Millennial Money: This year, be your financial valentine

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NerdWallet

Valentine's Day: a day to celebrate your partner or a day to celebrate yourself. And while it may not sound romantic, this time of year is also an opportunity to show your finances some love.

Whether you're single or in a relationship, build toward your future by defining your goals, budgeting for splurges and getting started with investing.

Know your goals

Setting a goal is the first step in any kind of money decision. After all, money is just the means to live the life you want.

If you're single: This is the fun part: Grab a glass of something you like and write down goals, whether it's going on a dream vacation, buying a new car or maybe pursuing the business idea you've been chewing on forever. Don't second-guess your ideas — having them all in front of you will help you prioritize the goals you truly value.

If you're paired up: Turn this into a date night and work on shared goals together, says Angela Moore, a certified financial planner at Modern Money Advisor in Miami.

Moore suggests asking each other basic money questions over dinner. To prevent a fight, stay open to hearing your partner's way of doing things, she says.

She recommends open-ended questions like:

— "What do you feel you're really good at with money?"

— "What do you think you can work on?"

— "What are your dreams for the future?"

Once you have a list of goals, estimate how much it will cost to achieve them and how long each will take. Print out the list and pin it up to track your progress.

Make a budget

Prioritizing your goals in the first step allows you to create a budget that matches your spending to your values. "Focus on the things that bring you great joy," Moore says.

The 50/30/20 budget is a good way to divvy up your money: 50% goes to needs like housing and utilities, 30% goes to wants like your coffee habit or eating out, and 20% goes to savings and debt repayment.

If you're single: Knowing what you value means you can cut spending in other areas. At the same time, the "wants" category lets you stick to a realistic budget so you don't feel like you have to give up on splurges.

If you're paired up: You're probably aware of whether you and your partner have different spending and saving styles. Use your strengths and weaknesses to hold each other accountable to the budget, Moore says. Spenders and savers can draw inspiration from each other, for example.

Whether you have separate or combined accounts, you can agree to each have some money to spend as you wish (like on a Valentine's Day treat for your partner). The key is to have an open dialogue about it, Moore says.

Invest in your goals

Once you know your goals and what it will take to achieve them, figure out your "investment strategy." This just means how quickly you want your money to grow for your goals.

A quick heads-up: Investing for goals isn't the same as saving for retirement. Make sure you have retirement savings in place first; check whether your workplace offers a retirement account and company match. "The most important thing is to just get started. Time is one of the most important factors when it comes to compounding your initial contributions into significant wealth," says Eric Roberge, a certified financial planner at Beyond Your Hammock in Boston.

If you're single: Investing doesn't have to be scary or mysterious. Robo-advisers have made it easy to get started even with small amounts of money. You can answer a few questions to set your risk tolerance and invest your money accordingly.

"When you're just getting started, keep it simple. Stick to things you can understand and are relatively safe and reliable rather than trying to shoot for the moon," Roberge says.

Low-cost index funds and exchange-traded funds are two good options for millennials in particular, Moore says.

If you're paired up: How you manage investments depends on your equation as a couple and both your incomes. You could invest together equally or in proportion to your income. One of you might also be more inclined to organize money matters.

"Even if one person takes the lead, the other should check in along the way to see how the money's grown," says Rebecca Provder, a matrimonial attorney and partner at Moses & Singer in New York City.

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that the Dow Jones Industrial Average had slipped during Powell's testimony, though the Dow later recovered. It was unclear that Powell's testimony had directly affected stock prices either way.

Asked during the hearing about the tweet, Powell gave his standard reply that he and other Fed officials are concerned only with their mandate to serve the economy and do not consider outside criticism — from the president or anyone else — in their policy-making.

"My colleagues and I are completely focused on using our tools to support ... our goals, and that is all we are focused on," he said.

Powell also was asked about negative interest rates, a policy that Trump appeared to endorse in his tweet as a way to further boost the economy.

"That's not a tool we're looking at," he said, noting that some research has suggested that negative rates could hurt banks' profitability.

Powell, who has made frequent visits with both House and Senate lawmakers to understand their concerns, faced sharp questioning from Rep. Katie Porter, D-California, about a recent photo that showed him attending a party at the Washington home of Jeff Bezos, head of Amazon. Porter noted that Trump's daughter Ivanka and son-in-law Jared Kushner, as well as presidential counselor Kellyanne Conway, were at the Bezos party at a time when Trump has exerted pressure on the Fed, an independent government agency, to lower interest rates.

Powell replied he didn't talk with any of those people and was mainly escorting his son and his son's new wife to the party, where he introduced them to former Trump Defense Secretary James Mattis.

Porter also pressed Powell if he knew how costly child care had become.

"It costs a lot," the chairman said. But he said he didn't know specifically because all his children are grown.

Several lawmakers asked the chairman about how the Fed is addressing the issue of climate change. Rep. Sean Casten, an Illinois Democrat, said that changing weather patterns and rising sea levels could threaten banks that have provided mortgages to homes in coastal areas.

Powell said banks should take that into account and later acknowledged that climate change could eventually influence Fed policy.

"As severe weather becomes more common — and that's connected to climate change — you will see those things ... entering our supervisory practices as well as our economic forecasting," he said.

On interest rates, Powell said the Fed "believes that the current stance of monetary policy will support continued economic growth, a strong labor market" and annual inflation returning to the committee's 2% target level.

As long as incoming economic data "remains broadly consistent with this outlook, the current stance of monetary policy will likely remain appropriate," he said.

The chairman expressed satisfaction with many economic barometers, noting that the expansion is well into its 11th year — the longest period of uninterrupted U.S. growth on record. Last year, the economy was being buffeted by a global slowdown and rising uncertainty sparked by Trump's trade war with China and other nations.

Powell said that while the "global headwinds had intensified last summer," the economy proved resilient. He noted that job openings remain plentiful and that employers appear increasingly willing to hire workers with fewer skills and train them.

Those developments, he said, mean that the benefits of a robust job market are becoming more widely shared, with employment gains broad-based across racial and ethnic groups and levels of education.

Powell suggested the government should capitalize on low borrowing rates to put the federal budget on a sounder footing. The Trump administration proposed a new budget Monday that projects that the deficit will top $1 trillion this year before starting to decline. The Congressional Budget Office sees the deficit remaining above $1 trillion over the next decade.

Putting the budget on a sustainable path while the economy is strong, the chairman said, would help ensure that policymakers would have the room to use the budget to help stabilize the economy during a recession.