

FINANCIAL TIPS EVERY COLLEGE STUDENT SHOULD KNOW

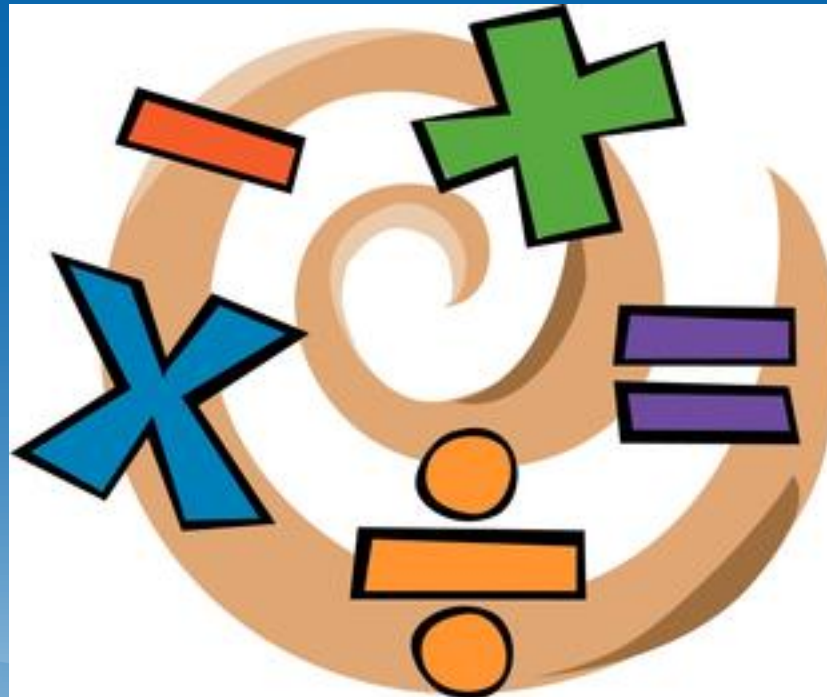
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Today's Agenda

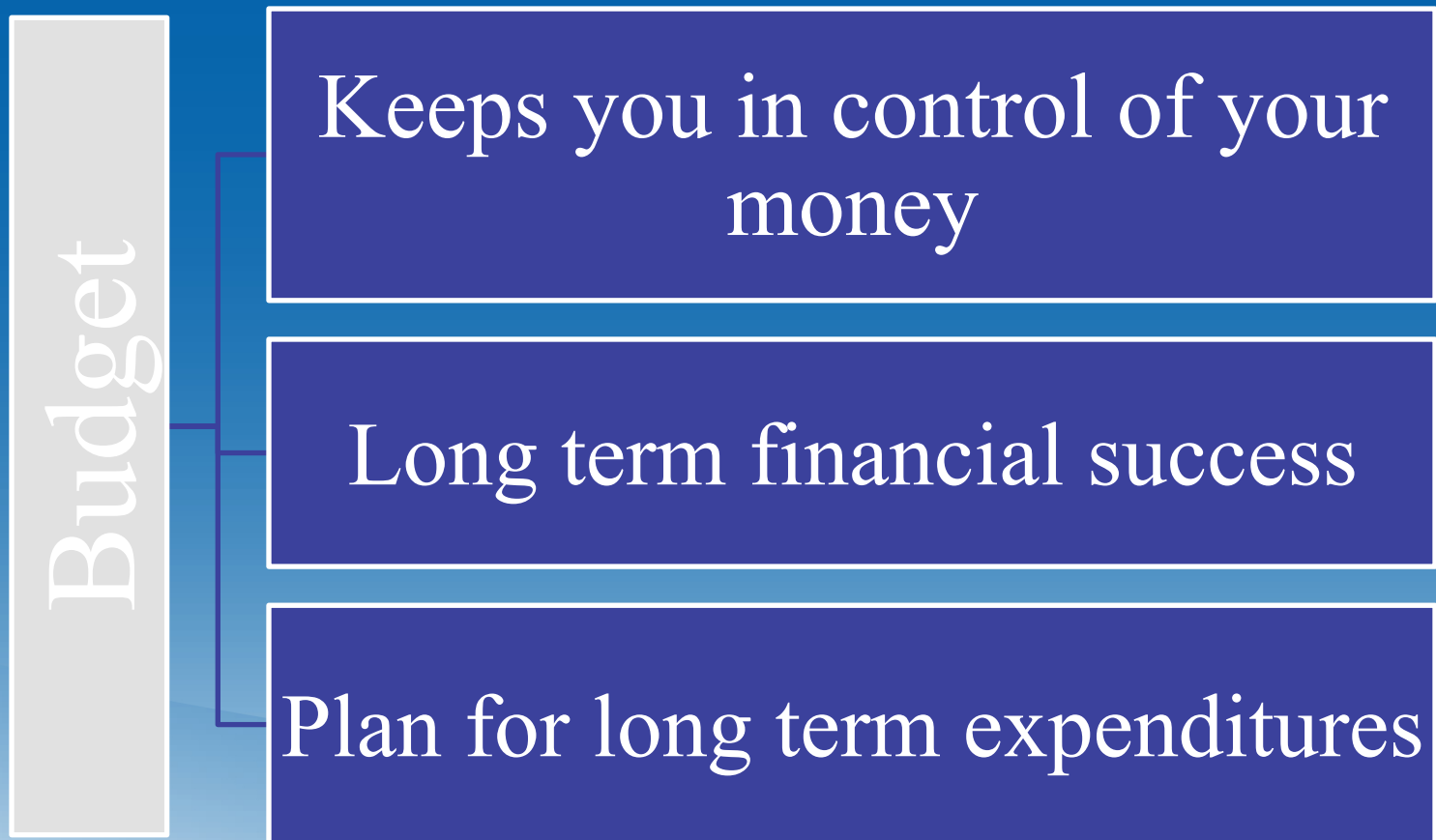
- Why budgeting is important
- Budgeting exercise
- The importance of credit
- How to pay for college
- Q&A
- Wrap up

