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Project STEPP Transition Curriculum Materials

Module 6: Finances			
Lesson Topic	Learning Objective(s)	Support Materials Included	Preparation
Lesson 1: Introduction to College Financial Topics	The student will identify the major costs involved in attending college and discuss the benefits of the financial investment.	<ul style="list-style-type: none"> • Lesson Plan/Overview • PowerPoint file with teacher notes • Student-Guided Notes • “How Much Does College Cost?” Worksheet • “Job Comparison” Worksheet 	<ul style="list-style-type: none"> • Review lesson plan and PowerPoint • Make copies of Student-Guided Notes • Make copies of “How Much Does College Cost?” Worksheet • Make copies of “Job Comparison” Worksheet • Arrange for students to have access to computers with internet access
Activity 1: Financial Aid FAFSA	The student will explore, reflect on, and draft a checklist of needed information from www.fafsa.ed.gov .	<ul style="list-style-type: none"> • Activity Plan/Overview • PowerPoint file with teacher notes • Student-Guided Notes • FAFSA Checklist Worksheet 	<ul style="list-style-type: none"> • Review activity plan and PowerPoint • Make copies of Student-Guided Notes • Make copies of FAFSA Checklist Worksheet
Lesson 2: Creating a Budget	The student will determine income and expenses and devise a budget for both required and optional expenses.	<ul style="list-style-type: none"> • Lesson Plan/Overview • PowerPoint file with teacher notes • Student-Guided Notes • “College Budgeting” Worksheet • “Budgeting for Diego” Worksheet • “Budgeting for Diego” Worksheet Teacher Key 	<ul style="list-style-type: none"> • Review lesson plan and PowerPoint • Make copies of Student-Guided Notes • Make copies of “College Budgeting” Worksheet (2 per student) • Make copies of “Budgeting for Diego” Worksheet
Lesson 3: Using Credit Wisely	The student will identify five best practices for using credit while in college.	<ul style="list-style-type: none"> • Lesson Plan/Overview • PowerPoint file with teacher notes • Student-Guided Notes • “Credit Card Advice Interview” Worksheet (3 pages) 	<ul style="list-style-type: none"> • Review lesson plan and PowerPoint • Make copies of Student-Guided Notes • Make copies of “Credit Card Advice Interviews” Worksheet
Activity 2: Money Management Tips from College Students	Students will select three money management tips from college students and reflect on how they can apply the tips to their own lives.	<ul style="list-style-type: none"> • Activity Plan/Overview • PowerPoint file with teacher notes • Student-Guided Notes 	<ul style="list-style-type: none"> • Review activity plan and PowerPoint • Make copies of Student-Guided Notes



Objective: The student will identify the major costs involved in attending college and discuss the benefits of the financial investment.

Lesson Element	Procedures	Materials
Lesson Setup & Lesson Opening	Obtain Power Point for Module 6 Lesson 1 and make copies of Student-Guided Notes for each student in the class. Let students know that at the conclusion of this lesson, they should be able to identify and discuss the major costs of attending college and the benefits of that investment.	Power Point File Module 6 Lesson 1 Student-Guided Notes
Lesson Body	<p>Teacher Input: See Teacher Notes on notes pages of PowerPoint file for discussion points.</p> <p>Guided Practice: Students will use web resources independently or in pairs to research financial information for two colleges they hope to attend. They will complete the “How Much Does College Cost?” worksheet to document this information. The students will keep this information in their transition notebooks</p>	PowerPoint file with teacher notes Student-Guided Notes Access to a computer lab “How Much Does College Cost?” Worksheet
Extended Practice	Students will select two potential jobs, one of which requires at least a college degree, and another which requires only a high school education level. Students will use web resources to research the two jobs. They will complete the “Job Comparison” Worksheet and list the information about required education, recommended education, average salary, salary range, benefits, and working conditions. This information will be kept in the student’s transition notebook.	“Job Comparison” Worksheet
Lesson Closing	Brief discussion of the final quote: The difference in earning potential, job security, and other financial and personal benefits makes attending college an excellent investment in your future.	

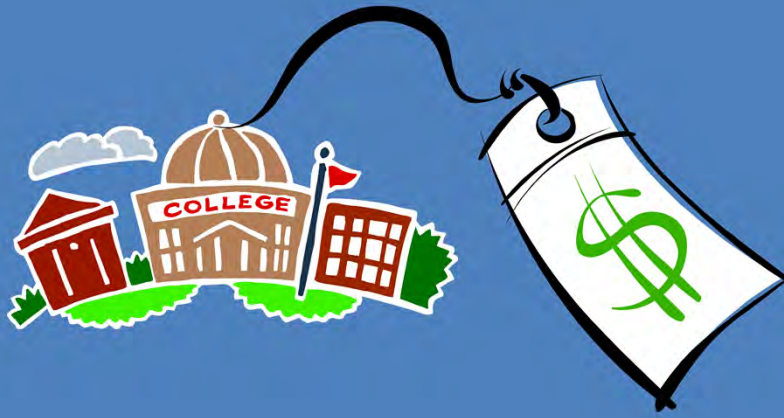
Introduction to College Financial Topics



Module 6 Lesson 1

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How much does college cost?



