

Six Money Moves for Your Future

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As you progress from high school to college to your chosen career, you need to be mindful of your financial health. You should start to plan in high school how you will protect and build your personal wealth. This is especially important as you work to launch your career — the more stable your finances, the more flexible you'll be to navigate the workforce and discover your true calling. KWHS guest columnist Eric Watson, a financial writer who advises young people on career development, retirement planning and smart money management, offers these suggestions to boost your future financial health:

- 1. Start Earning Now.** Even if mom and dad are willing to foot the bill for your education and living expenses, a part-time job or paid internship can do wonders for long-term financial stability. A part time job not only helps you avoid debt and build savings, but it also improves your candidacy as you work to launch your career. Employers love hiring young adults who have a documented work experience and ethic. Even if you're super busy, offer your services to family and friends for babysitting, tutoring, or lawn maintenance. Also, check out this KWHS [article](#) on how internships can help you choose your path.
- 2. Save Everything You Can.** Keep your spending to a minimum and set aside a portion of your cash gifts and earnings to deposit in a savings account. Then, take a portion of your savings to start an emergency fund in a separate account. Your savings can accumulate for major, planned expenses, such as a down payment on a car or a deposit on an apartment, while the emergency fund is available for unexpected costs, such as a flat tire or crashed computer. It takes maturity to decide to save rather than spend, but it's this type of financial mindset that prepares you for the big life expenses and the unexpected. Need a bit of inspiration? These [teens](#) share their stories of spending and saving.
- 3. Eliminate or Avoid Credit Card Debt.** This is a big one. If your first credit card is burning a hole in your wallet and amassing an unhealthy balance, it's time to get your spending under control – before too much debt drags you under. Take your card out of your wallet and start using a debit card instead, which guarantees that you will only spend what you have. Don't make purchases you can't pay for outright, and start paying more than your minimum amount due on your credit card balances each month. The sooner you pay down your balance, the sooner you stop paying interest on your purchases, a surefire way to save money over time. Read more about the dangers of overspending and underpaying [here](#).
- 4. Set Aside for Retirement.** If you don't think saving for retirement should be a priority right now, then it's time for a refresher course on the power of compound interest. *Money Magazine* offers this example: An individual starts saving

\$5,000 per year at age 25 in a tax advantaged account earning 7% interest. When that person turns 65, he or she will have more than \$1 million in savings. But, if that same person puts off saving until he or she is 35, that number sinks to just over \$500,000. The sooner you start saving for retirement, the better off you'll be. Just think if you start saving at 15! And remember, chances are that retirees will have less money in their pockets from Social Security. Read [this](#) KWHS article to explore the future of Social Security as a source of retirement income. And [this](#) one for more info on retirement benefits and compound interest.

5. Save on Interview Attire. There's no need to go into debt while searching for a job. Instead of investing in a new wardrobe of interview clothes, borrow a few pieces from friends, or pick up a suit from a discount retailer, such as TJ Maxx or Ross. In most cases, presentation is more important than brand, so make sure your pants, shirt and blazer are clean, pressed and suited for your body type. Remember, most hiring managers prefer conservative interview attire, so avoid flashy or distracting pieces. Oh, and it's probably a good idea to hide those tattoos. "It's better to go a little bland and vanilla than to be the person they talk about afterward," notes Kelley Barnes, senior recruiter at Vista Equity Partners in Austin, Tex. Click [here](#) for more of Barnes's "dress for success" advice.

6. Graduation Is No Guarantee. If college is part of your plan, it's important to understand the changing nature of today's workforce. College grads aren't guaranteed jobs anymore, so keeping your school debt as low as possible is critical to your financial success. Consider attending community college for two years, or attending a school near home so you can reduce your living expenses. Take AP or dual-credit courses while in high school, and if you can, place out of freshman-level courses by taking CLEP exams. College is a great way to make yourself a marketable future employee, but only if you approach your education wisely. Need some creative tips on how to cut your college tuition bill? Check [this](#) out.

Questions

Can you think of No. 7? Given what you know now about finances, add to this list with your own strategy for future financial security. Need help? Visit kwhs.wpengine.com for personal finance articles in [Money and You](#).

Do you have a savings account? If so, how often do you add to it? Do you have a savings plan? How much have you saved over time?

Explore the concept of compound interest. What is it? Why is it so valuable in long-term savings? Work with a group of your classmates to teach [this](#) lesson plan to your class. Can't access the entire lesson plan? Take a second to [register](#) with the KWHS portal.

Related Links

- [Money Crashers: How Much to Save for Retirement](#)
- [America Saves](#)
- [Bankrate.com](#)
- [Investopedia.com](#)
- [CBS MoneyWatch.com](#)
- [New York Times Topics: Social Security](#)
- [KWHS: Why It Pays to Save: Knowing the Time Value of Money](#)
- [KWHS Lesson Plan: Money in the Bank: Where Is Your Money?](#)
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