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## The First Taste of Freedom

### *Finance and Starting Out*

#### **If the World Is My Oyster, Where Is the Pearl?**

Oh, hello, adulthood! Is it every bit as glorious and sophisticated as you dreamed it would be when you were 13?

Let's take stock. You can wear high heels every day *and* eat chocolate cake for breakfast (combine the two and you're on to something). You can leave the dishes in the sink, heap your bedding on the floor, and sip cocktails from fancy glasses (dirty ones, but nonetheless). You can play your music as loud as you wish. You can call a taxi, go to the airport, and fly to Paris. Well, theoretically anyway.

The reality is, you're probably wearing out your flip-flops, eating cereal for dinner out of a coffee mug, struggling to pay rent, and bemoaning the cost of luxuries, such as lattes, nightclub cover charges, and mobile-phone plans (what an expensive lifeline!).

Yes, the first harsh lesson of adulthood is that nothing is quite as sexy as it once seemed. Perhaps you find yourself longing for the days when all your income was *disposable*. (There's a reason you had the designer yoga pants while your mom walked around in

the grocery-store knockoffs.) Living at home came with generous perks: a refrigerator full of groceries; unlimited Internet, cable, and phone service; possibly an allowance; and free rein to spend any (and all!) part-time job earnings on clothes, music, movies, and unlimited overpriced coffee treats. You may now start to realize that life under the tyranny of your parents definitely had its benefits.

Don't fret, sugar. Glory days will come again. You are at a fabulous stage of your life *right now*, positioning yourself for your place in the world. This is the time to try new things, test out your interests, and gain confidence in your abilities. The question is no longer, "What do I want to be when I grow up?" Rather, the question for you to consider is, "What would I like to try first?"

Gone are the days when a person studied for one trade or career and maintained that occupation for the rest of her life. Nowadays, an educated individual with creativity, resilience, and flexibility can look forward to an evolutionary career, where job opportunities and experience can lead you down exciting (and sometimes meandering) paths to a future you likely never even considered or, dare we say, dreamed possible. (In future years, when you are asked how you knew that meandering path would lead you to prosperity, you can just smile and say that you were being "strategic.")

And yet, you may actually be so overwhelmed by this multitude of choice that you're unable to take even one tiny step forward. How to choose a field of study? University or technical college? How do you balance school with real-life work experience? What about taking a gap year? Should you live with a roommate or stay at home a little longer?

The beauty of your life at this stage is that you really can't make a mistake. The goal now is to learn more about yourself and

your values: what you can and cannot tolerate, what you excel at doing, and what you would definitely not enjoy doing over the long term.

Life is young, so enjoy it! But at the risk of sounding like old hags trying to rain on your parade, take it from us: the days may pass slowly, but the years move quickly. Planning for the future—and a financially sound one—is a great thing. Consider yourself lucky: you are in the optimal time of your life to start having a *massive* impact on your future wealth. Forget waiting for Prince Charming. The fairytale is *yours* . . . if you start now. So let's look at some of the choices and implications of these glory years together, shall we?



#### **LIFE LESSON: KEEP THE DOORS OPEN**

Now is the time to open doors, not close them. When faced with a major decision, consider whether the opportunity will advance you toward more options or limit your future choices. Let a decision come to a definitive yes-or-no point before making your choice. Use your time to do research and get advice from people you trust. Remember that circumstances can change quickly during this stage of your life, so you might feel differently in a week, a month, or even a year.

## **Your Own Roof, Your Own Rules**

Finally, the days of “as long as you’re living under my roof” are over and you can kick back and enjoy the sweet taste of freedom! Right? Well, almost. Freedom, of course, comes with responsibilities, not the least of which are rent and roomies. Consider the following tips.

