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## Crucial Money Moves to Make in Your 20s

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### MAKE THE FUTURE A PRIORITY

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- If you have a 401(k) and/or Roth 401(k), start contributing on day one. You can't make up for lost time.
- Contribute at least enough to get your company match and use any auto-increase features, if available. Increase your contributions after bonuses and raises as well.
- No 401(k) or Roth 401(k) available? Open an IRA and/or Roth IRA and set-up automatic contributions.
- Given your lengthy time horizon, stay stock-heavy. Use target date funds if you're not comfortable picking specific 401(k) funds.
- Switching jobs? Don't cash out! Roll over an old 401(k) to an IRA or your new 401(k).
- Set mid-range savings goals, such as a down payment.
- Don't try to time the stock market based on what you think it will do. Research shows that you'll usually underperform the broader stock market.<sup>1</sup>



### CREATE A BUDGET

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- Save 20% of your income, spend 50% on 'needs' and 30% on 'wants.'



### BUILD AN EMERGENCY FUND

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- Reduce stress by saving 3 to 6 months of expenses in a savings account or money market.
- Use [BankRate.com](http://BankRate.com) to find the best interest rates.
- Use this money only for unavoidable emergencies like a job loss or long-term illness.



### USE DEBT WISELY

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- Pay bills on time and in-full every month. Otherwise, you're paying interest (extra money) to a bank or credit card company.
- Use less than 10% (and no more than 30%) of your available credit every month.
- Stay away from personal loans for lifestyle costs, like a wedding.



### BUILD YOUR CREDIT

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- Make your credit card payments on time and in-full every month. Not organized? Set up automatic payments through your bank.
- Avoid applying for multiple credit accounts simultaneously.
- Spot credit report errors at [AnnualCreditReport.com](http://AnnualCreditReport.com).
- Check your credit score at a site like [Creditkarma.com](http://Creditkarma.com) or through your credit card company.
- Credit scores range between 300 and 850. Above 700 is good, above 800 is excellent.
- To help prevent identity theft, freeze and unfreeze your credit as needed at all three credit bureaus: [Experian](http://Experian.com), [Equifax](http://Equifax.com), and [TransUnion](http://TransUnion.com).



### REVIEW INSURANCE NEEDS

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- Rent an apartment or home? Buy renters insurance. This is an inexpensive way to protect your belongings if there's a fire, leak, or storm. Any major insurance company offers this kind of policy.