About Me

Budgeting



Why Budget?



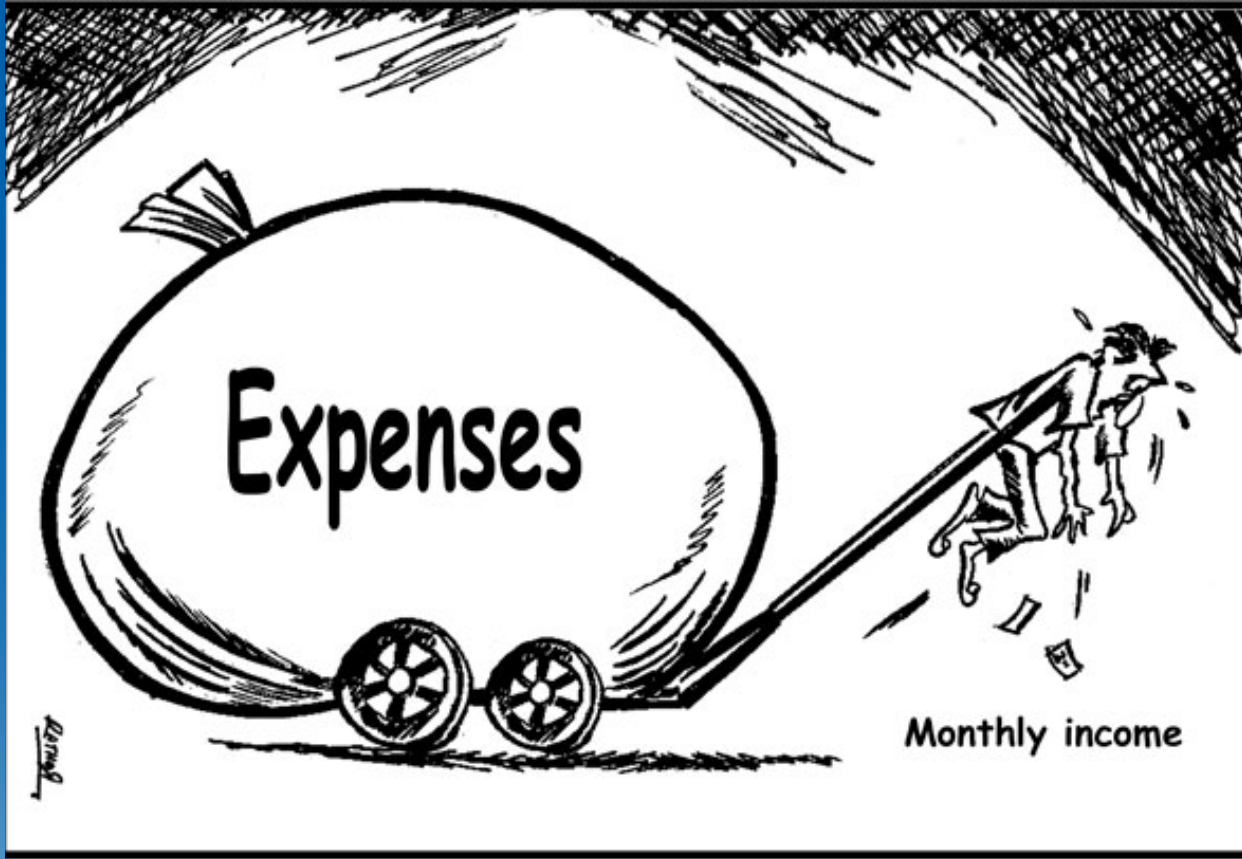


Budgeting Basics

Make a new budget before the month begins

Budgeting Basics

- Prioritize needs first
- Assign categories to spending
- Use a zero based budget
 - Have nothing left over and money assigned to every category
- Determine needs vs. wants
- Write it down!