Have students do a quick think/pair/share and offer guesses at the annual cost of college.

Remind them to consider the major expenses of tuition, residence and meal plans.

Sample Public University Expenses

Full-Time Tuition	In State:	\$3,758.00
	Out of State:	\$17,572.00
Campus Living Fees		\$4,650.00
Campus Meal Plans (average)*	Room and Board	\$3400.00
** FEES		\$2110.00
TOTAL	\$13,918 - \$27,732 per academic year	

These figures are based on the 2012-2013 school year. See college websites for updated figures.

This example gives a condensed version of the fee schedule for East Carolina University for the 2012-2013 academic year. Source: <http://www.ecu.edu/cashier/>

As you can see here, at a major public university in NC, the total for one year of tuition, housing, meal plan, and student fees is approximately \$14,000 for a NC resident and almost \$28,000 for an out-of-state student.

Of course, costs differ at each college and university.

Below are approximate costs of attendance for several other colleges in NC for comparison purposes (info found on each college's website – totals include tuition, fees, and room & board for 1 academic year; please note that these are estimates/averages and should not be relied upon as definite or current information)

- Public 4-year colleges
 - NC State University - \$17,640 in-state, \$31,095 out-of-state
 - UNC-Chapel Hill - \$18,348 in-state, \$40,130 out-of-state
 - Western Carolina University - \$14,767 in-state, \$24,364 out-of-state
- Private 4-year colleges
 - Davidson College - \$54,683
 - Wake Forest University - \$56,742
 - Greensboro College - \$35,000
- Community Colleges
 - Alamance Community College - \$2,100 in-state, \$7,860 out-of-state (tuition only – no room and board for community colleges)
 - Durham Technical Community College - \$2,162 in-state, \$7,922 out-of-state (tuition only – no room and board for community colleges)



Sticker shock??

When you guessed about the approximate costs of college, were your guesses close?
Are you in sticker shock about how expensive a college education can be?

College can be very expensive. However, in a few minutes we'll talk about why it can be an extremely worthwhile investment. But first let's discuss some terms related to college financial issues.

Tuition

- Cost of the courses a student takes
- Variation in tuition rates is based on
 - Type of institution
 - Public or private
 - 4-year college/university or 2-year/junior/community college
 - Residency
 - In-state or out-of-state
 - Being an in-state resident for tuition purposes is different from simply living in the state
 - Generally requires the student's permanent residence to be in the same state as the college for a certain length of time before enrolling
 - Number of credit hours each semester
 - Cost billed per credit hour
 - Cost billed for full-time course load

Tuition refers to the direct-billed cost of the courses that a student takes at a college or university.

The cost of tuition varies drastically based on several factors.

- The type of institution attended
 - In general, public colleges are much more affordable than private colleges. (However, some private colleges may offer better financial aid packages, so sometimes it can balance out.)
 - In general, 4-year colleges/universities are more expensive than 2-year colleges/junior colleges/community colleges/ technical colleges
- The student's residency status
 - Tuition rates at most schools are based on whether the student is an in-state or out-of-state resident.
 - It's important to realize that being a state resident for tuition purposes is not the same as simply living in the state. Students whose permanent home address has not been in the same state as the college/university for at least a year will likely not be considered residents. In addition, there is generally a review process for out-of-state residents who establish a permanent residence in the state while they're in college and want to be considered for in-state tuition. Students should find out what the requirements are for their school and state.
 - In addition, although public schools almost always distinguish between in-state and out-of-state tuition rates, private schools may or may not. Some private schools have one tuition rate for all students, regardless of residency.
- The number of credit hours the student is taking that semester
 - In general, colleges establish tuition rates on a per-credit-hour basis. For example, if the cost for one credit hour is \$200, then the tuition for a 3-credit-hour course is $\$200 \times 3 = \600 .

- Students who attend part time will most likely have their tuition figured on this basis.
- However, some schools bill tuition in “blocks” of credit hours. For example, a school might set one tuition rate for all students taking 3-5 credit hours, another for students taking 6-8 credit hours, and another for students taking 9-11 credit hours. Thus, a student taking a 3-hour lecture course and a 1-hour lab course may pay the same tuition as a student only taking the 3-hour lecture course.
- Finally, many schools use a per-hour rate for part time students, but have a flat tuition rate for all students who are full-time. In effect, this is the same as billing for a block of credit hours (like the prior example), except the block includes all full-time students. For example, at ECU, tuition is billed as follows: (figures are in-state residents for one semester, from spring 2013).
 - Part-time 1-5 credit hours = \$469.75
 - Part-time 6-8 credit hours = \$939.50
 - Part-time 9-11 credit hours = \$1,409.25
 - Full-time 12+ credit hours = \$1879.00
- Under this system, a student can get more “bang for their buck” by taking more than the minimum full-time load of classes.

