Start out with good habits

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Special Interest Articles

Individual Highlights

Newly graduated? First job? It's time to set some financial goals for yourself. You don't have to have a lot of money to get financial advice from our firm. The financial habits you establish now will lay a good foundation for the rest of your life.

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Student Loans

If you've just graduated, you may have a student loan to pay off. With the higher cost of getting an education, those payments can eat into the paycheck you get at your first job.

Don't put it off - start paying as much as you can afford. There's no predicting where you'll be five or 10 years from now, but it won't be any easier to carry a large debt around with you. A student loan may also interfere with more attractive uses for your money, like travel, buying a car, home or starting a business.

You might want to consider consolidating your loans if you have several large balances spread out across a number of different lenders. Consolidation is not a good idea if you can afford to pay off those loans quickly – simply paying them off will be your least expensive option. While requirements for qualification are pretty strict, consolidating can help you lock in a low interest rate with only one lender and one payment to make. Whatever choice you make, start by putting a plan together to pay those loans down right away.

If you have credit card debt coming right out of college, it should be one of the first things that you deal with financially. When deciding which debts to pay off first, you should prioritize paying down the debt by interest rates.

Spending

Many people who have graduated recently are itching to start spending on some things they've never had before - like a vacation, furniture or having a good time. You're only young once! But be careful with those credit cards. It's easier to spend it than to earn it.

A session with a qualified financial advisor can help you start thinking about planning your finances - not just day-to-day spending but thinking long term. These early years are a good time to buy life insurance and disability insurance as the premiums are low. See Disability Insurance a Necessity and Is Term Insurance Enough?

Some financial advisors specialize in dealing with younger customers and are more familiar with the issues you face. Shop around until you find someone you feel comfortable with. Choose a member of Peak Financial Partners who can help you as you mature and have different needs.

Don't Buy a New Car

You may be tired of driving a clunker in college or having no car, but buying a new car is a costly mistake that could keep you on a tight budget for years. Instead, buy a car that's one- to three-years old and save a bundle of cash. You get a car that looks like new for less money, and save for a down payment on a home.

Build up a "rainy day" fund.

Having an emergency savings fund has NEVER been more important than right now. Immediately start socking away a "rain day" emergency fund. The rule of thumb is to have 6 to 9 months of living expenses liquid (in cash) either in a savings or money market account that you can get to should an emergency (like a job loss) arise. Do not wait to build up that "rainy day" fund. With the economic downturn, corporate downsizing has been rampant and new hires are some of the most vulnerable employees when it comes time for layoffs.

Pay yourself first!

Joys of starting out:
- low life insurance costs
- low disability insurance premiums
- a long investment horizon
- fewer responsibilities
- big dreams

The most important thing a financial advisor can teach you at this point is to "pay yourself first." Use a regular withdrawal system to set aside 10 percent of your income in an account where you cannot spend it accidently. If you do that and make any loan payments, then you can spend the rest guilt-free.

Not many people want to think about saving for retirement in their 20s. But that savings account can get you out of a jam or become the down payment on your first home. The discipline of saving 10 per cent will establish a habit that you can build on later in life, when you have a higher level job.

Smart Money Moves:
#1: Choose Your Job Carefully
If you've chosen your career, remember that a lower-paying job in your field is likely to be a better deal in the long run than a higher-paying job in a field you have no long-term interest in. Accepting a job in an unrelated field, simply because it pays more either delays your career progress, or traps you in a field of work that may not make you happy.

#2: Get In the Budget Habit
Don't get turned off by the "B" word. Think of a budget as a spending plan to guide your spending so you can have the things you really want and that really matter to you.
Smart Money Move #3: Don't Move In With Your Parents
Thinking of moving back in with your parents to save money? Think again. It's difficult to move back home when you've been independent. Many college graduates return to their parents' home to save money, but most lack the discipline to save, and end up blowing their earnings on cars, entertainment, electronic gadgets, and their social life.

Setting up your own firm?

Many graduates are opting for the joys and challenges of self-employment, and are looking for the flexibility of working for themselves.

Rethink your plan
Setting up shop on your own requires a complete rethinking of your financial plan. Remember you will be shouldering all the risk alone. Many newly self-employed people don't realize how much they have at stake.

Insure yourself
You should meet with an insurance and financial advisor to review the protection needs of yourself and your family. A member of Peak Financial will recommend insuring your debt.

Then your priorities will be life and disability insurance. Disability insurance can be difficult for self-employed people to obtain as many companies want to see two years of tax results. Health and dental insurance would be next, if you can afford it. Self-employed people are able to write off some health insurance premiums at tax time.

Need for cash
Most people starting out need a cash float to keep them going until income starts arriving. You may need to rent office space or work space, invest in materials and supplies. Even if you work out of your home, you almost certainly will need a computer and furniture, phone and Internet lines.

How will you live until your first client pays?
Some people may have a severance to tide them over, but many need a bank loan or line of credit to cover the costs of starting up. The bank will demand a personal guarantee on this loan, putting your home and any other possessions at risk as well.

Call **1-614-542-7242** or email info@ peakfinancialpartners.com to book an appointment or request a call back.