

Let's Talk Finances

6 Smart Money Moves for New College Graduates



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More than 70 percent of college graduates began their career owing more than \$37,000 in student loans in 2017. Considering the additional living expenses they'll soon face, new college graduates would be wise to focus on their financial future right now. We've highlighted six smart financial decisions college graduates should consider to position themselves for financial success as they embark on their next phase of life.

The habits new graduates develop right now will have a big effect on their financial future. Living expenses add up quickly once you're out on your own, and many young adults who didn't plan ahead are delaying major milestones like getting married or buying a home because of their financial situation. The good news is that you can have a bright financial future if you think strategically about money right out of the gate.

Here are six financial tips for new college graduates:

- **Live within your means.** Supporting yourself can be expensive, and you can quickly find yourself struggling financially if you don't take time to create a budget. Calculate the amount of money you're taking home after taxes, then figure out how much money you can afford to spend each month while contributing to your savings. Be sure to factor in recurring expenses such as student loans, monthly rent, utilities, groceries, transportation expenses and car loans.
- **Pay bills on time.** Missed payments can hurt your credit history for up to seven years and can affect your ability to get loans, the interest rates you pay and your ability to get a job or rent an apartment. Consider setting up automatic payments for regular expenses like student loans, car payments and phone bills. Take advantage of any reminders or notification features. You can also contact creditors and lenders to request a different monthly due date from the one provided by default (e.g., switching from the 1st of the month to the 15th).
- **Avoid racking up too much debt.** Understand the responsibilities and benefits of credit. Shop around for a card that best suits your needs, and spend only what you can afford to pay back. Credit is a great tool, but only if you use it responsibly.

- **Plan for retirement.** It may seem odd since you're just beginning your career, but now is the best time to start planning for your retirement. Contribute to retirement accounts like a Roth IRA or your employer's 401(k), especially if there is a company match. Invest enough to qualify for your company's full match – it's free money that adds up to a significant chunk of change over the years. Automatic retirement contributions quickly become part of your financial lifestyle without having to think about it.
- **Prepare for emergencies.** Hardships can happen in a split second. Start an emergency fund and do your best to set aside the equivalent of three to six months' worth of living expenses. Start saving immediately, no matter how small the amount. Make saving a part of your lifestyle with automatic payroll deductions or automatic transfers from checking to savings. Put your tax refund toward saving instead of an impulse buy.
- **Get free help from your bank.** Many banks offer personalized financial checkups to help you identify and meet your financial goals. You can also take advantage of their free digital banking tools that let you check balances, pay bills, deposit checks, monitor transaction history and track your budget.