

A twenty-something's guide to *smart* financial choices

One of the most challenging aspects of becoming a true adult in the “**REAL WORLD**” can be the new financial responsibilities you suddenly have to take on. With your first real job will come the struggle of first job financial issues.

As a new employee, it is imperative to keep a few things in mind when starting a new job. For most young adults, that first hard-earned pay check will represent, most probably, the largest amount of money they have ever seen in their bank accounts. By all means, you do deserve a reward for making it, so spoil yourself if that's what you feel you need to do. Do take heed though that after the spoiling is done, the world of adult responsibility still awaits.

JOIN A FUND!

You will likely become a member of your company's retirement fund. This will help you to save for retirement and will be the most important investment you will ever make. Make sure you understand how much you contribute (try to maximise your contributions) and what your benefits are. All funds usually have a member booklet available to new members.

BUILD CREDIT

Without a credit rating you cannot be given a loan, or borrow money. The easiest way to get around this is to get a credit card from the bank. It may not sound like a good plan but if you exercise self-restraint it shouldn't be a problem. Use your credit card as you would a debit card: deposit your salary into it at the end of every month. Never spend more than what you have. It is through strong and reliable credit habits that you can make educated large purchases and take out loans for the house or new car that you may need one day.

THE WISDOM OF SAVING

Young people do tend to get very excitable on payday and this can cause saving to be a somewhat tricky and testing affair. Monitor and understand your spending habits and train yourself to turn them into smarter choices. Put money into a savings account every payday – make it an automatic transfer if you can. You can look at it as if you were paying yourself, to secure your future. The more and the sooner you save, the more interest you'll compound (you earn interest on interest and not just on your original savings amount). This makes a massive difference!

INVEST IN YOUR FUTURE

Investing is the next most important aspect of making smart financial choices as a young adult. This is the number one area that young adults fail in most often. The last concept on a newly employed young adult's mind is retirement. But, of course, retirement is one area of our finances we should consider early for the best results. Preparing for the future, with the help of a registered financial advisor, is one of the true signs of adulthood. It is a decision you may resent now, but your future self (the one with the wrinkles and grandchildren) will love you for it.

