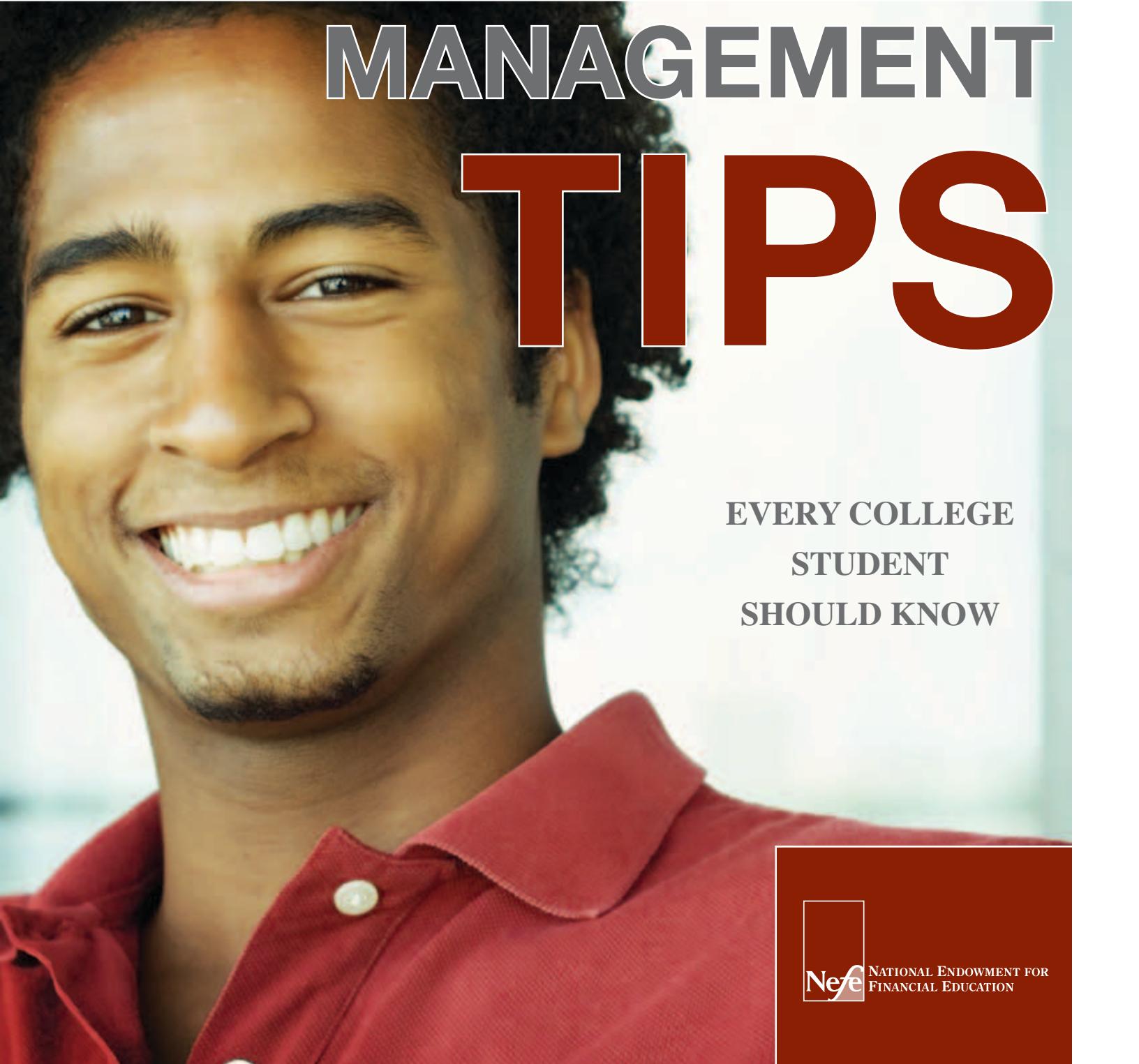


40 MONEY MANAGEMENT TIPS



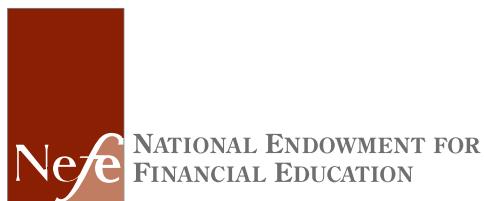
EVERY COLLEGE
STUDENT
SHOULD KNOW



National Endowment for
Financial Education

40 MONEY MANAGEMENT TIPS

EVERY COLLEGE STUDENT SHOULD KNOW



To download *40 Money Management Tips* in PDF format, visit:
www.smartaboutmoney.org/40moneytips

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The content areas in this material are believed to be current as of this printing, but over time, legislative and regulatory changes, as well as new developments, may date this material.

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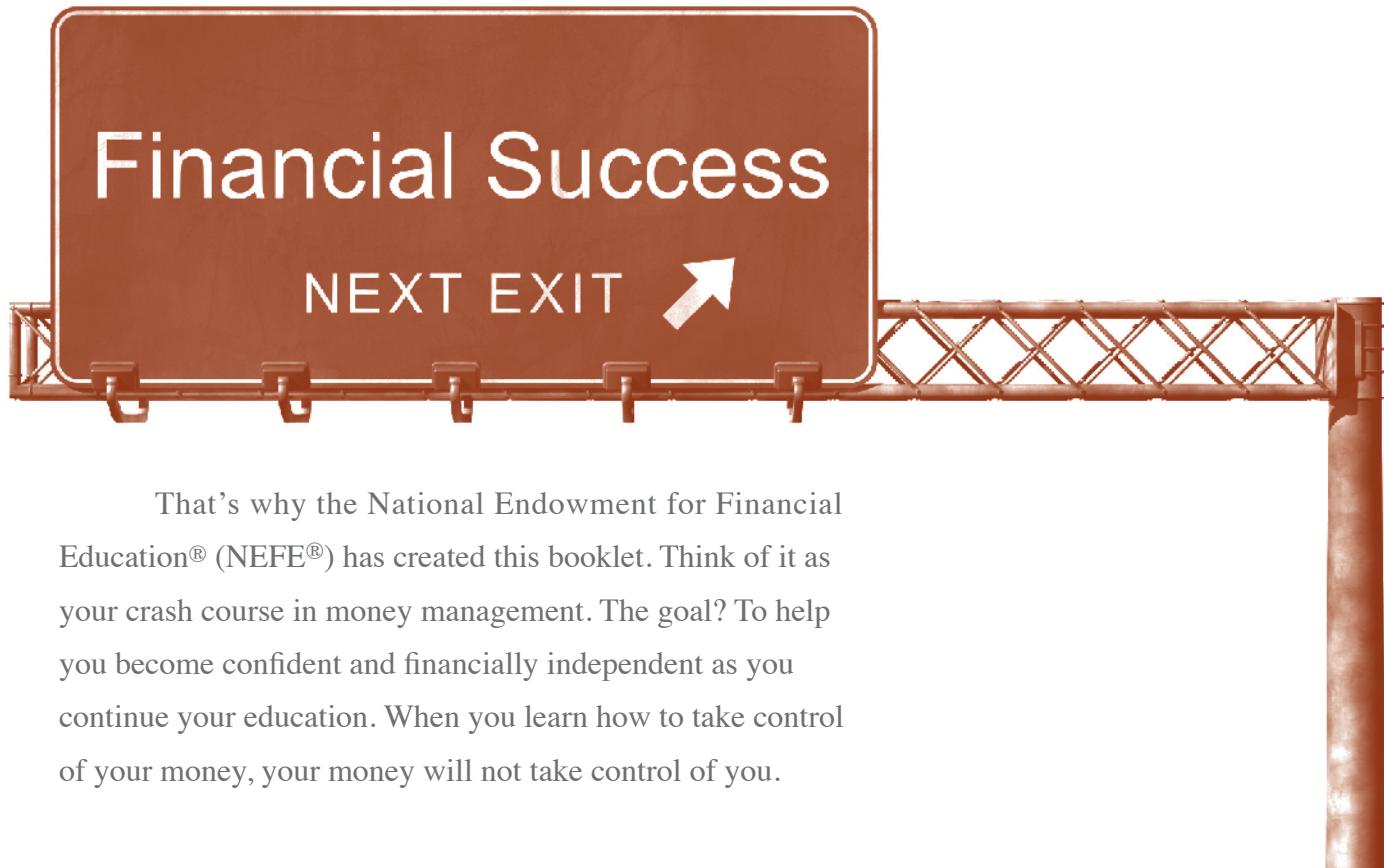
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INTRODUCTION

