Financial Tips for Young People

Many people do not realize that your years as a young adult are very important to your long-term financial security. Young adults often make financial mistakes and only realize that they have acted irresponsibly when it is too late. It can be especially difficult to save and manage finances when paying for college or graduate school. This guide will help you stay on track with your money in order to meet your goals.

Things to Remember:

1. **The choices you make now are important.** Financial choices that you make now can greatly impact your future, so it is important to become educated and develop good financial habits early on in order to be financially stable in the long run.

2. **Stay Organized.** Your financial success depends on keeping track of your expenses and planning how you are going to afford everything you need.

3. **Protect your personal information.** Always be wary about giving out any account numbers or other personal information, especially over the phone or online. Disclosing too much personal information may allow someone to steal your identity or your money. If you are unsure of who is asking for your information, look up their information and call the actual company or your bank to verify the veracity of the call that you received.

4. **Do your research.** You may be able to save money by researching and comparing different bank account options, especially for checking. Finding the best rate can prove to be worthwhile. This is also an important step in investing or making large purchases.

5. **Your credit history is very important.** This is one of the most important things to follow and verify from an early age. Make sure to keep track of your money so that you do not spend more than you have. Never bounce checks, as this will hurt your credit score. Credit card companies charge huge interest rates, and if you only pay the minimum balance, you may end up paying twice the amount of what you purchased or more. Your credit score will impact your ability to get good rates on future loans for school, a car, and a house, so start building good credit now.
6. **To get started, try setting some long-term and short-term goals.** If you make a realistic plan for what you want to achieve in the near and far future, you can start taking steps to reach some of those goals.

7. **Keep track of what you spend.** You are the target of millions of dollars of advertising. Companies want you to buy what they are selling, but you are ultimately the one in control of what you buy and spend. It is important that you know how to discern between what you truly need from what you only want.

8. **Grasp the concept of compound interest.** When it comes to investing and saving, the longer you have money in an account that earns interest, the more money you will have in the long run. Consequently, you should aim to start investing and saving as soon as possible to increase your long-term financial security. For instance, if you put $50 in an account with 6% interest, in 7 years it will be worth $80, in 12 years, $107, and in 20 years, $170. A great place for young people to start investing is in bonds. These are a type of financial security that you can buy from the government or a company, essentially lending them money for a period of time. You earn interest as the bond “matures,” so you end up making money from them. Two types of U.S. Savings Bonds are EE Bonds and I Bonds.

9. **Remember, your education is crucial.** Going to college or pursuing other educational opportunities and performing well in school will help you earn a better income and get a job with better benefits. This will let you have an income that allows you to save extra money so that you are prepared for whatever uncertainties life may bring.

10. **Learn what to do with your money.** If you have a job, ask your employer if they have any agreements with a bank for a low-cost checking account. Some banks have no-fee accounts for students. Once you have more money saved, you can look into higher-interest options.

11. **Take every job seriously.** The greatest asset you will ever own is your own human capital; in other words, your ability to work and earn money. Whether you are applying for work study, a summer job, or a full-time position, being prepared and professional is crucial. Employers know how to tell a serious and conscientious individual from someone who is applying on a whim. Here are some tips for interviewing:
   - Make sure to dress professionally.
   - Bring a pen and notepad to take notes when appropriate.
   - Learn about the company or business before the interview and have a list of pertinent questions ready in your mind. Think about answers you would provide to questions such as: What are your strengths and weaknesses? Why do you want the position? What would you bring to the job? Why should they hire you?
• Tell the truth, but paint yourself in a positive way. Employers will appreciate your ability to discuss challenges and mistakes. Tell them what you have learned and how you plan to achieve your goals.

• Be polite. Say thank you at the end of the interview. Follow up with a thank you note or email and emphasize the strengths you would bring to the position.

**Informational Interviewing**

Another option that will help you prepare for your career is informational interviewing. This is a way to talk to professionals in your field of interest to gain a better understanding of what they do. It can also be a valuable networking tool to gain advice, recommendations, and contacts for possible job opportunities in the future. You can identify individuals with careers that interest you through family, friends, teachers, or previous employers, or you can use your school’s alumni listings or career center.

**Resources:**

• 40 Money Management Tips Every College Student Should Know:  
  [www.smartaboutmoney.org/40moneytips](http://www.smartaboutmoney.org/40moneytips)