

Age Appropriate Money Tips: In Your 20s - How to Get a Financial Life

by vcmorris - Thursday, February 05, 2009

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The truth, the whole truth and nothing but the truth: *whatever money habits you form now will probably be with you for life.* So, it's really important to make good choices now about the kind of relationship you want with your money.

This is what I told my two adult daughters - ten years ago - when they were 21 and 25 - about how to begin to *responsibly* take control of their financial life.

- Create a budget so you know where your money is being spent
- Pay down any debt you've accumulated
- Carefully control credit card use
- Choose a card with a low, fixed annual percentage rate (APR)
- Pay more than the minimum due
- Pay on time, every month

In your 20s is a perfect time to get in the habit of taking a look at your credit report at least once a year. Get it, read it, and challenge anything in it that isn't yours. Don't wait until you *need* it (such as when renting an apartment or buying a car) to discover there's negative information in the report. It's the law now that everyone can get a free credit report annually (in some states it's twice a year). Go to www.freecreditreport.com. **(Important note:** *While the information is free, accessing it will require providing a credit card. Although the card will not be charged, you will be automatically enrolled in a trial membership for a credit monitoring service. If you don't cancel this membership within 9 days of enrollment, you will be billed \$14.95 a month until you do.*)

While you're in your 20s - start saving for retirement! No, I'm not kidding. This is the perfect time for getting a solid retirement strategy and discipline. So, join your employer's retirement savings plan as soon as you're eligible. If your company matches your contribution up to a certain percentage, be sure to contribute at least that percentage of your own earnings.

In your 20s is the time to set realistic money goals because they'll influence how you save and invest in the future. Sign up for interest yielding, easy access, online automatic deductions from your paycheck direct to your savings because money never seen is the money that's easiest saved.

And finally, in your 20s is the time to dump bad - often "inherited" - habits that tempt you to spend beyond your means.

Next Thursday, what a difference a decade can make. I'll have suggestions on getting a financial life in your 30s.

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Here's to your health and wealth.

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