TIPS FOR RECENT GRADUATES

BUDGETING

Budgeting is the foundation of all personal finance. It's all about being aware of your financial situation and planning how you will live within your reality.

Know Where You Stand:

- Assess your current spending habits. These will be a good predictor for your future wants and needs.
- Take inventory of the resources you have available to you. Do you have any savings? Any gifts or awards that you're expecting in the near future? Any funds you received for your graduation?

Plan For the Future:

- Draft your first post-grad budget.
    - If you haven't secured a job yet and aren't sure how to budget with that uncertainty, don't worry. No matter the circumstances, your budgeting strategy shouldn't change: Identify the resources available to you and make a plan for them. Don't plan based on what you *could* have. Hope is not a budget.
    - In your transition from student to graduate, some line items in your budget will inevitably change.

Housing: If you lived on campus, you'll soon add monthly rent, utilities, and renter's insurance to your budget. Experts generally advise limiting your housing costs to 30% of your take-home pay to avoid becoming rent burdened.

Transportation: Your commute to classes probably involved a 3-4 block trek down Locust Walk, but now you may be relying on a new means of commuting to and from work. This could involve public transportation or buying/leasing a car. Each of these come with monthly expenses. *If you're working remotely, you'll save money in this area for the time being.*

Clothing: Depending on the requirements of your new job, you might need to stock your wardrobe with professional attire. *Even if you're working remotely for a period of time, you'll still want to look appropriate on camera.*

Fitness: Goodbye Pottruck. If you plan to maintain your workout routine, you may need to incorporate a gym membership into your new budget. *Working out from home for now? There are lots of free resources available online to help you save money.*

Saving & investing: It's crucial to be prepared for future uncertainties. Allocate a portion of your paycheck to an "uncertainty fund" that you can dip into when an unexpected expense arises. Once you've met your savings goal, consider putting that money toward investing for the future to grow your wealth.

Debt repayment: If you borrowed in college, you'll enter repayment in a few short months. Set up an account with your loan servicer, understand your expected monthly payment, and add it to your future budget.

- Before your loans come due, pretend you already owe that monthly payment so your budget adjustment isn't shocking later. For now, transfer your monthly payment amount to savings or start voluntary debt payments early to save on interest payments in the long run.

MOVING TO A NEW CITY

Moving isn't cheap, but you can make it work. Whether you're temporarily moving back to your parents' house or immediately re-locating to a new city, you're going to incur moving costs along the way.

Know Where You Stand:

- Identify the resources available to you now. What are your transportation options? What furnishings and supplies do you plan to take with you? What are you missing?
- Request a credit report now at annualcreditreport.com and set a reminder in your calendar to request one every four months from now on. Depending on your credit history and starting salary, you may need a co-signer for your first apartment and that's okay. Regardless of your apartment search, it's a good habit to stay aware of your credit.

Plan For the Future:

- Identify the costs and logistics required for your new home and decide how you'll manage them. This includes the costs of transporting your belongings, traveling to your new home, and purchasing new essentials.
    - For transporting your belongings: How much will it cost to drive your belongings / rent a moving truck / hire movers / ship your belongings?
    - For purchasing new essentials: Remember that you have many options. To reduce up front costs, you can buy second-hand and/or spread out the purchases over time. You can always add chairs, rugs, decorations, and more over time.
    - Depending on your financial situation and expected income, you may choose to finance some initial purchases with a credit card. Just make sure you pay it off as soon as you can to avoid accruing unnecessary interest.

EMPLOYER BENEFITS

You're going to have to make some adult decisions pretty quickly, and it could be intimidating. You don't have to get it right on the first try. Employers usually give you a chance to make changes periodically. If you're still confused after our tips, talk to someone in Human Resources at your new job. They will help you through the process.

Know Where You Stand:

- Identify your current retirement and insurance options. These are two common employer benefits you'll likely have to select early on.
    - If you're on your parents' insurance, does it benefit you to stay on theirs or use your employer's plan?
    - Have you already started contributing to your retirement through an IRA (individual retirement account)?

Plan For the Future:

- Identify what you need from an insurance plan. Consider the plans that meet these needs and compare the costs.
    - Remember: The total possible cost of your health insurance in any given year is your premium + deductible + out-of-pocket maximum.
- Learn about your employer's retirement options and contribute early.
    - You're probably not thinking about what your life will look like in your 60s and 70s, but one day you won't have a salary anymore. You can take small actions now that will have great impact on you later in life. Don't ignore retirement programs at your first job! Compound interest is your friend: early contributions are the ones that matter the most.
    - Your employer may offer free retirement consultations with the companies that manage their retirement plans. Take advantage of these early and ask lots of questions.
    - How you choose to save for retirement is up to you, just make sure you do *something*.
- Maximize your employer's match. If your employer offers a match to your retirement contributions, take advantage of it. That's free money to help you live after you retire.

Confused by all the retirement jargon? We're here to help.

- What even is a 401(k)?
    - A 401(k) is an employer-sponsored retirement plan. If you work for a not-for-profit company, they may offer a 403(b) (which is basically the same thing).
- Traditional vs. Roth retirement accounts:
    - The only difference between traditional and Roth accounts is how they're taxed. For a traditional account, you are taxed when you withdraw the funds in retirement. For a Roth account, you pay taxes on the funds now and can withdraw them tax-free.