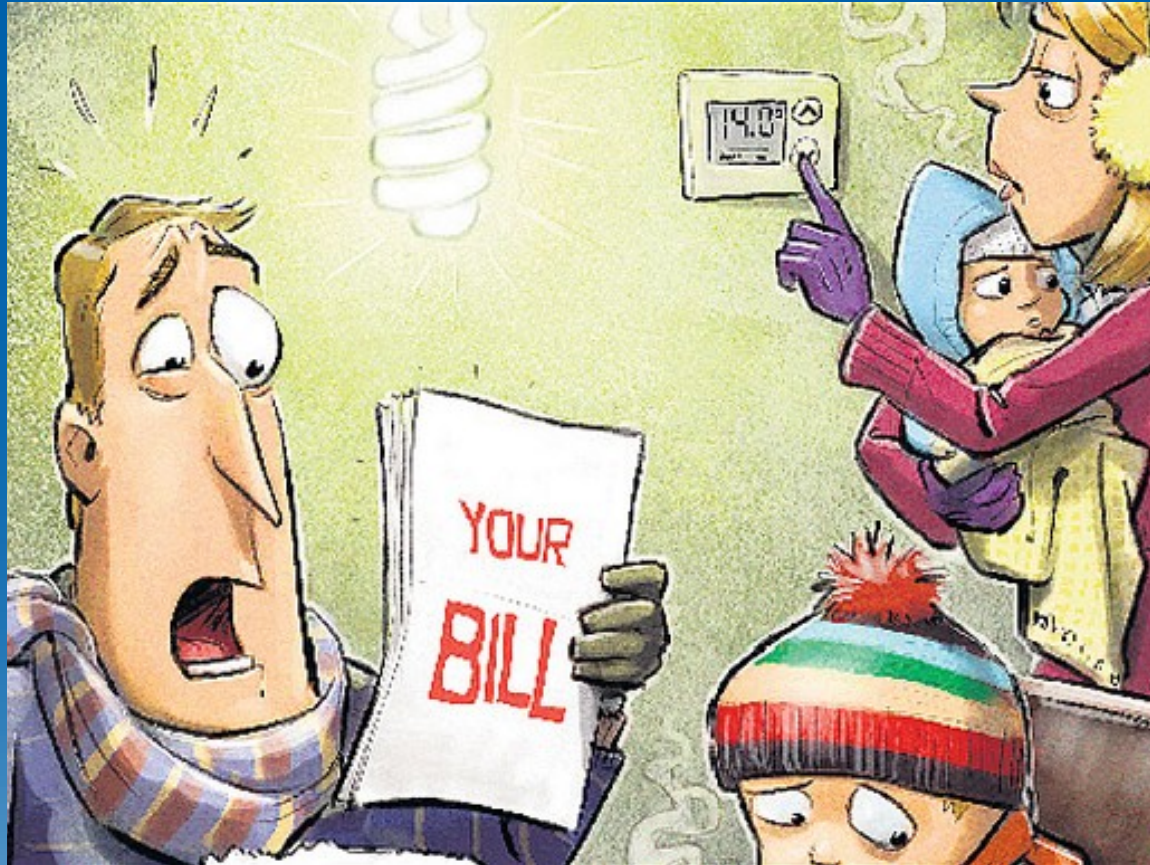
Expenses

Rent, utilities, groceries, fuel, auto insurance, clothing, cell phone



Fixed expenses

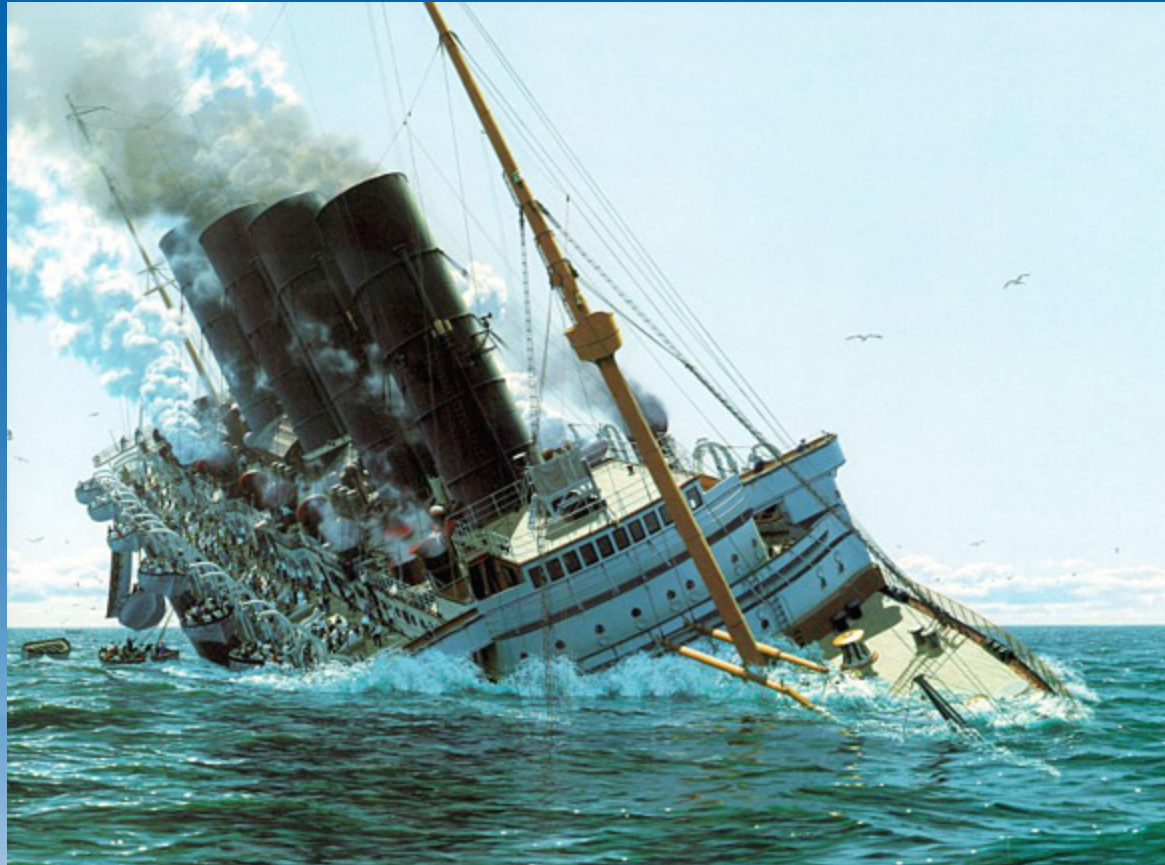
Car payment, rent/mortgage, insurance, installment payments



Variable expenses

Utilities, fuel, groceries

Budgeting: Sinking Fund



Why a Sinking Fund?



