# How to Manage Your Finances After Graduating College

You're done with college, and now you're ready to be on your own. But for newly minted grads who didn't major in money management, here's one last assignment: Summer reading to help with your financial future.

That degree you earned might open the door to a higher salary — and carry a student loan burden — so it's important to know how to balance it all as you set the stage for the rest of your life.

## Map out a budget

As a college student, you probably got accustomed to living frugally. Stay the course.

A good way to live within your means is to figure out how much discretionary spending — that's what's left over after necessary expenses like rent, food and gas — you can afford each month. This will be easier to compute after you've been working for a few months and have a better grasp of what your take-home pay is after taxes and other deductions.

In building your budget, start with the essentials as well as ongoing bills you have to pay, such as utilities, student loans or a car loan. What's left over is yours to allocate for spending and saving. It's probably wise to limit eating out and splurging on clothes and entertainment.

## Ways to save

Chances are you didn't live in your own house or apartment when you were in college. If you are on good terms with your parents and don't think returning to live with them would be too regressive, that could be a huge bonus. You could use the saved rent money to pay down student loans, establish an emergency fund and even start building a retirement account.

If moving back home isn't an option, look for roommates to reduce your overhead.

## Pay down what you owe, build up credit

The average student loan burden hovers around $30,000, so the last thing you want to do is add to it by running up new credit card debt. Still, it's to your advantage to have a credit card to build good credit. A good way to do that is to make regular small purchases and pay them off right away to establish your creditworthiness.

As for student loan debt, before graduating you selected a repayment plan for any federal loans. The standard plan calls for equal monthly payments for 10 years. If you have a steady income and good credit, or can use a co-signer, you can refinance the loans to get a lower interest rate and possibly pay off your loans faster. Before refinancing, make sure you won't lose any important federal loan benefits, such as loan forgiveness.

## Build a portfolio and retirement savings

Historically, buying stocks or mutual funds when you're young is the best way to build a portfolio, because you have decades for your money to grow. In other words, you have time to ride out market declines and earn good long-term returns.

Similarly, starting a retirement savings plan early pays dividends. It’s particularly helpful if your employer offers to match your contributions, through a 401(k) or other plan. If your job does this, start contributing right away and make the most of the match.

One last piece of advice as the paychecks start rolling in: Don’t spend more than you earn. Congratulations on your graduation, and may the wind always be at your back!