

## How Millennials are Buying Homes - Transcript

**Tom Mullooly:** It's finally here, episode 100.

Welcome to the Mullooly Asset Show. I'm your host, Tom Mullooly. Welcome to episode 100. We cover a lot of different topics in these videos. A lot of them come from questions from our viewers, or people who tune into our podcast, or clients, things that come up in conversation. We hope that we're hitting on topics that are relevant for your situation, or for people in your family, or people you know. Today, what we want to do is talk about a topic that is trending on a lot of different internet platforms. There was an article that was written and the headline was, The Alarming Way One Out of Three Millennials Get Money to Buy a Home. Nothing like a good click bate kind of headline to get people to read the story.

The Bank of the West did a survey and put out this information. Of course, CNBC promoted it and LinkedIn exploded it. It's all over the different internet communities on Twitter, LinkedIn, wherever you tune in. Take a look, you're going to see this. LinkedIn actually took the article, or the guts of the article, and retitled it to say, "Millennials Overspend on Homes." That's not necessarily what the original article said. What I will say though, is if you find that on LinkedIn, if you're on LinkedIn. First of all, if you're on LinkedIn, you need to connect with Mullooly Asset Management and the rest of us here. But if you do, find that article, and I think Tim can link to it in the show notes. There's already after a couple of hours over 500 comments on that post.

There's something for everyone in there. There's all kinds of reasons, and excuses, and plans, and good advice, and terrible advice. Like I said, there's something for everyone there. But the main gist of this story, the survey that Bank of the West put out, is that one out of three home buyers in the millennial age bracket, that's age 21 to 34, the way that they got money to buy their home was they withdrew that money, or some money, from their retirement plan, or they took a retirement plan loan to buy this house. There were tons of comments, as we already mentioned, but some things that popped up in the primary article were people can't afford to do this, or they should rely on savings, not necessarily money from a 401K, or from an IRA.

The article also spent time talking about how you can withdraw money from places like a Roth IRA, which we've covered in other videos and podcasts here at Mullooly Asset Management. Look, if you're in your twenties, and you don't own a home, and you want to own a home, why, why are you locking money away in a retirement account? Or you're basically putting money away for an event that may not happen for 35 or 40 years. I mean, who gave you that advice? I don't understand that. Look, if no one's explained this to you, just me thinking off the top of my head, when you're out of school, within six months you're going to ... If you have student loans, within six months after graduation you're going to have to start paying it back. You have to prepare for that.

You have to build an emergency fund. Three months, that's a minimum. Six months is better. Nine months of fixed expenses, that's best. We can link to a video and a podcast that we did about these very topics. The third thing that I'll tell you is once you start that emergency fund, don't touch it. Just leave it there. You're going to make better decisions by having a couple of

bucks in the bank. The fourth step is to start socking money away so you can buy a place. That doesn't mean put money away in a 401K, it doesn't. Just start putting money away. The fifth thing that I'll tell you is when you feel like you're 24, or 27, or 28, you deserve a trip to Aruba or some crazy vacation, you may have to put it off for a while. You have to prioritize what's important to you. Look, houses are expensive, but that's not a surprise.

Houses were expensive 30 years ago. Houses were expensive 50 and 60 years ago. It's all relative based on the income. My parents bought a house in 1962, they paid \$28,000 for it. That was a fortune at that time. They didn't make a lot of money. You can add zeros to all of these things, everything's expensive. Buying a home is a serious commitment, so you have to plan for that. It's not something that happens by accident and it's not something that you just come up with willy-nilly on a weekend, "Hey, let's buy a house. Let's buy a condo." It doesn't work that way. Put together a plan. If you don't have a plan, sit down with a financial planner and talk to one. We'd be able to help you. Just give us a call or talk to someone in your community.

That's it for episode 100. Thanks for tuning in for the first hundred. Hope we can see you on the next hundred.