## Renting Your First Place

- **Read your lease *thoroughly* before you sign it.** Know what costs you are responsible for covering, when your rent can be changed, how it must be collected, and what happens if payments are late.
- **Landlords can inquire about your credit rating,** so being responsible with your credit can make the difference between scoring a place you love, settling for something less, or finding yourself staying with Mom and Dad longer than you, ahem, hoped.
- **When renting on campus, many landlords will ask a student's family to guarantee their debt obligation.** This could make it difficult to rent decent accommodations if you can't provide such a guarantee.
- **Protect your security deposit.** Walk around your rental space before you sign the lease and make sure both you and your landlord record any existing defects before you sign off. You should both initial this list and attach it to each copy of the lease agreement.
- **Landlords really do check references.** By taking good care of a landlord's property, you can develop a reputation for yourself as a desirable tenant, with the good references to prove it.
- **Make sure you can afford to pay the rent for your place on campus even if you go back home over the summer.** Most landlords will insist on a full-year lease and it can be difficult to sublet when student housing floods the market during school break periods.
- **Budget for apartment contents insurance, a must for protecting your possessions.** Local police departments can vouch that when classes are over, student neighbourhoods are an easy target.

Many apartments are empty over the holidays, leaving televisions, gaming equipment, and computers as tempting targets for thieves.

## Living with Roommates

Roomies are a whole other concern. On the one hand, they could become your lifelong pals, inspiring annual reunions to reminisce, drink blue martinis, and tell inside jokes for the rest of your lives. On the other hand, they could steal your food, “borrow” your wine, and give their obnoxious boyfriend the spare key. Here are a few tips to keeping peace and financial order with a house-full of roomies:

- **Not all rooms in an apartment are created equal.** Some are larger, sunnier, have better closet space, or an ensuite bathroom. Have a conversation with your potential roommates about this to determine what the priority is for each of you *before* you set out looking. You can gain flexibility by having a diverse group of roommates—some who can pay more and others who are happier paying less in exchange for smaller digs.
- **Account for the regular monthly payments together.** Think rent, electricity, phone, cable, and Internet, to name a few. For costs that fluctuate, ensure each of you budgets for a monthly average so you don’t find yourself with a shockingly high heating bill in the winter.
- **Grocery costs have been known to require United Nations intervention among roommates.** With a small group of roomies, you may choose to share staples (such as flour, sugar, coffee, tea, rice, pasta, dairy, ketchup, milk, and paper products), allowing each person to select more specific or

“splurge” purchases for her own use. In larger groups, many opt for the “every woman for herself” policy, whereby everyone has their own dedicated shelf in the cupboard and refrigerator space.

- **Read *Getting to Yes*, by Roger Fisher and William L. Ury, and learn the art of negotiation to keep the peace!** This will come in handy when the last drop of communal milk is gone and you haven't even had your morning coffee yet.
- **Make the most of parental visits.** A trip to the grocery or bulk-food store with Mom or Dad can keep you in peanut butter and drink crystals for months.



#### HINDSIGHT

*A note of caution: make sure that whatever your parents buy you—think the non-consumable stuff like kitchen utensils, Ikea couch, DVD player—is marked as yours in the end, even though all may be sharing in the enjoyment now. One former roomie assumed the furniture (paid for by my parents) in our shared apartment was to be split when we parted ways after graduating. Who knew I needed a pre-nup for college cohabitation?*

## The Value of an Education

Strolling across a sun-dappled lawn, a handsome guy offers to help you with your backpack. As you walk toward the library together, he casually asks whether you take a scientific or a Romantic view of the most recent environmental catastrophe. You recite a line from Poe and catch his admiring gaze . . .

Sounds idyllic, right? Even if your university experience runs more to calculus labs and beer gardens, college offers a rare opportunity

to dedicate yourself to the world of ideas and the passion of learning. Post-secondary education gives you a chance to “learn how to learn,” to be exposed to generations of critical thought, to advance your cognitive skills, and to formulate your own opinions in the face of traditional rhetoric.

Once you enter the workforce, you may never have this luxury again. But is it a luxury? Or is it a sensible investment to help you gain higher earning power in the future?

