

Financial Tips for College Graduates

U.S. News offers [10 financial tips for young adults](#).

Actually, financial advice for anyone starting out in the work world. Or even for those who have been working for awhile and now want to begin investing.

Good advice. A few comments from my side.

I shan't cover all the points, but do want to make a few observations.

Start Saving From Day One

[Good investors save](#), invest, and grow their funds.

Enroll immediately in a plan where money is automatically deducted from your pay each period. Company plan, personal tax-deferred investment account, etc.

You did not have any income yesterday. Missing \$50 or \$100 per pay period will not be felt. But if you wait and get used to the extra cash in your chequing account, it will be more difficult to lose it later on.

Invest for the Long Term

How you invest should, in large part, reflect your [phase in the life cycle](#).

Presumably you are young. With 40 plus years until you need to access your retirement funds. Starting out in the world, you hopefully are entering an accumulation stage of life.

With a [long time horizon](#), you can handle some volatility in your portfolio. That means you should consider relatively riskier assets when you are young.

No, not betting double zero on the casino roulette wheel. Nor even putting half your money in corn futures. This is speculation. I am talking [investment risk](#). Based on your [personal risk tolerance](#) and individual circumstances. For a typical young investor, that often means a well-diversified portfolio with an [emphasis on equities](#).

[Do not shun risk](#) at a young age. Risk can be an asset for young investors. Just make sure it is well considered, prudent investment risk.

As your time horizon decreases and your personal circumstances change, then you can slowly move to a lesser risk portfolio.

Maintain an Emergency Reserve

Last in, First out (LIFO). An inventory term in accounting.

But also a reality for young employees who lack seniority within a company. If things go sour, new employees often suffer.

Start investing on day one. But also [start accumulating an emergency reserve](#) in case you suffer a loss of employment income. The amount should be based on various factors. A good benchmark is often 3 to 6 months of living expenses.

Don't Live Like a King

Or queen. Or my nephew.

Yes, it is nice to finally get out of your parents' basement and begin earning real money. But live within, or even below, your means.

Try to keep life frugal and invest any spare cash. Take advantage of your youth and the [power of compound returns](#). Yes, you may enjoy that week in the Dominican Republic. But investing the money and watching its [compound growth](#) over time will allow for many more weeks vacation down the road.