8 Tips For Young Investors

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They say knowledge is power. This is perhaps never more true than when it comes to establishing and maintaining control over your personal finances. Gaining "money knowledge" and putting what you learn into practice can help young adults get (and stay) on the road to financial success.

Below, Amy Fontinelle, Contributor for *Investopedia*, shares 8 key tips for young investors.

1) Learn self-control

The sooner you learn the art of delaying gratification, the sooner you'll find it easier to keep your finances in order. Although you can effortlessly purchase an item on credit the minute you want it, it's better to wait until you've actually saved up the money. Keep your credit cards for the convenience and rewards they offer, but be sure to always pay your balance in full when the bill arrives, and don't carry more cards than you can keep track of.

2) Take control

Understanding how money works is the first step toward making your money work for you. Instead of relying on others for advice, take charge and read a few basic books on personal finance.

3) Know where your money goes

Once you've gone through a few personal finance books, you'll realize how important it is to make sure your expenses aren't exceeding your income. The best way to do this is through budgeting. Once you see how your morning coffee adds up over the course of a month, you'll realize making small, manageable changes in your everyday expenses can have just as big of an impact on your financial situation as getting a raise.

4) Start an emergency fund

Having money in savings to use for emergencies can help keep you out of trouble financially, and help you sleep better at night. Also, if you get into the habit of saving money and treating it as a non-negotiable monthly "expense," pretty soon you'll have more than just emergency money saved up: you'll have retirement money, vacation money and even money for a home down payment.

5) Start saving for retirement now

Due to compound interest, the sooner you start saving, the less principal you'll have to invest to end up with the amount you need to retire, and the sooner you'll be able to call working an "option" rather than a "necessity." Company-sponsored retirement plans are a great choice because you get to put in pre-tax dollars and the contribution limits tend to be high. Also, companies will often match part of your contribution, which is like getting free money.

6) Get a grip on taxes

It's important to understand how income taxes work even before you get your first paycheck. When a company offers you a starting salary, you need to know how to calculate whether that salary will give you enough money after taxes to meet your financial goals and obligations. Fortunately, there are plenty of online calculators to help you determine your own payroll taxes, such as Paycheck City. These calculators will show you your total (gross) pay, how much goes to taxes and how much you'll be left with (net).

7) Guard your health

If meeting monthly health insurance premiums seems impossible, consider the cost of a single emergency room visit, without insurance. If you're uninsured, apply for health insurance. You can save money by getting quotes from different insurance providers to find the lowest rates.

8) Guard your wealth

Take steps to protect your hard-earned money. If you rent, get renter's insurance to protect the contents of your home from burglary or fire. Disability-income insurance protects your greatest asset - the ability to earn an income - by providing you with a steady income if you ever become unable to work for an extended period of time due to illness or injury.

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