

# HOW TO SURVIVE IN THE *REAL WORLD*

FINANCIAL INDEPENDENCE  
FOR THE RECENT GRADUATE



JAMES LOWELL

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# Introduction

*Recurring nightmare: You're home for the Thanksgiving weekend, your last as a college student. Suddenly what you once took to be shelters from the parent trap (kindly aunts and uncles) are sitting on the edge of the living-room sofa like so many vultures waiting for fresh meat. You know your mom's turkey isn't that good. Then it hits you. Freezes you in your tracks. There is no way out. You are the meat. You are what they're after. All at once, they rise up and circle around you.*

*Next, a dizzying flurry of questions. What is your major? What good will that do you? What are you planning to do when you graduate? Are you going to live at home? What line of work are you interested in? How are you going to land a job with no real experience? Did you put Camp Chiowa on your résumé? Did you know that your third cousin twice removed married a woman who once waited on a Kennedy? Maybe you should use her as a reference? What do you want to do with your life? How are you going to make money? How do you expect to live without money? Wake up in a cold sweat.*

**Money and the meaning of life.** If people in the real world seem obsessed with money, it's because they are. For many people, this obsession is based on a near religious experience with the almighty dollar. Call it the my-cathedral-is-smaller-than-yours syndrome. What they *lack* is what drives their obsession and feeds their fervent reverence of money. If they only knew that more money is seldom the answer to a better life, perhaps they could cool their heels and obsess over something more meaningful—

like their own lives. If only they could place faith in themselves and their own ability to create better lives for themselves, then maybe they could focus on acquiring the necessary know-how to achieve their goals.

That said, let's face it: While money can't buy you a meaningful life, a meaningful life can be downright hard to come by without it. That's because everything in life costs, even love—perhaps especially love, since it multiplies your costs times two. For many recent grads, this is a hard fact to face. Not because it's new news; in many cases, it's old news. Not simply because it's threatening to find just how little one can afford in the real world. It's also a philosophical issue—one that involves you in questions concerning the meaning of money and the meaning of your life.

**This book is all about money and your life.** Here you will find the essential money-management techniques for every major finance-related area of your life from car buying to renting your own apartment to investing in your future. In fact, these techniques will help you build a better life for yourself—from scratch. You will also find some life lessons about the meaning of money: It's not all that it's cracked up to be, but it's not the root of all evil either. In fact, the root of most money problems is either a lack of it (being unemployed) or, more commonly, people's mismanagement of it. Being recently graduated from college, you may have already landed a job that provides an income trickle if not a cash flow. But how far do your hard-earned dollars currently go? All the way to paying your own rent? Or barely far enough to cover the cost of admission to your favorite movie theater? Surprisingly, two grads with the same income might find that one is paying his or her own rent and saving some money to boot, while the other can't seem to make it out of his or her parents' house, let alone save one thin dime.

What's the trick? you ask. *The less you owe someone else, the more free you are to be yourself.* This is your money mantra! Commit it to memory—and commit yourself to it. You need to ensure that you don't get yourself into so much debt that you have to remain at a job you can't stand when what you want to be doing is building the skills and saving for a better life—a life of your own, not one based on what you owe. Managing your money wisely and well is the best way to assure yourself of your place in the sun. Not doing so will closet your dreams but quick.

Poor money management can convince you that it's okay to

take on too much debt. Chapters 1, 2, and 3 will set you straight—straight on your way to a brighter future based on financial reality. Focusing on ways to manage your money and your debt is the best way to get on with something far more important than charging a new stereo: *taking charge of your life*.

This book will show you the ropes of making it in the real world, and then it's up to you to rise to the challenge of climbing those ropes. For some, learning the money management ropes is the challenge. For others, it's learning the ropes and then confronting what seems to be an insurmountable mountain of debt. This book will help you learn several different money-management ropes and show you how to use them to your best advantage. Chapters 5 and 6 will help you on your way to budgeting and increasing your current income, and chapters 8 (regarding cards) and 9 (regarding student loans) will help you get on top of any debt-payment problems you may currently have—and help you avoid getting into any *more*. Herein are *solutions* to your money-management problems. Cool.

**No one ever said that life was a simple proposition.** But no one ever mentioned that many difficulties can, like your Dr. Jekyll relatives, turn on you all at once. Sure, everyone from your aunts and uncles to your parents told you that college and the real world were separate experiences. But you already knew that. You worked summers. You worked during college. You work now. But what you didn't know was what they didn't tell you—namely, how to manage your money and your life. Maybe they didn't know! But then, the only thought in your head was that if only they could quit the inquisition, maybe you could gather your thoughts together and make a real decision based on what's best for *you*. You still can!

College was hard work. Summer jobs were hard work, too. However, back then you didn't have to worry about some very basic elements: a roof over your head, food, and clothing among them. If you are like most grads, the things you had to worry about were the burdensome cost of books, the odd concert or keg, and coughing up enough cash for the winter-break bus fare back home. Now, after only a few months or years in the real world, you have come to realize that those are just the *toppings*. When it comes to all the rest—spending less (chapter 5), earning more (chapter 6), banking (chapter 7), renting (chapter 13), car buying (chapter 14), and investing in your goals (chapters 17, 18, 19) and

yourself (chapters 21 and 22)—you now know that you need to provide the ice cream and the cone.

