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PRIVATE WEALTH



The Real Financial Guide

FOR HIGH-INCOME MILLENNIALS

The Real Financial Guide for High-Income Millennials

Smart strategies for taking control of your wealth without sacrificing your lifestyle.

If you're a high-earning millennial, odds are you're juggling more financial decisions than ever: maximizing equity comp, managing tax exposure, investing responsibly, and still trying to figure out if paying off your mortgage faster is actually a good idea.

You're not alone. Our generation is navigating more complexity and more opportunity than any before us.

We're also redefining what wealth looks like. It's not just about growing a portfolio; it's about buying time, creating freedom, and aligning your money with the life you want.



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1 How Millennials Are Redefining Wealth

We're the generation that grew up with student debt, economic uncertainty, and the freedom to work from anywhere.

We've watched traditional financial advice focus on retiring at 65, buying the biggest house you can afford, and sticking with the same career path for 40 years. That advice doesn't always apply to us.

High-income millennials are earning more than ever but facing decisions that go far beyond "save vs. spend." We want flexibility, values-aligned investing, room to change careers, and a sense that our money is supporting the life we want, not just growing in a vacuum.

Here are a few of the ways that's playing out.

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Student Loans, Reconsidered

You might be able to pay off your loans quickly, but that's not always the most efficient move.

- **Refinancing vs. Federal Benefits:** Private refinancing might reduce your rate, especially if your loans are above 7%, but you'll give up protections like income-driven repayment and forgiveness programs.
- **Tax-Optimized Repayment:** Contributing more to retirement accounts while making minimum loan payments can sometimes leave you better off than rushing to zero your balance.
- **PSLF Strategy:** Public Service Loan Forgiveness is still active but evolving. If you qualify, your repayment strategy may need to shift alongside it.



Rethinking Career Trajectories

Not everyone wants to wait until retirement to take a break. Many millennials are planning for more flexible careers, and their finances reflect that.

Jamie, a 36-year-old marketing executive, negotiated a three-month sabbatical between jobs. Because she'd set up a "career flexibility fund" ahead of time, she took the break without financial stress and accepted a higher-paying role when she returned.

- **Mini-Retirements:** Planning for time off during your working years can be more motivating than saving for a far-off retirement.
- **Consulting Transitions:** More high earners are moving from W-2 roles to independent work. That shift comes with new decisions about business structure, insurance, and retirement options.



Investing With Intention

It's not just about how your money grows; it's about what it's *supporting*.

- **Impact Investing:** From climate-focused ETFs to gender-diversity funds and private opportunities for accredited investors, you have more tools than ever to align your money with your values.
- **Giving With Strategy:** Donor-advised funds and appreciated securities can help you support causes you care about while optimizing for taxes.

Why This Guide Exists

You don't need a one-size-fits-all plan. You need a strategy that flexes with your life, your goals, and your priorities.

This guide is designed to help you think critically, make confident decisions, and build a financial life that fits you. Let's dive in.



Keeping More of What You Earn

**You might be making more money than ever,
but how much of it are you keeping?**

Taxes are often among the biggest threats to long-term wealth accumulation for high earners. These are some of the things you should consider.

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HSA and Roth Contributions

If you're eligible, maxing out a health savings account (HSA) and contributing to a backdoor Roth IRA can be strategic ways to reduce taxable income while growing money tax-free. HSAs, when paired with a high-deductible health plan, allow you to invest pre-tax dollars, and withdrawals used for medical expenses are also tax-free.

Tax-Loss Harvesting

If you have taxable investments, harvesting losses to offset capital gains can improve after-tax returns. This strategy is most effective when implemented thoughtfully as part of a long-term plan, not just at year-end.

Charitable Giving and DAFs

Donor-advised funds (DAFs) allow you to make a charitable contribution, receive an immediate tax deduction, and then recommend grants to charities over time. This can be helpful in high-income years, especially when paired with appreciated securities.