Tuition Surcharge

- Fee charged to students who take additional semester hours beyond what is required or allowed by their degree program
- Designed to encourage students to finish a degree program efficiently instead of delaying graduation

Some colleges have a tuition surcharge that gets tacked onto regular tuition after the student has earned more than a specified number of credit hours.

Because colleges are evaluated on how many students graduate within a certain time frame (4 years or 6 years), they want to encourage students to finish their degrees and graduate as soon as they can. The tuition surcharge allows them to collect a fee from students for delaying graduation.

At some schools this is an extremely steep financial penalty! For example, at ECU, the tuition surcharge is an additional 50% of tuition costs each semester once a student has more than 140 semester hours on their transcript. That adds up to approximately \$940 extra per semester for in-state students and \$4,400 per semester extra for out-of-state students!

Not every college has this policy, and many students who attend schools with a tuition surcharge will never be impacted by it. However, it's good to know what the guidelines are before you get close to the semester hour cap.

Room and Board

- Cost of on-campus housing and meal plan
- Housing costs often vary based on
 - Residence hall/dorm – type of housing, location, etc.
 - Single or double room
 - Amenities or extras (cable, phone, etc.)
- A meal plan is a pre-paid contract for eating at campus dining locations
 - Convenient (and often required) for students living on campus
 - Cost generally varies based on
 - Number of meals per week
 - Flexibility offered for when and where the meals can be redeemed
 - Any “extras” included

Room and Board refers to the cost of living on campus in a residence hall/dorm and the cost of purchasing a meal plan for dining on campus.

At many colleges, housing fees are based on where you live. Generally, it's less expensive to live in a traditional/hall-style dorm than a suite-style or apartment-style residence hall. Single rooms, if available, are also usually more expensive than doubles (where you share a bedroom with a roommate). Some colleges charge extra for certain amenities, such as cable tv or land-line phone service. Others include all amenities in the cost of the housing.

Meal plans are pre-paid plans that let you eat at campus dining locations without paying individual meal prices. Many colleges make meal plans mandatory for students living on campus.

Find out about the options offered when signing up for a meal plan. They're set up differently at each school. For example, ECU's meal plans each come with a combination of unlimited dining hall access, "Pirate Meals," and "Pirate Bucks." This means that a student pays for a meal plan at the beginning of the semester and then can eat at the dining hall anytime throughout that semester without paying anything extra. In addition, they also get a certain number of "Pirate Meals" that they can redeem at campus dining locations like Chick-fil-A and Subway for a specific combo meal. Finally, they get a specific dollar amount of "Pirate Bucks" that they can spend at any of the campus dining locations on snacks, drinks, or meals that aren't covered by "Pirate Meals."

Your college may have several options for a meal plan, and you should look at them carefully and consider your own needs and preferences in determining which will be the best option for you. For example, if you prefer to eat "3 square meals" every day, the most comprehensive plan will probably be best for you. But if you're more of a "cereal for breakfast and sandwich for lunch" type of person, you probably won't end up eating as many meals each week in the dining hall. Just remember that if you spend less on a meal plan, you'll probably still need to budget extra money for meals you'll be getting from other sources.

Fees

- Charges for various services and programs on campus
- Common college fees
 - Student Activities
 - Athletics
 - Health Services
 - Technology
 - Recreation Facilities
 - Special Course Fees / Lab Fees