Finding a job is often the hardest job of all. Chapter 6 will help you set realistic job-hunting goals. Chapter 21 will help you raise your sights to a career move, as well as help you deal with a common real-world experience: losing your job. The fact is that few recent grads are presidents of multimillion-dollar companies the first time out. Nor are they editors of leading newspapers. But the presidents and editors you most admire were once recent grads themselves. How did they get to where they are now? Some took a direct line. Others lucked out, and their indirection took them on life-fulfilling and skill-building paths that put them in the position of being able to rise to the challenge of their professions.

**Work is hard work.** There's no way around it. Even the most successful grads, the ones who have found a full-time job, can't quit. If they did, they could end up losing their car, apartment, and all the rest. That's because they're leveraged to the hilt. A car loan can easily top \$250 per month before insurance is paid and before gas is put into the tank. Then there's the matter of rent. Let's say \$350 as a bare minimum for most recent grads interested in living in a relatively safe section of a not-so-large metropolitan district. That's \$350 for one room in an apartment-sharing situation (chapter 13). If you've got Thoreau in your blood and solitude on your mind, a studio will run you between \$350 and \$650. And that's before you pay heat, utilities, and renter's insurance (to protect your assets, such as stereo, television, computer, clothing, etc.). Add another \$175 a month for food (that's the basics) and you have \$775. Now add health insurance and sundry living-related bills—an additional \$300. You'd better be making \$20,000 plus if you're going to keep your head barely above a sea of debts. Or better yet, don't take on all the excessive debt baggage in the first place. Instead, stay ahead by leaving your charge cards behind and living within your budget. Hey, life isn't forever. In fact, it's pretty damn short. That's why it makes so much sense to live a life that you can afford so that *you can afford the life that you most want to live.*

One more general rule. As you may already know—and will definitely come to learn—there are several ways you can take advantage of this increasingly automated world of ours. From automatic banking and being able to direct-deposit your paycheck



(chapter 7) to investing (chapters 17, 18, and 19) and on-line bill paying—if you have a computer, modem, and the appropriate software (chapter 8), which you can use to simplify your financial life and devote more time to what really matters: making the most of your own life. And never forget your money-management mantra: *The less you owe someone else, the more free you are to be yourself!*

### ■ READY RESOURCES ■

The following books will help you think through the concept and reality of money, as well as explore ways in which you can come to terms with living in a money-centered culture.

- *Your Money or Your Life*, by Joe Dominguez and Vicki Robin, Penguin.
- *Your Money, Your Self*, by Arlene Matthews, Simon & Schuster.
- *Wealth 101: Getting What You Want, Enjoying What You've Got*, by John Roger and Peter McWilliams, Prelude Press.
- *Money and the Meaning of Life*, by Jacob Needleman, Doubleday.

# Contents

Acknowledgments	v
Introduction	ix
<b>Part I Finding Yourself</b>	<b>1</b>
1. ■ <i>Where You Stand</i>	7
2. ■ <i>Where You Are Heading</i>	12
3. ■ <i>Plan on Success</i>	16
<b>Part II Knowing Yourself</b>	<b>23</b>
4. ■ <i>Tracking Your Progress</i>	26
5. ■ <i>Creating a Budget You Can Live With</i>	34
6. ■ <i>Increasing Your Income</i>	42
<b>Part III Freeing Yourself</b>	<b>49</b>
7. ■ <i>Smart Banking</i>	53
8. ■ <i>Smart Credit</i>	74
9. ■ <i>Smart Loans</i>	97
<b>Part IV Insuring Yourself</b>	<b>117</b>
10. ■ <i>Health Insurance</i>	123
11. ■ <i>Car Insurance</i>	131
12. ■ <i>Renter's Insurance</i>	142

<b>Part V Being Yourself</b>	149
13. ■ <i>Renting</i>	153
14. ■ <i>Driving</i>	172
15. ■ <i>Living</i>	194
16. ■ <i>Traveling</i>	203
<b>Part VI Investing Yourself</b>	215
17. ■ <i>Investing 101</i>	220
18. ■ <i>Stock and Bonds</i>	238
19. ■ <i>Mutual Funds</i>	249
<b>Part VII Preparing Yourself</b>	261
20. ■ <i>Preparing Your Own Taxes</i>	265
21. ■ <i>Finding and Losing Your Job</i>	279
22. ■ <i>Increasing Your Self-Worth</i>	297
<b>Part VIII The End?</b>	307
Index	311

**Part I**

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**Finding Yourself**

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Learning how to manage your money today will help you achieve the life you want to live tomorrow. It will also make living in the present a lot less stressful. And what better time to start learning money-management tactics—from saving and insuring yourself to spending wisely and investing in yourself—than right from the start of your real-world adventure?

Graduation day. Here you are, standing on the threshold of possibility. But don't confuse *possibility* with *opportunity*. While possibilities are democratic and open to all, opportunities are autocratic. It's up to you to create opportunities for yourself. Be bold. Be persistent. Get focused and then stay focused on what matters most to you. Be true to yourself and your interests. It's your life. You are responsible for making the most of it.

