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MARKETS | FINANCE

A Financial Starter Kit

You've got to start somewhere. A personal-finance primer for beginners



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By Francesca Fontana

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This article is part of the Journal's "The New Rules of Money" package about the financial challenges facing young adults.

1. W-4 and 1040 Forms

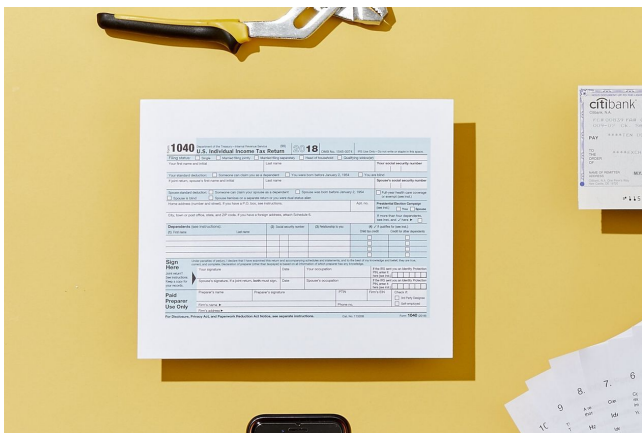


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The W-4 form tells your employer how much tax to withhold from your paycheck each month. It is important to make sure your tax withholding is correct; otherwise, you could end up owing money to the IRS come April.

Your federal tax return, or 1040, is used to determine whether you owe more in taxes than has been taken out or whether you get money back. Filing your taxes using this form is free, as opposed to using a service like TurboTax.

2. Cashier's Check

Unlike personal checks, which can bounce, cashier's checks are guaranteed. You purchase the check from your bank (for around \$10), and the amount is immediately taken out of your account. When the recipient deposits the check, the money comes out



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of the bank's account, not yours. Cashier's checks are usually used for large sums of money, such as a security deposit on a new apartment. If you lose a cashier's check, you have to notify your bank and possibly wait up to 90 days for the bank to resolve

the issue and reissue the check.

3. Voided Check

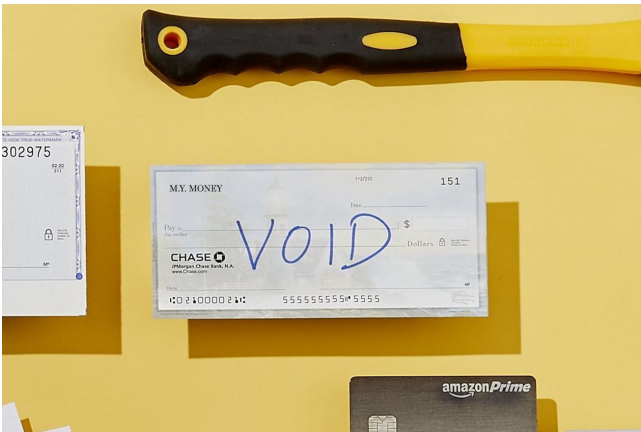


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A personal check with the word "VOID" written across the front (so it can't be filled in) is often used to provide your banking information to your employer to set up direct-deposit payments. The check gives details such as your

account number and your bank's routing number. If you don't have a checkbook, you can also find the information on your bank's online dashboard.

4. Credit Card



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Credit cards can help you make a large purchase and pay it off over time, and help you build your credit score. When you use a credit card, make sure you understand minimum payments and interest rates. If you don't pay off

your card's balance in full within a certain period of time, you will be charged interest in addition to the amount you spent.

5. Credit Report

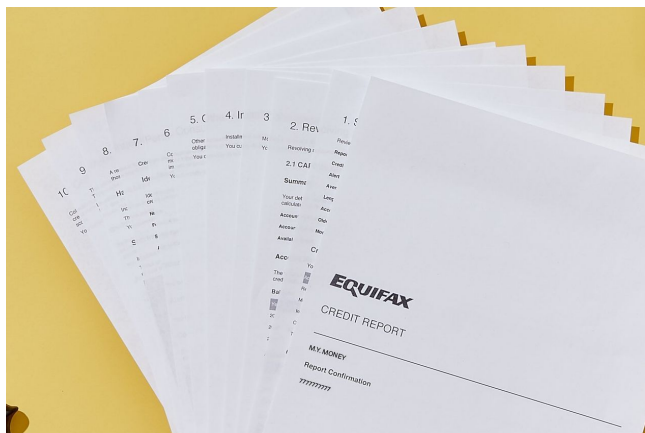


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A credit report gathers information about your credit usage including credit cards, loans, collection accounts and bankruptcies. Lenders use the information in your credit report to determine whether they want to lend you money, and

landlords may ask for a credit report to assess your credit worthiness. Your credit score is calculated based on your credit report, which you can access three times a year for free.

6. Expense Tracker

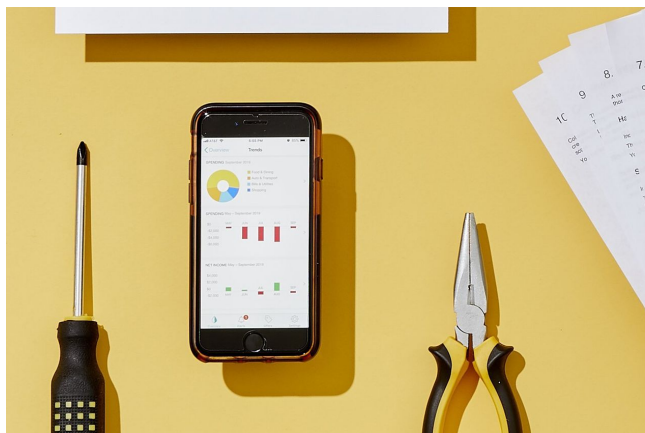


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The first step to budgeting is learning what you spend on. Whether you use an app on your phone, a spreadsheet or a planner like a Bullet Journal, expense trackers are important tools. Apps like Mint and Personal Capital can connect to your

bank accounts and keep track of what you're spending, as well as check your credit score and monitor bills.

Write to Francesca Fontana at francesca.fontana@wsj.com

Read more of The Wall Street Journal's coverage of the financial challenges facing young adults.

Your Parents' Financial Advice Is (Kind Of) Wrong

The personal-finance playbook followed by past generations doesn't add up for many people the way it used to. It's time for some new money rules.



Five Cities: Living on \$50K a Year

How far does the average entry-level salary go? It depends a lot on where you live.

First Time Paying Taxes? Buckle Up

The tax code is always complicated, but it helps to know the basics. Here are answers to 10 questions to help you get there.



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When a Sublet Scam Wipes Out Your Starting-Out Cash

Losing rent money on a scam can have huge financial consequences. One red flag: requests for a wire transfer.

Message to Millennials: Stop Buying French Castles

Some other financial advice from a 500-year-old columnist: Go easy on the stuffed animals and the fancy seltzer.

Your Financial Starter Kit

The Journal asked five executives what their top financial tips are for people just starting their careers. Here's what they said.

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