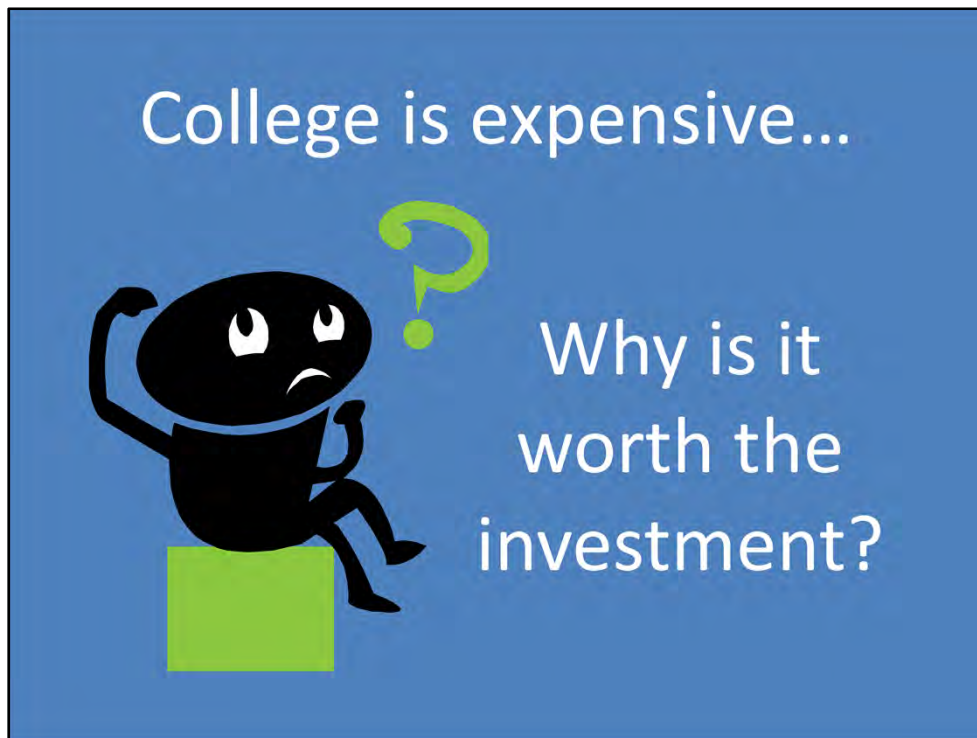


Fees are the charges assessed for various services and programs the university provides. One of the great perks of being a college student is that many universities offer lots of “free” amenities, such as special events, organizations, recreation and athletic facilities, healthcare, technology, and others. However in order to fund these things, fees are collected from each student who is enrolled. Even though students pay for these things indirectly, the cost per student is still usually much less than it would be if students paid for the amenities directly.

Some fees at your college will likely be mandatory and collected from every student. Others may only apply to certain students. Here are a few relatively common fees charged by many colleges:

- Student activity fee – funds student organizations, events, clubs, programs, etc. and the facilities needed to run those things
- Athletic fee – funds athletic programs and facilities
- Health service fees – funds the health care center on campus and related costs
- Technology fee – funds specialized technology and equipment used across campus as well as computer labs, etc.
- Recreation fee – funds recreation centers and other related activities and events
- Special course fees – these are only assessed to students taking certain courses. For example, a student taking a lab course might incur a Lab Fee for materials and equipment. A student taking a scuba diving course might pay a course fee that goes towards equipment, pool maintenance, lifeguard, etc.

Fees vary drastically from one college to another, so it’s worth finding out about what to expect from your college before enrolling.



In a think/pair/share activity, have students brainstorm ideas about why college may be worth the significant investment of time and money that it requires.

Encourage them to think of both financial and non-financial reasons why it's worthwhile.

Monetary Benefits

- Over the course of a lifetime, the average college graduate earns **nearly \$1 million more** than the average high school graduate.
- Generally, college graduates...
 - Are about half as likely to be unemployed
 - Receive better employment benefits
 - Have more money in savings



Monetary benefits are usually the first category that people think of when considering why college is worth the investment. Although college can cost a lot of money, the average college graduate earns about \$1 million more than the average high school graduate over the course of a lifetime. Even for a student who paid \$100,000 for their college education, that's still 10x the return on that investment.

In addition, college graduates are less likely to be unemployed, get better employment benefits (such as health insurance, life insurance, retirement accounts, etc.), and have more money saved.

Source: Porter, K. (2002) The value of a college degree. ERIC Digest, ED470038.

Non-Monetary Benefits

- Better quality of life
- More leisure activities
- Better health
- Higher social status
- Increased personal & professional mobility
- Better consumer decision making
- More open-minded and knowledgeable about the world



Research has shown that there are significant benefits to a college education beyond the financial ones.

These include reporting a higher quality of life, more leisure activities (possibly implying that they may also have more time to spend on leisure activities and/or more money to spend on leisure activities), better health and lower mortality rates in each age bracket (which also applies to the children of people who went to college), higher social status, more mobility (both personal and professional), and better consumer decision making. In addition, college confers the benefit of exposing people to a wider variety of situations and information, which leads to college graduates on average being more open-minded, more knowledgeable about the world, more rational, more cultured, and more optimistic about their personal progress.

There are also benefits to society when many people go to college. For example, college graduates are more likely to pay more taxes and less likely to require government assistance. Thus, they are funding government agencies and programs that benefit themselves in addition to supporting programs that help others. They are also more productive and flexible members of the workforce.

Source of all data: Porter, K. (2002) The value of a college degree. ERIC Digest, ED470038.

The difference in earning potential, job security, and other financial and personal benefits makes attending college an excellent investment in your future.