Sinking Fund Examples

- Auto insurance
 - \$650 every six months
 - \$108.33 every month
- Christmas: Dec. 25
 - \$1,000 budget
 - Start saving about \$91.00 from Feb. to Dec.
- Thanksgiving trip
 - \$1,000 budget
 - How much to do you need to save between now and Nov.?
- Clothing
- Electronics
- Vehicle purchase

Budgeting Activity

CREDIT



Why Credit is Important

- Credit history determines:
 - If you are approved for a loan and at what interest rate (house or car)
 - If you need need a deposit for utilities
 - If you are approved to rent an apartment
 - Your insurance rates
 - If you are offered a job (some companies)

FICO breakdown

Five parts to your FICO credit scores



FICO

Scores range from 300 to 850, the higher the score the better your credit worthiness. Credit reports may affect your mortgage rates, credit card approvals, apartment requests, or even your job application.

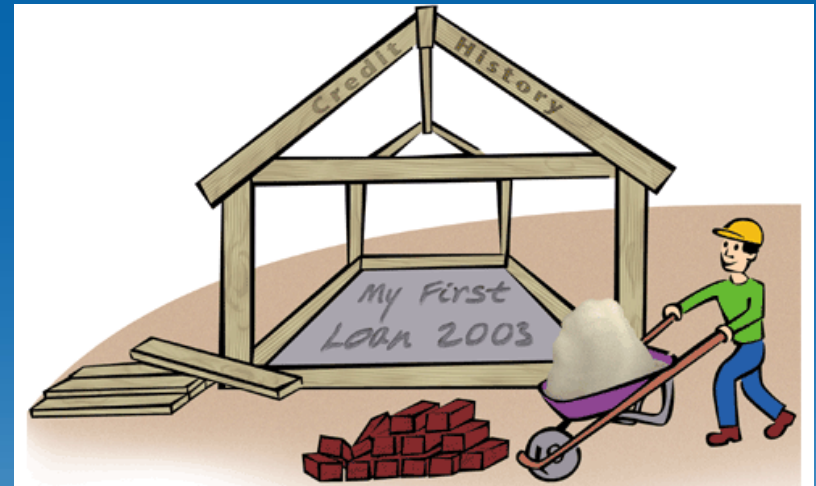
How to have good credit



- Pay off credit cards EVERY month
- Keep low balances on credit cards
- Pay loans early or on time
- Good credits takes time to build, there is no “quick fix”

Additional credit tips

- Check your credit report every year at www.annualcreditreport.com for inaccuracies
- Protect your identity
- Don't co-sign a loan or credit card with anyone. If they don't pay, it will affect your credit!
- Don't go massively into debt just to "build credit"



AVOID credit card debt!



- As a result of high credit card debt, students have lower GPAs and a higher drop out risk
- Budgeting helps you avoid credit card debt

How to Pay for College



Keys to Being Able to Afford College Without Massive Debt



- School selection (public vs. private)
- Scholarships and grants (CalCPA gives away over \$300K annually in scholarships)
- Consider community college
- AP exams
- Take community college classes while in high school

Don't be Swamped by Student Loan Debt



- Examine the numbers, only borrow what you need
- ROI on major vs. salary after graduation
- Set limits on what you borrow
- Pay off loans sooner rather than later
- Federally insured students loans are **CANNOT** be bankrupted!

Final Thoughts

- Budgeting is a key to financial success long term. Have a plan for your money!
- Live on less than you make
- Credit worthiness will effect loan rates, credit card approvals and rentals
- Monitor your credit annually
- Don't co-sign loans!
- Consider other options before taking on student loans

Questions?



Thank you!

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