The return on the investment in securing a university degree is hotly debated, and as you can imagine, tough to quantify. A British study declared that a university degree adds, on average, £2,500 (\$4,000) per year, or £100,000 (\$160,000) over a 40-year career, compared to having no degree.<sup>1</sup>

Meanwhile, a U.S. Census Bureau study concluded that people with a bachelor’s degree could expect to earn an average of \$2.1 million throughout a 40-year working life, compared to \$1.2 million for high-school graduates, amounting to an estimated premium of \$22,500 per year. Those with doctoral and professional degrees fare even better, according to the study, earning an average of \$3.4 million and \$4.4 million respectively.<sup>2</sup>

Others, such as American political scientist and author Charles Murray, have argued that an undergraduate degree merely lets an employer know that you have perseverance and a certain level of intellectual prowess. (Which is not for nothing, as far as we’re concerned.)

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<sup>1</sup> Graeme Paton, “A University Degree ‘is worth £2,500 a year,’” *The Telegraph*, 7 December 2009, <http://www.telegraph.co.uk/education/6754287/A-university-degree-is-worth-2500-a-year.html>

<sup>2</sup> Jennifer Cheesman Day and Eric C. Newburger, *The Big Payoff: Educational Attainment and Synthetic Estimates of Work-Life Earnings*, U.S. Census Bureau, July 2002, <http://www.census.gov/prod/2002pubs/p23-210.pdf>

**GOOD NEWS FOR GRADS**

“The demand for university graduates in the last 20 years has been high: of the 1.5 million new professional and management positions created, 1.3 million were filled by university graduates. The increased demand is a direct response to the shift in Canada’s labour market from a resource-based economy to a knowledge-based economy. However, the economy is in for a dramatic demographic shift over the next two decades. By 2030, the number of people over the age of 65 will double, while the 25–64-year-old population will grow by a mere 8 per cent. There will be a huge demand for professionals such as doctors, lawyers, accountants, and entrepreneurs.”—From the Association of Universities and Colleges of Canada.<sup>3</sup>

**How on Earth Do I Pay for University?**

There is no way around it—higher learning is expensive. Tuition and books alone will set you back thousands of dollars, at a time in your life when you’re likely used to earning minimum wage. And the price is rising. By the year 2027, the cost (including living expenses) is estimated to reach more than \$110,000 for an average four-year bachelor’s degree.<sup>4</sup> Yikes! Here are some ways to finance your university years.

**The Bank of Parents**

If you have parents or grandparents willing to bankroll your studies, consider yourself very fortunate. Send these kind benefactors regular

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<sup>3</sup>The Association of Universities and Colleges of Canada, “University enrolment continues to climb,” 28 October 2010, <http://www.aucc.ca/media-room/news-and-commentary/university-enrolment-continues-to-climb>

<sup>4</sup>CanLearn, Canadian Student Loans Program Directorate, Human Resources and Skills Development, <http://www.canlearn.ca>



reports from school. Call them, often. Invite them to your graduation ceremonies to share in your accomplishment. And even though you might have some grumpy moments in keeping up with their e-mails and phone calls, remember that they care about you enough to invest in your future.

As comedian Amy Poehler said in her commencement address to Harvard graduates in the spring of 2011, “[Your parents] have sacrificed so much for you and all they want you to do is smile and take a picture with your weird cousins. Do that for them. And with less eye-rolling, please.”<sup>5</sup>

## Free Money

Whether you have help to pay for school or you are on your own, the best way to reduce the costs is by accessing free money. Yes, that’s right—we’re talking about scholarships, grants, and bursaries. All across your country or region, there are millions and millions (and did we mention, millions?) of dollars just waiting to find clever students like you. Here’s what you need to consider:

A **scholarship** is an award recognizing academic excellence or other special achievement. In some cases, financial need may also be taken into account. Scholarship funds may cover the cost of tuition, books, as well as living expenses, or they may be a lump-sum payment.

A **bursary** is an award based on financial need. When applying for a bursary, you typically are required to supply a financial statement indicating your assets and expenses. Usually paid as a lump

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<sup>5</sup>Amy Poehler, “2011 Harvard University Class Day Speech,” *Harvard Gazette*, 24 June 2011, <http://news.harvard.edu/gazette/story/2011/06/2011-harvard-university-class-day-speech-by-amy-poehler/>

sum for a defined amount, bursaries often request that applicants meet certain geographic or demographic requirements.

