Money mistakes you make in your 20s

Which of these rookie errors sound all too familiar when it comes to you and your squad?

In your 20s, you might be saving for a plane ticket to go somewhere, a new car, your own pad, or just trying to keep your wardrobe up-to-date while still having enough cash left over for Saturday night.

As you mull that over, give some thought to how what you spend today could also impact you later on—especially with many guys and girls still looking to their folks to come to their financial rescue.

14 money mistakes to have on your radar

1. Going without a budget

If you're looking for somewhere to start when it comes to creating a budget, try jotting down into three categories - what money is coming in, what cash is required for bills and what dough might be left over for the fun stuff. This will help you identify where there's room for movement.

2. Using your credit card for everything

Sure, credit cards are convenient, but they're often more expensive than other forms of credit as they usually charge higher interest rates, which means you could end up potentially paying back a lot more than what you initially borrowed.

Keep in mind, whenever you don't pay back what you owe in full, interest is generally payable—and that includes when you only pay the minimum amount owing.

3. Keeping up with the Joneses

The pressure to stay up-to-date with your peers and celebrity icons can be a subconscious but very real motivation behind some of your poor financial decisions.

Try to live within your means, stick to realistic goals, and when you're looking to make a purchase, ask yourself if it's something you really need in life, or if it's something you simply want this week.

4. Borrowing money from those nearest and dearest

When you're in a bind, while you may be tempted to ask for a hand-out, it can put strain on relationships, particularly if it becomes a regular thing.

The person may need the money back quickly. They might begin judging your spending habits, or worse—end the friendship if they don't get the money back on time.

5. Buying a pricey car

The purchase price of a new car is one thing, but remember the added costs, such as insurance, rego, petrol and regular servicing, are another.

If you're looking to buy a car, ASIC's mobile phone app MoneySmart Cars may be able to help you work out the overall costs. And, with the average Aussie household currently juggling car debt of around $19,500, it's probably worth some thought.

6. Pursuing higher education without a plan

While it's possible that tertiary qualifications could increase your employment opportunities and potentially help you to earn more over the course of your career, it's also not guaranteed.

With that in mind, it's worth asking yourself whether the field you want to enter requires tertiary qualifications. After all, if you can get where you want through alternate routes, these may be worth exploring, particularly with the average debt for a tertiary student in Australia about $19,100.

7. Quitting your job after a bad day

You may not like where you work but if you're planning your exit march, it's wise to have another gig lined up as it could be months before you find another opportunity and have cash coming in again.

If it's your current pay cheque that's got you fuming, consider whether you've earned a pay rise and how you might go about asking for one.

8. Not prioritising what you really want to do in life

The benefits of thinking ahead when it comes to what you want are pretty clear. For instance, buying a car, going on holiday and moving into a new apartment all within a six-month period mightn't be financially viable, but if you spread those things out, they might be doable.

9. Saying 'whatever' to an emergency fund

One in eight Aussies don't have enough cash set aside to cover a $100 emergency. And, you don't want a busted phone or car tyre, let alone a bad landlord or lover leaving you financially stranded.

An emergency stash of cash could give you some peace of mind and reduce the need to apply for a loan or ask someone you know for a handout.

10. Avoiding the money talk with your partner

Half of Aussie couples argue about money, whether it's bill-related or impulse buying habits.

So, before you set up joint accounts or shack up together, address how you'll both contribute. If you're moving in together, it's also worth knowing what happens to your finances if you split with a de facto.

11. Spending a fortune on the wedding

The average wedding today costs around $36,200, and 35% of couples admit to blowing their budget.

To avoid that happening, start saving, talk to your partner (and parents if they're involved), write down what you can afford, get quotes, and look at how many and who'll be on your guest list early on.

12. Being blasé about protection

It's estimated that at least one in five households will suffer from an unforeseen event that will leave them incapable of working at some point in their lifetime.

While you may choose to go without insurance to save money, for a number of people it may be affordable through monthly premiums or paying out of your super money.

13. Choosing a property that's not within your means

Whether you're renting or buying, it's important to think about the upfront and ongoing costs involved, and the location you're looking at as different suburbs come with different price tags.

If home ownership is on the cards, get a full run-down of the costs you're likely to come across.

14. Not caring about your older self

It might seem like a lifetime away but with some people looking at a retirement of 30 years or more (and the Age Pension alone unlikely to be enough to support a comfortable lifestyle), putting money into super is worth thinking about while you still have time on your side.

There's a lot to think about when it comes to (admittedly) this weekend, but also what's further down the track, but the good thing is a few little steps now can make a big difference later on.

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