**Get what you want out of life.** Getting what you want out of life depends in large part on what you put into it. For example, if you sit down today and put time and effort into thinking about how you can make tomorrow a more productive and enjoyable day, chances are you will be able to come up with at least three ways in which you can change the course of your own personal and professional happiness. You could, for example, choose to

wake up thirty minutes earlier and take a walk around the block in order to clear your head. A clear head may not solve your problems, but it will certainly help you face and address them. You could also plan on changing what you do when you get home after work. Rather than turn on the TV or radio, you might try making yourself a cup of chamomile tea and reflecting on the day that's passed and the night that's ahead. This may take a mere fifteen minutes, but it will help you reorganize and refocus yourself on what matters most—you. From there you could map out the evening so that you get one business-related item taken care of—any one thing from laundry to bill paying—and still have time for “Melrose Place.” These three simple changes to a routine can make all the difference between feeling out of control and being in control of your life. Hey, being in control of your life is what it's all about.

**Be self-determined.** Achieving a life that you determine for yourself based on your interests—not on your debt obligations—is a radical idea. Few people ever achieve it. You can. This book will show you how you can create an independent, financially viable, and sustainable life for yourself. Once you've achieved this, you can live a more self-determined life. From getting a room of your own to achieving a life of your own—that's what better money management can do for you. (I'm not kidding!)

**What matters most?** Asking this question often induces the panic of a pop quiz. Your mind goes blank, there's the sudden inability to remember your name, and you experience a nauseating, head-spinning sensation. The fact is that that blank space—the unwritten page of your future—is precisely where you can begin to sketch the most creative (personal) and reasonable (financially based) plans of and for your life. Of course, along the road to achieving your goals you will no doubt have to make short-term sacrifices and the occasional detour. The trick is to *not* let yourself mistake the detours for the path. The result of doing so is a gut reaction—a feeling of being stuck in a depressing, aimless, debt-ridden rut. If you feel this way now, or in the future, you should stop in your tracks and think about the possibility of revising your life.

**Plan on getting what you want out of life.** Planning is not the only way to get what you want out of life. But it is the most effective way. Nevertheless, don't be put off by the fact that, like Wayne and Garth of *Wayne's World*, you have an extensive collection of name tags and hair nets while your three best friends

are already in med school, law school, and the Peace Corps. You don't need to know what career is *the* one for you in order to advance yourself toward your goals. For one thing, career-oriented jobs are not for everyone. For another, there's no time better suited for job-related self-exploration than now. You are young. You are mobile. You can drive yourself down the road of life.

**Learn how to make your current job work for you.** To do this you need to *build skills that will serve you well* in the future. If, for example, the only job you could get upon graduation was in a fast-food restaurant, and you don't think fast food is the fast track to your life goals, then, rather than panicking that you'll be trapped between the french fries and soda machines for the rest of your life, look to volunteer or moonlight in a line of work that is either directly or indirectly related to what you think you would most like to do. In this way, you can continue to build your savings and your job skills while doing something to help focus your future plans. Now, when the perfect job comes up, you'll not only be more likely to recognize it but will be prepared to succeed in it.

**A good job is hard to find.** No matter how tight the job market is, it's always tightest for recent graduates, and it's always tougher to land a satisfying job the first go 'round. However, you will find what you're looking for *so long as you know what it is that you are looking for*. Sounds simple, doesn't it? But the fact is that many recent grads leave college as confused about what they want out of life as when they went in. Many come out more confused! The problem is that confusion about your goals gets in the way of achieving them. Solution: In order to create the opportunity of living a self-determined life, you'll have to make some clear-cut decisions about who you are and who you want to be.

**Resist temptations.** No matter what the temptations are—and there are many—never, ever get yourself into a financial situation that you can't pull yourself out of. Easier said than done, yes; but knowing in advance that that is the quickest way to derail your own dreams for the future may help you refrain from making the mistakes that so many people make. On the other hand, learning to control your own financial destiny is the best way to achieve a self-fulfilling, self-determined life. This book will help you help yourself by teaching you how to determine and reach the goals that matter most to you.

**All debtors are created equal.** No one wants or plans to be debt



ridden, yet the desperation of living a life chained to a job in order to pay bills for last year's unnecessary or extravagant expenses is the life lived by most people a few years older than you. Unless you can avoid or break bad money-management habits now—right now—the chains of debt may become so binding that Houdini would have died trying to get out of them. This book will help you break money mismanagement habits if you've already developed them, and it will help you steer clear of them if you have yet to run up your future on a handful of credit cards.

**Charging ahead sets you back.** One of the most noticeable things about the real world is that most people are trapped by debt rather than freed by their income. Thoreau said it: "The majority of men live lives of quiet desperation." Rousseau said it too: "Man is born free but everywhere he remains in chains"; unfortunately, the same holds true for women. Focusing on what you want and knowing how to get it without sacrificing your self is what this book's all about. The bottom line, as always: *The less you owe someone else the more free you are to be yourself.*