THE DECISION TO ATTEND COLLEGE is one that will create many opportunities for you. What lies ahead is full of possibility. While this is cause for excitement, it also can be overwhelming. Continuing your education is often the first step toward achieving goals pertaining to your career and personal accomplishment, but it can be expensive and full of challenges.

The financial decisions you make during college might range from handling loose change to managing thousands of dollars. But no matter how much money you're dealing with, determining your finances helps you determine your future. When you know how to manage your money, you will be better prepared to pursue your goals—and have enough money to make them a reality.



That's why the National Endowment for Financial Education® (NEFE®) has created this booklet. Think of it as your crash course in money management. The goal? To help you become confident and financially independent as you continue your education. When you learn how to take control of your money, your money will not take control of you.

GETTING STARTED

#1 TAKE CHARGE OF YOUR LIFE—AND YOUR MONEY

The best way to take charge of your money is to have a plan for it. Instead of thinking about money as just something to spend, think about making your money work for you. This is called “financial planning,” and it starts with three steps:

1. Define your financial goals.
2. Make plans to reach your goals.
3. Take action until your goals become a reality.

What financial goals do you have for your money? To buy books next semester? To save \$100 a month for the next four years to buy a car when you graduate? To save \$50 a month? Write down some of your financial goals below, including how much you will need to save each month and how long you will have to save to achieve them.

GOAL	\$ NEEDED	BY (DATE)	HOW I'LL REACH MY GOAL

#2

KNOW THE GROUND RULES

Have you talked about money with your parents or guardians? Have you discussed what their expectations are for how you handle your money? Do they expect you to get a job while you’re in school, or do they want you to focus all of your attention on your studies? It is important to know what you can expect of your parents or guardians, too. If you get into a financial jam, will they be able to help you out?

Paying for college is a huge investment and takes a family commitment. If your parents or guardians will be helping you with the costs, discuss with them early on what their expectations for you are and what you can expect from them. Once you know which expenses will be your responsibility, you’ll have a better idea of the time, effort and resourcefulness that will be required to hold up your end of the deal.

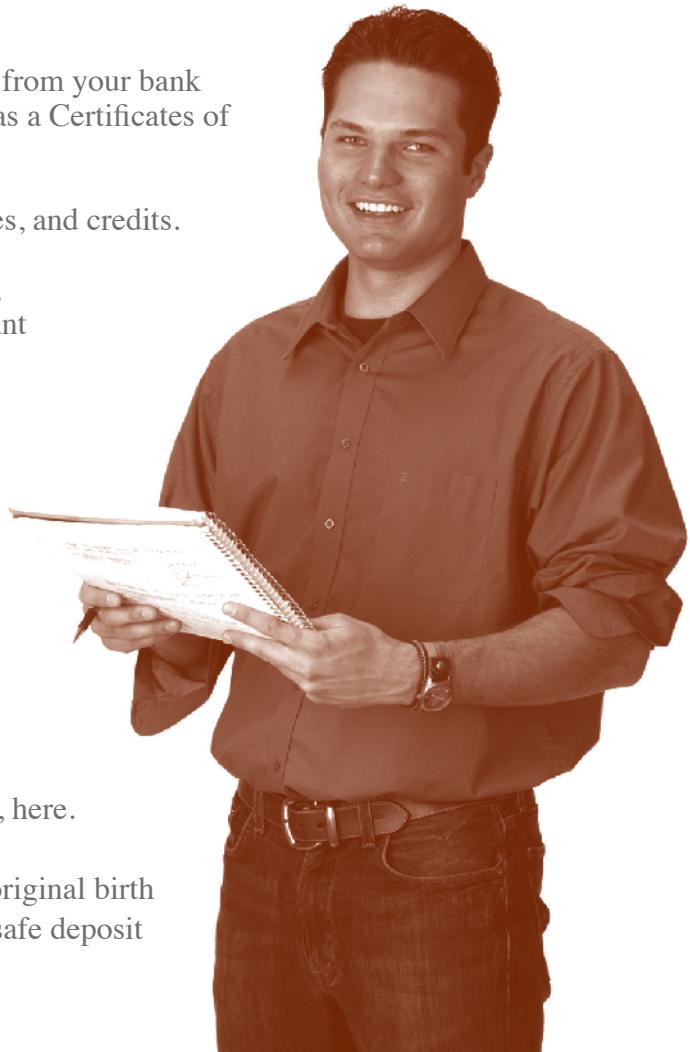
#3 GET ORGANIZED

You probably have a notebook for each of your classes to help you stay organized. Take some time to get your financial life organized, too. Creating a filing system to keep track of financial paperwork and other important documents will help you pay bills on time and meet important deadlines. Keeping records also helps you identify errors in your financial records and recall important dates, like loan repayments and bill due dates.

Here's one way to label your files:

- **Bill Payments:** Put your bills in this file to help you remember to pay them on time.
- **Checking Account:** In general, save your canceled checks and bank statements (if they are online, save them as a PDF and print them out). You should keep five to seven years worth of bank statements in your records for tax purposes.
- **Savings and Investments:** File the statements from your bank savings account and any other investments such as a Certificates of Deposit (CDs), savings bonds, or mutual funds.
- **College:** Keep records about your courses, grades, and credits.
- **Financial Aid:** Save applications, award letters, student loan agreements, and notes about important telephone conversations.
- **Insurance:** File your car, medical, and renter's policies.
- **Loan and Credit Records:** File loan agreements and payment records for car loans, credit card payments, and so on.
- **Receipts and Warranties:** Keep this information for major purchases, such as computers and stereos.
- **Taxes:** Put your tax returns, W2s, pay stubs, etc., here.

Records that are difficult to replace, such as your original birth certificate and Social Security card, should be stored in a safe deposit box at a bank or in a fire-resistant safe at home.





#4 PROTECT YOUR PERSONAL INFORMATION

Don't give someone else the opportunity to spend your money or use your credit. A few steps you can take to safeguard your personal and financial information include:

- Don't give anyone your Social Security, credit card, or bank account numbers unless you know why the individual or organization is requesting them. If you are unsure, ask the person to send you a request by mail instead of asking for it over the telephone. Also be sure to ignore and delete emails requesting personal information.
- Don't just throw away papers that list important account numbers or other financial numbers. Shred anything with your name, address, credit card information, or bank account numbers before putting it in the trash or recycle bin. This includes unused credit card offers.
- Don't send your credit card number over the Internet unless you are sure the website is secure and your computer is protected by a firewall and anti-virus, anti-spyware, and other security software. Keep your security software updated.
- Keep your credit card and ATM receipts in a safe place until you've paid the credit card bill or balanced your checkbook. Then tear them up or shred them before throwing them away.
- Review your credit card statements and telephone bills for unauthorized use. If you suspect fraud, call the company immediately.
- If you're a victim of identity theft, report the crime to the police and your bank immediately.

