

Life After High School: Money Matters

Savings/Budgeting:

You probably have heard about saving money or even budgeting during your adulthood. That's awesome you should **do it!** A great way to start saving up your money is to have a **Bank Account** (or **Checking Account**), especially have a **Savings Account** and save up at least 10% of every paycheck you'll get.

To open a Savings account is easy:

- Show up at the bank of your choice. Credit unions generally have far better deals for students than for-profit banks (Wells Fargo, Chase, Bank of America, etc.) and will help you avoid hidden fees, especially if you have a low account balance.
- Ask to open a Savings Account (if it's your first time, ask for a Checking Account too)
 - Present necessary information (ID, Passport, Debit Card if you have one already)

How can I budget?

- Free budgeting apps like [Mint](#) are available that can link to your bank/credit card/loans and help you set budgets and goals or keep track of bills.
- You Need A Budget (YNAB) - offers free classes on budgeting/cutting spending/credit cards, etc.
- Create a list of expenses and income.
- Remember to keep track of your spending and set reasonable goals.

Taxes:

Doing taxes is not that hard. You can do it with the ease of your home computer and under a couple of minutes. The 1040EZ form is usually true to its name, especially for students. Take a look at it first, and then try the full form. Everything is step by step, and there are detailed instructions to guide you.

Some easy and free services are:

- [Turbo Tax](#) - usually it's free to file online if you file before a certain date in late February/early March (they will let you know via e-mail once you do your taxes with them the first time). It's actually fairly straightforward and calming, if you have a lot of anxiety around doing taxes.
- [Credit Karma Tax](#)
- [HR & Block](#)

How to File:

- Choose your service (Turbo Tax, HR & Block, etc.)
- Sign up/in
- Have your documents ready (for example, **W-2**, **1098T**, varies person to person)
- Write in your info
- Choose the free version (don't pay if you don't have to)
- File and let the IRS do its magic
- Congrats you're done (just wait a couple of days to get your refund)

COLLEGE STUDENT BUDGET



Financial Aid & Income

	Actual	Expected	Difference
● FIN. AID			
● JOB			
● EXTRA			

Expenses

● TUITION			
● FEES			
● HOUSING			
● DINING			
● HEALTH			
● PHONE			
● CAR/BUS			
● FUEL			
● INSURANCE			
● OTHER			

Avoiding Credit Card Woes

If you haven't already, be prepared when you turn 18 to be bombarded by credit card offers. Using credit cards responsibly can build good credit, but you can quickly become overwhelmed if you aren't careful. Keep these tips in mind to help you stay money-conscious and avoid credit card woes.



Don't fall for free gifts or promotions. Many credit card companies lure in college students by offering incentives. Under the CARD act of 2009, credit card companies can no longer offer "any tangible item as a gift" on campus or within 1000 feet of campus. However, companies can still offer incentives at locations away from campus. Gift cards, t-shirts, backpacks, coolers, airline miles - are they really worth damaging your personal credit? Your credit score decreases each time a new inquiry is run in your name, so choose one or two cards and stick with them for the long run.

Shop around for a card. Before you sign up for a credit card, be sure to read the fine print. Try to find a card that offers no annual fee and a low finance charge.

Open an account with a low credit limit. A low credit limit makes you less likely to accrue a lot of debt. Even if you're approved for more, ask for a limit of under \$1,000 and plan to charge much less.

Pay full amount each month. If you always pay the total balance, then you will build a good credit rating and avoid credit card trouble and big finance charges. With a finance charge of 18% on a \$1,000 balance, making minimum payments could take 12 years to pay off and cost an additional \$1,115 in interest. If you cannot pay your balance off in full each month, adding even \$25-\$50 above the minimum payment helps.

Pay bill on time every month. If you send in late payments, not only will it hurt your credit score, but you will also be charged late fees. Make sure you know when your payment is due each month, so you can avoid those extra charges.

Avoid cash advances. Most fees for cash advances are steep and interest rates are often higher. If you need cash, use a debit card.

Avoid impulse shopping. Charging an occasional slice of pizza and a soda is fine, but purchases like that add up quickly. Treat your credit card like a checking account. Use it only for emergencies or when you know you can pay off the balance in full when your bill arrives.

Monitor your credit report. Review your report annually and question any discrepancies. Credit agencies can make mistakes.

<http://ecampustours.com/for-students/campus-life/College-Budgets-101/avoiding-credit-card-woes#>

Why use a credit card over a debit card?

- **Better fraud protection.** When fraudulent charges occur on a credit card, it is your creditor who has to fight to get their money back. If they occur on a debit card, it is you who needs to fight to get your money back. Sure, some banks may advertise that you are not liable for fraudulent debit card charges, but they will likely place a high burden of proof on you to convince them that you did not make the charges in question before they are willing to give you your money back. It really sucks being unable to access your money while waiting for the bank to sort things out. With a credit card, you do not have to pay for the fraudulent charges until the dispute is complete, and only if the dispute is settled against your favor.