A **grant** is any kind of financial award beyond scholarships and bursaries and does not require repayment. It may or may not require proof of financial need and may be any kind of cash prize or payment to cover costs.

Elite, high-profile government scholarships tend to be awarded on scholastic merit, athletic ability, or community involvement. There are also thousands, if not millions, of more obscure scholarships, bursaries, and grants offered by associations all over the world that often go unawarded due to a lack of applicants.

Can you call ducks? The Chick and Sophie Major Memorial Duck Calling Contest might have \$2,000 for you. Are you over 178 centimetres (5 feet 10 inches)? The Tall Clubs International Student Scholarship could give you \$1,000. Are you of Italian descent and living in Quebec? The Canadian-Italian Business and Professional Association of Montreal could have a bursary of more than \$3,000 waiting for you!

Of course, you've got to play to win. Accessing all this free money requires some patience and diligence in filling out applications and often writing essays about yourself and how you will make the organization proud (you are so worthy!). So, buckle down and start writing.

Once you've got one essay down, you can certainly multi-purpose it for other applications. If it takes you 10 hours to write a fantastic essay for use with five applications, even if you only end up scoring one \$1,000 award, that would still net you \$100 an hour for your efforts. (Hey, no matter what you plan to study at school, it's going to be a while before you earn that kind of dough just for 60 minutes of your time.) So get busy, honey. Surely there is some free money out there with your name on it!

#### WHEN CONTROL ISN'T COOL: PAVE AND PAY YOUR OWN WAY

Although it might seem like a relief if Mom and Dad offer to foot the bill for your living expenses (rent, vehicle, credit cards, and so on), the reality of the matter is that all young adults need to learn how to stand on their own two feet. And the sooner, the better.

Not only can a lifestyle that is bought and paid for by someone else impact the ability for you to gain self-esteem, confidence, and competence from providing for your own needs, it can also, in some instances, lead to unhealthy control by others over your lifestyle and choices.

Remember this saying: “She who has the gold makes the rules.” This needs to be *you*!

## Borrowed Money

If you can't get free money, borrowed money is the next best thing. Unfortunately, student or not, a loan is a loan and needs to be repaid at some point. There are two main types of student loans and it is important to know the difference before you sign on the dotted line:

### 1. Government Loans

These loans usually require that parents either sign off that they *won't* help you with your education costs or supply financial statements to demonstrate that they *can't* help you. The interest rate is often fairly reasonable and interest typically does not accrue until after you graduate if you're a full-time student. Depending on your circumstances, you can sometimes qualify for temporary interest relief, but this should be considered only as a last resort. If you can afford a new pair of shoes that you don't absolutely need, you should not apply for interest relief. That loan balance isn't going anywhere, so putting off paying it down is only going to make it costlier in the long run.

## 2. Bank Student Loans and Lines of Credit

Your parents may be required to co-sign with you in order to qualify for this type of financial assistance, and this is no small undertaking. Letting someone co-sign a loan for you is always a big deal and you should offer to sign a private agreement about what would happen if you should ever have trouble making payments. If you are late on a payment or in default, this can seriously damage your parents' credit rating.

Bank loans are typically stricter than those provided from the government. Often, interest accrues while you are still in school. With student lines of credit, the limit is typically decreased to meet the outstanding balance once you are out of school, so technically it's no longer a line of credit. This means that if you make a payment of \$10,000, both the credit limit and the balance fall by \$10,000. But what you really need to watch is the interest rate: if it is a variable rate, it will increase (or decrease) when the prime lending rate moves. Be sure to find out how high the rate is above the prime rate when you sign up and understand how much higher it could go. This is critical for understanding how your payments and loan balance could be affected in the future.



### **LIFE LESSON: STUDENT LOANS ARE SACRED**

Never, ever put the proceeds of a student loan into your bank account. Never park that money where your debit card can access it. A separate high-interest savings account (one where you need 24-hours' notice to make a withdrawal) works best. If you are going to take living expenses from the loan proceeds, pay yourself every two weeks, just like a paycheck, by setting up an automatic transfer from your high-interest savings account to your regular spending or chequing account. *No exceptions, no advances* (you will thank us later).

