

SHAPE®

September 25, 2006



Shape Your Life

How To Be Financially Secure -- At Any Age By Veronica Byrd

How you manage your money today affects your lifestyle in the years to come. And it's never too late -- or too early -- to ensure a healthy fiscal future. Where to start? These age-specific tips are very simple, but they'll have a big impact on your bank account. And if you're wondering where you'll find extra cash, consider this: Skip one \$3 latte a day and you'll have an extra \$1,095 a year to invest in you.

In Your 20s

PAY YOURSELF FIRST. Retirement may seem like a long way off, but money you sock away early in life has the biggest impact on your bottom line simply because it has more time to grow, says Elissa Buie, a certified financial planner in Falls Church, Va. She suggests that you save as much as you can afford in your 401(k) -- at least enough to get your employer's matching contributions (typically up to 6 percent of your salary). If your company pays 50 cents for every dollar you invest up to this amount (a common scenario at many companies), it's as though you're getting a 3 percent raise.

ESTABLISH GOOD CREDIT. Make credit-card payments on time, and get in the habit of contacting the three nationwide credit-reporting companies (Equifax, Experian and TransUnion) once a year so you can ensure your credit report checks out when you go to make big purchases later, like a car or home. To get a free credit report instantly, log on to annualcreditreport.com or call (877) 322-8228.

In Your 30s

BUILD AN EMERGENCY FUND. As a rule, you should aim to save at least three months' worth of expenses as a safety net, says Debby Fowles, an accountant and author of *The Everything Personal Finance in Your 20s & 30s Book* (Adams Media, 2003). The easiest way to get started? Set aside extra income such as tax refunds and bonuses.

BUY REAL ESTATE -- BE IT AN APARTMENT OR HOUSE. It's the single smartest purchase you can make because most real estate appreciates at a faster pace than any other investment, says David Bach, author of *The Automatic Millionaire Homeowner* (Broadway, 2006). To learn the ins and outs of buying a home (such as how much money you really need to put down), visit money.aol.com/basics/index.