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Saving in Your 30s: What You Need to Know

Kate Sitarz, May 2019



Whether or not you were serious about money management in your 20s, saving in your 30s is a must if you want to set yourself up for future financial success. Here are four actions you need to take if you haven't already.

Build an Emergency Fund

While you want to pay your loans off, you also want to avoid taking on new debts. Create a budget and determine how much money makes sense for you to have in an [emergency fund](#). According to the [Report on the Economic Well-Being of U.S. Households in 2018](#), four in 10 adults have trouble coming up with \$400 for an emergency. Make sure you're prepared for the unexpected, like losing your job. You'll also want to set aside funds for things like healthcare deductibles and maintenance on your home or car.

Every \$5 you save from a latte and put toward your emergency fund adds up. There are other ways you can save on your day-to-day expenses, too, such as finding ways to [make your groceries last longer](#) or [quitting cable](#).

Balance Loans with Investments

If you're still paying off student loans, you'll want to take a look at the interest rate of each loan and compare that against potential gains from an investment. For example, you may have a student loan with a 4 percent annual interest, but an investment account that has average annual returns of 10 percent.

After paying your monthly loan bills, you'll want to balance where you put any additional money. You may stand to gain more from investments, especially when considering the effects of compound interest. Be sure to pay more than the minimum, and dig into the principal when possible. If you haven't [consolidated](#)

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minimum, and dig into the principal when possible. If you haven't [consolidated your debts](#), look at how much you could save by doing so.

Focus on Retirement

Don't panic if you didn't start saving for retirement in your 20s. But you also shouldn't wait until your 40s; the time to [save for retirement](#) is now. Compound interest is the most powerful tool for building wealth.

If you save \$6,761 each year starting at age 30, you can [become a millionaire](#) by age 65. If you wait until 45, that number more than triples to \$22,797 per year to hit the same target. It may sound like a lot of money to come up with at either age, but if your employer offers a 401(k) match, take advantage of it. This can help to lower the overall annual contribution needed to hit the million dollar goal. You'll want to look for additional ways to save and spread your wealth. Consider opening a [traditional or Roth IRA](#), or using an online investing service.

Determine how much you'll need in retirement, as you may find that a million dollars is actually too low based on [when you want to retire](#) and what you hope to do during retirement.

Set Goals

Many people in their 30s feel like the next item on the life to-do list is purchasing a house. Remember that a mortgage isn't for everyone and it completely depends on where you live, your goals, and other personal factors. If you're considering borrowing from your retirement accounts to buy a house, back away from your 401(k) and take a broader look at your finances.

Whether your goals include [continuing education](#), [getting married](#), [buying a house](#), or traveling, write them down and determine when you'll need the funds and how much you'll need. Work backward from there to determine how much you need to set aside each week to achieve these goals.

Across all areas related to your financial wellness, you'll want to revisit year to year, or sooner if a major life event, like buying a house or starting a family, occurs.

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