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TRUST & WEALTH MANAGEMENT

Profit Pulse: Stay Informed, Invest Intelligently

Financial News: Generational Spending Habits January, 2024

As the consumer landscape continues to evolve, so too do the spending habits of different generations. Each generation is shaped by unique economic, social, and technological influences, resulting in distinct approaches to how they manage their finances. In this article, we will delve into the spending habits of four major generations: Baby Boomers, Generation X, Millennials, and Generation Z.

Baby Boomers (Born 1946-1964): Baby Boomers, the post-World War II generation, witnessed significant economic growth and stability. This era shaped their financial mindset, emphasizing the value of hard work and homeownership. Baby Boomers are known for their conservative spending habits, prioritizing savings and investments.

- Homeownership: A significant portion of Baby Boomers' budgets is often dedicated to mortgage payments, property maintenance, and related expenses.
- Traditional Entertainment: Baby Boomers are more likely to spend on cable TV subscriptions, newspapers, and magazines as their primary sources of entertainment.

Generation X (Born 1965-1980): Generation X, sandwiched between the Baby Boomers and Millennials, experienced economic uncertainties and the rise of dual-income households. This generation is characterized by adaptability and resourcefulness, shaped by the advent of personal computers and the internet.

- Education and Career Development: Gen Xers may allocate funds for advanced degrees, professional courses, and career-related workshops.
- Pragmatic Consumption: This generation seeks value for money, making them more likely to research and compare prices before making significant purchases.

Millennials (Born 1981-1996): Millennials, often considered the first digital-native generation, have faced economic challenges like student loan debt and a competitive job market. Their spending habits are influenced by a desire for experiences over possessions and a strong emphasis on social responsibility.

- Experiences Over Possessions: Millennials prioritize spending on experiences such as travel, concerts, and dining out rather than accumulating material possessions.
- Technology Investments: This generation is keen on the latest technological gadgets, smartphones, and subscriptions to digital services like streaming platforms.

Generation Z (Born 1997-2012): The youngest generation in the workforce, Generation Z, exhibits unique spending habits driven by technology and social media. Raised during the age of smartphones and instant communication, Gen Zers are highly connected and value authenticity.

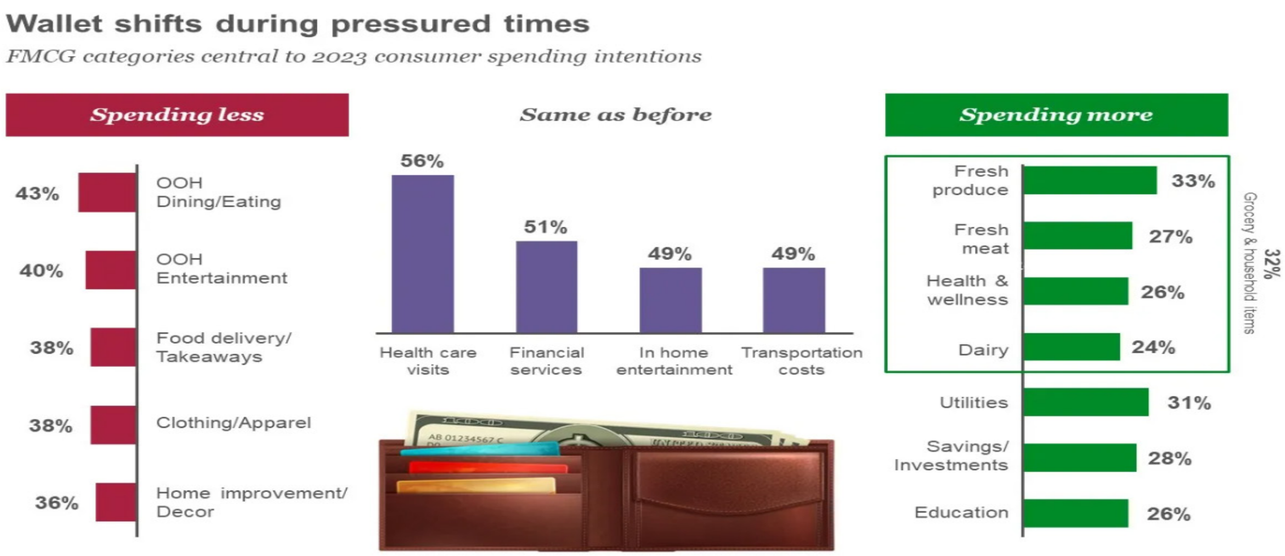
- Gig Economy Participation: Generation Z is more likely to engage in gig work and side hustles, using platforms like Uber, Lyft, or freelance marketplaces.
- Online Shopping: Gen Zers prefer online shopping and are more likely to make purchases through e-commerce platforms, influenced by social media trends and recommendations.
- Sustainability and Ethical Consumption: This generation is inclined towards environmentally friendly and ethically produced products, often choosing brands that align with their values.

