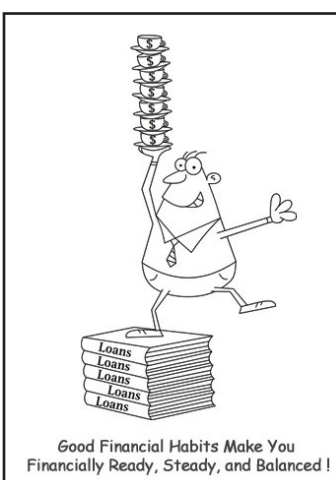


Habits for Financial Success

If you want to achieve financial success, you need to manage your expenses. That means that you need to examine your loan documents, keep accurate records, limit your spending and borrowing, and minimize your total debt. Budgeting and planning are key factors towards attaining financial success.

You are well on your way to achieving your professional goals. That perfect job as an attorney at a great firm is within reach. It seems you are very close to having everything you've ever wanted. Or are you? When it comes to reaching your financial goals, your income is only half of the equation. You must also be able to manage your expenses. Developing good financial habits will help propel you down the road to financial success.



While you are in school, it may seem like many lenders are offering you money. You may have taken out the maximum federal loans each year, and you are adding to your debt with private loans. And let's not even talk about your credit cards! One key to achieving financial success in future years is to only borrow the minimum you require now. While you are attending school, the loans seem free, but wait until you graduate and that payment comes due. That's when it will hit you that all that money was from LOANS. You will have to pay it back. Keeping your education loan debt to a minimum will help you manage your future payments. You should set up an in-school budget to calculate how much you will really need. Your financial aid office should also be able to provide you with approximate amounts required for tuition, housing, food, etc. You can then adjust these numbers to fit your specific situation. Figure out how much money you will require, and then stick to your budget. Remember that private loans typically have a higher interest rate; so try to avoid borrowing more private funds than are absolutely necessary. Also, watch your credit card spending, and try to use cash whenever possible. A credit card is just another form of a loan; so you should be concerned with your total debt from all sources. Avoid charging more to your credit cards than you can pay off each month. Although some of your education costs are predetermined, such as tuition, you do have control over many of your education expenses. You are responsible for controlling and minimizing the debt you incur.

In order to help you prepare for financial success, maintain records of all important transactions. It is crucial that you understand the terms and conditions of the financial obligations you are committing to. Instead of simply signing and returning your promissory note, read through all of the fine print; and save a copy of the loan agreement, disbursements, and interest statements. You should maintain records of all of your education loans, showing the names and addresses of your lenders, loan amounts, interest rates, and repayment terms. All of this information will be required should you decide to consolidate. Also, you can use this loan information to calculate your estimated monthly payments.

Additionally, you should keep all of your income tax returns and documentation used to prepare your taxes. As a general rule, you should keep your tax records for a minimum of seven years. Receipts for major purchases, such as computers, appliances, or electronics, should also be kept. You should also save your receipts each month to verify your credit card charges. This may seem like a lot of work, and you may start feeling more like an accountant than an attorney, but maintaining accurate financial records is a vital habit for financial success.

Just like you did with the goals you have set for your professional career, identify your financial goals; and then gauge your progress toward achieving them. Ask yourself questions about the lifestyle you would like to have, at what age you would like to retire, and when you would like to purchase a home or a car. Then, come up with a plan to achieve these goals. Start setting aside some money each month to help you get on your way. You will be surprised how quickly it adds up, and how easy it is to save.

It is also critical to establish and maintain a good personal credit history. Your credit score will be used as the basis for determining your credit risk in the future; so protect your good credit by paying all of your bills on time, keeping your credit card balances low, and limiting the number of credit accounts you use. You should also check your credit report annually to verify the information is accurate. If you find errors on your credit history, you should promptly report those errors and take action to have them corrected.

The best thing you can do to protect your financial future is to be responsible for your financial present. Use the skills learned in law school to examine your loan documents and keep accurate records. Keep your spending and borrowing within manageable limits, and minimize your total debt. Through budgeting and planning for your financial future, you will develop the habits necessary to ensure all of your goals become reality.