CHECKING ACCOUNTS

#5 FIND THE BEST DEAL FOR YOUR CHECKING ACCOUNT

Having your money in a checking account lets you write checks, which costs less than purchasing money orders to pay for things. If you're paying regular bills such as car insurance, rent, credit card payments, and so on, these can't be paid with cash. **In addition, your canceled checks are a good record of your paid bills.**

With a checking account, you have easy access to your money through writing checks, using a debit card, or getting cash from an ATM—while having the security of keeping your money in a bank. To decide which bank or credit union is best for you, research institutions near you and compare what they offer. This will help you choose the right bank. You can visit the branch in person or visit their website.

A few things to consider:

- 1.** Where is the bank or credit union located? Is there a branch or ATM on campus?
- 2.** What is the minimum deposit to open an account?
- 3.** Does the bank or credit union offer any special student accounts?
- 4.** Does the bank or credit union offer a basic or no-frills account that costs less?
- 5.** Does the bank or credit union offer online banking, and if so, is there a fee?
- 6.** Is there a monthly fee for having the account?
- 7.** What is the cost of 100 new checks?
- 8.** Is there a minimum balance required to avoid penalty fees?
- 9.** Can you write as many checks as you want, or are you limited to a certain number per month?
- 10.** Are there any interest-earning accounts?
- 11.** What is the fee for a bounced check or overdraft item?
- 12.** How much does overdraft protection cost? What are the options? Can I link another account to cover potential overdrafts?
- 13.** What other fees does the bank or credit union charge?



#6 DON'T BOUNCE CHECKS



*Bounced checks
can hurt your
credit history.*

If you write a check for more money than you have in your account, the check will bounce and your bank will charge you a hefty fee, which may be as high as \$38 per check. The same goes for using your debit card when you're out of money. Bounced checks also can hurt your credit history. Plus, if your bank notifies other banks about your check-bouncing habits, you may be refused banking services from other banks in the future. Also remember that the store where you wrote the check may charge you a bounced-check fee, too. New banking rules allow consumers to choose whether or not they will be charged overdraft fees for debit card and ATM transactions. By opting-in, you are authorizing your bank or credit union to allow your transactions to go through even if you are short money in your account. This will result in the financial institution charging you fees for the overdraft. Under the rules, if you opt-out your transaction will be denied.

To avoid bouncing checks, do the following:

- Every time you write a check, enter the amount into your checkbook register and subtract it from your balance. Make sure to list ATM, debit card, credit card, and online transactions in your register as well.
- Don't assume your account balance at the ATM is correct. If you made purchases that haven't been processed by your bank yet, the ATM balance will be higher than the amount of money you really have. The same is true for your online bank balance.
- When the bank mails or posts online your checking account statement each month, compare the bank's figures with your own and balance your checkbook. If you have questions, ask someone at the bank to help you.
- Keep your records safe. If you suspect someone else has gained access to your checking account, report it to your bank immediately. They can place a freeze on your account so it cannot be used.
- Overdraft protection may be an option, depending on the type of account. However, if you choose this feature, you will have to pay interest and fees on the little "loans" the bank gives you to cover your bounced checks. In many cases, a savings account can be linked to a checking account to cover overdrafts.

FINANCIAL AID

#7 UNDERSTAND YOUR FINANCIAL AID

Your financial aid package is very important. Make sure you know what you have to do to keep the money coming! Read the information about your financial aid carefully, and then file it in your Financial Aid folder.

What types of financial aid are you being offered? Is it free money like scholarships or grants, a job or a loan you need to repay? If it is a scholarship or grant, do you need to do something to renew it each year? Some scholarships, for example, require you to maintain a certain grade point average or to take part in events sponsored by the organization that awarded you the money. If you have a Work-Study job, there may be a requirement that says you can't work somewhere else in addition to your Work-Study job. Loans, too, have very specific obligations, especially in terms of repayment. Understanding your financial aid will help you ensure you continue to meet the eligibility requirements and help you determine exactly how much additional money you will need to pay for your education.

#8 KEEP LOOKING FOR FINANCIAL AID

Scholarships, grants, Work-Study jobs and loans aren't given only to incoming freshmen. You can keep applying for financial aid all the way through college. You may think that applying for a scholarship is a lot of work, but look at it this way: If you spend five hours working on a scholarship application and it pays \$250, you've earned \$50 an hour for your time ($\$250 / 5 = \50). Where else can you get a job that pays \$50 an hour?!

Stay on top of financial aid every year that you're in college. First, be sure you know what you need to do to keep the aid you already have! Then take these steps:

- Ask about scholarships available to students in your major.
- Apply for every form of aid you may qualify for regardless of the amount. Even a small grant will help pay for lab fees or books.

- Reapply for aid you didn't receive last year if your personal situation has changed, such as a sibling starting college or a drop in family income due to a job loss.
- Circle the dates! The most common mistake students make when applying for financial aid is missing deadlines. Mark important dates on your calendar so you don't miss them.
- Talk to your financial aid office. The professionals in the financial aid office are there to counsel and advise you. Talk to them—they can help you!
- Check out the Internet. Here are some websites to visit:
 - U.S. Department of Education (www.ed.gov)
 - Federal Student Aid (www.studentaid.ed.gov)
 - FinAid!—The Smart StudentTM Guide to Financial Aid (www.finaid.org)
 - Fast Web—financial aid search (www.fastweb.com)
 - College Board (www.collegeboard.org)

#9 WATCH OUT FOR SCHOLARSHIP SCAMS

To avoid becoming a victim of a scholarship scam:

- Don't fall for guarantees or claims that someone has information you can't get anywhere else.
- Know that legitimate scholarships never charge fees and the application information is available to everyone.
- Legitimate scholarship organizations have eligible students coming to them for scholarship dollars. Question any company that seeks you out with offers of awarded money, when you haven't applied to them first.
- Look for valid contact information on websites and publications, such as active telephone numbers and actual mailing addresses (not just P.O. boxes).
- For more information visit www.studentaid.ed.gov.



#10 USE LOANS AS A LAST RESORT

Think of student loans this way: They are an investment in your future, but they also will put you into debt. Many students spend 10 or 20 years repaying their college loans. As just one example, if you borrow \$31,000 in a Federal Stafford Loan, you will have to pay \$356.75 every month for 10 years. (This assumes a 6.8 percent interest rate and a 10-year payback period.) By the time you pay back the \$31,000 plus interest, you will have shelled out \$42,810! There are many different types of student loans, including those provided by the federal government and those provided by private lenders. Interest rates for Federal Stafford Loans may vary depending on when the borrowing occurs.

To find out the current interest rates for new student loans, visit the Federal Student Aid website

at www.studentaid.ed.gov. Private student loan rates and terms vary widely, therefore, research, read, and understand all of the terms prior to borrowing.

To graduate with as little debt as possible, keep looking for scholarships and grants—it's like finding "free" money. Also, use your summer work earnings to pay for college expenses. If you do take out a student loan, use it only to pay for school expenses. A student loan isn't money to blow on spring vacations or to pay off your credit cards. On the other hand, a Federal Stafford Loan that charges no more than 6.8 percent interest is always a better deal than putting your tuition bill on a credit card that charges 16 percent to 22 percent interest.

#11 UNDERSTAND YOUR STUDENT LOAN OBLIGATION

Before you accept a student loan, carefully review it. Make sure you know what you will have to repay and when. Keep in mind that private loans usually have higher variable interest rates than government loans and may go into repayment while you are still in school. Federal student loans have fixed rates and you do not pay them back while you are a student.

