

Executive summary

Starting your professional career can be equal parts exciting and terrifying. Having a steady stream of income for the first time is a great feeling but knowing what to do with the money can be confusing. Below are 5 strategies that all young professionals should employ to make sure their finances stay on track.

What you need to know

1. Make Income Your Priority

Your income earning potential is your greatest asset. When you are in your 20's and 30's, time is on your side and maximizing your income should be a top priority. Putting in extra hours at work or even picking up a side gig to supplement your income can help you get ahead financially and put you on a path to financial security.

2. Automate Your Finances

Automating your investing accounts is a fool proof way to accumulate wealth. Many people put off investing because depositing a lump sum into an investment can seem risky and it can be hard to let go of a large sum of money all in one deposit; this is where automatic investing can help. Automatic deposits can be set up to come out of your bank account in regular intervals and are automatically invested. This is a fantastic wealthy accumulation tool and if you aren't already doing it, what are you waiting for!

3. Prioritize Debt

It should go without saying that obliterating debt should be your number one priority. Student loans, credit cards, and credit lines will only become costlier and more daunting as time goes on. Get into the habit of allocating a certain percentage of your pay cheque to paying down debt and stick with it.

4. Insure Yourself

There is widespread belief that insurance is too expensive and you don't need it until you are old. This could not be further from the truth. Getting insurance while your young is very affordable and perhaps the most important financial move you can make. Life, Critical Illness, and Disability Insurance will protect the plan that you spent so much time executing. Nothing derails your finances like an illness or disability. Putting safeguards in place now will ensure you stay on track, no matter what.

5. Live Below Your Means

Living with a little less than you can afford will ensure you never find yourself in a financial pinch. For example, if you make \$5000 a month but live on only \$4000 a month, that leaves \$1000 to be put aside for your future or unexpected expenses. Over time, that's going to be a significant safety net and the peace of mind that comes with it will be pretty nice too.

The bottom line

Doing a little planning today can pay off big time in the future. Talking to a financial advisor can help you get started and will help you stay on track.

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