

Top Five Tips for Graduates to Create a Healthy Financial Life

Since college (and high school) graduations are right around the corner below are the top five tips for graduates to create a healthy financial life.

1. Give Yourself a Spending Reality Check. This step is critical for students who have relied on their parents and/or student loans to get them through school. We're a nation of spenders and we spend unconsciously. Begin by tracking your spending. Use a small notebook or blank checkbook register and write down everything you buy with cash, ATM card, debit card, credit card, and check for at least 14 days. You'll probably discover at least one thing you're spending more on than you thought. Simply writing it down will likely prompt you to spend 10% - 20% less.
2. Get Out of Credit Card Debt. According to the U.S. PIRG the average credit card debt for college seniors is \$2,623. If you're in debt, begin by stop using your credit cards. Put your cards in a tin can, fill it with water, and freeze it. Why? You can't microwave a tin can. If you must carry one credit card, wrap it in a red piece of paper and write EMERGENCY on it. You'll think twice before buying that new pair of shoes. Also, call your creditors to request a lower interest rate. Reducing your interest rate could save you thousands of dollars.
3. Get Clear about Your Credit Report and Score. Your credit report is your financial report card. It's as important to you as the SAT is to high school students. Creditors, landlords and even potential employers are looking at your credit report. You can receive your credit report free once every 12 months from the three major credit-reporting agencies - Equifax, Experian and TransUnion. Visit www.annualcreditreport.com. Your credit score can make the difference in paying \$762 versus \$965 monthly on a 3-year automobile loan for a \$25,000 automobile. (www.myfico.com).
4. Make Your Money Work Extra Hard for You. Investing only \$10.00 per week (\$520 a year) at 8% can earn you a lot of money. If you start at age 20, you will have \$228,563 at age 65! Waiting until you're age 30 will cost you \$129,161 in earnings. When you're in your 20's planning for your retirement seems a lifetime away. So, remove the word Retirement from your vocabulary and replace it with Financial Independence. You determine the age you're going to retire and live a life of abundance. If you're wondering where you're going to find \$10 a week to invest, go back to Step 1 and review your spending.
5. Determine Your Goals and Act on Them. The acronym SMART is a simple method to determine your goals - Specific, Measurable, Attainable, Relevant and Time-Based. But, don't get overwhelmed with determining your goals - just pick a couple of financially related action steps and begin. Know that small steps can lead to big results. Once you complete one step move on to the next.

My new book *The Money Therapist: A Woman's Guide to Creating a Healthy Financial Life* is the perfect gift for college (and high school) graduates because it starts them off on the right path to creating a healthy financial life. Although the book targets women, money is gender neutral and all the information pertains to men, too.

If you're a parent or grandparent of a graduate consider giving them the gift of an investment account with \$520 initial contribution to get them started on their path to financial independence. Take it one step further and match their yearly contributions -- up to \$520 helping them to achieve financial independence.

The Money Therapist: A Woman's Guide to Creating a Healthy Financial Life can be purchased online at Amazon.com and if you buy two or more books you'll get free shipping!

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