH
The sooner you start investing, the better outcomes you can expect. Starting a small regular investment into a diversified share portfolio such as Australian shares or a managed fund will pay big dividends in later years. Investing regularly will also get you in a pattern that will make it easier to fund debt payments when you buy property.

BILL BRACEY
Well let's face it, apart from having fun, there is nothing much more that matters. Until that day Mum and Dad say: "It's time for you to move out!" That's a great time to start to get your money management in order. Step one is start a budget, work out what it's going to cost to live, and then get a job (or several jobs) to cover your expenses.