Also, understand that a student loan must be repaid. If you don't repay it, it will hurt your credit record. If you default on a federal student loan, the consequences may be even more severe and include garnishment of your wages or legal action. A poor credit record will make it difficult—even impossible—to get a loan in the future to buy a car or a house, and it could negatively affect your chances of getting a job.

In a few situations, the federal government may provide a loan payoff assistance. This means you will not have to repay part, or all of the loan. For example:

- Many law schools provide loan payoff assistance on law school loans for students who serve in public interest or nonprofit positions. Contact:

Equal Justice Works

www.equaljusticeworks.org

202-466-3686

- Groups such as the **National Health Service Corps (<http://nhsc.bhpr.hrsa.gov/>)** offer medical school loan payoff assistance programs to physicians who agree to practice for a set number of years in locations that lack adequate medical care (including remote and/or economically depressed regions).

- Many hospitals and private health-care facilities use loan payoff assistance to recruit occupational and physical therapists. Contact:

American Physical Therapy Association

www.apta.org

1-800-999-2782

American Occupational Therapy Association

www.aota.org

301-652-2682

- Congress recently created the **Loan Forgiveness for Public Service Employees Program**. If you're employed in certain public service fields after graduation, the new program provides for the cancellation of the remaining balance due on eligible federal student loans after you've made 120 monthly payments on those loans under certain repayment plans. For more information, visit www.studentaid.ed.gov and www.finaid.org.

- **Americorps (www.americorps.gov), Peace Corps (www.peacecorps.gov), and Teach for America (www.teachforamerica.org)** all have different loan forgiveness programs as well.

#12 SUBMIT A NEW FAFSA EVERY YEAR

To apply for federal financial aid, you must complete and file the Free Application for Federal Student Aid, more commonly known as the FAFSA. The FAFSA form may be completed online at www.fafsa.gov.

Keep these tips in mind when completing the form:

- Read the instructions carefully. Avoid common mistakes on financial aid forms—including missing deadlines and submitting incomplete information.
- Apply early! The FAFSA is available after January 1 every year. The earlier you get started in your financial aid search, the better your chances of finding the money you need. If the numbers on your and/or your parents' or guardians' tax returns end up being different from what you expected, you can update your FAFSA later.
- FAFSA forms are free and are good for one year only. Contact your college financial aid office or visit College Goal Sunday (www.collegegoalsundayusa.org).
- Most importantly—complete a FAFSA even if you don't think you qualify for financial aid, and even if you didn't qualify the previous year. Your eligibility may be impacted by the smallest change in your family's circumstances, so it is better to try each year than give up completely. Also, if there are unexpected changes or financial crises that surprise you, the financial aid office will already have the information they need to try and help.

#13

TALK TO A FINANCIAL AID OFFICER IF YOUR SITUATION CHANGES



If an unexpected event changes your financial situation—a parent loses a job or you're hit with a major medical bill—talk with your financial aid office. Based on the circumstances, you may have additional aid eligibility.

Even if you mismanage your money and get yourself head over heels in credit card debt—go to the financial aid office.

They can direct you to people or programs that can help you get back on solid footing. No matter how bad things may look financially, there's help. Talk to someone and get the help you need.

JOBS

#14 MAKE SCHOOL YOUR FIRST JOB



Many students work part time while going to college. Some even hold down full-time jobs. These students often report that they appreciate their education more because they worked to pay for it. They also leave school with an edge in the professional world because they have valuable work experience.

Working doesn't have to interfere with getting good grades, but it does mean you have to manage your time carefully. If at all possible, limit your work hours, at least at first. College is demanding and it can take time to adjust to the rigors of the academic workload.

Then, schedule your study time like you schedule work. Remember, school is your most important job right now. A college education will give you the biggest payoff down the road, so don't let anything else interfere with it. Go to class, participate in discussions, get to know your professors, and make sure you get out of every class what you need to know. After all, you're paying for it!

Before taking a job, check with your financial aid office. Ask if earning additional income will affect your eligibility for financial aid. If it will, calculate which will be more beneficial—the job or the aid. It rarely happens but it's good to check.

#15 LOOK FOR A JOB ON CAMPUS

On-campus jobs have several advantages over off-campus positions. You don't have to travel away from campus and on-campus jobs often have flexible hours that can adapt to student schedules. Visit your school's student employment office to find out about job openings on campus. Your professors also may know about jobs in their departments. If you can find a job that's related to your major, that's even better. Relevant work experience will look good on your resume when you look for a permanent position after graduation.

#16 TURN A HOBBY OR A SKILL INTO A MONEY-MAKING ENDEAVOR

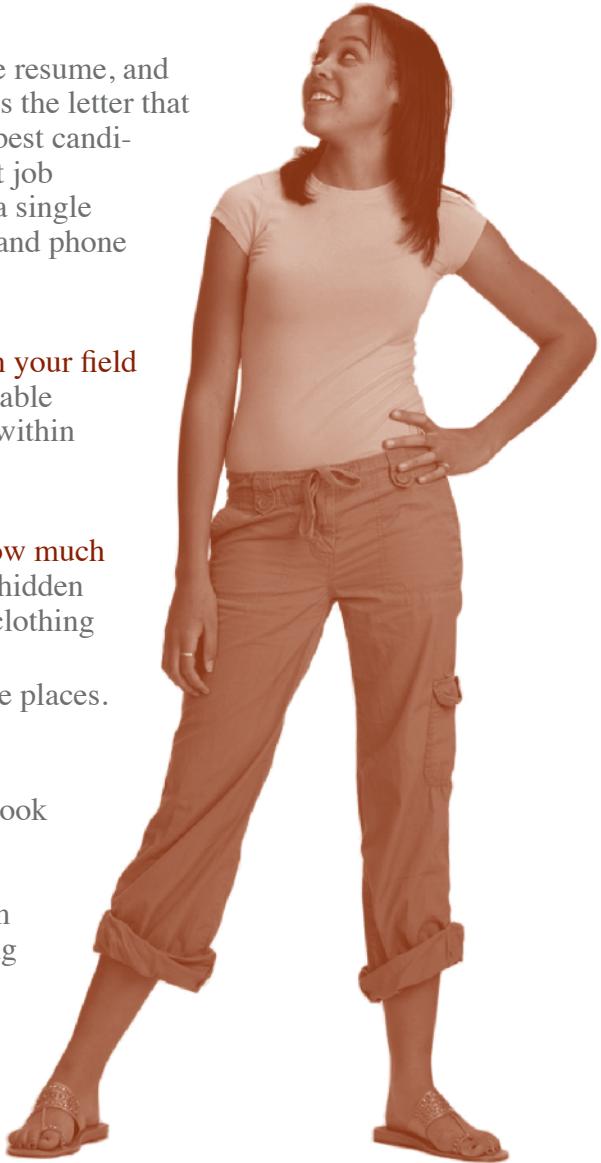
You don't have to work for someone else to make a few bucks. Being your own boss gives you the ultimate flexibility in balancing studying and working. You might offer house-sitting, baby-sitting, pet-sitting, dog-walking, tutoring, computer-troubleshooting, or car-detailing services; or selling handmade goods, such as jewelry, photography or paintings. Put your talents to work and become a young entrepreneur.

#17 TAKE TIME NOW TO PREPARE FOR YOUR CAREER

It's a smart move to take jobs throughout college that will get you ahead in your chosen field once you graduate. However, even if you don't work through college, you can take steps now to prepare for your first job.