Tip of the Month: New Year's Resolutions

Making New Year's resolutions stick requires a thoughtful approach and a commitment to sustainable change. Start by setting realistic and achievable goals, breaking them down into smaller, manageable steps. Create a detailed plan outlining specific actions you'll take to reach each milestone. Incorporate your resolutions into your daily routine, making them a natural part of your lifestyle. It's essential to stay flexible and adapt your goals as needed, recognizing that setbacks are a normal part of any journey. Find a support system, whether it's friends, family, or online communities, to share your progress, challenges, and successes. Celebrate small victories along the way to maintain motivation and reinforce positive habits. Lastly, be patient and kind to yourself, understanding that change takes time and persistence.

The most important quality for an investor is temperament, not intellect.
Warren Buffett

Chart of the Month: Stock Market & Presidential Cycles



Source: NIQ 2023 Mid Year Consumer Outlook Survey. Interpreted as "43% of global respondents plan to spend less on Out-of-home (OOH) Dining and Eating" For illustrative purposes only.

Finance 101: Simplifying the Complex

A Guide to Catch-Up Contributions in Retirement Accounts

Catch-up contributions are additional amounts that individuals aged 50 and older can contribute to their retirement accounts above the standard annual limits set by the Internal Revenue Service (IRS). These contributions provide a way for older workers to make up for lost time and bridge the gap in their retirement savings.

Benefits of Catch-Up Contributions:

Boost Retirement Savings Quickly. Catch-up contributions allow individuals to turbocharge their retirement savings in the final years leading up to retirement. The additional contributions can significantly enhance the overall nest egg.
Tax Advantages. Contributions to retirement accounts, including catch-up contributions, often come with tax advantages. Traditional 401(k) and Individual Retirement Accounts (IRAs) allow individuals to deduct their contributions from their taxable income, providing an immediate tax benefit.
Compounding Growth. Catch-up contributions can capitalize on the power of compounding. The earlier these contributions are made, the longer the money has to grow and accumulate interest, potentially resulting in a more substantial retirement fund.

Types of Retirement Accounts Eligible for Catch-Up Contributions:

401(k) Plans: Individuals aged 50 and older can contribute additional catch-up amounts to their 401(k) plans. For the tax year 2024, the standard contribution limit for a 401(k) is $23,000 with an additional catch-up contribution of $7,500, bringing the total catch-up limit to $30,500.
Traditional and Roth IRAs: Both Traditional and Roth IRAs offer catch-up contribution options. The standard annual limit for IRAs in 2024 is $7,000, and individuals aged 50 and older can contribute an additional $1,000 as a catch-up contribution, totaling $8,000.

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Dates to Remember!!

Jan. 1st - New Years Day
Jan 4th - Trivia Day
Jan 8th - Bubble Bath Day
Jan 21st - National Hugging Day
Jan 24th - Compliments Day
Jan 31st - Backwards Day