You've Graduated From College.

Congratulations

College graduation represents an important milestone: the beginning of a new adventure and a wider range of financial responsibilities. As a recent graduate, it is especially important for you to get a good fiscal start, so that you do not make it far more difficult to achieve important goals in the future. Here are some tips on how to get started.

Write Out a Budget

The easiest way to get a handle on your new situation is to write out a budget, which will show your income and expenses and help you figure out how much you can afford to spend on the necessities of life and what you'll have left over for savings, investment and leisure.

As you enter the workforce, you will likely be bringing in a salary that represents more steady cash than you have ever had at your disposal. But you will also, for the first time, be responsible for a wide range of monthly expenses – rent, utilities, food, etc. – that were probably bundled into annual or semi-annual college tuition and fees. And, of course, if you are like many recent graduates, you will enter the workforce with student loans.

Pay Off Debt

If you took out student loans, you will generally be expected to start paying them off six months after you receive your diploma. Your school's financial aid office can be a valuable resource in compiling information on your loans and advising you on ways to repay them. You will generally have options regarding the size and number of your monthly payments, whether or not to consolidate your loans, and ways to defer repayment or earn forgiveness. (For example, Peace Corps members, inner-city school teachers, medical professionals practicing in rural areas and others who enter professions deemed to serve an urgent need in society might be eligible for deferment or partial forgiveness.) Many financial experts advise dedicating at least 10 to 15 percent of your monthly income to the repayment of student loans. And student loan interest may be deducted from federal taxes if you meet certain rules.

The period after college is an excellent time to establish good creditworthiness and demonstrate that you are a fiscally responsible young adult. The best way to do this is to pay off all your debts in a timely manner. It is especially important that you stay current on your student loan obligations; failure to do so could have a severe effect on your credit rating. After that, priority should be given to paying your bills on time and reducing your amount of high-interest debt. In general, credit card balances charge the highest interest rates; thus, the faster you pay them off, the less it will cost you in the long run.

Start Saving

After paying all those bills, it can be difficult to even consider saving money. However, savings is the first component of a sound, three-step strategy for achieving good financial health. Even if you can only afford to save a little every month, you can still amass a healthy account balance if you persevere. Savings can be put into a traditional bank account or a money market fund.

Savings provide short-term security in case of emergencies or temporary unemployment. They can also provide a way to purchase big-ticket items without disrupting your monthly cash flow or forcing you to use high-interest credit cards. You should have enough set aside to cover three to six months worth of total expenses, as well as a separate fund for major purchases such as a vacation or a new computer.

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Consider Life Insurance

It's likely that the last thing on your mind is life insurance. After all, you're young and healthy, and you may not have a spouse or children to provide for. But life insurance should nevertheless be an important consideration.

Even though you expect to be around for a long time, remember that life insurance is protection against the unexpected. Although you might not have any dependents, some of your debts and obligations, such as some types of student loans, could be passed onto your next-of-kin if you pass away unexpectedly. Life insurance can help ensure that your loved ones don't get saddled with your debts after your death.

Besides, buying life insurance when you are young is a great idea for two reasons. First, you are probably never more "insurable" than when you are young and healthy. As the years pass, an accident or the onset of a disease or chronic condition may make it much harder to obtain life insurance. Second, because younger people are less likely to die than older ones, life insurance rates are generally lower at younger ages.

Begin Investing

After all that, you might think there isn't enough left over to think about investing. But in truth, it takes very little money to get started. Even $50 a month can add up, and you can make investing a habit by "pay-

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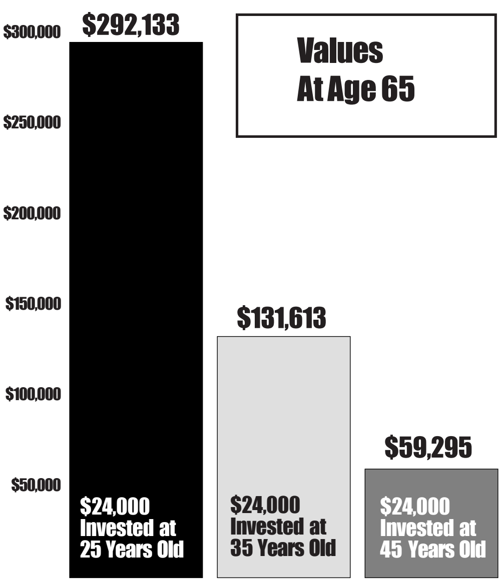
ing yourself first." First Investors provides an automatic way to do that through its systematic investment options: a set amount can be automatically deducted from each paycheck and invested into your mutual fund account. After a while, you won't even notice the dip in your disposable income, but the cumulative effect can be significant.

Even if you can't invest much money right now, you do have another precious resource that can help your money grow – time. By starting today, you put time and the power of compounding on your side and give your investments more opportunity to increase in value. A head start of just ten years can lead to vastly improved results. As a hypothetical example[1] (see chart below), assume that starting at age 25, Sarah invests $100 at the beginning of each month for 20 years. At age 45, she stops investing, but leaves the money in her investment account. If we assume she achieves a constant annual eight percent rate of return, Sarah's total initial $24,000 investment will grow to $292,133 by the time she reaches the age of 65.



1 *All figures are hypothetical and for illustrative purposes only, and do not represent the performance of a First Investors mutual fund or any other First Investors product. Actual returns will fluctuate, and you may lose money. This example does not take into consideration the impact of fees and taxation. After applicable fees and taxes, accumulated values will be less.*

Like Sarah, Jack invests $100 at the beginning of each month for 20 years and achieves a constant annual eight percent rate of return. However, Jack waits until he is age 35 to begin. When Jack reaches age 65, his account will only have grown to $131,613. As you can see, despite the same total amount invested and the same rate of return, Sarah ends up with more than twice as much money at the age of 65 than Jack. If Jack had waited until age 45 to start investing, the discrepancy would have been even greater, as he would have ended up with just $59,295 at age 65. While this illustration is hypothetical, it nevertheless illustrates the power extra time can give you.

One way to invest may be through a retirement plan offered by your employer, such as a 401(k), 403(b), or SIMPLE-IRA. Such retirement accounts offer two attractive tax benefits. First, contributions are made on a pre-tax basis, so your current tax burden declines when you contribute. This means that your take-home pay is reduced by less than the amount you contribute each period. Also, any capital gains and dividends achieved by investments are tax-deferred, which means that your money will have the potential to grow more quickly than in a taxable account. In some cases, your employer might even match a portion of your contribution. To find out if your company offers a retirement plan, speak to your employer's human resources department.

Consult a Professional

Entering the "real world" can be a fun, exciting time, but the sudden influx of financial responsibilities that follows graduation can be confusing and overwhelming. Since getting a solid start is so critical, it is a good idea to consult a professional. A First Investors Financial Services Representative can offer guidance and recommend investment and insurance products that can help you prepare for the future with confidence.

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