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6 Financial Traps New College Graduates Should Avoid

More than 70 percent of college graduates began their career owing more than $37,000 in student loans in 2016. Considering this debt load and other living expenses that lead young adults to delay major life events like getting married or buying a home, it's critical for new college graduates to focus on their financial future as they receive their diploma, says the American Bankers Association. ABA has highlighted six traps new college graduates should avoid to position themselves for financial success as they transition from the dorm room to the office.

According to ABA, new college graduates should avoid the following financial traps:

Not having a budget. Supporting yourself can be expensive, and you can quickly find yourself struggling financially if you don't take time to create a budget and live within your means. Calculate the amount of money you're taking home after taxes, then figure out how much money you can afford to spend each month while contributing to your savings. Be sure to factor in recurring expenses such as student loans, monthly rent, utilities, groceries, transportation expenses and car loans.

Racking up debt. Understand the responsibilities and benefits of credit. Shop around for a card that best suits your needs, and spend only what you can afford to pay back. Credit is a great tool, but only if you use it responsibly and live within your means.

Not thinking about retirement. It may seem odd since you're just beginning your career, but now is the best time to start planning for your retirement. Contribute to retirement accounts like a Roth IRA or your employer's 401(k), especially if there is a company match. Invest enough to qualify for your company's full match – it's free money that adds up to a significant chunk of change over the years. Automatic retirement contributions quickly become part of your financial lifestyle without having to think about it.

Thinking you're invincible. Hardships can happen in a split second. Start an emergency fund and do your best to set aside the equivalent of three to six months' worth of living expenses. Start saving immediately, no matter how small the amount. Make saving a part of your lifestyle with automatic payroll deductions or automatic transfers from checking to savings. Put your tax refund toward saving instead of an impulse buy.

Putting off paying bills. Each missed payment can hurt your credit history for up to seven years and can affect your ability to get loans, the interest rates you pay and your ability to get a job or rent an apartment. Consider setting up automatic payments for regular expenses like student loans, car payments and phone bills. Regardless of whether you take advantage of automatic monthly payments, arranging to receive notifications about upcoming bills can be helpful. You can also contact creditors and lenders to request a different monthly due date from the one provided by default (e.g., switching from the 1st of the month to the 15th).

Ignoring free help from your bank. Many banks offer personalized financial checkups to help you identify and meet your financial goals. You can also take advantage of their free digital banking tools that let you check balances, pay bills, deposit checks, monitor transaction history and track your budget.