Financial Tips for Recent Grads Entering the Workforce

College is in your rearview mirror, and you're about to enter the working world. Although snagging a job certainly calls for a celebration or two, it is also time to start tackling the various financial responsibilities that await you, like saving for retirement and improving your credit score.

Here's an overview of where to get started, including several best practices to help you along the way.

Keep credit card debt to a minimum

In 2014, households with unpaid credit card balances owed an average of about $15,000 on those cards, which can damage credit scores and make it difficult to qualify for low interest rates on auto loans and mortgages.

Once those first paychecks arrive, it may be tempting to max out your plastic for some new shoes or that must-have gaming console. Do everything in your power to resist that initial urge. While it's OK to splurge from time to time, it's important to keep debt as low as possible, especially if your plastic carries a high interest rate.

Contribute to a retirement account

Stashing away cash for retirement starting at an early age is one of the best money moves you can make. Your savings will have decades to multiply thanks to the wonders of compound returns, which lets you earn money on what your money earns.

If your employer offers a 401(k) retirement plan, be sure to take advantage of it. Start by contributing at least 10% of your monthly income and try to gradually work your way up to 20%. Individual retirement accounts, or IRAs, can also provide investment vehicles in which most people can put up to $5,500 each year. Both 401(k) and IRA contributions may reduce your taxes, too.

Build an emergency fund

Gone are the days in which you could call up your parents for a quick injection of cash. Once you begin earning a steady salary, set some money aside for unexpected expenses. An emergency fund should consist of three to six months' worth of living expenses. Because you'll never know when you might need that money, keep it somewhere safe but within easy reach, like your savings account.

Keep an eye on your credit score

Although it might be hard to believe, it's likely that eventually you'll want to settle down and buy a house. To do that, you're probably going to need to apply for a mortgage. The better your credit score, the lower your interest rates will be, which could save you tens of thousands of dollars over the course of a 30-year mortgage.

To improve your credit score, pay your bills on time and restrain your card use to 30% of your credit limit. Regularly practicing this kind of responsible behavior should give your score a substantial boost over the years.

The bottom line

Although it'll take some effort, making smart money moves at a young age doesn't have to be a huge hassle. Just remember to pay attention to your retirement savings and make sure that your spending habits don't result in massive amounts of debt. Before you know it, you'll be able to toast to a secure financial future.