

## HOW TO BE FINANCIALLY SMART



*Summary: Being financially smart and independent is more than just saving some money from each paycheck.*

Developing smart financial habits isn't something we are all good at. Some of us love to spend money on clothes while others have a weakness for techy gadgets. Either way, to be **secure in your future** and to ensure you don't up back in the basement of your parents' house, use these guidelines to get started.

- Save some money from your paycheck. Set aside as much money as you can. If you are living on a limited income right now, set aside \$5 each paycheck. That doesn't seem like a lot but after a few years that money with interest can add up. Experts suggest saving 16 percent of your annual salary. This is especially important if your employer matches your savings.
- Keep track of what you spend. Keep receipts, invoices, and statements for safe keeping. If you don't have the time to input the information into a spreadsheet yourself, there are plenty of apps to choose from that do it all for you.
- Set a realistic budget and stick to it. Factor in your expenses into two categories: variable and fixed. Fixed bills are things like rent, insurance, and car payments because they don't change from month to month. Variable expenses are food, electric/utility bills, entertainment because they change each month. Look for ways to cut costs such as changing insurance companies or moving to a less expensive apartment. Set limits for yourself on the variable items. There are also apps to help you with this step.
- Be smart about your credit. If you have debt, pay it off as fast as you can. **Paying interest on loans** is a waste of your hard-earned money. For other debt like a mortgage, make sure you never miss a payment. Keeping a clean record will help you get better rates for big future purchases like a new car.
- Negotiate when necessary. If the time does come in your life that finances hit a bump or a wall, negotiate with creditors instead of hiding from them.
- Investing is not a bad thing. **Learn all you can about investing** since it can help you retire more comfortably. Don't fall for the get-rich-quick schemes and stick with safer options like the stock market.
- There is nothing fun about working your butt off and not getting to have any fun with the results. Reward yourself every now and then but keep it responsible to something like a movie or a fancier restaurant than usual. If you want to reward yourself with something bigger, start saving up a little extra money now.

Photo: askmen.com