## The University of Life

If the thought of staying put in the same small college town day in and day out for the next four years is more than you can handle, consider these options to keep you focused on your studies while adding some adventure, excitement, and real-life experience.

- **Exchange programs**

Most universities have programs that allow you to study at a university abroad for a semester. This is especially appealing to those who have chosen to save expenses by living at home. You get to expand your horizons without taking time off school or incurring the costs of full-time university abroad (not to mention the potential to learn a new language, experience a new culture, and see sights that you might otherwise not be able to experience).

- **Co-op work programs**

It might take you a little longer to graduate, but co-ops are a great way to accumulate work experience and make contacts in your industry. This can be an extraordinary advantage, in terms of helping you to pay for your education as you go, having practical work experience that other students may lack, and scoring a job when you graduate.

## The Big-Name School—Is It Worth It?

If you have the means and the merit (top scores, clever girl!), you might wonder whether it's worth it to choose an Ivy League school or other prestigious university at home or abroad.

There is no question that a big name will look great on your resumé. A powerhouse school can give you access to resources and academia you might not otherwise find, as well as connect you with future movers, shakers, and leaders (just like yourself, of course).

However, these universities come at a steep price, not only for tuition, but also for accommodations and the stress of highly competitive admissions processes.

Think of it like buying a dress. Do you choose an haute-couture piece that will no doubt impress the fashion elites (while completely sabotaging your savings)? Or do you buy a less expensive, knock-off version in order to get the job done and stay on budget (just pair it with a statement necklace and no one will know the diff, right)? Alternatively, you may choose something in between. After all, if it's a dress for an important occasion, you will probably shop around to find a brand or boutique whose styles flatter your figure and suit your personality, even if that means choosing a relatively unknown local—and more reasonably priced—designer.

Along the same lines, smart girls *comparison shop* to see which school can deliver the best quality program for the course of study in which they are interested. Despite their reputations, top-name universities are not always ideal for all disciplines. Every school has its departmental strengths and weaknesses. Check the reputations of the professors in the department of your major or the quality of research being published. If you plan to study law or business, check with the firms you hope to be hired by, to see where their partners went to school.

Often the quality of instruction for an undergraduate degree is fairly comparable across the board. If you choose to do a master's or post-graduate program, a name university might become more important to you then.

Finally, don't forget the intangibles that can really define your university experience. Low student-to-faculty ratios, close-knit communities, strong extracurricular programs, proximity to home, work-study programs, and the general feel of the campus environment are all worth considering when determining the value of a school.



#### **GOLDEN RULE: SPLURGE VERSUS SAVE EDUCATION**

There are times when you can go generic and get exactly what you need for a lower price. And then, there are times to splurge a little on things that will make a difference in your life.

Use this approach to develop your education plan: go generic (or close to home) for your undergraduate degree and splurge on the best school you can once you've narrowed the focus of your studies and have a clear idea of the career direction you want to take. At this point, a school that specializes in your chosen discipline will give you access to the academics that will boost your opportunity to learn, as well as the career-advancing chance to network with fellow grad students. This mix of high-low spending should give you an ideal fit for your educational dollar.

### **Take Advantage of the Little Windfalls**

Living at home can make a huge difference to the cost of your education. The costs of university or college residence and meal plans can run more than \$10,000 per year, and no, that's *not* including tuition. You may end up waiting years longer to purchase your first home—simply by choosing to live on campus rather than stay with your folks a bit longer. Choose wisely! When all of your friends are buying their starter homes, you could be staring at a student-loan balance that will force you to continue to pay someone else's mortgage in the form of rent—for a lot longer than you imagined. Continuing to live at home *just a little bit longer* while you go to school means that the money you save can be the down payment on *your* first home.

It all comes down to making good use of the little windfalls in life . . . and staying at home, while saving your cash, is a great example. Saving \$15,000 to put toward your first home at age 25 could snowball into a home that you sell for a \$50,000 profit five

years later. By age 30, these earnings combined with your enhanced income could net you a new home that may be even bigger than the one you grew up in. And the snowball continues. It's a pretty cool thing (and way better than a lazy roommate, pint-sized dorm room, or a closet full of bar-star clothes and strappy bejewelled sandals that you'd no longer be caught dead wearing).

