



Personal Finance for Young Adults

As graduation season comes to a close, high school graduates face decisions that may impact their financial futures for years to come. With these simple financial rules, young adults are well on their way to handling their money right.

#1 Start Saving Now

It's easy to spend your first paycheck on a new pair of kicks, but summer doesn't last forever! Start putting some of your money in a bank account. Use the 50/30/20 rule: dedicate 50% of your paycheck to needs, 30% to wants and 20% to savings... or be more aggressive if you have a goal in mind.

#3 The Elephant in the Room

Debt is the scariest word in the financial vocabulary, although it can be managed. Realize that this new chapter in your life may require you to take out a few small loans to make ends meet. When you do, make sure to prioritize your loan payments; this way you avoid late fees and heart attack inducing interest rates.

#2 Live With a Budget

Prioritizing your money helps you keep track of it, so next time you look at your bank account you are not left wondering where it all went. Calculate your paycheck or allowance before you get it, and then plan to set portions aside for specific bills, necessities, etc.

#4 Don't Spend Money You Don't Have

It's easier than it sounds. Beware of taking out student loans for expenses that are not school related, like a car, gaming consoles or even a new wardrobe. It's encouraged to open a credit card to start building your credit score, but keep in mind what you can and can't pay back. You should be able to pay your bill in full each month, otherwise, you are spending outside of your budget. Plastic happy teenagers are a creditor's bread and butter.

#5 Be Realistic

It is easy to get lost in a society full of new high tech gadgets and the online subscription empire. Always make sure to do a cost benefit analysis of any pleasure purchases. Is it worth the price? Is there a cheaper substitution?