

## Real-World Debt

Four decades in the investment world have shown me that each generation of Americans faces unique financial opportunities and challenges. Today's recent college graduates are no exception. Like their parents before them, they are coming of age in a world that offers new and evolving ways to pursue their dreams through hard work, diligent saving and careful investing. At the same time, they'll need to navigate record levels of student loans and credit card debt that pose a serious threat to their financial fitness. Throw in changes in the retirement landscape—particularly the decline in traditional pensions—and it's clear that today's college graduates will bear greater financial responsibility than any generation in history.

It may seem like a tall order, but young people can manage their financial challenges by drawing on the lessons of past generations and taking advantage of financial opportunities and new technologies. To begin, that means paying off high interest debt and finding ways to track spending by taking advantage of improved tools such as budgeting software. Young people can also benefit enormously by making an early start on saving, contributing as much as possible to tax-deferred retirement plans such as IRAs and 401(k) plans. Their greatest asset is time. They should view these plans as their "pension," and begin to fund them as soon as possible.

The sooner our new generation of workers develops its own long-term financial plans, the sooner its members will reap the benefits of financial security, enjoyment and well-being. When we encourage our children and grandchildren to take the first steps toward financial independence, we are offering them a great gift. My hope is that they will embrace this gift and pass it along a generation from now. ■



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