### **To Work or Not to Work, That Is the Question**

When your school calendar is packed with homework and assignments, it can be a challenge just to keep up, let alone hold down a part-time job. These suggestions for handling the work-school balance can help:

- **The ideal scenario is to work through school breaks.** This means work over the summer months, the December holiday break, and the spring hiatus, allowing you to make some extra money throughout the year, while focusing on your studies for the months that classes and exams are in session. If you work full-time for the 16 weeks of summer, earning \$12 per hour, 37.5 hours per week, that will earn you \$7,200 to put toward tuition and spending money (and you may still get long weekends to enjoy the sun!).
- **If you must take a part-time job while classes are in session,** look at your class schedule and realistically assess your time demands to prepare for classes, assignments, and projects. Have a schedule of your availability prepared before you go job hunting and stick to it.
- **Campuses hire many students and are generally more understanding of the time demands than off-campus employers.** These venues tend to hire lots of students working fewer hours, rather than fewer students with lots of hours, meaning that



there is more flexibility for you when you need to focus on assignments and exams.

- **Find a job that provides you with helpful benefits.** Free coffee and free WiFi come to mind. Working at a restaurant means staff meals, so your mother won't have to worry that you're eating at least once a day. Beware of working at a clothing boutique, though—if it's a good one, you just might end up owing more than you earn!
- **If you must work full-time, consider a part-time education.** That said, unless you're doing a post-grad degree well after your university years (and even then), it is very hard to do both well, and you might end up performing your studies at a mediocre level, which is a waste of the money you are working to earn—and could have a negative impact on your future employment prospects.



#### HINDSIGHT

*I got my first real part-time job at age 14, working in a restaurant. Once I entered university, I changed jobs, but always had a part-time job during school. I was a good student and managed to get everything done, which required organizational skills and hard work. Thinking about it now, most of the really successful people I know were good students, yes, but also worked part-time from a young age, were heavily involved in sports and extracurricular activities, and basically took everything and anything on. I firmly believe that learning how to juggle priorities, stay organized, and make time for fun starts when you're at school. This is great practice for handling a busy schedule and family life later on.*

## Your First Piece of Plastic

Wow, not only are you enjoying campus life and living away from home, but here comes a very friendly bank representative offering you a credit card of your very own (with your name on it and premium shopping points to be earned!). It's this magical piece of plastic that gives you licence to take things home from the store, whether you have the current cash to pay for them or not. Brilliant!

Not really. Sorry to wake you from your dreaming, sweetheart, but you're likely going to need to pay *more* than just the cost of the item for the privilege of using that little and terribly convenient piece of plastic. Premium (payment) indeed.

Now, we're not going to advise you to shun the friendly bank representative entirely, but we are going to give you some ground rules for using that plastic to your advantage.

- **DO set up a credit card at your earliest opportunity and, hence, a credit rating.** This will be helpful when you graduate from school and apply for a car loan or mortgage.
- **DO establish a good credit rating to create a solid and reliable history of repayment.** Use your card to pay for one monthly cost that is low relative to the limit of the card; then pay the full amount off each month on or before the due date. For example, if your first credit card has a \$500 limit and you use it to pay a \$50 phone bill each month, immediately paying off the balance, you'll be off to a great start.
- **DON'T ever carry a balance from month to month.** The interest rates you will be charged for carrying a balance are extreme. Pay off your balance and you're essentially borrowing money for free.
- **DO keep an eye on your due date each month.** Sometimes credit-card companies change those dates on you without

warning (sneaky, sneaky!) and you could make a payment late by mistake.