Avoiding AMT Surprises

As your income grows and your tax return becomes more complex, it's important to understand the alternative minimum tax (AMT) and how variables like stock options or deductions can trigger it.



3 What to Know Before You Invest More

Investing today is more accessible than ever, but high-income millennials face different challenges than first-time investors.

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Risk Tolerance vs. Risk Capacity

While risk tolerance is about how much volatility you can stomach emotionally, risk capacity reflects how much you can afford to take on based on your timeline, income, and goals. Many high earners can afford more risk but don't necessarily need to take it.

Portfolio Design

Asset allocation should be based on your goals, not just generic models. That might mean tilting more toward tax-efficient index funds in taxable accounts or using municipal bonds when appropriate.

Exploring Alternatives

Alternative investments like private equity, private credit, and cryptocurrency are increasingly part of the conversation for millennials. These options can offer higher potential returns and lower correlation to traditional assets, but they come with liquidity constraints, fees, and risk. Due diligence is critical.

Investment Costs and Tax Efficiency

With higher incomes, managing investment fees and taxes becomes even more important. Using tax-efficient funds, asset location strategies, and low-cost platforms can lead to significant savings over time.

What to Prioritize When You Have Too Many Choices

You have choices, a lot of them. But too many options can lead to indecision.

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Meet Alex and Jordan, both in their late 30s with two young kids and demanding careers.

They're maxing out their 401(k)s, but they're also trying to decide if they should put money into a 529, pay down their mortgage faster, or take advantage of their company's employee stock purchase plan (ESPP). They often find themselves Googling late at night, but the more they read, the more overwhelmed they feel. The money is there, but the clarity isn't.



Pay Down Mortgage or Invest?

Deciding whether to make extra mortgage payments or invest the surplus depends on your interest rate, risk tolerance, and emotional comfort. Even with today's higher mortgage rates, investing the difference may still offer stronger long-term growth, depending on your investment horizon, risk tolerance, and overall financial picture.

529 Plans vs. Retirement Savings

While 529 plans offer tax advantages for education, funding retirement first often takes priority. That said, if you're already maxing out retirement accounts, 529s can be a smart next step, especially if you have young children or plan to fund private school.

Roth vs. Traditional Contributions

The decision between Roth and traditional retirement contributions depends on your current vs. expected future tax bracket. Roth IRAs can be powerful if you expect your income to rise or want tax-free withdrawals later in life.

Company Stock Purchase Plans

Employee stock purchase plans (ESPPs) often come with discounts, making them attractive. But holding too much company stock can lead to over-concentration. It's important to understand the rules, holding periods, and diversification options.

Life Insurance Amounts

Determining the right amount of life insurance involves more than just covering debt. Consider income replacement, education goals, and support for dependents. Term policies are often sufficient, but the specifics depend on your circumstances.

5 Understanding Your Equity Compensation

Equity compensation can be one of the most complex (and valuable) parts of your income package. Yet many people don't fully understand the implications.

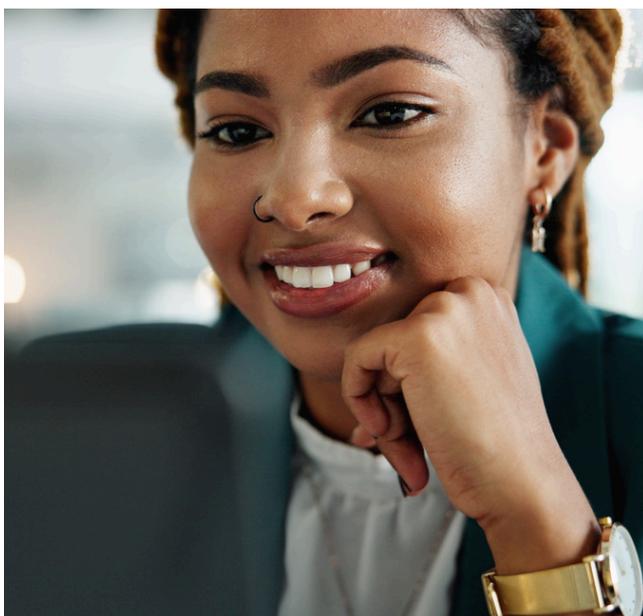
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RSUs, ISOs, NSOs, and ESPPs

