T. Rowe Price

Five Financial Tips

When you are starting a new job

1 Know your benefits

Make sure you review your benefits site or contact your Human Resources group to understand what benefits your employer provides. Your company may offer:

- Health insurance
- Disability insurance
- Life insurance
- Matching retirement contributions
- Wellness/fitness reimbursements
- Student loan repayment assistance
- Tuition/professional designation assistance

2 Don't ignore your student loans

If you are just entering the workforce from college, your first student loan payment will be due in six months. Know your monthly payment and prepare for it. If the amount is high compared with your income, an income-driven repayment plan might work for your federal loans.

3 Pay yourself first—and get your match

Have money taken directly out of your paycheck before you get a chance to spend it. The most important part of this tip is starting now. Sign up!

When you enroll in your company's retirement plan, oftentimes a 401(k) plan, many employers offer matching contributions. This is free money your employer puts in your account, typically matching your contributions up to a certain percentage.

How much should you save? While a good rule of thumb is to start saving 15% of your income for retirement (which includes any company contributions), it may be difficult at first.

If you can't save that much right now, start at 6% to 10% and increase your savings rate gradually over time. Many company plans will automatically increase your contribution amount each year if you enroll in their automatic increase program. At the very least, take full advantage of any company match, if available.

How should you invest? Your plan will have a default investment that your contributions will be automatically invested in, but consider talking to a financial professional, who can help you review which investment choices may be appropriate for your situation.

4 Enroll for health insurance

You might be young and healthy, but you still need health coverage. If you're uninsured, a medical emergency can easily wipe out your savings. Learn about the options from your employer. If you enroll in a high-deductible health plan (HDHP), you will be able to fund a Health Savings Account (HSA). HSAs have a triple-tax benefit when used for qualified medical expenses.

Triple-tax benefits of HSAs:

- Tax deduction
- Tax-deferred growth
- Tax-free qualified distributions

Now may also be a good time for you to review all of your insurance coverage, including life and disability insurance, which may or may not be offered by your employer.

5 Start an emergency fund

Having a little money on the side, outside your retirement account, can help you weather a large, unanticipated expense. It can help you avoid having to use a credit card or raid your retirement savings. An amount that's approximately three to six months of household expenses is a general guideline. If that seems overwhelming, start with $1,000 and build from there.

Your financial professional can help

A quick conversation with your financial professional can ensure that you start out in your new job on the right track.

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