Here are a few things to consider:

- **No matter how far off graduation seems to be, always attend on-campus interviews and career fairs.** It's never too early to hone your interview skills to make the best possible impression on your potential employer, and networking is crucial to landing a job.
- **Take advantage of the career center.** It has the resources to help you prepare for applications, interviews and the general job-hunting process.
- **Get your resume ready.** It is very important to create an effective resume, and it's important to craft a customized cover letter too. After all, it's the letter that allows you to express your interest in a job and why you're the best candidate. While you're at it, it's also helpful to be prepared to fill out job applications. Begin to gather all your important information on a single piece of paper—employment history, education, and the names and phone numbers of people who will serve as references.
- **Use online job resources to research companies that have jobs in your field of interest.** Look for internships too, as they can give you invaluable experience and often will prepare you for a permanent position within a company.
- **Figure out the salary range of jobs you research, and then see how much you will be making after taxes.** Also take into consideration the hidden costs of jobs, such as the money it will take to purchase proper clothing or the transportation to get to work. If you're looking for jobs in different locations, compare and calculate costs of living in those places.
- **Learn how to analyze benefits.** You'll want to review retirement benefits, analyze employee-provided health care coverage, and look at additional insurance offered by the employer. Also consider additional perks that may be available, such as employee stock purchase plans, company discounts, transportation passes, tuition reimbursement, and training or professional development. Taking all these factors into consideration will help you effectively compare multiple job offers.



#18 CHOOSE THE MEAL PLAN THAT WORKS FOR YOU

Many colleges allow students to choose a plan for meals eaten in the dorm's cafeteria. If you have a choice of meal plans, make sure you're using the right one for you. An unlimited plan may tempt you to get your money's worth in food, even though you'd be satisfied with lighter fare. If you're on a limited plan, but often hungry, consider switching to an unlimited plan. The increased cost can be balanced by what you save on expensive snacks.

Most importantly, if you have a meal plan, use it! You've already paid for the food. Don't pay again to eat somewhere else.



#19 SAVE ON SNACKS



Avoid buying sodas and snacks out of vending machines or from convenience stores. Instead, buy snacks at the grocery store and keep them in your room. If your dorm allows you to have a small microwave or refrigerator, share the cost with your roommate and buy snacks in large quantities to keep on hand. This way, you can stash some food in your backpack before heading to class and can avoid more expensive, less healthy options.

#20 USE THE DORM OR CAMPUS COMPUTERS INSTEAD OF BUYING YOUR OWN

Do you need your own computer at school? Certainly—if you already own one. But is a personal computer absolutely necessary? Probably not. Undergraduate schools compete for top-quality students. They know that access to the latest computing technology is on the must-have list for most prospective students. For this reason, universities devote considerable resources to the upgrading and maintenance of their all-access computer labs. Note, however, that some schools actually require you to have a laptop. Generally, you can use the school's printers, so you don't need to worry about bringing a large printer.

If you are considering bringing your own computer to college, a few things to consider include:

- **Cost:** Did you buy access to a drop-in computer lab when you paid tuition and fees, or are you charged a fee each time you use the facility?
- **Software:** Does the computer lab feature sophisticated software you can't afford for your own computer?
- **Maintenance and repair costs:** Do you own an older personal computer with a higher risk of hard drive failure or other mechanical problems?
- **Frequency of use:** Do you tend to use a computer for a few minutes during each paid computer lab session or in large blocks of time?
- **Convenience:** Can you walk to the campus computer lab? If not, would you have to drive more than a few miles?
- **Busy times:** Are computer lab workstations available during your preferred study periods?



#21 TALK TO YOUR ROOMMATES ABOUT MONEY ISSUES

Making a roommate relationship work for everyone requires planning, commitment, involvement, and sometimes, hard work. There are many advantages to having roommates—companionship, friendship, and the opportunity to share expenses and responsibilities are just a few of those advantages. But there can be a downside too—for example, if you find out too late that your roommate never pays his or her bills or is reckless with property. For these reasons, it makes sense to sit down and set some ground rules prior to moving in.

One of the ground rules should be about money. Talk to your roommate about how you will share the costs of things you might need for your room, how you'll handle shared bills, and what your policy will be about lending money to each other.

A hint: It's probably better not to lend money to your roommate or anyone else. You'll avoid a lot of hard feelings if someone doesn't pay back the money.

#22 COMPARE THE COST OF AN APARTMENT WITH THE COST OF A DORM ROOM

College students often think they can save money by living off campus. There are, however, a lot of expenses that go with apartment living that you should consider before you make the move. Since you may or may not save money by moving out of the dorm, you'll have to balance your reasons—which are not always just about money—with the costs. Many landlords require students to sign 12-month leases, but students may only be in school eight to nine months out of the year. They need to think about how they will cover the rent for those months they are not in school.

Costs for off-campus housing add up quickly. To decide if it's going to be cheaper to live in the dorm or off campus, estimate the costs for the following items and compare the total to the cost of your current dorm living.

CATEGORY	COST
RENT	
UTILITIES	
PHONE	
INTERNET	
CABLE	
FOOD	
LAUNDRY	
MISC.	

CATEGORY	COST
TRANSPORTATION	
RENTER'S INSURANCE	
HOUSEHOLD FURNISHINGS	
PETS	
GAS	
PARKING FEES	
TOTAL =	

APARTMENTS

#23 PAY THE RENT ON TIME

If you opt for an apartment, always pay the rent on time. This will help you build good credit. However, if something unavoidable happens and the rent will be late, call your landlord immediately. Explain the situation and try to make at least a partial payment by the due date. Then, give the landlord a definite plan for paying the rest.

If your lease says there is a penalty for paying late, expect to pay it. If you're really short on money, ask the landlord if you can do some chores (yardwork, exterior painting, odd jobs) to pay for part of the rent. Or, see if your landlord is willing to accept lump sum payments if you receive financial aid refunds each term. That way you can pay your rent for a certain number of months up front when you have the money. Keep communicating with your landlord and be honest and realistic about your situation. Keeping the lines of communication open will go a long way toward encouraging your landlord to work with you on this problem.

#24 SET GROUND RULES REGARDING MONEY

Talking to your roommates about money issues is especially important when you have an apartment because there are many more issues involved. Make sure you and your roommates are very clear about how you will share the costs of everything. Here are some examples:

- Will you shop together and split the food bill, or will each of you buy your own food?
- How will you share other household staples like groceries and other supplies?
- What if one person wants to turn up the heat and the other wants it down?
- What happens if one roommate damages the apartment and the landlord refuses to return your security deposit?
- What will you do if one of your roommates moves out before the lease expires?



