



**YOUR WEALTH JOURNEY — NAVIGATING LIFE'S FINANCIAL MILESTONES**

# Beginning Your Career and Understanding Your Finances

## Tips for managing your money as you start your career

Entering today's workforce may mean navigating a hybrid environment and an uncertain economy. As you start your job, here are some important steps you can take to continue focusing on your financial future.

**Budget and Spend Wisely**

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**Pay Down Debt**

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**Build Your Credit**

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**Check Your Credit Score**

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**Understand Your Company's Benefits**

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**Save for Retirement**

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### Budget and Spend Wisely

Developing a monthly budget can help keep expenses under control. Even if you have significant debt, consider “paying yourself first”—saving a portion of your income so you have money in the future for large purchases or emergencies. Signing up for direct deposit allows you to automatically deposit a portion of your paycheck into an interest-bearing savings account.



### Build Your Credit

It is best to begin building your credit slowly by paying monthly bills, such as rent and utilities, and starting to pay off any debt you may have, such as student loans or auto loans. In some cases, you may need to create a credit history before getting approved for a traditional bank card. If so, begin with a store credit card, which is often easier to get approved for because of lower spending limits. But be mindful of the higher interest rates on store cards. Once you build a payment history, it will be easier to transition to a bank card.

Do not miss or be late with payments. Just one past due payment can lead to exorbitant fees and affect your credit score. Charge only what you can pay off each month. Carrying a credit card balance is an expensive way to borrow. Remember a credit card is more than just plastic—it is money.



### Pay Down Debt

Whether it is student loans or credit card debt, build a payment plan into your monthly budget.

**Note:** If you borrowed money for school, your first bill is due six months after graduation. If those payments are high relative to your income, opt for a manageable repayment plan that includes schedules and options for federal loans.



### Check Your Credit Score

A credit score is essentially a report card of your credit history expressed as a number. It follows you throughout your life and determines your access to credit as well as the interest rate you will pay on large purchases such as a car or home.

Checking your credit report periodically will give you an idea of how your credit is building and help flag if your financial accounts were hacked or your identity was stolen. Scores range between 300 and 850, with most falling between 600 and 750. A credit score of 700 or more is considered good. Knowing your credit history and score can be especially helpful if you are applying for a loan or rental lease.

You can access your credit score by contacting a credit reporting agency. The three largest are [Equifax](#), [Experian](#), and [TransUnion](#). [AnnualCreditReport.com](#) also offers a free copy of your credit report every 12 months from each credit reporting company. To keep up with changes to your credit report, credit reporting agencies and credit card companies offer fraud alerts. Check with your provider on how to sign up for alerts.



### Understand Your Company's Benefits

Learning what benefits are offered may help you make a decision when considering a job offer. Thoroughly explore and understand your company's benefits, including its retirement plan, insurance options, tuition reimbursement, student loan repayment assistance, stock options, and profit-sharing. Two of the most popular savings plans companies offer are a 401(k) and a health savings account (HSA), both of which can stay with you throughout your career even if you change employers.

A 401(k) or 403(b) is a retirement savings plan. You can enroll and have automatic deductions of pretax dollars taken from your paycheck, thus lowering your taxable income. Most companies will match a portion of your contribution. Your savings plus the company match can grow quickly and you benefit from the power of compound earnings. Most 401(k) plans offer a variety of investment options, including mutual funds of stocks, bonds, and money market treasuries.

An HSA is like a personal savings account that can only be used for qualified healthcare expenses. To enroll, you must choose a high-deductible health insurance plan through your employer. HSA contributions are pretax and tax-deductible, so the money grows tax-free. Withdrawals for eligible health expenses are not taxed and contributions can be invested in mutual funds, stocks, and other investment vehicles. That money can grow throughout your career for medical expenses. There is no minimum required distribution at 73 as with other retirement accounts.



### Save for Retirement

Contributing to your company's retirement plan as soon as you begin your first job is a fantastic way to set up your financial future for success. Even saving an extra \$50 a month can add up over time: Over the course of 10 years at 6.5% return, that contribution could grow to approximately \$8,500. There are several calculators online that calculate compound earnings.

A 401(k) is just one type of retirement savings plan. If you max out your 401(k) contributions and would like to make additional contributions to tax-advantaged retirement accounts, consider contributing into a traditional IRA or Roth IRA.

Thinking about your financial health today will help lay the foundation for a successful future. If you are interested in learning more, contact a William Blair wealth advisor.

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June 2024

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