- **DON'T ever use more than 80 per cent of your card limit**, even if you pay it off every month. More than that and you risk inadvertently going over your limit, either through interest, fees, or charges, which will harm your credit rating.
- **DON'T use your credit card for day-to-day expenses**. It's too easy to lose track of your spending and lose control over your budget.
- **DON'T ever pay your credit card bill late**, and always carefully review your statement (erroneous charges do sometimes appear).
- **DON'T pay a big annual fee for the opportunity to earn points**. For the types of cards offered to students, the value is not usually there.
- **DO talk to your credit-card company right away if you ever have trouble** or know you are about to have trouble making your monthly payment.
- **DON'T take life insurance on your credit card**. You should have life insurance if you have debt or dependants and you may choose to use it as an investment, but you should not purchase it from your credit-card company (you can usually get a better rate elsewhere).
- **DO order a credit report and check your score** within the first 6 to 12 months of opening your first card.
- **DON'T carry your card with you if you can help it**. Keep it somewhere safe and out of temptation for impulse purchases. If you must carry it, keep a playing card covering it in your wallet; in this way, you'll be at least a little more conscious of your financial indiscretion before you grab the plastic.

- **DO challenge your friends to build rather than play with their credit.** Smart choices now can be worth a fortune later on.

## **Sowing the Seeds of Your Self-Sufficiency**

Probably more so than at any other time in your life, now is really all about you: your independence, and your big life choices.

It's not easy. After all, you're just starting out and not making a ton of money (yet); however, you will soon face many financial obligations, such as saving for a home, hosting a wedding, travelling, or having children. And unfortunately, all of these life events may need to be delayed depending on your debt situation.

Regardless of whether you are working or in school, if you have ever aspired to have true freedom in your life—by having the funds and financial stability that allow for choice and opportunity—now is the time to begin sowing the seeds of your self-sufficiency. Here are some rules to live by:

- **Establish a good credit rating.** In this way, when you need credit (say, to buy a car or get a small-business loan), it will be there for you.
- **Pay off your credit card and any consumer debt every month, in full and on time.** Do not let debt own you.
- **Find a little bit, even just a tiny bit, to stash away as savings that you never, ever touch.** (Note: room on your credit card is *not* a savings plan.) We don't need to give you a lesson on compound interest (or do we?), but a little example can't hurt. Suffice to say that if you were to put aside \$50 a month for the next 40 years, you would have set aside \$24,000, not including interest. If the funds earn a modest 6 per cent interest, that \$24,000 will magically have multiplied to more than \$100,000.

If you stash your savings in an investment that turns out to be a little more aggressive, with a 10 per cent return, you'd be looking at over \$300,000. Think about it: for \$50 a month, you could have a nice retirement condo in Florida—and you didn't even have to work for it!

- **Have little interest in interest.** Boyfriends and best friends may come and go, but debts—and their growing interest and economic cost—are yours to keep. Think twice about those killer heels for a big date (or worse, loaning money you really can't afford to lose). The guy they attract or the best friend who benefits may be long gone before you actually have the funds to pay for your splurge. Generosity has its limits.
- **Practise a disciplined approach to your finances, but don't lose yourself in a big, grey cloud of responsibility.** Calculate the mandatory basics, including debt payments and a bit for savings. Only access the remainder for spending.
- **Recognize that some things are actually cheaper to buy when you are young.** Life insurance and other types of insurance policies are good examples. Although you might not need the coverage at this point in your life, you can actually discount shop for later in life *right now* (and no better time than when you're young and healthy to ensure your coverage won't be denied).
- **Get ready to be your own commander in chief.** Learn to be self-sufficient and take care of yourself, no matter what comes your way. And don't fret—you need not do it alone. We encourage you to surround yourself with family, friends, and financially savvy allies and advisors to help you along your way. But above all else, you want to have earned it. There's not much else in the world more rewarding than that!

## **Be the Pearl**

In the end, it's about starting young: saving, investing, and planning for a future where you call the shots. You will meet many great men, but, honey, if you need to kick him to the curb later (and many of you will), you need to be able to bounce back. And as for those little splurges, yes, you deserve them. But if you want the shopping spree to continue, you better start shopping at the bank for the best interest rates. (Yep, that compound interest thing again. It will rock your financial world . . . if you start young.)

It's time to step up, girl. You alone have the power to guide your wealth creation and wealth management. And guess what? The world really is your oyster. You, darling, just happen to be the lovely pearl. (Oh, you *knew* it all along!)