These are important issues that could end up costing a lot of money. Discuss these situations with your roommates before a problem comes up. ***Even better, put your agreement in writing and have each roommate sign the agreement.***

CUTTING EXPENSES

#25 RESIST PEER PRESSURE

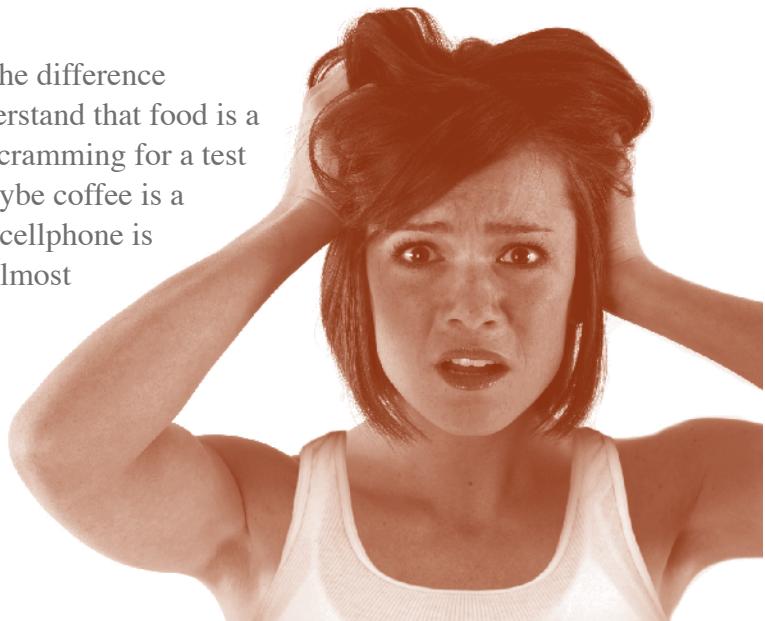
Many students report that they sometimes feel pressured by college friends to spend money that they don't have. ***A few strategies to deal with the situation include:***

- Write down your long-term goals and how a college education will help you reach them. Read this list often to remind yourself why you have made the financial commitment to attend college.
- Go with your friends to free or low-cost college events, such as lectures, dances, sporting events, and movies.
- Keep track of how much you spend on everything. If you're spending more than you can afford, make changes. The spending plan worksheet on pages 27-28 can help.
- Be willing to say "No, I can't afford to do that." Many students don't have much money, but sometimes they are unwilling to admit it. Your willingness to be honest and live within your means sends a strong message to your friends that you are both confident and responsible.

#26 SEPARATE NEEDS FROM WANTS

To save money, it helps to really understand the difference between needs and wants. And you probably do understand that food is a need and a latte is a want. But some mornings, after cramming for a test or working late, a latte is sure to feel like a need. Maybe coffee is a need but gourmet coffee drinks are a want. Maybe a cellphone is a need for personal safety but custom ringtones are almost assuredly a want.

When spending your money, think about what's really important to you and what has lasting value. Considering needs and wants should help you identify ways to save money and meet your goals.



#27 TAKE ADVANTAGE OF STUDENT DISCOUNTS

Going to the movies, riding the bus, or even ordering pizza might cost less if you show your student I.D. There may be other perks as well. For example, ask the bank if it has student checking accounts that cost less.

If you have a car, find out if the insurance company provides a discount for students with good grades or for students who attend school more than

250 miles away and plan to leave their car at home. Will you be flying home for the holidays? Ask about student discounts and make your reservations far enough in advance to qualify for lower fares.

Other ways to take advantage of your student status and save money include buying used textbooks or buying books discounted online and receiving free or low-cost health care at campus health centers.

#28 DON'T LET CAR EXPENSES DRIVE YOU CRAZY

Ask yourself: Do I really need a car at college? Most campuses are designed for students who walk, bike, or ride the bus. Some colleges don't allow freshmen to bring their cars to school at all. Selling your car, or leaving it at home, can be a real money saver for college students.

If a car is a necessity, here are a few tips for keeping the costs down:

- Drive safely. Insurance companies charge less for drivers who have no traffic tickets or accidents.
- Shop for insurance. By law, you must have insurance on your car. Call several companies and compare prices. Ask if there are special discounts for students with good grades. If you have an older car, consider carrying only liability coverage instead of paying for a more expensive comprehensive policy.
- Combine errands so you only take your car out once.
- Park your car in the cheapest lot on campus—even if that means you have to walk farther to class.
- Get routine car maintenance done on time. You'll extend the life of your car and avoid more costly repairs.

#29 KEEP TRACK OF YOUR SPENDING ACCOUNT

Some colleges set up special spending accounts for students. When you put a certain amount of money into the account, you receive a card to use to make purchases for food, services, and other items around campus. These student accounts are handy, but watch out! It's easy to lose track of how much you are spending.

One idea: Get a small notebook and write down the cost of everything you buy with your account, just like you would write down every check you use. That way, you'll know at a glance how much you've spent and how much you have left. You'll also have a record in case of mistakes.

#30 PLUG EVERYDAY SPENDING LEAKS

It's often the small purchases you make without thinking twice that add up over time. To avoid this, keep your money in the bank instead of in your wallet. The less cash you have handy, the less tempted you will be to spend it.

Here are a few other ways to stretch your money while you are in school:

- Cut out costly habits, such as smoking cigarettes or buying expensive coffee drinks.
- Shop at thrift stores, garage sales, or flea markets for everything from furniture to sports equipment.
- Avoid rent-to-own stores, pawnshops, and check-cashing stores. They will end up costing you a lot in the long run!
- Make a shopping list and stick to it so you won't spend on impulse. Clip coupons to save even more.
- When possible, use your bike instead of your car. You'll save on gas and parking expenses.
- Limit the number of songs and ringtones you download or avoid the expense completely!
- Go to free on-campus movies or check out DVDs from the library.

#31 CREATE A BUDGET AND STICK TO IT

One of the best ways to keep track of your money is to use a spending plan or budget. Think of a budget as your financial map. It tells you exactly how much money you have coming in every month, where you must spend it and where you might be able to save a few dollars.

Income and expense worksheets are provided at the end of this booklet. Make several copies of them so you can fill out a new one whenever your financial situation changes.

CREDIT AND DEBT

#32 BUILD GOOD CREDIT

“Good credit” means that you pay your bills on time and you repay your loans as promised. A good credit record will enable you to take out a loan if you want to buy a car or house or start a business someday. Many employers check credit reports, so good credit may even help you land your dream job one day.

Here are five steps for building good credit:

1. Pay basic expenses, such as rent and utilities, on time.
2. Make loan and credit card payments on time.
3. Pay loans before you spend money on other purchases.
4. Apply only for the credit you need. (If you apply too often, lenders might think you are in financial trouble.)
5. Do not bounce checks.

Good credit allows you to take out a loan for big purchases like a car or a house.

Credit-reporting agencies keep track of your debt and how you pay your bills. Often, they provide this information to businesses when you apply for a loan, apply for a job, or look for an apartment. To order a copy of your credit report, contact one of the three major credit-reporting agencies or the centralized Annual Credit Report website:

- Equifax: www.equifax.com, 1-800-685-1111
- Experian: www.experian.com, 1-888-397-3742
- TransUnion: www.transunion.com, 1-800-888-4213
- Annual Credit Report: www.annualcreditreport.com

#33 AVOID CREDIT CARD PUSHERS

Recently, a major U.S. university reported that it lost more students to credit card debt than to flunking out!

Many times colleges and universities allow vendors that promote credit cards to set up on campus. These vendors offer everything from free T-shirts to duffel bags if students will apply for their card. The result—many college students fall into the trap and easily acquire credit cards they don’t need without always fully understanding the fine print. They often end up

drowning in debt. It can take years to pay off these debts.

Don’t give in to credit card pushers. If you think you need a credit card, get only one and make sure to pay off the balance each month. Don’t be afraid to request a smaller limit than the credit card company may set for you automatically. Reducing your limit to a manageable amount will help you control your charging and make sure your balance never exceeds your ability to pay.

