



Regions Next Step Podcast

Insights for Students Series: Budgeting After Landing Your First Job

In this podcast, Mark Senter, Student Athlete Financial Wellness Program Manager at Regions Bank in Birmingham, Ala., and Tamica Foster, Financial Wellness Relationship Manager at Regions Bank in Jackson, Miss., offer tips for budgeting after you get your first job after college. Tune in through the link below.

Episode Transcript

Narrator:

You're listening to the Next Step podcast "Budgeting After Landing Your First Job" part of our Insights for Students Series presented by Regions Next Step – advice, tools and resources to help you get closer to reaching your unique financial goals.

Mark Senter:

I'm Mark Senter, Student Athlete Financial Wellness Program Manager at Regions Bank in Birmingham, Alabama, and I'm here with Tamica Foster, Financial Wellness Relationship Manager at Regions Bank in Jackson, Mississippi.

When starting your first job, it can be tough to learn how to correctly budget your money. From purchasing a new wardrobe to transportation, there are a lot of things that can drain your hard-earned cash.

Tamica Foster:

Exactly! With so many competing factors, it can be difficult to split up your money in the best way possible. Today, we are going to go through 4 tips that will help you determine what you want from need so you can be on your way to financial success.

Mark:

The first tip is to set a budget. Start with your monthly bills that have a fixed rate, such as rent, car payment, student loans, insurance payments, internet, etc. After you have that number, it's time to add up your variable monthly expenses, including groceries, clothing, haircuts, gifts and entertainment.



Tamica:

Great point! Now, after you've calculated your fixed and variable expenses, subtract those from your take-home pay to determine your net income and decide how much you'd like to save each month. If the total doesn't let you save as much as you want, look back at your variable expenses and see where you can cut back. Once you've decided on that monthly number, include that amount in your fixed monthly bills section of your budget. Also, consider setting up an automatic transfer into your savings account.

Mark:

This savings fund will not only help you afford major purchases later in life, but also – and maybe more importantly – it will help you plan for financial emergencies. This is the 2nd tip for budgeting after landing your first job.

Tamica:

As Mark just mentioned, things are not always going to go as planned. A layoff, serious injury or something as simple as a broken cell phone or laptop, can disrupt your income and bust your budget. With that said, how many months of salary should someone plan to save for emergencies?

Mark:

My general rule of thumb is to save what would be equivalent to three to six months of living expenses. Once you've reached that mark, do your very best to forget that money exists. Think about moving it to an account not linked to checking. Keeping it separate makes it harder to transfer money for needless purchases with the click of a button.

Tamica:

Our 3rd tip is to limit your debt. While making purchases and paying off your credit card on a regular basis can help improve your credit, it is wise to stay away from making purchases you can't pay for right away.

Mark:

Also, if you already have some credit card debt, put a large chunk of the money you've budgeted to savings toward paying off that balance. While it's nice to have an emergency fund, it is also super important to pay off credit card debt.



Tamica:

Our last tip today is to begin saving for retirement early. This may seem far away, but if you start saving early, it could make for an early retirement – and who wouldn't love that.

Mark:

Absolutely! If your company has a 401(k) retirement option, make sure you register ASAP. If that isn't offered, a Roth or Traditional Individual Retirement Account could be a good fit. As Tamica mentioned, the earlier you start saving, the longer those investments will grow, and you'll see more money each year.

Tamica:

These contributions come out of your paycheck. If you delay enrollment and get used to that larger paycheck, it could prove difficult to reallocate those funds toward retirement later.

Mark:

That's why as we mentioned it is so important to sign up right away. If you can't contribute a lot in the beginning, don't be afraid to start small and contribute the minimum amount needed to get your employer's best matching contribution. Then, down the road, take some time to reassess your budget to ensure you're putting away as much for your future as you can afford.

Tamica:

Now that we've discussed some of the more pertinent tips for budgeting after landing your first job, let's discuss some more practical budgeting tips.

Mark:

Good call. Our first practical tip is to live somewhere you can easily afford. I love sticking to the 50% rule, which means spending no more than 50% of your paycheck on fixed monthly expenses. Consider moving in with a friend or explore neighborhoods with a longer commute as that could be a tradeoff for lower rent.



Tamica:

And speaking of friends, we all love spending our free time with them, but it can be easy to overspend on these occasions. Consider nights in with friends rather than going out. You can learn to cook a delicious meal, rent a movie or host a game night.

Mark:

You can also do this with dates. Get creative with showing off your skills in the kitchen with homemade dinners, romantic strolls, picnics or free concerts.

Tamica:

Another thing you can get creative with to save some cash are gifts. Give thoughtful, creative gifts from the heart rather than splurging on a present. Go the DIY route or give something small but meaningful to the people you love.

Mark:

A couple more things you can do to keep more of your paycheck is put off buying that shiny new car you've been dreaming about, pack a lunch everyday rather than going out, and automate your savings.

Tamica:

Exactly! Identify a reasonable amount of money that you can set up for automatic transfer into a savings account each month after your expenses are paid off.

Mark:

Well that does it for our tips and tricks for budgeting after landing your first job out of college. I want to thank Tamica for her part in this conversation today and good luck to you all at your first job.

Tamica:

Thanks to you as well, Mark. You can find additional information about budgeting and more online at www.regions.com/nextstep. No matter your goals ---- Regions will help you with each step you want to take. Thank you for listening.



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