# Still Have Your College Bank Account? How to Save and Spend Like an Adult

Six tips for handling your finances like a pro after college.

It's time to get serious about budgeting wisely and building your credit.

You've graduated from college and entered the real world. Yes, everyone calls it the real world, as if back at school you were a character in a comic book.

Still, there's a reason people call the next stage of your life the real world. The rules do change when you leave college, especially with respect to your finances. After all, you can't have a college bank account that mom and dad can access forever.

So if you're a recent grad who's trying to get your financial footing, financial experts have some advice for you, including:

**Budget strategically.** Once you're truly on your own and not being funded, or funded much, by your parents, your survival depends on how quickly and well you learn to budget.

"If you're not a financially-savvy person, choose to learn the basics," says Natasha Campbell, a personal finance coach and speaker, based in Orlando, Florida. "I'm sure no one enjoys the annual physical ... or cooking dinner or taking out the trash. There are activities in life that are required, and personal finance is no different."

Campbell suggests you budget in three ways:

- Set a spending plan
- Save money, and if you have debt, work on paying it off

- Create financial goals to help you achieve your life goals
  On that last part, Campbell says, "There is a difference between hoping, wishing and even desiring ... Set financial goals that are specific, realistic, measurable and achievable."
  **Get serious about building your credit.** If you haven't applied for a credit card yet, you should, says Snowe Saxman, a financial coach based in Longwood, Florida. But she warns that if you do open up a credit card or two, "spend cautiously."
  After all, the goal isn't to build credit to get yourself into debt – it's to show a future lender that you're worthy of lending money to for a car or a house.

  **Don't rush into buying things.** You have a job. A credit card. A budget. It's time to get a nice car and a house. Well, not so fast.
  Robert Farrington, founder of TheCollegeInvestor.com, an investing and personal finance site aimed at millennials, implores recent grads to not go crazy when they get those first few paychecks.

  "You might think, 'Hey, I should reward myself and get the nice car, fancy clothes or expensive apartment,'" he says. "I know I fell into that trap by buying a brand-new $40,000 car right after college."

  It was quite a trap. Farrington says that payments for his Acura TL were $700 a month – for the next five years.

  "Looking back on it, that's crazy money for a 22-year-old," says Farrington, who is now 31 and still driving his Acura.

  "I should have bought a used car and spent about $200 or $300 per month on it, and saved that additional $400," Farrington says. "Four hundred dollars per month equates to $4,800 per year, which almost maxes out an IRA. If I had done that through the whole five years I had the loan, it would have been $24,000, which could have grown so much for me since then."
  But he didn't.

  "Trust me, a used Honda Civic gets you from point A to B just as well as a new BMW," Farrington says.
  **Save first, then spend.** Farrington's advice again. "Contribute to a 401(k), max your Roth IRA," he advises. "It sounds boring, but starting at [age] 22 versus 30 can add up to over $100,000 later in life. Only then, go out and buy something to reward yourself," he says.
  Every financial expert you meet will tell you how important it is to save. Plenty of middle-aged people who didn't save will probably tell you, too.

  In any case, Nick Vail, a financial advisor and co-founder of Integrity Wealth Advisors in Indianapolis, lays it out this way: "If a 35-year-old saves $5,000 and averages [a] 7 percent rate of return, that individual would have just under $550,000 at age 65. If that same individual saved the same amount, with the same average return, but started at age 25, he or she would have $1.1 million. Compound interest is the best friend of a young investor."

Even if you can't collect a 7 percent rate of return in this market, you get Vail's point. Saving money is smart, especially now, while you (hopefully) aren't buried in credit card debt or making payments on an expensive car or house.

**Start an emergency fund.** Everyone will tell you that you should have one because, well, you should. But Campbell has some sage advice.
"The word emergency is a term associated with panic, danger and disaster," she says.
She prefers calling it an *access fund*. "When an opportunity arises you have access to funds to manage the outcome in a more positive way," she explains.

**Don't try to do it all.** Because you can't. If you try to do everything you should do with your money, you'll only become overwhelmed and unimpressed by the real world.
"For recent college grads, it's all about balance," says Russell Robertson, an Atlanta-based certified financial planner. "There is a lot to do, and not enough money to go around yet to do everything."

In this case, Robertson says everything includes, "building savings, contributing to a retirement plan, paying off student loans, saving up to buy a house and just having a social life."
On that last point, Robertson had a client living at home and commuting to save money and pay off student loans faster.

That's admirable, of course, but Robertson says that his client admitted to feeling detached from a potentially important part of life – the social aspects of living in the city with friends.
"Enjoy yourself now that you're on your own," Robertson advises, "and don't feel like you have to do everything all at once and right away."

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