- **More recourse if you never receive something you ordered.** If you make a purchase with a credit card, you can file a dispute if you never received the goods or services you ordered, or if they are damaged during shipping. With a debit card, the transaction can be reversed only if the merchant agrees.
- **Avoid having your money tied up.** Upon check in at a hotel, or paying for gas at the pump, a hold will be placed on the card you present. This is for the hotel to have recourse if you trash your room, or for the gas station to ensure that you have enough to fill up a tank (whether or not that is what you actually intend to do). With a credit card, you will have some of your credit line tied up, but it is not your own money which access to is being restricted. With a debit card, your own money is tied up and cannot be used until the hold is released. The hold is usually released by the hotel or gas station once everything checks out and the final charge is determined. However, your bank is ultimately in control of when you may access your funds again.

Managing Debt:

So you've bought more than you meant to, or got your hours slashed by your boss for no reason, or really anything. No matter how, you've gotten some additional debt, so how can you manage it?

First off, do what you can to make all your minimum payments on time. LATE FEES ARE TERRIBLE.

- Make a schedule, and mentally 'pre-pay' those bills and remove the temptation to spend that money.
- Next, allocate your *extra* funds to pay down the debt with the highest interest rate first. This is often called the "Waterfall Method". When it's paid off, pay down the next-highest interest rate. And so on. This will mathematically save you the most money month over month.

Student loans. As far as loans go, these are not that bad, rate wise. And the interest you pay each year is tax-deductible, essentially lowering how much they cost by a bit.

8 Personal Financial Tips for Young Adults

You might be fairly clueless about how to manage your money when you're out in the real world for the first time. If you think that understanding personal finance is way above your head, though, you're wrong. All it takes to get started on the right path is the willingness to do a little reading.

To help you get started, we'll take a look at eight of the most important things to understand about money if you want to live a comfortable and prosperous life.

1. Learn Self Control

If you're lucky, your parents taught you this skill when you were a kid. If not, keep in mind that the sooner you learn the fine art of delaying gratification, the sooner you'll find it easy 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. Do you really want to pay interest on a pair of jeans or a box of cereal? If you make a habit of putting all your purchases on credit cards, regardless of whether you can pay your bill in full at the end of the month, you might still be paying for those items in 10 years. If you want to keep your credit cards for the convenience factor or the rewards they offer, make 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 of Your Own Financial Future

If you don't learn to manage your own money, other people will find ways to (mis)manage it for you. Some of these people may be ill-intentioned, like unscrupulous commission-based financial planners. Others may be well-meaning, but may not know what they're doing. Instead of relying on others for advice, take charge and don't let anyone catch you off guard - whether it's a significant other that slowly siphons your bank account or friends who want you to go out and blow tons of money with them every weekend. Understanding how money works is the first step toward making your money work for you.

3. Know Where Your Money Goes

It is important to make sure your expenses aren't exceeding your income. The best way to do this is by budgeting. Once you see how your morning java adds up over the course of a month, you'll realize that making small, manageable changes in your everyday expenses can have just as big of an impact on your financial situation as getting a raise. In addition, keeping your recurring monthly expenses as low as possible will also save you big bucks over time. If you don't waste your money on a posh apartment now, you might be able to afford a nice condo or a house before you know it.

4. Start an Emergency Fund

One of personal finance's oft-repeated mantras is "pay yourself first". No matter how much you owe in student loans or credit card debt and no matter how low your salary may seem, it's wise to find some amount - any amount - of money in your budget to save in an emergency fund every month. Having money in savings to use for emergencies can really 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

Just as you headed off to kindergarten with your parents' hope to prepare you for success in a world that seemed eons away, you need to prepare for your retirement well in advance. The sooner you start saving, the sooner you'll be able to call working an "option" rather than a "necessity". Company-sponsored retirement plans are a particularly great choice because you get to put in pretax 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.

7. Guard Your Health

If meeting monthly health insurance premiums seems impossible, what will you do if you have to go to the emergency room, where a single visit for a minor injury like a broken bone can cost thousands of dollars? If you're uninsured, don't wait another day to apply for health insurance; it's easier than you think to wind up in a car accident or trip down the stairs. You can save money by getting quotes from different insurance providers to find the lowest rates. Also, by taking daily steps now to keep yourself healthy, like maintaining a healthy weight, exercising, not smoking, and not consuming alcohol in excess, you'll thank yourself down the road when you aren't paying exorbitant medical bills.

8. Guard Your Wealth

If you want to make sure that all of your hard-earned money doesn't vanish, you'll need to take steps to protect it. If you rent, get renter's insurance to protect the contents of your place from events like burglary or fire. Disability 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. If you want help managing your money, find a fee-only financial planner to provide unbiased advice that's in your best interest, rather than a commission-based financial advisor, who earns money when you sign up with the investments their company backs.

<http://www.investopedia.com/articles/younginvestors/08/eight-tips.aspx>



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