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Lessons From One Recent College Graduate To Another



Finishing college I had a master's degree, had graduated with honors, and had even started passing portions of the CPA Exam. I felt like I was ready to take on the world. But one of the lessons that hit me hardest right out of school was this: You have a lot left to learn. The real world doesn't care about your GPA, and your employer doesn't let you nap between meetings or cut you slack on Friday if you stayed out too late on a Thursday night. The real world plays by a different set of rules, and your finances need to adjust to the real world, too. Here are some suggestions for young adults just starting out that I hope you will pass on to others you know.

DO SOMETHING

The job market has been challenging the last few years. This is why I say, "Do something" as opposed to "Get a job." Doing something includes interviewing for the job you've always wanted, going after a job that could help you springboard into the job you've always wanted, getting an internship in the field you want to work in, or even volunteering in any capacity in your area of interest. If you exhaust all those opportunities, consider going back to school to further your training or choose a different type of job. Do something - don't sit and wait on life or it will pass you by.

START SAVING

The Bank of Mom and Dad should be about to close if it hasn't already, but don't fret, this is a

once-in-a-lifetime opportunity. If you can start living within your means now, then you will likely never face many of the financial problems that plague many young people today. By that, I mean if you start earning a salary and immediately start saving 10% of it, donating or tithing 10% of it (if you choose to), and paying down debt with 10% of it, you will not feel like you are sacrificing anything. That 70% of your remaining salary should be relatively easy to live off of, as it is probably more than you personally have ever earned anyway. When you get that next raise or bonus, keep the same percentages, and you'll still feel like you're earning more!

START INVESTING

Start maximizing Roth IRA contributions and set your contributions to your employer's 401(k) or retirement plan to at least get the maximum match. It's important to invest sooner rather than later as \$1,000 invested at age 18 averaging a 5% return per year would equal \$6,000 at age 55, whereas \$1,000 invested at age 25 with the same average return would only equal \$4,300 at age 55. The longer your investments can compound and grow, the sooner you will be able to think about retiring in style!

FIGHT OFF DEBT

If you have student loans or car loans, now is the time to pay them off. Don't nix your savings or investing plan, just try and live a little leaner so you can start making significant progress towards extinguishing your debts. For no reason short of blowing out your car's engine should you start carrying credit card debt! Pay it off every month because the interest rate is simply not worth it.

MAKE A BUDGET

Don't adopt the approach that you will pay for everything and save what is left. Save some receipts and bills for a few months and figure out what you can save, donate, and put towards debt first and then still have enough left to reasonably live.

Congratulations again on graduating from college. I hope and believe these suggestions will help get your adult life jump-started. The world is still your oyster; you are just going to have to earn it.

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