

Ep72: What Advice Do You Have for College Grads Just Starting Out? 3 Top Strategies to Get Started Off Right!

June 4, 2021

PATTI BRENNAN: Hi, everybody. Welcome to “The Patti Brennan Show.” Whether you have \$20 or \$20 million, this show is for those of you who want to protect, grow, and use your assets to live your very best lives.

Today, we’re going to talk about our adult children because if there’s one question I get over and over again, it is the following. Patti, my son just graduated from college. He got his first job. What should we tell him about what to do?

That’s a really important question. It’s one that has actually motivated us to set up a wonderful internship program for college students because I find that this stuff is not taught in high schools or colleges. I think it’s a shame because we go into this world assuming that, “Gee, somebody’s got a college education. They already know about all this stuff.”

Whether it’d be about taxes, how to manage a budget, or what a mutual fund is, most kids are not getting that information in college. In fact, this summer internship program is called the missing semester. Today, I’m just going to spend a couple of minutes on three big items.

Number one. A lot of times, kids are going to leave out home. I probably would encourage that if it works in terms of where their job is, and it’ll give them the opportunity to save some money. As they do that, I think it’s really important that they act as if they are paying rent because eventually, they will be. Let’s get them started right away on the right foot.

Number two. When it comes to saving money, I would 100 percent say automate your savings but pay your bills the old-fashioned way. Sounds odd, right? Automate your savings, what does that mean?

Well, number one, if they have access to a 401(k), they’ve got to do at least 10 percent,



KEY FINANCIAL, INC.
Wealth Management With Wisdom & Care

KEY FINANCIAL, INC. • (610) 429-9050 • Patti@KeyFinancialInc.com • www.KeyFinancialInc.com

especially if they are single, before they get married, buy a house, etc. This is a time when they can really sock it away. I got to tell you that compounded growth over a 30 year, 40 year period is huge. Automate the savings. Try to do as much into the 401(k).

In addition to that, I emphasize also set up an automatic savings that is not a retirement account. Kids can start with \$25 a month in a mutual fund. It just gets them in the habit of having that money withdrawn from their bank account, and they get to see it grow over time. Again, we're developing habits. We're nudging them.

As it relates to paying the bills, our kids are so tech-oriented. They're going to do everything online, do everything on their phone. That's fine, but I often find that there's an awareness that is often missed. If you think about Venmo, Venmo is a big deal. You have no idea when your Venmo when your friends what it was for. We lose track of where our money is going.

You've heard me say it before, instead of wondering where your money went, tell it where you want it to go. That starts right when the kids graduate from college. If they can get that in their mindset, they will accumulate wealth over their lifetime, so paying the bills the old-fashioned way.

Hey, nothing wrong with writing a check. If you write a check, you're going to know what you're spending. It's going to register. You're going to teach your kids. If you're graduating college and you're listening to this, you're going to learn. Ask the question, "Do, I really want to be spending my money this way? It's one thing when it was mom and dad's. Quite another one, it's mine." Very important.

Last but not least, build your credit. Here's the deal. That is very, very important. Build your credit. Now that can be done by getting a credit card. But by all means, you charge the gas and you pay it off right away. That's how you increase your FICO score.

That is really going to come in handy when you go to get a car and certainly when you go to buy a home. You need a FICO score that is in the mid to high 700s to get a decent interest rate.

Those are some quick tips. There are so many more things that we can talk about as it relates to educating our children. Feel free to give us a call any time. Believe me, I've got four kids. We've had to go through this education four separate times. Sometimes, they get it quickly. Sometimes, they don't. Believe me, I totally understand.

Thank you so much for joining us today, and I hope you have a great day. Take care.



KEY FINANCIAL, INC.
Wealth Management With Wisdom & Care

KEY FINANCIAL, INC. • (610) 429-9050 • Patti@KeyFinancialInc.com • www.KeyFinancialInc.com

Securities and Advisory Services offered through Royal Alliance Associates, Inc., Member FINRA/SIPC. Insurance services offered through Patricia Brennan are independent of Royal Alliance Associates, Inc. Advisory services offered through Key Financial, Inc., a Registered Investment Advisor, are not affiliated with Royal Alliance Associates, Inc.