

get down to business. Your first priority is meeting the cost-of-living in your area, and since the cost-of-living in some cities is so high, you might be left with little to support a high lifestyle. Meet your fixed expenses (rent, electricity, fuel...) first, before you set about spending any discretionary income.

"The first step in any financial planning process is an awareness," counsels Hank Madden, a Ponte Vedra Beach, Florida financial planner with IDS Financial Services, Inc. "An awareness immediately places you in an elite group, starts you early in the systematic, self-appointed and disciplined accumulation process."

"One of the first things a new graduate should do is set financial goals," offers Nancy Anderson, a tax research and training specialist for H & R Block. "They should know where they want to be down the road, and begin thinking about how they want to get there."

One way to get there is to establish a budget, or financial work sheet, keeping track of your needs and resources on a monthly basis. "I don't like the word 'budget,'" says Zito. "I like 'spending plan' better. To spend is a great pleasure, and the thing that young workers need to realize is just that if they choose to spend in one area, then that will probably limit what they can spend in another area. So, if I choose to have a \$700 two-bedroom apartment I might not be able to afford the \$300 car payment."

Financial planner Elizabeth Lewin, author of *Your Personal Financial Fitness Program*, looks on a budget as nothing more than a roadmap: "It's just a way to keep track of how money is flowing in and flowing out," she says, "so that you can have it flow out to the things you really want instead of it disappearing on things you don't care about."

Lewin recommends being very specific in your budget, rounding figures upwards to the nearest ten dollars. "I think there should be very little miscellaneous spending," she advises. "I think you should try to know exactly where the money is going, if only because it will show you exactly what your real priorities are."

"Keep good records, which isn't really that hard. There are only three ways of paying for things—check, credit or cash. Check and credit card purchases give you automatic receipts, and you just have to remember to file away your cash receipts."

One of the principal reasons for keeping a budget (other than making sure you have enough money to pay your bills) is to plan for future expenses and get you in the habit of saving money. "I would say the first thing any young worker has to think about is a systematic savings program," reports William Droms, professor of finance at Georgetown University's School of Business Administration. "It's a good idea to adopt a pay-yourself-first plan. Try to put



five percent of your take home pay, or whatever you can afford, into your savings account before you pay any of your bills."

The amount of money you save each month, you'll find, is not as important as the fact that you're saving. "I don't think it matters how much you start with," agrees Dunnan. "I think it's the habit. Even if you're saving only \$20 a month, do it. That's very important. It sounds like it won't amount to much, and it probably won't, but establishing the habit is important."

Most financial planners advise saving five percent of your take home pay to start, bringing that up to 10 or 15 percent after a few years out of school. Of course, these guidelines might not be right for you, and you should adjust accordingly and stick to whatever savings plan you find appropriate.

The old dictum about spending no more than one-quarter of your take home pay on rent is no longer valid in most parts of the country. In some cities you might have to spend as much as 40 to 50 percent of your salary on living accommodations. If you find yourself in such a situation, don't panic. You shouldn't sacrifice comfort and safety in your living situation just to satisfy an archaic formula; you might have to save

a little less than you'd like in order to get by, but you'll manage. (You might have to start brown-bagging your lunch, or car-pooling with co-workers.)

"I think young workers will actually have more money than they had in college," Dunnan assesses. "At least more money going through their pockets. So, if they liked having imported beer in college, well, they can probably still have it, but they have to budget for it, and it might mean giving up something else."

"I don't think they should look at the move into the working world as a depressing thing. If you're talking about buying records, going to the movies, and eating out now and then, I don't see that they'll really have to give up those things. What they'll have to do is just watch closely what they're spending and be able to cut the things they really don't need."

## MONEY IN THE BANK

**A** penny saved is indeed a penny earned, but there are almost as many ways to save your pennies as there are to earn them. Now that we've got you thinking about saving money, it's time for you to think about where you'll put your growing nest egg.

For most of you, interest-bearing accounts with a bank or savings and loan will loom as the safest and surest place to keep your money. However, the standard checking and passbook savings accounts that were once the staple of banks everywhere have now given way to new savings plans designed to maximize your earning potential.

For those of you looking to open a bank account for the first time in your lives, we offer a broad look at some of the more common interest-bearing accounts. As

