



Financial Checklist for Your 20's

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- Make a Budget:** Create a budgeted spending plan that allows you to allocate funds between your financial priorities. Follow a budget that keeps you out of, or minimizes, debt and lets you pay yourself first.
- Pay Yourself First:** Before you pay every-day cost of living expenses, place a portion of your money into your 401(k), Traditional IRA, Roth IRA, or savings account(s). You will be happy to see the powerful effects of compounding as your savings grow overtime.
- Pay Down Debt:** If you have multiple loans, start by paying off your loans with the highest interest rate. If the interest rate on your loan is higher than a potential return on investment, work to alleviate your debt rather than investing those same dollars.
- Participate in Employer-Based Retirement Plans:** Oftentimes employers will match a percentage of the contributions their employees make to their 401(k), 403(b), 457(b) or other type of employer-based retirement plan. Employer matches are powerful; look to take full advantage of this benefit.
- Start Saving:** Begin building an emergency fund to help you when unexpected expenses arise. It is recommended that the size of your emergency fund is equal to 3-6 times your monthly income. Also, consider saving for a down payment on a home purchase.
- Prepare for a Family:** Update your budget to include childcare costs. Review your life- and health-insurance policies as well as benefits for both parent and child coverage. Explore parental leave options available through your employers. Create estate planning documents such as a will and an advanced health care directive.
- Build your Credit History and Monitor your Credit Score:** A strong credit history evidencing consistent, timely re-payment of credit card debt, student loans, car loans etc. determines your ability to qualify for loans with lower interest rates. Monitor your credit score especially if you plan on borrowing funds for a large purchase in the near future.
- Assess Insurance Needs:** Health insurance protects you against large, unforeseen medical expenses that can set you back financially and prevent you from saving. Disability insurance and renters insurance are two other types of insurance policies to consider in your 20's.
- Designate Beneficiaries:** Beneficiary designations determine who will take control of your financial assets after your death. Beneficiary designations can be made on qualified accounts such as Traditional and Roth IRA's, 401(k)'s, 403(b), and 457(b) retirement accounts.