#34 TAKE CONTROL OF YOUR CREDIT CARD

If you decide you must have a credit card, **manage it wisely.**

Here are eight ways to take control of your credit card:

- 1.** Keep only one credit card.
- 2.** Shop around for a card that has no annual fee, a lower interest rate, and a 20- to 30-day grace period (the amount of time you have to pay for new purchases before interest is charged). Avoid cards that charge a one-time processing fee and cards with low introductory interest rates that shoot up in a few months. You can shop for the best credit card deals on the Internet.
Visit Bankrate at www.bankrate.com.
- 3.** Consider getting a credit card that's secured by a bank deposit, meaning that you have enough money in a savings account to equal the credit limit on the card. A secured credit card can help you get used to handling credit while building a good credit history.
- 4.** Don't charge anything you can't pay for right away.
If you have a real emergency, allow yourself three months to repay the charge in full.
- 5.** Mail the payment several days before the due date so you won't be charged a late fee. Pay the whole balance. If you can't, at least pay more than the minimum due to keep interest charges down.
- 6.** Think of your credit card as a loan. Before you pull out your credit card, ask yourself, "Would I really go to the bank and take out a loan to buy this?"
- 7.** Subtract your credit card purchases from your checking account so you'll have enough money to pay the bill in full each month.
- 8.** Do not use a cash advance from a credit card unless you have a serious emergency. You'll probably pay a fee for the money, and you'll be charged interest immediately.



#35 GET HELP IF YOU GET INTO DEBT TROUBLE

*Make sure to seek help
if you find yourself
in debt trouble.*

Are you in debt trouble?

You may be if any of these sound familiar:

- You don't know how much money you owe.
- You use credit cards to pay normal bills.
- You borrow from one credit card to pay another.
- You make only the minimum payment on your credit card bill.
- You miss payments or you pay your bills late.
- Creditors telephone you to ask where their money is.
- You get a job just to pay off your credit card.

If you find yourself in this kind of debt trouble, talk to someone! People you might talk to include the dorm's resident advisor, a financial aid officer or a psychologist at the campus medical center. You also can contact a nonprofit debt-counseling organization, such as the National Foundation for Credit Counseling (www.nfcc.org or **1-800-388-2227**). Also, talk to your parents or guardians. They can be your biggest ally in helping you get out of a financial jam—but it's up to you to show them that you won't make the same mistake twice.



SAVING AND INVESTING MONEY

#36 GET INTO THE SAVINGS HABIT

When you save and invest, you put your money to work for you.

Learning to save money requires discipline and a frugal perspective toward spending. It is, however, possible to teach yourself to save money in small increments. If you can learn to save a little bit at a time, you may soon realize you don't even miss the amounts you are saving. Those small amounts add up to a significant sum over time.

#37 LEARN THE POWER OF COMPOUNDING

Take advantage of the magic of compound interest. It can make small savers who start young into millionaires by retirement. Compounding means your money earns money—and the earnings on your money earn money. If you save \$80 today and earn 10 percent interest on that amount, you will have an extra \$8 after one year. The second year you will earn 10 percent on your \$80 and on the \$8 you earned the previous year. Even if you only have a small amount of savings, the longer you let it earn compound interest, the more significant the results.

#38 PAY YOURSELF FIRST

One way to get into the habit of saving money is to “pay yourself first.” That means putting money in your savings account before you spend it on other things.

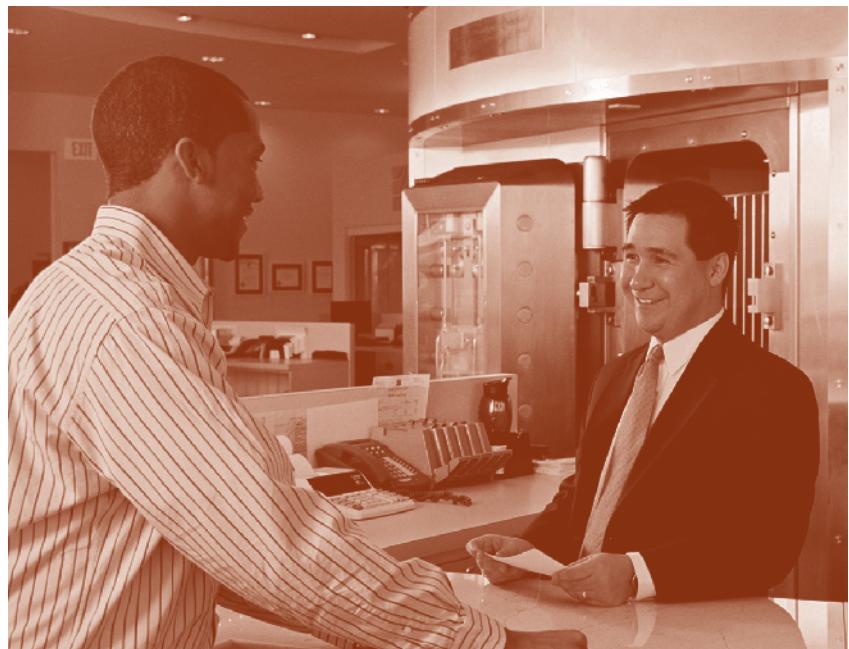
It doesn’t matter how small you start. Pretty soon, saving even \$10 a month will add up. If you save that money in an account that earns interest, it will grow even more quickly. **Try these tips:**

- Include savings as part of your spending plan or budget.
- Have your employer or financial institution automatically deduct money from your paycheck and deposit it into a savings account.
- Put any tax refund, raise, bonus, or gift you receive into savings rather than spending it.
- Put \$1 a day plus your loose change in a jar or envelope. By the end of the month, you may have \$50 or more to deposit into your savings account.
- You’ll be more motivated to save if you have a goal for the money. One goal should be to set aside a few hundred dollars for an emergency. That way, you won’t have to rely on credit cards or call your parents or guardian to bail you out.

#39 LEARN ABOUT YOUR OPTIONS FOR SAVING AND INVESTING MONEY

Bank savings accounts are just one place where you can save your money. You also can invest your money in mutual funds, stocks, bonds, and real estate. ***Your savings options include:***

- **Savings accounts:** Offered by banks and credit unions, savings accounts have low minimum deposits, and they are considered among the safest places to put money and earn a guaranteed rate of interest. They are usually government insured, and you can easily withdraw your money.
- **Money market accounts:** Offered by many banks, credit unions, and mutual fund companies, money market accounts work like checking accounts but pay higher interest rates than savings accounts. Money market accounts often require higher minimum balances.
- **U.S. savings bonds:** When you buy a savings bond, you are loaning money to the government for a set period of time. The government agrees to pay you a specific interest rate, which is usually higher than a savings account.
- **Certificates of Deposit (CDs):** These are basically loans to the institution from which you purchase them. They typically offer higher interest rates but require you to keep your money in them for a set period of time—six months, one year, two years, or longer.
- **Stocks:** Stocks are small pieces (“shares”) of the company that issued the stock. Over longer periods of time, stocks tend to generate higher rates of return, but they can be risky.
- **Mutual funds:** When you buy a mutual fund, you pool your money with other people’s money—and become part owner of a “portfolio” of stocks, bonds, or other assets held by the fund. They are similar to stocks in that share prices change daily and you can lose money, but they do offer you a way to diversify investments and not have “all of your eggs in one basket.”



#40 NET WORTH IS NOT THE SAME AS SELF-WORTH

Money is important, but it's not everything. Good friends, strong values and work you enjoy count for more than all the money in the world. Money is only a vehicle to help you get where you want to go. Manage it well: cut the little expenses that add up, avoid borrowing money at high interest levels, and watch your money grow as you save and invest. This way, you'll feel a sense of accomplishment and your money will help you reach your goals.

Good luck!



