WELLS FARGO Advisors

Lifescapes

Smart money moves for college grads

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Know someone who has recently graduated? Share these practical financial tips.

Congratulations if you are the proud parent or grandparent of a college graduate!

After college graduation is a great time to provide advice that can help them build a strong financial foundation as they begin their career. Below are some of the most common questions we have heard from new graduates and the guidance you might consider sharing:

I just started earning a real paycheck. Now what?

Start with a simple budget. Know what you need to cover (essentials), what discretionary funds you'd like to be able to spend (wants), and how much you can set aside for savings. A good rule of thumb: spend less than you earn, automate saving when possible, and avoid lifestyle creep — that is, spending more only because you've started to earn more.

What's one easy personal finance step I can take today?

Start building an emergency fund. Even saving $10 – $15 each week adds up. Aim to eventually be able to cover three to six months of living expenses, if an emergency were to arise.

Should I pay off student loans first or focus on saving?

Consider trying to do both, if you can. For example, you may want to make minimum loan payments to help reduce the amount of interest piling up and contribute to a savings account or your emergency fund. Even small amounts help. If your employer offers a 401(k) match, try to take advantage of it. If this option is not offered, think about establishing a Roth IRA if you're eligible.

Is retirement something I really need to think about now?

Yes, starting early can make a big difference. Even a small monthly contribution to a retirement fund can grow over time thanks to compound growth. Again, if your company offers a 401(k) match, try to contribute at least the percentage of the match to take full advantage of this benefit.

How do I build my credit score?

Your credit score is built over time, and it may be impacted by how reliably you pay your bills, how much debt you carry, and how long you've had credit. Pay everything on time, avoid maxing out credit cards, and review your credit reports regularly to help ensure accuracy.

Want more practical tips and tools?

Encourage your child or grandchild to visit our Financial Education 101 site for a curated collection of resources to help get them started on their personal finance journey. Also talk to your advisor, who also may be able to help guide these conversations. Having done the hard work to graduate, additional guidance on how to manage their finances can help set them up for future success.

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