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Youth Month – Gen Z and Alpha – Why early savings habits are key

Why flexibility and experiences should not come at the expense of long-term financial security

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As Gen Z enters adulthood and Gen Alpha follows close behind, families are confronting a familiar financial tension in a new form: how to encourage flexibility, purpose and experiences without sidelining the saving and investing habits that create long-term stability. Together, these generations make up nearly half the world's population, and for parents, the stakes are high. If disciplined saving only starts seriously in a child's 30s or later, the cost of lost compounding can be significant.

Experiences vs. long-term security

Gen Z typically values purpose and flexibility over traditional career ladders. That can mean gig work, career breaks, or choosing roles that pay less but feel more meaningful. For parents, that shift matters because disposable income can easily flow toward travel, hobbies and lifestyle spending instead of building a financial base and future financial security. Gen Alpha is absorbing many of the same influences through screens and culture.

The challenge is not the desire for those experiences, but the risk that they crowd out the fundamentals. Without a plan anchored in reality, the pursuit of flexibility can become financially stressful when major life goals and retirement move closer.

Goals-based wealth management

Goals-based wealth management offers a way to achieve this. Rather than focusing on a generic risk profile or trying to beat the market, it starts by sitting with you and your children to define what a family wants to achieve now and over the long term, then building a tailored strategy around those goals.

For families trying to build strong financial habits early, that can mean breaking goals into clear time horizons:

- **Short-term goals:** an emergency fund, further studies or money set aside for near-term priorities like travel or buying a first car.
- **Medium-term:** buying a home or supporting the start of family life without financial strain.
- **Long-term:** financial independence, retirement and the ability to leave something to the next generation or to causes they care about.

Each goal has its own timeline, risk level and investment bucket. That structure helps ring-fence money for specific purposes rather than dipping into long-term savings to fund short-term choices.

Why discipline still matters

For parents trying to help children build healthy money habits, the principle remains simple: disciplined investing matters more than chasing trends. Starting early, contributing regularly and staying invested through market cycles remain the strongest drivers of long-term outcomes.

The earlier those habits are formed, the stronger the impact of compounding over time. Families can reinforce that discipline by:

- **Automating savings** so it happens consistently.
- **Diversifying** across asset classes.
- **Understanding** inflation, currency moves and real returns.
- **Reviewing and adjusting** as life changes without abandoning the plan.

Why parents matter

For Gen Alpha in particular, parents and grandparents play a decisive role. Financial literacy starts early through conversations about money, goals and trade-offs, as well as practical lessons in budgeting, prioritising and the value of starting small. The aim is not to reject experiences, but to help protect future options by balancing them with sound saving habits.

Gen Z and Gen Alpha may be redefining success, but the case for early savings habits remains unchanged. For parents, the opportunity is to help the next generation pursue flexibility and meaningful experiences on a foundation of financial discipline that can support them for decades.