In conclusion, this is true for many students. Although the decision to go to college needs to be a personal one that accounts for a student's personal goals, family situation, financial situation, abilities, preferences, and needs, the initial investment of time and money shouldn't scare off students who are motivated to attend college and see it as a long-term investment in their future.



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How Much Does College Cost?

College Name				
Tuition (Full-Time)	In-State:	Out-of-State:	In-State:	Out-of-State:
Campus Living Fees				
Meal Plan				
University Fees				
Total	In-State:	Out-of-State:	In-State:	Out-of-State:



Job Comparison Worksheet

Job Title		
Minimum Education Required		
Recommended Education Level		
Average Salary		
Salary Range		
Benefits		
Working Conditions		
Other		



Objective: The student will explore, reflect on, and draft a checklist of needed information from www.fafsa.ed.gov.

Materials Needed

- Internet connection to website
- Paper/pen or word processing program for checklist reflection
- Transition Notebook

Activity Description

Teacher Input

See teacher notes accompanying PowerPoint slides

Activity Description

The student will go to www.fafsa.ed.gov and read through the information and forms about completing an application for financial aid. Next, the student will reflect on the process to make a checklist of needed information for successful completion. Warn students that www.fafsa.com is NOT the correct website.

Students should complete this activity at home with their parents/guardians and use the provided checklist. The checklist they create will be included in their Transition Notebook. If students prefer to create their own checklist, they may do whatever is most convenient for them.

Financial Aid



Module 6 Activity 1

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Financial Aid

- Any program that offers money to assist with the costs associated with being a student
- Approximately 85% of full-time college students receive some type of financial aid
- There are many different types and sources
- The types, sources, and amounts of aid each student receives is called their financial aid package

In general, financial aid describes any funds available to help students and their families pay for school. It may directly cover tuition, room/board, books, etc., or it may cover indirect costs associated with being a student, such as living expenses, child care, etc.

Although some students/families pay out of pocket for a college education, the majority get some kind of financial aid. According to the National Center for Education Statistics, for full-time, first-time, degree-seeking undergraduate students in 2009-2010:

- Overall % receiving any type of financial aid: 85% at 4-year schools and 75.5% at 2-year schools
- % at public schools receiving any type of financial aid: 81.5% at 4-year schools and 70.3% at 2-year schools
- % at private nonprofit schools receiving any type of financial aid: 88.8% at 4-year schools and 89.4% at 2-year schools
- % at private for-profit schools receiving any type of financial aid: 91.8% at 4-year schools and 88.3% at 2-year schools

Source: http://nces.ed.gov/programs/coe/indicator_uhl.asp

There are many different types and sources of financial aid, which we'll give an overview of on the next few slides. The term "financial aid package" refers to the aid that each student is offered. Everyone's package is different and is composed of funds of different types, from different sources, and in different amounts.

Types of Financial Aid

Gift Aid

- Does not have to be repaid
- Examples
 - Grants
 - Usually need-based
 - Federal government is a major source
 - Scholarships
 - Usually based on merit/achievement
 - May be based on specific major, demographics, etc.
 - Many different sources

Self-Help Funds

- Must be repaid
- Examples
 - Loans
 - Private or public sources
 - Repaid in money, with interest
 - Repayment schedule and options may be flexible
 - Employment- or Service-Based Aid
 - Repaid with work/service
 - e.g., Work-study

There are significant differences between the types of financial aid available, and each student will vary in the types of aid they are eligible for.

Gift Aid is money that does not need to be paid back to the source. The major examples of gift aid are grants and scholarships.

Grants tend to be based on financial need, and many of them come from the federal government. For example, the Pell Grant program and the FSEOG program are both federal grants for students with financial need. Pell includes more students, while FSEOG is for the students with the highest levels of financial need.

Scholarships are more often based on recognition of special achievements. This could include academic excellence or athletic achievements. It could also include meritorious achievement in any area – writing, community service, the arts, etc. To be eligible for certain scholarships, the student may need to fit into a certain category, and then also show merit within that category; for example, there could be a scholarship for the student who has the best GPA within the Criminal Justice major, or one for the left-handed student with the best record of community service in the city.

There are many sources for scholarships, including the college/university, private organizations, employers, charitable foundations, etc. Scholarships generally require students to complete a separate application – just filling out the FAFSA will not automatically apply students for many scholarships.

Self-Help Funds are monies that must be paid back to the source.

In the case of student loans, this will be repaid in money, usually with interest. Student loans can come from a variety of sources, both public and private. Many students and/or their parents get subsidized student loans through the government, in which case the interest rates are lower. Private student loans are also available from other organizations like banks; however the interest rates may be higher. In many cases, student loans give a grace period before repayment is expected. Usually this includes the entire time a student is in school and a few months after graduating.

