Principles of Personal Financial Management

1. Spend less than you earn. You should never use credit cards or loans to finance your basic living expenses. And you should always live within your means – if you're in an entry level job, you shouldn't try to take an executive-type vacation.

2. Save before you spend. Always pay yourself first, then pay your bills. A major reason why people have trouble saving is that they pay themselves out of what is left after they pay all their other bills. Reversing this by paying yourself first ensures that your savings goal is consistently met. And if you don't have enough money left over to pay your other bills, you'll be more likely to reduce expenditures, not savings, in order to make income and outgo balance.

3. Learn about investing, one step at a time. Yes, you can hire someone to handle your investments for you, but if you know nothing about investing, you can't evaluate how well they're doing for you. Even if you will not be handling your own investments, you need to at least learn the rudiments of investing. The good news is you don't have to learn everything at once. Start small. Check a book out of the library. Surf the internet. Talk with friends and family who handle their own investments. If you do want to handle your own investments, consider starting with the simplest investment methods, then adding more complicated methods as your confidence grows: savings accounts, money market accounts, mutual funds, stocks and bonds, real estate, options, currency trading, etc.

4. Always contribute to 401k plans (and other employer-sponsored retirement investment programs) with matching contributions.