

BY LAURA SWEENEY
ILLUSTRATION BY BRIAN RASZKA

financial MAKEOVER

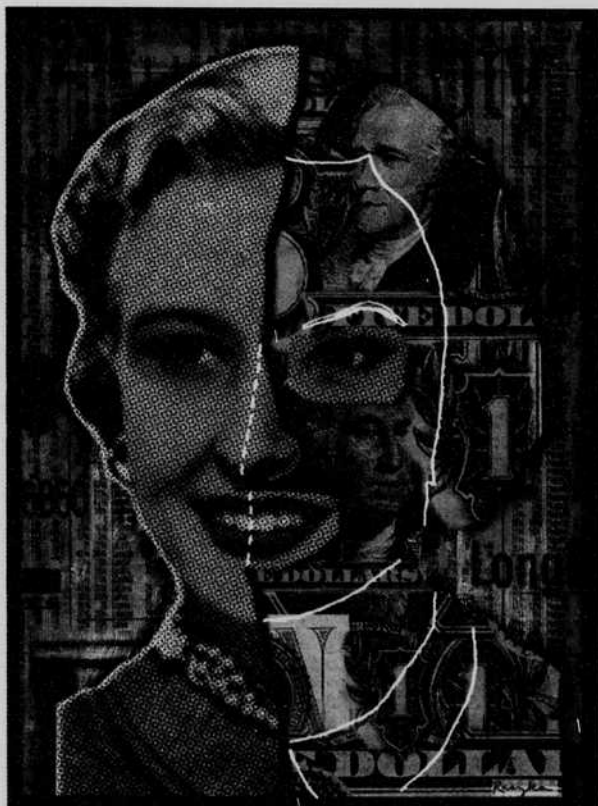
**In debt and looking to save?
Here's how the experts advise
one young professional.**

we're supposed to start saving and investing our money as early as possible. That's not news. But *how* we're supposed to save—with the student loans, the credit cards, the dinners out—that would be a revelation. Like many of us, Kelli needs to be enlightened. At 25, she works as an account representative at a staffing firm in Boston and is struggling to manage her monthly expenses, much less plan for the future.

Knowing what to tackle first—the mounting credit card debt or the 401(k) contribution?—is a puzzle that everyone has to figure out. “And the sooner you take control of your finances, the better off you're going to be,” says Bob Frick, senior editor at *Kiplinger's Personal Finance* magazine. In this financial makeover, Frick and Jason Adamic, a financial consultant at Merrill Lynch, give Kelli all the advice she needs to get out of debt and into the money.

GETTING EVEN First, a look at Kelli's portfolio: She earns \$27,000 a year plus \$10,000 in bonuses. She owes \$3,500 on two credit cards, a beastly \$60,000 in student loans, and has approximately \$1,650 in monthly expenses (from electric bills to Banana Republic buys). At the end of the month, there's nothing left to invest in savings.

“First and foremost, Kelli needs to tighten her belt and pay off the credit cards,” Frick says. “You don't want to be working for the credit card com-



pany.” Moreover, if she is paying only the minimum amount due each month, the debt is probably mounting thanks to interest rate charges. Frick recommends a six-month plan for eliminating the credit card debt. Where's the money going to come from? Kelli's generous \$300 monthly allowance for clothes is the obvious sacrifice—even if she only cuts it in half she can make a big dent in her bills. She can then wipe out the remaining balance with a chunk of her bonus. For those of us with even higher balances on the plastic, a longer-term plan