

[Login Here](#) E-Mail Password

- [Home](#)
- [Features](#)
- [mint.edu](#)
- [About](#)

[mint.edu: know and grow your money](#)

Happy Graduation! Now What Do You Do About Your Finances?

by [Cap](#) on 4/6/2007

Tags: [Finance Core](#), [young professional](#)

[7 comments](#)

Thanks for visiting! If you're new here, you may want to subscribe to our [RSS feed](#) or get [updates via email](#).

It's finally over. All those late night of hard work, sweating away — pummeling your controller in marathon Smash Brother tournaments with your room mates. Ah, good times.

You're all done with college, you picked up your B.S. or B.A., and now you're ready to actually do something with that piece of paper. Presenting it at the next Burger King won't get you a meal, so getting a job is the next best thing.

That job, though, presents a new problem now that you're no longer under your parents' financial umbrella: how on earth do you manage your money after college?

We're one step ahead of you.

Step 1: Double-check for any debt.

If you have debt (and lots of it), continue on to Step 2. If you've managed to skate through the past four years with a clean debt record (and we can't imagine how, you lucky grad), skip ahead to Step 4.

Step 2: Look at your bills and cry.

So you have a mountain of debt. You went a little overboard on the "inebriation aids," or the spring break trips, or the cell phone bills, or the restaurant tabs, or the fancy gifts for that girl/guy you can't afford... or the student loan for that private liberal arts college to study Philosophy.

Take it all in. It is important for you to have a good, clear look at your debt.

Tip: Pretending it doesn't exist won't help. Differentiate the type of debt you have. Which ones have the highest rate of interest? Which ones are revolving (credit cards) and which ones are installments (automotive or student loans)?

Understand how you arrived at these debts. There's not much to be say about student loans, but if you graduated with a large credit card bill, consider carefully if it was necessary spending, or if your habits of splurging caught up with you.

By being aware of where you stand financially, you can better plan where you should go next. With that in mind, let's move on to Step 3.

Step 3: Paying it back, without resorting to Mom and Dad.

If your parents were willing and able to pay for your education, all the better. But if not, that's okay, too. This is your education, after all. As long as you got something out of class besides an extra nap or two, that degree is your ticket to the next chapter of your life.

Remember that in Step 2, you figured out which debts were more expensive (higher interest rates, etc.)? Your best bet is to tackle those high-interest rate debts first. If your credit card debt is derived from frivolous spending, it's crucial that you improve your spending habit as you pay off your debt. If you don't change your ways, you can be paying the right percentage but still accumulate even more debt. Of course, as a Devil's Advocate: There is a theory by [Dave Ramsey](#) that you should conquer your easiest debt first to get a psychological win. You can choose which is best for you.

One easy way to come up with more money is to [cut any unnecessary expenses](#). Luxuries like cable TV or high-speed Internet may not be necessary in the short term. And although you're attached to the hip with your cell phone, doing without its extra bill for a few months isn't impossible either.

You should also understand that some of the debt you have may actually have tax advantages to them. Take, for example, student loans: Many types can be deducted as educational expense in tax filings, so you'll want to keep your eye out for perks like these to manage your load. Take steps to research and familiarize yourself with your student loan terms. Paying attention to when you can consolidate your loans (and lock in lower rates) can also save you more money, and in some instances lower your monthly payment without incurring more finance charges.

Finally, in any debt repayment plan, budgeting properly is important. The Fed of Chicago has a great page on [how to budget](#). Once you have a better picture of your fixed and variable expense by creating a simple budget, you'll have a better idea of how much you can afford to put towards your debt.

As you make progress in reducing and paying off your debt, you can head to Step 4 and take a breath of relief.

Step 4: Paid it off? No debt? It's time to plan that future of yours.

Seeing as how we're living longer these days — and hey, you might even wake up one day and decide you want a spouse and kids — you're going to need to plan for that future *now*, so you don't curse your 22-year-old self later.

Start out by determining your mid-term and long-term financial goals. Retirement goes in the long-term category, of course, but a mortgage down payment may be in the mid-term. Buying a car soon? Moving to Bahrain? Naming your future seven kids? Put it all in the hat. It may feel odd to think about what your financial goals will be five, 10, even 25 years from now; but putting a long lens on your future plans can really help you put the right foot forward in the next six to 12 months.

Retirement may seem awfully far away, too (after all, your parents might not even be retired yet, right?); But it's imperative that you start making an automatic deposit towards your retirement as soon as you get that first paycheck. As you've probably already read or heard from other sources: The earlier you start to save and invest, the farther ahead you'll be in the future. Read [The Richest Man in Babylon](#) for some great financial principles.

Because the amount you'll need to retirement is obviously dependent on how you want to live when you're old and feeble (we kid, we kid), it wouldn't hurt to do some minor soul searching before you start utilizing online [retirement planning worksheets](#).

Now that you've successfully stuck your head 40 years in the future, then, it's time to take another look at the present by heading to Step 5.

Step 5: Staying in college-finance mode doesn't hurt.

38-cent Cup O' Noodles. 99-cent value meals. Huddling in a small room with friends (that always have worse hygiene than you). Most of us have gone through the usual college diet, and generally these are not by choice.

But just because you're out of college and you've landed that hot-shot job at that investment bank, or that defense company, or that yet-another-Web 2.0 company — doesn't mean you need to start spending it like there's no tomorrow.

