

7 Banking Tips for Young Millennials

Once you start receiving your first paychecks after graduation, knowing how to spend or save your money wisely can be tough. While you may be able to do your banking with just a few taps on your phone, managing money well is much more complicated. Here are a few tips to help you get started.

1. Budget using apps

Tracking how much you spend weekly and monthly shows you where your money goes and how you can save more. You can use a budgeting app that tracks your cash automatically or one where you enter information manually. Choose an app that lets you spend as little or as much time on budgeting as you want. From there, you can identify your total fixed expenses, such as rent and car payments, and more-flexible costs such as shopping and dining out.

2. Set up automatic transfers to savings

When you have a rough idea of how much you can save regularly, create a recurring transfer from your checking account to a [savings account](#). By making savings automatic, you can get used to spending “below your means” and never have to worry about remembering to transfer.

3. Avoid overdrawing your checking account

Before you pay rent or spend any other big chunk of money, take a look at your checking account's available balance. This can prevent you from spending more than you have in your account. If you overdraw, you may be charged a fee.

4. Establish credit

Student loans and credit cards can help you build good credit — as long as you stay current on monthly payments and don't overuse your cards. [Your credit score](#), which shows how responsible you are with credit, is an important factor that lenders check before approving car loans and mortgages. The better your score, the lower the interest rate you may be eligible for.

5. Repay debts strategically

If you have debts from multiple credit cards and student loans, pay the minimum on each and then contribute more to your higher-interest debts. By making those a priority, you can reduce how much interest you're paying faster than by treating all debts the same.

6. Start an emergency fund

Being financially prepared in case of health emergencies or unexpected unemployment can save you from going into debt. Have a separate savings account just for this purpose; don't mix it up with your regular savings. A good rule of thumb is to save enough to pay three to six months' worth of living expenses.

7. Set long-term savings goals

Consider [saving for retirement](#) in an employer-sponsored 401(k) plan or individual retirement account. When you start saving early, you take advantage of compounded returns to make more money off your contributions overall.

From smart budgeting to setting goals, make good money choices now. Since time is on your side, you can benefit from building credit and saving early to be ready for big financial decisions in the future.

© Copyright 2016 [NerdWallet](#), Inc. All Rights Reserved