Some self-help funds are repaid in employment or service. The employment/service may occur at the same time as the money is given, as in work-study, or it may be repaid after the student has finished college, as in the Teaching Fellows program or some military service-based aid. The student must usually agree to terms and conditions that state they will have to repay the funds in money if they do not fulfill their work/service obligation.

Source for some of the information in this section: ECU's office of Financial Aid : <http://www.ecu.edu/financial/>

Sources of Financial Aid

- Federal or State Government
- Colleges/Universities
- Banks/Loan Companies
- Other Organizations
 - Nonprofits/Foundations
 - Membership Organizations/Clubs
 - Employers
 - Private Corporations
 - Other



In addition to the different types of financial aid, there are different sources where aid may come from.

Federal and state governments are a major source for grants and loans. They also offer service/work-based aid.

Colleges and universities often have various financial aid offerings. These frequently include various scholarships and service/work-based aid. However each of these may actually come from a source external to the college as well. For example, a student may be offered work-study at their school, but the money may come directly from a government program. In addition, an athletic scholarship from the college may be funded by a private donation that was earmarked specifically for that purpose.

Banks, credit unions, and loan companies may offer private loans that can be used to finance a college education.

There are also many other organizations that can provide funding for college. For example:

- The National Center for Learning Disabilities offers scholarships to students with LD
- Organizations like Kiwanis International and 4-H have scholarships
- Major employers and corporations may offer scholarships to the children of employees or may fund scholarships for students who aren't related to employees as well

Qualifying for Financial Aid

- Find out the criteria for each type/source of aid
- Apply for anything you may qualify for
- Understand the terms and conditions
- Maintain eligibility
 - “Satisfactory academic progress”
 - Minimum GPA and number of credit hours

Once you know about the different types of financial aid, it makes it easier to understand what you’re looking for when you research them. You can start by looking into many different options and narrow down the possibilities. It’s a good idea to apply for anything that you think you may qualify for, even if you think getting it is a long shot. Every dollar makes a difference, and some students have been able to make a big dent in their college expenses by getting aid from multiple sources.

It’s crucial to understand the terms and conditions of each one. Once they are awarded, some financial aid comes with significant requirements and restrictions, while other aid may be “no strings attached” after the initial review. For example, a private one-time scholarship of \$500 might just select a recipient, confirm that they’re attending college, hand over a check, and be finished with it. On the other hand, an athletic scholarship might require recurring verification that the student is on the active roster of the athletic team in addition to verification of their updated GPA and credit hours earned every semester.

Maintaining eligibility for many types of financial aid is dependent on continuing to make “satisfactory academic progress.” The specifics of this will vary from school to school, but it generally involves earning a certain minimum GPA while taking a minimum number of credit hours each semester or academic year. For example, at ECU, the Financial Aid office checks this information at the end of each semester for all students receiving aid. To keep their financial aid package, a student must pass 80% of the credit hours they attempted and earn a minimum GPA of 1.8 (freshman year), 1.9 (sophomore year), or 2.0 (junior year and up). Students who don’t meet these requirements get one semester of probation to raise their grades before having their financial aid package suspended.

Free Application for Federal Student Aid (FAFSA)

- Form required for almost any kind of financial aid
- Does not obligate you to accept financial aid
- No fee to apply
- Complete the FAFSA online at www.fafsa.ed.gov
 - You will have to enter a lot of private, sensitive data
 - Do not do this on an unsecured computer!
 - FYI – www.fafsa.com is not the correct site

The Office of Federal Student Aid is a part of the US Department of Education, and “is the largest provider of student financial aid in the nation.” It “provides grants, loans, and work-study funds for college or career school” and offers “more than \$150 billion each year to help millions of students pay for higher education.” (Source: <http://studentaid.ed.gov/about>)

At most colleges, students must complete the Free Application for Federal Student Aid (FAFSA) to be eligible to receive any financial aid. This is a good place to start for students who are entering college within the next 8 months. (In North Carolina, students should complete the FAFSA as soon as possible after January 1st if they’re starting college in August/September of that year. This is the NC state deadline/guideline as stated on the official FAFSA website.)

Because it’s free to apply and many schools require it for any kind of financial aid package, it’s a good idea for students to fill this out even if they’re not sure yet whether they will need or want financial aid. It doesn’t obligate them to take any aid that’s offered, but it does allow them to find out what their options are in case they do decide to take any aid later.

The recommended way to complete the FAFSA is online, but it’s possible to file a paper copy instead. Although students will have to enter a lot of private, sensitive data, this is all required in order for them to determine your eligibility, and they have strict standards for how they handle the information. However, students still need to use good online safety skills and make smart choices about when and where they access this site. Doing this on an unsecured wi-fi connection in public is a bad idea; students should plan to do this at home on their own computer.

