

In no particular order, here is a list of money moves as you enter the real world.



USING CREDIT / BORROWING TO BUY THINGS THAT LOSE VALUE

Cars, furniture, appliances, and tech gadgets – the value of these things is headed in one direction, and that’s down. Paying interest means getting hit twice, first by the value loss, then by finance charges.

There are purchases where borrowing is justified: a home, a business, or an education can be among them, since they at least have a chance of ultimately increasing your net worth. For pretty much everything else, the fewer borrowed bucks, the better.

ASK FOR A BETTER DEAL

The asking price is rarely what you have to pay when it comes to many goods and, especially, services. If you aren’t inquiring about discounts, researching coupons, and negotiating for the best prices, you won’t get them.



Those who ask often receive, from free hotel upgrades to lower interest rates – even cheaper doctor visits. Remember, there are only two ways to get richer – earn more or spend less. The best way to spend less is to ask for a better deal.

INSURANCE, THE NECESSARY EVIL

You have to carry it and it costs a ton, but very few people take the time to understand the insurance they’re paying for, or how they might pay less. Here are five tips on how to manage your insurance.

- Understand your options, whether it is car, home, renters, life, or health insurance
- Review your coverage once a year
- Shop around
- Raise your deductibles to lower your premium
- Don’t pay for protection you don’t need



FREE MONEY!

Not participating in your employer’s retirement plan at work, especially if they offer matching money, is really dumb. Sock all the money you can into a tax-advantaged retirement plan. Take advantage of employer matching contributions and tax breaks.



NOT BUILDING SAVINGS

According to a recent study by Bankrate.com, 28 percent of people have zero saved for emergencies, and another 20 percent don’t have enough saved to cover three months of expenses.

Start saving now. Calculate how much you’d need to live without income for six months, then make that sum your goal. Set up an automatic transfer into your savings account so you pay yourself first.



THE POWER OF COMPOUNDING INTEREST

If you invest \$500 a month and earn today’s insured savings rate of 0.5 percent for 30 years, you’ll amass \$194,157. If you take a measured amount of risk, invest in ownership assets like stocks or real estate and as a result earn 8 percent, you’ll have \$745,179.

Obviously, don’t put all your money in risky assets. But the more you contribute now, the better off you will be later.



ACTIVELY MANAGE YOUR CREDIT

You’ve heard it all before: A low credit score means higher borrowing costs, higher insurance premiums and more difficulty renting

an apartment. A bad credit history could even affect your ability to land some types of jobs.

If that hasn’t hit home yet, maybe this will: Say we both take out a 30 year mortgage. Because my credit scores are low, I’m saddled with a higher interest rate and higher payments. My monthly payment is \$1,200 a month. Because your credit is stellar, you’re offered a lower rate, which means lower monthly payments: \$1,000 a month.

Now, suppose you invest your extra \$200 every month during that 30 years and manage to earn an average of 8 percent annually. After 30 years, we’ll both have paid-for houses, but you’ll have \$300,000 I don’t.

That’s a nice chunk of change simply for showing up with a good credit score.



THINKING MONEY IS HAPPINESS

Rather than obsessing about money, think about what really makes you happy. Then make only enough money to take part in those activities. Making more is a waste of the only nonrenewable resource you have: your time on the planet.



BUDGET. IT IS THAT SIMPLE!

Your goal is your destination – where you want to be. The shortest path to get there is allocating your resources with a spending plan and tracking your progress. Not having financial goals and tracking your expenses is like driving around blindfolded, expecting to somehow arrive where you want to go.

Setting budgets and tracking expenses used to be a time-consuming pain because you had to do it by hand. Now it’s as easy as going to a free site like Mint.com or Power Wallet. For more in-depth budgeting tools, there is YNAB. Don’t forget all of the options on your iPhone and Android.

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