Key Financial Solution, LLC
Thoughts + Feelings = Behavior™

Stewarding Finances in Your 20's

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#1 Create a Values-Based Budget

Begin by tracking your income and expenses to understand where your money is going, then create a budget based on your values following the 50/30/20 rule. By using this method, you are dividing your take-home pay into three categories: 50% for needs (rent, utilities, groceries), 30% for wants (dining out, shopping, etc.), and 20% for long-term goals (savings, debt repayments, investing, etc.)

Use a budget-tracking tool that works for you such as an app or visit www.keyfinancialsolution.com to download a free copy of our Values-Based Budget.

Values-based budgeting is a holistic approach to managing money that includes what matters most to you and remaining faithful to those values when you make financial decisions.

#2 Set Financial Goals

After creating your values-based budget, establish short-term and long-term financial goals around earning, spending, saving, giving, and investing to work towards. This could include saving for a down payment on a house, purchasing a car, starting a business, or traveling.

#3 Pay Yourself First

Save for emergencies through direct deposit. Plan to save at least 3-6 months of living expenses in an emergency account. This will provide a financial safety net in case of unexpected emergencies or loss of income. Try contributing 10-12% of your take-home pay toward savings. If that's too high, start contributing an amount that is realistic for you. The important thing here is creating the habit of contributing consistently.

#4 Pay Off Debt

If you have student loans, credit card debt, or other loans, prioritize paying them off as quickly as possible. Avoid accumulating more debt by living within your means and using credit responsibly. We recommend using one of two methods to pay off debt; the avalanche method or the snowball method.

#5 Start Investing

Typically, after you have built up your emergency savings and paid off debt, the next step is to consider investing in a retirement account such as a 401(k) or 403 (b) or an IRA (Individual Retirement Account). The earlier you start investing, the more time your money will have to grow through compound interest.

#6 Practice Self-Discipline

Be aware of mindsets, habits, and behaviors that hinder your financial plans. Avoid unnecessary spending and impulse purchases by making conscious decisions about where your money goes based on your values and biblical principles.