



6 SMART FINANCIAL STRATEGIES

**to Start Using
in Your 20s**

6 SMART FINANCIAL STRATEGIES TO START USING IN YOUR 20S

Financial responsibility is definitely not a priority for most young adults. If you're in your early 20s, chances are you're more pre-occupied with friends, school, relationships, finding work, or travelling.

Finances aren't fun, but getting a head start will make things easier for you in the future.

Be aware of the obstacles you will be facing in the near future – you have probably already encountered some of them. As a young adult, you are likely already dealing with student debt, a lack of credit history, and a general lack of knowledge about the products and services that will help you achieve financial stability.

Follow these steps to adopt a proactive attitude towards managing your finances:

1. Choose banking products adapted to your needs. Open a checking account if you don't already have one and set up direct deposit with your employer. Most checking accounts come with a free debit card you can use to make purchases and pay bills.

- However, using a credit card for your expenses will help you build up your credit history.
- Your finances might be easier to manage if you get all your banking products from the same institution.

2. Put some money aside. You might feel that you aren't earning enough money to save, but there are plenty of ways to reduce your expenses. You could, for instance, cook more meals at home instead of ordering takeout and look for free activities when you go out with your friends instead of spending money on drinks or movie theatre tickets.

- **The key to saving money is to set some goals and stick to them.** Put a specific amount in your savings account as soon as you receive a paycheck or put a percentage of your income aside.

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3. Take advantage of the tools available to manage your finances. Most banks offer online banking tools so you can pay your bills on time and track your expenses. **Use budgeting apps to set goals and keep track of how much you spend and save.**

- Always use long passwords and answers to security questions to stay safe while using these tools.

4. Work on establishing your credit. A good credit score will help you obtain financing for a vehicle, a home, or a business. The best way to build your credit is to use a couple of credit cards wisely and make your student loan payments on time.

- Stay in control of your credit. Keep track of how much you charge on your credit cards and always make your payments on time.
- If you borrowed money to go to school, establish a payment plan and stick to it. **If you cannot make a payment, contact your creditor** to make changes to your payment plan instead of letting late fees accumulate.

5. It's not too early to start thinking about retirement. The earlier you start saving, the more you'll earn from interest. You can get a 401K plan through your employer or open an IRA. Include regular contributions to your retirement account in your budget.

6. Purchase insurance. Buying health insurance can seem expensive, but this kind of coverage will help you save money if you find yourself in need of medical care. Consider purchasing a life insurance policy, too, since you can easily secure low rates while you're young and healthy.

Adopting a responsible attitude towards your finances will save you a lot of money and stress in the future. **Becoming a homeowner, providing for a family, and getting out of debt are challenges you will likely face, which is why you cannot have a lax attitude when it comes to managing your finances.**

There are many educational resources and financial products designed for young adults. Take advantage of these resources to plan for a bright financial future.

