

Building a Financial Foundation for the Next Generation

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According to the US Bureau of Labor Statistics, 1.1 million US students (ages 20 to 29) earned a bachelor's degree between January and October of 2023.[1] For many graduates, commencement is when their education in personal finance starts.

Here are a few tips to help graduates gain a solid financial footing as they enter the working world.

1. Get a financial education

Learning about personal finances does not need to be expensive. There are many resources on the internet geared specifically to the needs of young adults, offering free advice and online tools for everything from creating household budgets to finding banking services.

Young adults might also consider joining a financial planning session with their parents and their parents' financial advisor or investment professional. This will give them an opportunity to learn the language and ask questions.

KEY POINTS

Learning does not stop after college. After graduation, young adults should

- get educated about finances
- create and follow a budget
- steer clear of unnecessary expenses
- avoid high-interest credit card debt
- establish a good credit history

2. Consider following the 50/30/20 budget rule

Many financial advisors or investment professionals suggest that newly minted college grads begin to budget with this simple formula: 50% of income goes to necessities, 30% goes to discretionary purchases and 20% is used to build savings or pay down debt.

It's also important to start planning early for long-term goals such as retirement. An easy way for young workers to get started is by joining their company's employer-sponsored retirement plan. Many employers match up to a certain percentage of employee contributions to the plan, potentially doubling that portion of an employee's savings. Automatic monthly contributions through the company's payroll system simplifies the process.

¹ US Bureau of Labor Statistics, *College Enrollment and Work Activity of Recent High School Graduates and College Graduates – 2023* released April 23, 2024.

This material should be used as helpful hints only. Each person's situation is different. You should consult your investment professional or other relevant professional before making any decisions. Securities and advisory services offered through LPL Financial, a registered investment advisor. Member FINRA/SIPC.

3. Shop around for a bank account

Banks typically offer several types of accounts. Young people should look for a bank that offers low or no monthly account fees. For frequent ATM users, look for a bank that has low fees for withdrawals from an outside bank. Savers may prefer a bank with a high-yield savings account.

4. Use credit cards wisely

Credit and credit scores are important to understand before getting a credit card. Try to keep credit card balances below 30% of the card's credit limit and consider paying more than the minimum due each month to pay down the debt as quickly as possible. Most importantly, remember to pay the bill on time. A history of paying bills on time helps to build a good credit history, which is necessary for big purchases down the road.

Don't forget to shop around for the lowest rates and fees before signing up.

Keep in mind that all investments carry a certain amount of risk, including the possible loss of the principal amount invested.

Resources

The following websites offer financial education and planning tools.

UNITED STATES

National Endowment for Financial Education
nefe.org

Financial Planning Association
fpanet.org

ITALY

Banca d'Italia

economiepertutti.bancaditalia.it

Portale dell'educazione finanziaria

quellocheconta.gov.it

Educazione finanziaria - nozioni e strumenti
consob.it

Glossario di educazione finanziaria
posteitaliane.it

SPAIN

FPA Espana: European Financial Planning Association
efpa.es

StrateFi is not affiliated with the third parties referenced above. See next page for a sample monthly budget worksheet.





Sample monthly budget worksheet

I. Income

Monthly earnings

Minus taxes

Adjusted income

Other income

Total

II. Expenses

Rent or mortgage

Combined utilities

Groceries

Auto expenses

Student loan(s)

Credit card

Insurance

Medical expenses

Retirement contributions

Miscellaneous

Total

III. Discretionary allowance

Total monthly income

(minus)

Total monthly expenses

Total

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Contact your financial advisor or other investment professional for more information or visit [StrateFiWealth.com](https://www.StrateFiWealth.com)



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