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Achieving Self-Sufficiency: Financial Advice for Young People

For young people champing at the bit to move out, getting their own place is both a rite of passage and a declaration of personal freedom. Suddenly, you're free to come and go as you please, eat whatever you like, and spend money on anything you want. It's a heady experience, for sure, but financial freedom can be a double-edged sword, something that can overwhelm unprepared teens and 20-somethings. They may find that there's a place for good, old-fashioned common sense and financial prudence no matter what age you are.

To help, Sunny Harris of Money Mentor presents some smart financial advice that can help keep your budget healthy.

Discipline, Not Frugality

Budgeting and self-discipline are valuable tools, but it's not necessary to become a miser and give yourself over completely to a life of frugality. The important thing is to be responsible with one's money, which means prioritizing and paying bills first. If you use a credit card, make sure you can pay off the balance every month, so you don't end up paying interest for months on an expensive dinner or a new coat. One of the best ways to be responsible with your money is to prepare a budget and stick with it. That way you know how much you have, how much you can spend, and where your money is going every month.

Higher Education

Spending money on a college education may take a lot of money but consider it as an investment in your future. By earning a degree in a field you are passionate about, you'll feel more confident and determined to pursue a career that could help lay the foundation for your financial future. If finding time to go back to school has proven difficult, consider enrolling in an online university. There are plenty of top-rated schools that can help prepare you for a wide variety of different jobs in various fields.

Car Insurance

Auto insurance is required by law, so be thorough in researching insurance providers. Look for one that offers the best rate, though that can be difficult if you're young and/or have a spotty driving record. Whatever policy you end up with, be sure you understand the details and what you're liable for and familiarize yourself with fault laws. Remember that you can be partly responsible for an accident with another driver and, in some states, that responsibility may dictate how much of your repair and medical bills the other driver's insurance will cover.

Rainy Day Fund

You've probably heard that it's important to pay yourself first so you're prepared in case something unexpected happens. Young people just getting started on their own are vulnerable to unexpected expenses, such as emergency car repairs or a temporary loss of income. That's why it's important to have a rainy day fund. Even if you have plenty of debt, you need to find room in your budget for some kind of savings.

Start a Side Gig

More and more people are seeing the benefits of a side hustle. And when you're young and have extra time on your hands, a side gig is a great way to generate income and even fulfill other passions. For example, you can be a tutor, a dog walker or pet sitter, or even start your own business. All it takes is a business plan, formalization with the state through a service like ZenBusiness, a business bank account and a way to market yourself!

Protect Yourself

Treat everything you have as a valuable investment, from your apartment or house and vehicle to the money in your checking account and wallet. Purchase renter's insurance so your possessions are covered, and don't forget disability insurance, which preserves your ability to maintain an income if you become incapacitated. Don't forget common-sense measures like purchasing a small safe for your valuables and money and making sure your residence has reliable door locks, including deadbolts and, if possible, an alarm system.

Health and Life Insurance

Young people often pay very little attention to things such as health and health insurance but being covered for a medical emergency is as important as having a savings account and insuring your belongings. Many people these days are able to get health insurance through an employer, a

best-case scenario because the money to pay for your coverage comes directly from your pay (so you're not tempted to spend it).

Most employers also offer some form of life insurance, which is an important asset for building financial stability. Insurance leaves behind income for your loved ones if something happens to you. When you decide to settle down, life insurance can provide an important foundation for you and your spouse. Life insurance can also be used to pay off debt, such as student loans.

Personal finance is an important skill, one that probably should be required learning in elementary and high schools. It's never too late to learn the basics of personal finance and improve your economic fortunes. Much of it comes down to common sense and having a fundamental understanding of how money and credit work.

If you're looking for proven ways to supplement your income and grow your net worth, trading and investing offer the perfect opportunities to grow your wealth. New to the game? Turn to Money Mentor and coach Sunny Harris to learn everything you need to become a successful trader and investor. Reach out today!