

# Recognize Income and Acknowledge Expenses

- Count it all: current and summer job income, money from parents, gifts, and financial aid.
- Know where it goes: regular expenses and variable expenses
- Be honest with yourself



# Proactive and Reactive Budgeting

## ■ Budget First, Spend Later

- Anticipate upcoming expenses and make sure they don't exceed your projected income.
- Set limits on what you will spend in each expense category.
- Set something aside for unexpected emergencies.

## ■ Spend and Reflect

- Look back at what you earned and spent.
- Assess where your money went.
- Make necessary adjustments (save or recover).

# Learn Ways to Save

- Large scale cutbacks.
  - Cheaper housing.
  - Additional Roommates
  - No car–make use of public transportation.
- Small scale saving methods.
  - Clip coupons
  - Shop at discount stores
  - Cook most meals

*Saving money is all about choices.*

# Choose Checking, Savings, or Both

- Checking accounts enable you to draw money regularly from your account funds through the use of checks.
- Savings accounts exist for the primary purpose of putting money in and rarely, if ever, taking it out.
- Money market accounts are a more sophisticated type of savings account.
- Check for bank fees associated with each type.

# Balance Your Checkbook

- Use your checkbook register.
  - Fill in all deposits and expenditures.
  - Record information immediately.
  - Include ATM withdrawals and check card use.
- Reconcile monthly statement with register.
  - Recognize outstanding checks.
  - Note closing date on statement for deposits and checks not included.
- Be aware: Banks make mistakes!
  - Follow up discrepancies.



# Invest for the Future



- Numerous investment options exist.
- You should only consider investing if you have substantial savings.
- Mutual funds require only a small regular investment, yet can yield dramatic results over time.
- Investments are designed for long-term financial gain.

# Get a Job



- Work with caution
- Investigate work study and internships
- Look for jobs with light work loads
- Be your own boss
- Be assertive in seeking your ideal job

# Work With Caution

- It takes a lot of money to go to college, but it also takes a lot of studying and hard work.
- The same effort to earn the required fees may hinder one's progress towards actually earning the degree itself.
- Students who work long hours are more at risk for failing and dropping courses.
- Failing and dropping courses costs money—money you cannot get back.



# Investigate Work Study and Internships

- Work study programs are funded by the federal government
- Enable you to work on campus or in the community
- Awarded based on financial need
- Check for internships in your chosen field of study
- Good experience and respected by future employers

# Sources of Financial Aid

- Grants
- Scholarships
- Loans
- Work Study



# Scholarships

- Gift Aid: monetary awards that is not paid back.
- Rewarded on the basis of
  - Academic merit
  - A talent or skill
  - Group membership
  - Religious affiliation
- Putting together scholarship applications can pay off substantially.
- Be wary of scholarship scams.



# Grants

- Gift Aid
- Federal Pell Grant
- Based on financial need
- No academic requirements or GPA minimums
- Requires filling out the *Free Application for Federal Student Aid* (FAFSA)
- Forms and information are available in your school's financial aid office.

# Loans

- Loans must be paid back.
- The Stafford Loan & Perkins Loan: federal loans for students.
- Based on financial need.
- PLUS program for parents
- Most government loans offer low interest rates and deferred payment options.
- Requires filling out the FAFSA.
- Loans are available through other financial institutions.

# Credit: Know the Basics

- Work to establish good credit.
  - Handle your accounts successfully.
  - Remain stable in your residence and job if possible.
  - Make timely payments for rent, utilities, loans, insurance, and credit cards.
  - Co-signing a loan with anyone means *you* are responsible should they default.
  - Pay credit card bills in full.
  - Consider what your credit report will communicate to those who view it—such as future employers, mortgage lenders, etc.



# Avoid Problems with Credit Cards



- Calculate the costs of credit.
  - Shop around for the best interest rates and waived annual fees.
  - Read the small print regarding fee and rate increases.
- Pay the balance every month
  - Paying interest adds up quickly.
  - You will pay significantly more and take substantially longer to pay your balance off if you only make the minimum payment.
- Use credit only in emergencies.

# Recognize the Incredible Value of School

- The majority of students who drop out of college have a GPA of 2.5 or above!
- Being a great money manager frees you up to focus on your education.
- Earning a degree is one of the most valuable things you can do for yourself.
- Money is often a necessary sacrifice during your college experience.
- Your education will pay off tremendously and make it entirely worth it.

# Your Income and Expenses

*To determine a budget, ask yourself questions about your financial needs:*

- your past and current earning
- your debt
- your expenses
- your plans for the future

# Developing a Budget

## Sample Monthly Budget

<b>Income</b>	<b>Expenses</b>
<b>Campus job- \$240/week</b>	<b>Clothes- \$40 Entertainment- \$60</b>
<b>Babysitting- \$60/week</b>	<b>Phone/Utilities- \$20 Laundry- \$20</b>
<b>Parents (allowance)- \$50/month</b>	<b>Personal expenses- \$20 Transportation- \$100 Food- \$20</b>
<b>Total monthly income- \$350</b>	<b>Total monthly expenses- \$320</b>

# Credit Cards and College Students

- They can be used effectively, credit cards can be beneficial, *but they can also be deadly:*
  - With a credit card, you are likely to spend one third more.
  - More than \$400 billion is owed on more than 500 active credit cards.
  - Credit card debt has grown in recent years by more than 10 percent per year.

# “Zeroing Out” After College

- Be true to your budget.
- Know if you qualify for financial aid.
- Never overestimate your earning power.

# Getting and Staying Out of Trouble

- Protect your financial information.
- Understand the power of interest rates on credit cards.
- Deal with debt collectors sooner rather than later.
- Don't work too many hours to pay off debt.

