

As your recent graduates enter the "real world", I have compiled a list of tips to help them achieve financial success:

**1. Track your expenses using ynab.com:**

Living below your means is one of the essential financial skills necessary to retire successfully as well as accomplish short-term goals. YNAB is a great way to track expenses and develop the skill of budgeting. The smartphone app can be shared among family members so that everyone is on the same page.

**2. Protect yourself from the unexpected:**

Establish an emergency savings account with at least \$1,000 and grow it over time to reflect six months of expenses.

**3. Pay yourself first by saving 15% for Retirement:**

If you save 15% of your gross income into retirement less any employer contribution or match, you will be more likely to retire comfortably someday. Hopefully, you have access to a 403(b) Plan or 401(k) Plan through work; otherwise, you can contribute to a Traditional or Roth IRA.

**4. Hedge against future taxes by choosing After-Tax (Roth) Deferrals:**

Most retirement plans allow you to choose either a pre-tax or after-tax (Roth) deferral. The Roth option allows the earnings on your after-tax deferrals to grow tax free. The hope is that a significant portion of your account will be earnings when you retire, so by choosing the after-tax (Roth) deferral you can take tax-free distributions after your age 59 ½. Taxes are historically low today, so it is possible to see higher taxes in your lifetime. If your employer plan does not offer a Roth option and you have already contributed enough in the plan to receive the match, consider contributing to a Roth IRA outside of your employer plan.

**5. Protect yourself:**

Health insurance, home owner's/renter's insurance, and car insurance can all help protect you and your belongings from the unexpected.

## 6. **Limit your Consumer Debt:**

Keep all of your debt payments reasonable. One way to see if you are on track is the Consumer Debt Ratio guideline which takes your total monthly debt payments divided by your net monthly income. The recommendation is to stay below 20%. For instance, if your net income is \$2,000; then your debt payments should not exceed \$400 per month if possible. Consumer debt includes car payments, credit card payments, installment loans, etc...

## 7. **Save for Short-term Goals:**

Look for ways to decrease your current expenses to save for your short-term goals, such as travel, home appliances, and larger expenses. Packing your lunch instead of eating out is one example and is easier if you are motivated by a short-term goal.

## 8. **Consider Buying a House:**

If you are considering buying a house, practice living like you are paying the mortgage, property taxes, and insurance. Use the amount above your current rent to save for your down payment. Buy a house that you can live in for at least ten years, even if you choose to sell sooner. This time frame allows you to weather challenging real estate markets. Keep your mortgage reasonable even if you qualify for a higher amount, the guideline is to keep the total of these payments below 28% of your Gross income.

Congratulations to your recent graduates!

Kind regards,

Meghan



Meghan Phillips Dykstra CFP®  
Investment Advisor Representative  
900 East Front Street, Suite 200  
Traverse City, MI 49686  
phone: 231-486-6188  
fax: 231-486-6191  
[Meghan.dykstra@TandemWealthTC.com](mailto:Meghan.dykstra@TandemWealthTC.com)  
[TandemWealthTC.com](http://TandemWealthTC.com)

Securities offered through Securities America, Inc., member FINRA/SIPC. Advisory services offered through Securities America Advisors, Inc. Tandem Wealth Management LLC and Securities America are separate companies.