

# The 'Real-World' Money Rules for Recent College Grads

Valuable ways to save more and spend less when you're starting out on your own

When the financial crisis swept the nation, it left a trail of destruction from sea to shining sea. One reason it caused so much devastation is because at the time many Americans were living paycheck to paycheck, financing purchases they couldn't afford.

And while many Americans have finally gotten wise to the importance of saving a buck—today, the personal savings rate is in the 5 percent range—author Eric Tyson says he wishes it hadn't taken a crisis to make the message sink in. And he's adamant that younger Americans learn from the free-spending, debt-accumulating mistakes of folks of all ages. And there's no better time to master a frugal mind-set than when you start to spread your adult wings right out of college.

Tyson's book, 'Personal Finance in Your 20s For Dummies,' provides young adults the targeted financial advice they need to establish a firm financial footing as they start out in the "real" world. The book covers topics from how to invest wisely to how to improve your credit score to how to change your spending habits if you end up unem-

ployed. Reading it is an important first step to building a strong financial foundation.

"The key to a healthy financial future is learning how to save," says Tyson. "When you're right out of college and getting settled into your first job, saving money can be a challenge, of course. Although you're likely not earning a super-high income, you can live life and still buy the items you need."

How and where you spend your money is a matter of personal choice and priorities, but those choices can affect the amount of money you have to save. Here are a few tips from Tyson on how to save more and spend less:

— **Rent smart.** When you're in your early 20s and you don't have dependents, living in a low-cost fashion is easier than it is later in life. There are many ways to minimize costs if you are renting your living space. Two great ways to keep costs down are living with relatives or having roommates. But no matter who you are living with (and certainly if you are liv-

ing alone), you should minimize your monthly rent. If you find that you've allowed your champagne tastes to exceed your beer budget, so long as you're completing your current lease,



there's no reason you can't move to a lower-cost rental. Just be sure to factor in all the costs of moving to and living in a new rental.

— **Cut your taxes.** Alongside the costs of owning or renting a home, taxes

are the other large personal expenditure for most folks. Everyone gets socked with taxes when earning income and when investing and spending money. That's the bad news—the good news is that you can reduce the amount of taxes you pay by using some relatively simple yet powerful strategies.

— **Cook up lower food costs.** Not eating is one way to reduce food expenditures, but you might not find that solution all that appetizing! Thankfully, there are many other ways to keep your food costs low. One is to avoid eating at restaurants and instead learn to cook for yourself. Making your own food is often healthier (if you make the right meals!), and because you put in all that hard work, you end up enjoying the food more. When you go to buy the groceries you're going to cook up, avoid name-brand products and instead go for store brands. They are usually the same quality (and sometimes the

same product) as the name brand at a lower price.

— **Get up and go for less.** Getting to and fro on a daily basis can get expensive if you don't keep an eye on your expenses. Many people rely on cars for their transportation. Cars can be a tremendous financial burden, especially if you borrow to buy or lease the car. When possible, opting for public transportation is a great way to save money. And in some cities, it allows you to avoid having a car altogether. Another great option is to opt for two wheels instead of four. Riding your bike has the double benefit of saving you money and being great exercise.

"Don't make the mistake of simply comparing sticker prices," he adds. "Consider the total long-term costs of car ownership, which include gas, insurance, registration fees, maintenance, repairs, and taxes. And be sure to consider the safety of any car you buy, as driving is surely the most dangerous thing you do."

— **Finesse your fashion finances.** When you're starting your first "real" job, it's only natural to want to look your best. But looking your best doesn't have to require

that you wear only the latest fashions. In fact, you really don't need to buy lots of new clothes every year. True fashion, as defined by what people are actually wearing day to day, changes quite slowly. In fact, the classics never go out of style. If you want the effect of a new wardrobe every year, store last year's purchases away next year and then bring them out the year after. Or rotate your clothing inventory every third year.

— **Budget your fun funds.** Having fun and taking time out for recreation can be money well spent. However, if you engage in financial extravagance in the name of fun, you can quickly wreck an otherwise good budget. Spending more money shouldn't be equated with having more fun. Many movies, theaters, museums, and restaurants offer discount prices on certain days and times. And other recreational options, such as visiting with friends, hiking, reading, and playing sports, can be good for your finances as well as your mental and physical health.

— **Tame your technology spending.**

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