



Financial Habits to Acquire Before Age 25

From investing early to making savings a priority, there are many valuable habits to develop early in your financial life. As many of you know, Anahuac National Bank's amazing volunteers are passionate about teaching financial literacy in our local schools. We are all hands on deck to teach money basics and help build strong habits at an early age to help promote a financially successful life. It is our goal to pass along these values so you may become financially independent and start making wise money decisions early in your life. Here are some key financial well-being habits to master before you reach age 25.

1. Avoid consumer debt.

You've heard me say this before: credit card debt is easy to get into and hard to get out of. Those high interest rates mean years of paying the monthly bill, and if you can't make payments or are late, the damage to your credit score can burden you for years. This can harm your ability to get a mortgage or auto loan while good credit will save you thousands in interest charges over the years. If you already have credit card debt, focus on paying down the balances.

2. Build an emergency fund.

Having an emergency fund is a critical tool in gaining financial independence and it grows by getting into the habit of saving. This is your back up plan for all of life's unexpected expenses. Start saving right away with a goal of reaching \$1,000 and then work to set aside three to six months of expenses. The sooner you get started, the more peace of mind you will have.

3. Start investing early.

Starting an investment portfolio early will give you much more time to see results. Even if you can only invest a small amount when you're young, it will instill the investing habit and put you way ahead of the game. Starting with an investment amount every month in your 20s will yield a sweet nest egg for your 60s.

4. Make a plan for retirement.

When you're young and beginning your career, retirement saving might not even be on your mind. Yet, saving from a young age is crucial to a successful retirement and the biggest step you can take toward financial independence. If you have the option to contribute to a workplace retirement plan, do it! Not taking advantage of any company matching contributions is just leaving money on the table.

5. Look for fulfillment outside of spending.

When you're young and starting out, you begin to build values and financial habits. It is always a rewarding goal to live a fulfilling life regardless of how much you earn. Learn to find happiness without spending money. I can assure you that you will reach financial independence much faster if you can live happily within your means. Life in your 20s allows you to spend quality time volunteering, soaking up outdoor adventures and other activities that bring you joy without breaking the bank.

What is the common theme in developing all these important habits? Just get started. Do not put off your financial goals, face them head on. Whether you start with any one of these habits or all of them, the time you have ahead of you is your greatest asset. Yes, retirement is decades away and you may not plan on buying a home just yet, but building these strong financial habits now will set you up for future success. If we can help you in any way, it would be our privilege. We thank you for your loyalty and appreciate your continued business.

