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10 Tips To Help You Save Money In Your 20s

Your 20s are a dynamic time full of exciting and nerve-wracking changes. Whether you've just graduated from college or have been working full-time for a couple of years, it's likely that money management is one of the biggest stressors in your life. This is a perfect time to gain control of your money and start planning for the future, but you don't have to do it alone! Read on for some of our favorite tips to help you get into the saving mode for life.

✓ **Make A Budget**

Once you've joined the workforce full-time, it is crucial that you develop a budget to prioritize your spending and saving. However, savings must be a key component of your budget, not merely whatever money is left over at the end of the month and should be a top priority after basic necessities (food, rent, etc.). One way to structure your budget, as suggested by www.NerdWallet.com, is to use the 50/30/20 rule – allocate 50% of your income for necessities, 30% for wants, and 20% for savings.

✓ **Pay Off Student Loan Debt**

Along with budgeting for savings, you should also prioritize paying off your student loan debt (if you have any) to avoid being charged large amounts of interest. If you're struggling to make your monthly loan payments, investigate what other repayment plans are available to you or consider changing your repayment strategy. For more ideas for paying off your student loan debt, check out our *Tips for Paying Off Student Loan Debt* article.

✓ **Automate Your Savings**

One way to ensure that building your savings is a consistent component of your monthly budget is to automate it! Choose to have a portion of each paycheck directly deposited into your savings account. This way you won't be tempted to spend the money that you should set aside OR get used to a lower income in the future once you do start saving. Also consider using a smartphone app that automatically saves and/or invests your money. To learn more, check out our article on *Five of the Best Personal Finance Apps*.

✓ **Earn Extra Income**

Adding an extra source of income to your regular earnings is a great way to save money in your 20s. Whether you get a part-time job or take on sporadic gigs such as dog-sitting or being a ride-share driver, put all of that extra cash you earn towards your monthly savings.

✓ **Invest!**

Your 20s are a good time to start investing, even if in small amounts and low-risk endeavors. Before investing, you should assess your financial needs and personality to determine your risk profile, and then seek professional advice if necessary. You should aim to create a diversified portfolio to reduce your exposure to risk, especially when you're just getting your feet wet.

✓ **Save For Retirement**

You might think that your 20s is too early to start saving for retirement, but it's actually the best time to do so. You should take advantage of your employer's 401(k) plan, if offered, and contribute at least the maximum amount that your employer will match, if not more. If your employer doesn't offer a 401(k) plan, you can choose to have a set amount of money automatically deposited from your checking account into an individual retirement account each month.

✓ **Track Your Expenses**

To best make your budget and allocate your money, you should track your expenses to determine where and when you're spending too much and how you could cut back. To do this, you might consider creating a spreadsheet or using a smartphone app that helps you plan and stick to a budget. Again, refer to our *5 of the Best Personal Finance Apps* article for inspiration.

✓ **Delay Impulse Purchases**

A simple way to save money in your 20s is to delay any impulse purchases. When you feel the need to purchase a non-necessity, you can wait a couple of days to evaluate how the purchase fits into your budget and its true value to you. With this strategy, you can avoid making purchases fueled solely by your wants and emotions, and instead save money for purchases that will serve you better in the long run.

✓ **Open A Separate Savings Account**

If you're someone who frequently dips into your savings account to replenish your checking account, consider opening a savings account at a separate bank from that which houses your checking account. It will be more difficult to transfer cash between the two accounts and keeping some savings out of sight will allow your money to generate more interest over time.

✓ **Take Advantage of Cash Back/Reward Credit Cards**

If you're going to have a credit card, you might as well earn something in return for the purchases that you make. Whether it's cash back, airline miles, or hotel points, there are numerous credit cards that will reward you for spending, so long as you pay off your monthly balance in full. Choose the card and reward that makes the most sense for your lifestyle and interests, but be careful not to rack up more debt than you can repay.

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