- **Restricted Stock Units (RSUs):** Typically taxed as ordinary income upon vesting; planning around vest dates is essential to avoid tax surprises.
- **Incentive Stock Options (ISOs):** Offer favorable tax treatment if held long enough, but can trigger AMT if exercised and not sold.
- **Nonqualified Stock Options (NSOs):** Taxed at exercise; less favorable than ISOs, but more common.
- **Employee Stock Purchase Plans (ESPPs):** Often offer shares at a discount; holding shares long enough to qualify for favorable tax treatment can make a big difference.

Take Sarah, a 38-year-old software engineer at a mid-sized tech firm.

Over the past five years, she's accumulated a significant amount of RSUs, but never sold any of them. Her company's stock has performed well, but now it makes up over 40% of her net worth. She's unsure when to sell, nervous about taxes, and worried about missing future gains. Like many high-income millennials, Sarah didn't realize that the biggest risk wasn't missing out, it was being overexposed to a single company's stock.



Diversification Strategy

Equity comp can lead to large, concentrated positions in your employer's stock. That can be risky. It's important to gradually diversify over time to reduce single-stock risk while managing tax impact.

Planning for Liquidity Events

If your company goes public or is acquired, plan for the resulting tax implications and cash flow events in advance. Selling too quickly (or not quickly enough) can affect both your tax bill and your portfolio.



What to Do With Real Estate Right Now

Real estate is a common wealth-building tool, but also a source of confusion for many millennials.

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Buying a Primary or Second Home

Just because you qualify for a large mortgage doesn't mean it aligns with your financial goals. Consider how much home truly fits your lifestyle, and whether a second property is an investment or a liability.

Meet Priya, a 36-year-old product manager living in Philadelphia.

She and her partner were approved for a \$1.2M mortgage, but after crunching the numbers, they realized the monthly payments would strain their lifestyle and delay other goals, like starting a business and traveling more. Instead, they opted to rent a smaller place in the city, invested the down payment in a diversified portfolio, and set aside funds for a future vacation home in a lower-cost area.



Rent vs. Buy

In some high-cost areas, renting while investing the difference may offer better returns than tying up capital in real estate. Run the numbers with realistic appreciation and maintenance expectations. Owning can build equity, but it also comes with property taxes, repairs, and reduced flexibility. Renting might free up cash for other priorities, like investing, travel, or career transitions, especially if you don't plan to stay in one place for long.

Paying Down vs. Investing

Paying extra on your mortgage may bring peace, but the opportunity cost of not investing that money can be significant, especially in your peak earning years. Over time, long-term market returns may outpace your mortgage interest, allowing your money to grow instead of just reducing debt. That said, some people value the emotional return of being debt-free just as much as the financial one. The right answer depends on your goals, time horizon, and comfort with risk.



Designing a Life Your Money Supports

Money is a means to an end. And for high-income millennials, the definition of success is more holistic than just a big portfolio.

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Personal Values and Financial Goals

Aligning your financial plan with what matters most (like family, travel, entrepreneurship, and time freedom) is often more motivating than just hitting a number. When your money decisions reflect your actual values, it's easier to stay committed and feel confident about the trade-offs you make.



Supporting Multiple Generations

Many millennials are in the “sandwich generation,” helping aging parents while raising young kids. Financial planning can help allocate resources across generations while maintaining your own stability. That might mean setting boundaries, formalizing support, or building in contingency funds for caregiving or education costs.

Buying Time and Reducing Burnout

Time is your most precious resource. Many high-income earners find that strategic use of money, whether it's hiring help at home, taking a sabbatical, or reducing hours, can improve quality of life more than any investment return. A well-designed financial plan should help you protect your energy, not just grow your net worth.

