

Your First Job Can Be the First Great Move in Your Financial Life

New college graduates will be entering the workforce this summer with plenty of excitement – and plenty of debt. This year, the average college debt stands at \$20,000 for the first time ever.

Though your first job is probably not going to be your last job, the financial moves you make on that first job can create benefits and good money habits for a lifetime. Here are some of the best moves to make coming out of school:

Talk to a financial planner: A financial planner can look at your new income, your debt and your particular financial goals and give you a road map. Sure, you can do it yourself, but an expert can spend the time developing a plan while you're developing a career and a new life. It's a good idea. Ask your parents for a referral or go to www.PlannerSearch.org to find a CERTIFIED FINANCIAL PLANNER™ professional in your area.

Sign up for the company 401(k) the minute you're eligible: A 401(k) plan accomplishes more than retirement savings. It teaches a new worker the value of “out of sight, out of mind” savings – when money goes to savings before you have a chance to spend it. That's why new grads should sign up for their 401(k) retirement savings the moment they become eligible. But it's important to stress that even if it takes a year before you can join the company plan, start putting money away in a personal IRA. You'll be capturing funds from the start, which experts say is the absolute best way to build a financial future.

Always aim for the maximum: It's a tremendous challenge to put away the most you can put away in any retirement plan once you get out of school – you have a household to set up, school loans to pay off and you need to have a little fun, too. But even if you can't set aside the maximum in your various retirement options at the start, make it a goal to get there as soon as your income rises and your debt falls.

Check your investment balance each year: Studies show that many people will pick a handful of mutual funds for their 401(k)s at the very start and not change them. That's one of the great reasons to have access to a financial planner because you can examine whether your investment choices and style fit your age and goals.

Hold off on buying a new car: Mass transit is best, but if you need a car, think about buying a quality used car that you can pay off quickly. A new car with a low down payment means you'll be doubling your debt if you owe the national average of \$20,000. That's a tremendous burden for a new professional.

Don't forget about insurance: If you're single, it's not time for life insurance, but you must have auto, health, rental apartment and yes, disability insurance. Even if your employer does not offer you health insurance right away, you must find another insurance resource since you probably won't be able to piggyback on your parents' health plan for a while. If you're driving a used car, you may not need to keep as much collision on your car. Don't forget to insure the contents of your apartment – one break-in can cost you thousands of dollars you don't have. And if you think about “old folks” being the only folks who can become disabled and cut off from a paycheck until they can work again, guess again. Think of how losing a paycheck for six months would hurt your finances.

Start laying away an emergency fund: Even if all you have is the proceeds from two missed lattes a week, start putting money in a special account you will not touch unless you are out of

work and need to find some way to pay the rent. Make the trigger something as serious as that, or you'll never have a serious reserve for emergencies.

Figure out taxes: New workers tend to do one of two things when it comes to taxes – they either withhold too much or too little. It makes sense to sit down with a planner or a tax professional to make sure your annual tax set-aside is correct, because withholding too much means Uncle Sam gets to hold the money that could go to your retirement or your emergency fund.

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