

Budgeting Tips for Ages 22+

Although it may be scary to look at your spending choices and habits, when you know your full financial picture, it can help prevent a fiscal disaster.

<p>Use Mint.com</p>	<ul style="list-style-type: none"> • Mint.com is a simple and free financial program that helps keep track of everything you've bought in a month in order to find areas to cut costs or save money • Know the price of the 20 items you buy most often. You can then shop strategically by using coupons or buying extra items when the price drops • Use to track monthly bills to figure out how much money needs to be saved for those expenses
<p>Stay out of debt</p>	<ul style="list-style-type: none"> • When debt is not hanging over your head, you can make decisions based on your own best interests, rather than the interests of those you owe money
<p>Open a savings account that earns interest</p>	<ul style="list-style-type: none"> • By saving money in an account with compounding interest, you start to accumulate more money, not because you're putting money in, but because the interest is compounding
<p>Know your FICO score</p>	<ul style="list-style-type: none"> • This number is the key to getting approved for things like mortgages, credit cards, loans, financing for cars, and even student loans • A good score is over 750. Less than 650 can affect your ability to rent or buy a home, obtain a loan, and other factors • If you're thinking of getting married in the future, it can be a good idea to ask your partner their FICO score in order to know how much debt and how many assets, each person is bringing to the table • CreditKarma.com allows you to check your scores free, and provides suggestions for improving your credit

<p>Know how credit cards work</p>	<ul style="list-style-type: none"> • Late payments on your credit card can hurt your credit score (even if it's just one late payment) • Use, do not abuse, credit cards
<p>Build an emergency stash</p>	<ul style="list-style-type: none"> • You should have at least 3 to 6 months' worth of expenses saved as an emergency fund. Expenses can include rent, mortgages, utilities, and car payments
<p>Start saving for retirement now</p>	<ul style="list-style-type: none"> • Although it may seem difficult to think about saving for something 30+ years away, setting aside a small amount of money from each paycheck for retirement will pay huge dividends down the road. Again, use compounding interest to grow your money for you • Many companies offer to match your deposit in your 401(k) plan (which is basically them giving you free money) • Set up an automatic transfer to savings with each paycheck to build a savings account before you miss the money
<p>Start thinking about whether you need to obtain homeowner/renter insurance, health insurance, disability insurance, and possibly, life insurance</p>	
<p>Don't compare yourself to others financially</p>	
<p>Pay more than you owe on your mortgage each month</p>	<ul style="list-style-type: none"> • If your lender allows you to do so with no penalty, pay your mortgage every 2 weeks instead of once a month. By doing so, you can pay off your loan 5-10 years faster
<p>Avoid buying more house than you can afford</p>	<ul style="list-style-type: none"> • Rule of thumb: Home purchasing is not to exceed 2 to 2.5 times your annual income