Navigating Entrepreneurship and Side Hustles

Whether you're running a freelance business, building a startup, or earning income on the side, entrepreneurship adds complexity to your finances.

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Tax Planning for Self-Employment

All 1099 income requires quarterly estimated payments and tax planning. High earners may benefit from setting up an S Corp to reduce self-employment taxes and enable more flexible retirement contributions.



Retirement Planning Options

SEP IRAs, Solo 401(k)s, and defined benefit plans are powerful tools for reducing taxable income and growing wealth. Choosing the right one depends on your income level, business structure, and long-term goals.

Legal Structure and Protection

Choosing between LLC, S Corp, or sole proprietorship affects taxes, liability, and growth. Many business owners start as LLCs and elect S Corp taxation once income justifies it.

The “I’ll Get to It” List

Most people know these tasks are important but haven’t prioritized them. However, they are foundational elements of long-term financial health.

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Estate Planning Basics

At a minimum, you should have a:

- Will
- Durable power of attorney
- Healthcare proxy or advance directive
- Guardian designation if you have kids

Trusts, including revocable living trusts, can also help with privacy, probate avoidance, and asset protection.



Insurance Checkup

As your income and assets grow, so does your need for adequate coverage. That includes:

- Life insurance (term vs. permanent)
- Disability insurance (especially for high earners with specialized skills)
- Umbrella liability insurance



Charitable Giving and Legacy

You don't need to be ultra-wealthy to think about legacy. Even modest charitable giving, when planned thoughtfully, can be tax-efficient and deeply fulfilling. Tools like donor-advised funds or qualified charitable distributions (if applicable) can enhance impact.



10 What to Do When You're Busy and Overwhelmed

Between demanding careers, family life, and a constant stream of financial decisions, it's easy to feel overwhelmed.

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Too Much Info, Not Enough Clarity

There's no shortage of advice out there, but sifting through it can be exhausting. Algorithms aren't advisors, and generic tips don't always apply to your income, goals, or lifestyle. When every financial voice sounds different, it's easy to second-guess what's best for you.

Fear of Making the Wrong Move

When you're earning well, the stakes feel higher. Many millennials worry about making a mistake they can't undo, especially with taxes, investing, or equity comp. That fear can lead to decision paralysis...so nothing gets done at all. But waiting too long often costs more than doing something imperfectly.



Delegating Without Losing Control

It's possible to outsource complexity without giving up your autonomy. The right financial structure should simplify your life, not add to the noise. True collaboration means staying in the driver's seat while having expert co-pilots who help you navigate more confidently.

Feeling Disconnected From Traditional Advice

Many high-income millennials feel like traditional financial advice wasn't built for them. It often focuses on retirees or overlooks what matters, like career shifts, lifestyle goals, and values-based investing. You might not need a thick portfolio report. You might just need someone who gets where you are and where you want to go.



11 About Ausperity Private Wealth

At Ausperity Private Wealth, we believe managing wealth is about more than growing a portfolio. It's about building a financial life that aligns with your goals, values, and vision for the future.

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As an independent wealth management firm based in Moorestown, New Jersey, we partner with high-income millennials, corporate executives, business owners, and multigenerational families to help preserve and grow wealth and transition it with intention across generations.

Our clients come to us with complex financial lives: equity compensation, real estate questions, tax concerns, business ventures, family goals, and career transitions. We bring clarity, structure, and strategy to the table, without the jargon or one-size-fits-all advice.

As fiduciaries, we act in your best interest, always. And as a younger, credentialed team, we understand the modern challenges and opportunities that today's professionals face. Whether you're planning a mini-retirement, launching a business, or just trying to decide what to prioritize next, we're here to help you make confident, intentional financial decisions.

Learn more at ausperityprivatewealth.com or schedule a complimentary intro call to see if we're the right fit for your next chapter.

Let's Talk

Book a complimentary intro call with an Ausperity advisor to start creating your plan.

