

6 Financial Traps New College Grads Should Avoid

College graduates, as you start your careers, financial responsibility should be a top priority. The financial lifestyle and habits you establish now will go a long way toward deciding your financial future.

Here, six traps that could hinder new grads from securing a solid financial future have been identified:

- 1. Not having a budget.** Simply put, don't spend more than you make! Calculate the amount of money you're taking home after taxes, then figure out how much money you can afford to spend each month while contributing to your savings. Be sure to factor in recurring expenses such as student loans, monthly rent, utilities, groceries, transportation expenses and car loans.
- 2. Forgoing an emergency fund.** Make it a priority to set aside the equivalent of three to six months' worth of living expenses. Start putting some money away immediately, no matter how small the amount. A bank savings account is a smart place to stash your cash for a rainy day.
- 3. Paying bills late – or not at all.** Each missed payment can hurt your credit history for up to seven years, and can affect your ability to get loans, the interest rates you pay on loans, and your ability to get a job or rent an apartment. Consider setting up automatic payments for regular expenses like student loans, car payments and phone bills.
- 4. Racking up debt.** Understand the responsibilities and benefits of credit. Shop around for a card that best suits your needs, and spend only what you can afford to pay back. It's a great tool if you use it responsibly.
- 5. Not thinking about the future.** It may seem odd since you're just beginning your career, but now is the best time to start planning for your retirement. Contribute to your employer's 401(k) or similar account, especially if there is a company match. Invest enough to qualify for your company's full match – it's free money.
- 6. Ignoring help from your Bank.** Blackhawk Bank offers online and mobile banking tools to manage your account night and day. Use these tools to check balances, pay bills, deposit checks, monitor transaction history and avoid overdrafting your account.

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