You don't necessarily have to update your ride, your lodging, or your entire wardrobe, either — although something besides freebie t-shirts would admittedly be nice. If your lifestyle is still comfortable to you, then there's little reason to change. Don't start buying certain things because it seems "appropriate to do."

Of course, on the other hand...

Step 6: Upgrade that concept of partying, please.

It's okay to spend a little too. You're older now. More sophisticated. You talk about politics as if you'll really vote. You can actually name more than five items off of that fancy French menu. Burritos are no longer your sole source of food substance.

Just remember that Step 5 comes before Step 6, so don't go crazy with your newfound cash flow.

Step 7: There's still a long way to go.

Maybe it felt like forever ("super senior," anyone?). Maybe the eight-ball is saying: "*Outlook not so good.*" Regardless of how you feel now, one thing is for sure — there's more to come.

As with Step 4, there's a future ahead of you; and whether you like it or not, money is going to help you get there.

Maybe you'd like to take off and travel one day (before you start on those seven kids). Maybe you'll suddenly want a career change down the line. Maybe you'll want to start your own company, or (*gasp*) further your education in graduate school. All of those will require even more from your check book. That's okay, though: by the time you've reached Step 7, you're ready to charge ahead with that

knowledge stored away.

This post was written by [Cap](#) of [StopBuyingCrap.com](#).

Liked this article? Help others find it.

0 diggs 



Related Posts

[Mint Team Spotlight - Atish Mehta](#)
[When The Parental “Free Ride” Train Breaks Down](#)
[Reducing Debt in Iraq: \\$68K to \\$10K in One Year](#)

7 Responses to “Happy Graduation! Now What Do You Do About Your Finances?”

[Ryan Waggoner](#) Says:

[April 8th, 2007 at 11:36 am](#)

Good post. I'm excited to see what mymint has to offer once you launch.

I recently started a 12 part series on my blog about investing for young adults. Not trying to spam here, but given the nature of this post, I thought it might be relevant. Thanks!

<http://www.ryanwaggoner.com/2007/04/01/investing-for-young-adults-introduction/>

» [Weekly Blog Roundup, Easter Edition on Consumerism Commentary](#) Says:

[April 8th, 2007 at 1:01 pm](#)

[...] from StopBuyingCrap posted a guest post, Graduated? Now What Do You Do About Your Finances? on the blog for Mint. Mint is a soon-to-be-released web-based software for managing your finances [...]

[Accumulating Money » Carnival of Personal Finance #95](#) Says:

[April 9th, 2007 at 2:42 am](#)

[...] Graduated? Now what do you do about your finances? [...]

[Carnival of Personal Finance » Carnival of Personal Finance #95](#) Says:

[April 9th, 2007 at 8:43 am](#)

[...] Graduated? Now What Do You Do About Your Finances? [...]

[Simple Pound » Graduated? Now what do you do about your Finances?](#) Says:

[April 9th, 2007 at 1:01 pm](#)

[...] I just read a post on StopBuyingCrap.com that nicely summarises what you need to think about after you graduate and preferably before the first paycheck is deposited in your account. While it doesn't give you any concrete information on what to do, it should get you in the mood of thinking about what's going to happen next. And even if you are already doing this, it should still be an entertaining read. [...]

Bjoern Says:

[May 30th, 2007 at 4:41 pm](#)

Actually I would recommend against planning for retirement too soon. When suddenly money started to accumulate on my bank account, I kind of panicked and ended up buying up an investment that was not very suitable for me. It was almost as if I had a psychological thing of having to get rid of the money. Many investments are very hard to get rid of (it was something of the pay amount xxx for the next 30 years variety).

Not only did I give away too much money, I also ended up hating my job and going through stretches of not having a lot of money (trouble paying the rates). My dream turned out to be to start my own company, and retirement savings are pretty useless for that. It would have been much better to put my savings into more liquid investments.

[Captain Flint](#) Says:

[June 27th, 2007 at 7:49 pm](#)

I agree with Bjoern about not planning for retirement too soon. It's very important to figure out what it is you want in the short term (car, travel, nicer place, more time) and also long term.

Leave a Reply

Name (required)

Mail (will not be published) (required)

Website

All the news that's fit to mint

Search

SEARCH →

 SUBSCRIBE VIA RSS

Email Updates


Subscribe

Features

- [Money 101](#): A quick start to finances
- [Finance Core](#): Solid financial foundations
- [Minterviews](#): Mint's money Q & A
- [Moneyhacks](#): Secrets to success
- [Train Wreck](#): Stories of financial woe
- [Updates](#): What's new at Mint

 facebook

 del.icio.us

 STUMBLEUPON

Top-Rated Articles

- [Three Principles of Personal Finance](#)
- [HOWTO: Protect Your Privacy on Facebook, MySpace, and LinkedIn](#)
- [Eight Things You Should Not Buy New](#)
- [A Young Professional's Car Buying Guide](#)

Tips

- [Secrets to Budgeting Success](#)
- [Three Ways to Ask for More Money](#)
- [Finding the Right Financial Guru](#)
- [Stash Your Cash At the Right Places](#)
- [Four Methods to Paying Your Bills On Time](#)
- [Teaching Your Children Better Money Skills](#)

[Mint Privacy and Security Policy](#)