Students should be careful to go to www.fafsa.ed.gov, and NOT www.fafsa.com. The .com site is a private company (“student aid advisory service”) that charges for their assistance with completing the forms. The .gov site will not charge to apply and they offer free help and FAQs, etc.

FAFSA Activity

- Go to www.fafsa.ed.gov and read through the information and forms about completing the FAFSA.
- Reflect on the process to make a checklist of needed information for successful completion.
- Complete this activity at home with your parent(s)/guardian(s).
- Use the provided checklist and include it in your transition notebook.



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FAFSA (Free Application for Federal Student Aid) Checklist

Go to www.fafsa.ed.gov and click on “Start a new FAFSA” to begin the process. (If you have previously created a user account, click on “Login” instead.) Read through the information on this site to learn about how to complete the FAFSA, including what information is required, deadlines, etc. Use the following framework to develop a comprehensive checklist for information you will need to complete this process.

- Social Security Number
- Alien Registration Number (if you are not a U.S. citizen)
- Driver’s license number
- Parents’ Social Security Numbers
- Most recent income tax documents and financial information for you **and** your parents

Yours Parents’

- | | | |
|--------------------------|--------------------------|---------------------------------------------------------------------------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | Federal income tax returns |
| <input type="checkbox"/> | <input type="checkbox"/> | W-2s and any other records of money earned |
| <input type="checkbox"/> | <input type="checkbox"/> | Records of untaxed income (e.g., child support, interest, etc.) |
| <input type="checkbox"/> | <input type="checkbox"/> | Current bank statements (e.g., cash, savings & checking account balances, etc.) |
| <input type="checkbox"/> | <input type="checkbox"/> | Current records of investments and assets (e.g., real estate, business & farm assets, etc.) |

Other items needed: _____

Deadlines: _____

School Codes: _____



Objective: The student will determine income and expenses, and devise a budget for both required and optional expenses in the college setting.

Lesson Element	Procedures	Materials
Lesson Setup & Lesson Opening	Obtain PowerPoint for Module 6 Lesson 2 and make copies of Student-Guided Notes for each student in the class. Make 2 copies of the “College Budgeting” worksheet for each student in the class and 1 copy of the “Budgeting for Diego” worksheet. Let students know that at the conclusion of this lesson they should be able to determine income and expenses, and devise a budget for both required and optional expenses.	Power Point File Module 6 Lesson 2 Student-Guided Notes
Lesson Body	<p>Teacher Input: Refer to the detailed teacher notes on the notes pages of the PowerPoint file.</p> <p>Guided Practice: Students will work in pairs to revamp the budget of Diego, a fictional full-time student. Distribute copies of the “Budgeting for Diego” worksheet and the “College Budgeting” worksheets to pairs of students, and read the scenario and directions with the students. Before starting, walk students through the sections of the “College Budgeting” worksheets to familiarize them with how to complete the forms. They will work together to determine the current status of Diego’s budget and decide how he should trim his expenses and allocate his money each month. After working in pairs/groups, the students should come back together as a class to discuss the budgeting suggestions they made for Diego.</p>	PowerPoint file with teacher notes Student-Guided Notes “Budgeting for Diego” Worksheet “Budgeting for Diego” Teacher Key “College Budgeting” Worksheet
Extended Practice	<p>Give each student a blank copy of the “College Budgeting” worksheet to take home. Review the steps for creating a budget, the charts included for listing income and expenses, and the list of typical categories and items of income and expenses.</p> <p>Instruct students to take the worksheets home and consult with their parents to develop their own budget for the first semester or year of college. Once they have completed this activity, it should be added to their Transition Notebook.</p>	“College Budgeting” Worksheet (5 pages) Transition Notebook
Lesson Closing	<p>Understanding how a budget works and knowing how to create a budget that works for you is a critical skill, not only as a college student, but also as an adult. By proactively planning a financial “map” to reach your goals, you are much more likely to be successful at managing your finances through college when students are typically on a fairly tight budget. When applied to your own life, these skills will serve you well both in college and beyond.</p> <p>Review main points of the lesson (method of your choice).</p>	

Creating a Budget



Module 6 Lesson 2

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Budgeting Vocabulary

- Budget – a plan based on itemized estimates of expected income and expenses for a given period of time
- Income – monetary payment received for goods, services, or from other sources
- Expenses – costs or charges for items or services acquired

Before delving into budgeting, let's first define a few key terms.

A budget is a plan created by looking at detailed estimates of how much you expect your income and expenses to be over a given period of time. Budgets are used by individuals as well as businesses, and they all serve the same purpose – to ensure that you plan to spend within your means and make informed choices about how to spend money based on how much needs to be allocated to specific purposes.

