

I've Just Graduated from College... Now What?

Congratulations to the new college graduate! Your accomplishments should be celebrated and applauded — there's no question you did a good job getting to this point. You worked hard for four or more years and kept going when it got tough but now, you may have guessed, the fun begins.



You've probably already put some thought and effort into looking for a job. You've probably also found it's a tough environment out there right now and you'll be lucky to find something in your field of study. No matter what you do, do something. Employers, even future employers, like to see that you used your time (and your brain) wisely.

Let's fast forward a little to the point when you're gainfully employed. You may feel like you're rolling in the dough; you've gone from making little — or no — money to earning a regular income that you can rely on every payday. As a result, now is the perfect time to put some thought into your financial future, and here are a couple of tried and true tips — the ABCs of saving: ...

A. Take some time to think about and **adjust** to your new circumstances. You may have been dreaming of moving into your first apartment and furnishing it

with new stuff, or even buying a flashy new car. However, the reality is you can't afford it — yet.

Start off slowly, and don't rule out talking to mom and dad about living at home while you get your feet on the ground and save enough to move out on your own. If you think you're ready to move into that first apartment try to furnish it with items passed down from family and friends. Consider moving in with a friend or find a roommate. Any way to make your monthly rent more affordable is worth thinking about.

If you need a car to get back and forth to work, look into buying a used one that was turned in at the end of a lease. Cars are depreciating assets that start losing value the minute you drive them off the showroom floor. Many used cars today are only a couple of years old and are more than adequate to get you where you need to go.

Financial Planning

B. Budget, budget, budget. It may sound boring but sitting down with a good old pencil and paper (or any number of online budget worksheets) and listing all of your income in one column and all of your expenses — including that morning cup of coffee from your favorite coffee shop or your daily deli lunches — in the other column will give you a good idea of just how much money you have to work with. Ideally, you want to put away a little every paycheck to start building an emergency fund. Life is full of unexpected expenses and having several months' worth of living expenses in a savings account will help smooth out those financial ups and downs.

C. If your employer offers a 401k, or other retirement savings plan, **contribute**. Contribute as much as you can afford. At the very least contribute the amount the company is willing to match — usually around one to three percent of your earnings.

One of the greatest assets you have as a recent college graduate for building your financial future is the value of compound growth over the next several decades. It may seem like a long way off, but the sooner you start saving for retirement the more compounding can help you amass your retirement nest egg.

One more thing to think about as you're starting off on your own — credit cards. As with many things, they can be good and bad at the same time. The good part is it's a simple way to start establishing a credit history. Apply for a card in your name, use it, and pay it off immediately — that's good. If you're organized enough and can keep your spending in check, you can even use your credit card for all of your purchases, pay it off 100% every month, and earn cash-back awards to use for future purchases. Over-use it and you can get into big trouble fast. Interest rates on outstanding credit card debt can approach 30 percent per month. That's like paying someone \$30 for every \$100 you spend — that's real money that could be used for other living expenses. So, stay focused and realistic when you see something and consider charging it.

Graduating from college and getting a job are exciting achievements. The money that comes with that job is nice after being a poor student for years. If you can successfully combine the frugal tricks and habits you learned in college with the spending, saving and budgeting tips above, you'll be well on your way to having fun with your new-found living and financial freedoms. Congratulations, Graduate!

IMPORTANT DISCLOSURES The information provided is based on internal and external sources that are considered reliable; however, the accuracy of this information is not guaranteed. This piece is intended to provide accurate information regarding the subject matter discussed. It is made available with the understanding that Benjamin F. Edwards is not engaged in rendering legal, accounting or tax preparation services. Specific questions on taxes or legal matters as they relate to your individual situation should be directed to your tax or legal professional.