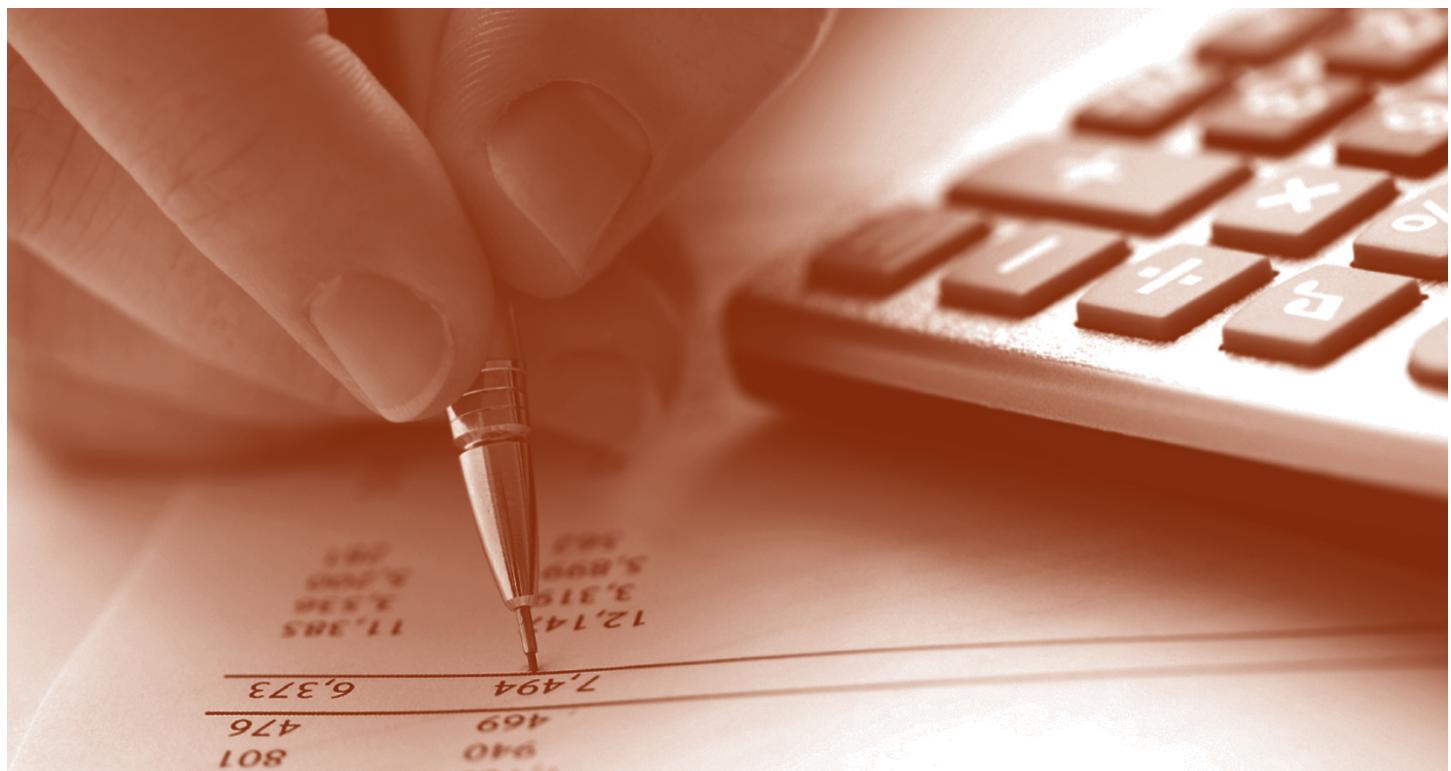
SPENDING PLAN WORKSHEET

Step 1: Identify Income

Use this worksheet to estimate your monthly income. Do not count as income any financial aid that is paid directly to the college rather than sent to you. You are not responsible for managing that money. If you receive some of your financial aid in a lump-sum payment or refund, divide the total amount by the number of months it must last.

Monthly Income Worksheet

Sources	Per Month
Financial aid (grants, loans, scholarships) <i>paid directly to you</i>	\$ _____
After-tax wages from a job	\$ _____
Financial help from family	\$ _____
Withdrawals from savings	\$ _____
Other (child support, public assistance, gifts, etc.)	\$ _____
Total Income	\$ _____



Step 2: List Expenses

Use this worksheet to estimate your monthly expenses. If you are not sure how much you spend every month, start a spending notebook. Write down what you spend on **everything** for the next two or three months—including small purchases, such as cups of coffee and magazines. At the end of the time, add up what you have spent, divide by the number of months, and use the results to complete the worksheet. Do not list as an expense any tuition or fees that are paid directly to the college by your financial aid sources. You are not responsible for managing that money.

Monthly Expenses Worksheet

Sources	Per Month	Sources	Per Month
Savings*	\$ _____	Entertainment (movies, dates, concerts)	\$ _____
Tuition and fees you are responsible for paying <small>(exclude those costs directly covered by financial aid)</small>	\$ _____	Other	\$ _____
Textbooks	\$ _____	Total Expenses	\$ _____
School supplies	\$ _____	*If you think of saving money as a regular monthly expense, you will be more likely to get into the savings habit.	
Rent, mortgage, or dorm room	\$ _____	Step 3: Compare Income and Expenses	
Food (groceries or meal plan)	\$ _____	Write down your total monthly income (<i>from Step 1</i>)	\$ _____
Utilities (heat, water, electricity)	\$ _____	Write down your total monthly expenses (<i>from Step 2</i>)	\$ _____
Telephone/cable/Internet	\$ _____	Subtract expenses from income and list amount here	\$ _____
Transportation (gas, car payment, travel at holidays)	\$ _____	Step 4: Set Priorities and Make Changes	
Insurance (car, health, renter's)	\$ _____	Was there money left over at the end of the month? Congratulations! If you treat it wisely (for example, putting it into a savings account), you will be on your way to reaching your goals. If you came up short, review your spending plan to figure out where you can cut some expenses or increase your income (or both).	
Child care	\$ _____		
Loan/credit card payments	\$ _____		
Donations	\$ _____		
Snacks/dining out	\$ _____		
Clothes	\$ _____		

RESOURCES

Funding Education Beyond High School: The Guide to Federal Student Aid

Visit www.studentaid.ed.gov, click on Tools and Resources, then Publications

American Institute of Certified Public Accountants

www.feedthepig.org

America Saves

www.americasaves.org

AmeriCorps

www.americorps.gov

Bankrate

www.bankrate.com

CashCourse

www.cashcourse.org/lite

Choose to Save

www.choosetosave.org

College Goal Sunday

www.collegegoalsundayusa.org

Consumer Federation of America

www.consumerfed.org

Credit Reports

www.annualcreditreport.com

Credit Reporting Agencies

www.equifax.com

www.experian.com

www.transunion.com

Federal Reserve Education

www.federalreserveeducation.org

Federal Student Aid

www.studentaid.ed.gov

FinAid! The Smart Student™ Guide to Financial Aid

www.finaid.org

Free Application for Federal Student Aid
(FAFSA)

www.fafsa.gov

The Investor's Clearinghouse

www.investoreducation.org

National Association of Student Financial Aid Administrators (NASFAA)

www.nasfaa.org

National Endowment for Financial Education
(NEFE)

www.nefe.org

National Foundation for Credit Counseling

www.nfcc.org

Opt Out: Stop most credit card offers by visiting

www.optoutprescreen.com

or call **1-888-5OPT-OUT (567-8688)**

Peace Corps

www.peacecorps.gov

Smart About Money

www.smartaboutmoney.org

Spendster

www.spendster.org

Teach For America

www.teachforamerica.org

U.S. Department of Education

www.ed.gov

40 MONEY MANAGEMENT TIPS EVERY COLLEGE STUDENT SHOULD KNOW

was written and prepared as a public service by the Denver-based National Endowment for Financial Education® (NEFE®), Ted Beck, President and CEO; Brent A. Neiser, CFP, Director of Strategic Programs and Alliances; Mary J. Schultz, MNM, Project Manager; Amy B. Hartenstine, Director; and Mary Hoch, Associate.



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