Income describes any money that is coming in to you. Most people's primary source of income is a paycheck from a job, but there are many other possible sources of income. For many college students, financial aid is a primary source of income. For the purposes of budgeting, you will need to consider all sources of money as "income" even if those sources wouldn't traditionally be classified in that way. For example, parents are a major source of financial support for many college students. Although money received from parents isn't necessarily "income" in the technical sense, when making a college budget, it should be considered as such.

Expenses refer to anything you spend money on. Expenses for college students could include anything from textbooks to car insurance to movie tickets.

All definitions listed are adapted from www.dictionary.com

Key Ideas about Budgeting

- Your income must be greater than or equal to your expenses. You can't spend more than you earn.
- Your money is finite. If you spend more on one thing, you must spend less on something else.



These are two key underlying principles to keep in mind when first starting to create a budget. Although they may sound obvious right now, once you get into creating your budget you may see that it's not always quite as simple as it seems to deal with these issues.

First is the idea that your income must be at least as much, or preferably more, than your expenses. In other words, you can't spend more than you earn. Although it is theoretically possible to spend more than you earn by taking out a loan or using a credit card, for the purposes of budgeting, we need to assume that you want to create a balanced, sustainable budget.

Second is the idea that your money is finite. You must allocate certain amounts to each category of expenses. Because the funds are not unlimited, if you increase the amount allocated to one category, you will have to decrease the amount allocated to a different category. It may help to think of your total funds as being like a pie. If you have 10 people who want a slice of pie, and you give huge slices to the first 5 people, the other 5 people will probably each only get a tiny little sliver of pie.

Categories of Income

- **Employment**
e.g., net pay from part-time or full-time jobs
- **Parent/Family Contributions**
e.g., "allowance," child support, etc.
- **Financial Aid**
e.g., scholarships, grants, loans, etc.
- **Savings**
e.g., summer job earnings, college fund, etc.
- **Miscellaneous/Other**
e.g., gifts, investments, trust fund, etc.



To start your budget, you need to first consider the categories of income and expenses that you will have and make a list of where your money will come from and where it will go. Some common categories for college students include the ones on the next few slides.

Income Categories

- **Employment** – any money received for working. Be sure that when you're calculating your estimated pay, it's based on after-taxes (net) pay. If you project your income based on your total hourly rate, you'll fall short of your estimate on your actual paycheck because taxes will be taken out. This category may include both traditional/typical jobs (i.e., paycheck for working at a grocery store or the campus library) as well as other types of employment (i.e., payment for house-sitting, or for selling something you made, etc.)
- **Parent/Family Contributions** – All the money your family provides you can be included in this category. Some students receive a weekly or monthly "allowance" check/deposit from their family to cover some expenses; others may receive family support in different ways.
- **Financial Aid** – Once you have your financial aid package information from the school, you can list the types of aid and amounts you're receiving each semester or year. If these go directly to the school instead of you receiving the funds, be sure to note that this income is specifically earmarked only for certain expenses.
- **Savings** – Any savings that you intend to use during the time period you are budgeting for can be included. If you do not intend to use the saved funds, do not count it as income.
- **Misc/Other** – Any additional sources of income you have can be listed as well. These may include gifts you have received or know you will receive, interest or returns on investments, stipends, payments from a trust fund or settlement, etc.

Categories of Expenses

- **Education**
e.g., tuition, fees, books, supplies, computer/technology, etc.
- **Housing**
e.g., Campus Living fees or rent, furnishings, household/cleaning supplies, bills (electric, water, cable, cell phone), etc.
- **Health, Wellness, & Personal Care**
e.g., toiletries, clothing, gym membership, medical & mental health care, etc.
- **Food**
e.g., meal plan, groceries, dining out, snacks, vending, etc.
- **Travel & Transportation**
e.g., car payment, insurance, gas, parking, vehicle maintenance, taxes, plane/train tickets, public transportation tickets, roadside assistance, etc.

Expense Categories:

- Educational Expenses would include anything directly related to your education. Common examples of these are tuition, fees, textbooks, school supplies, supplemental materials required for courses, computer and computer peripherals, other technology, etc.
- Housing Expenses include Campus living fees (for on-campus residents) or rent (for off-campus residents), items needed to furnish your room or apartment, household supplies (e.g., paper towels, light bulbs, trash bags, etc.), cleaning supplies (e.g., vacuum cleaner, swiffers, laundry detergent, etc.), and any bills associated with your home/dorm such as electricity, water, cable, internet access, cell phone, land-line phone, etc.)
- Health, Wellness, and Personal Care – This category includes any items needed to maintain yourself as a healthy person. This may include toiletries (e.g., soap, shampoo, toothpaste, etc.), clothing and caring for clothing (e.g., dry cleaning), gym or fitness center memberships, health insurance, medications, co-pays for medical care and/or mental health care, etc.
- Food, including all sources of food such as a meal plan, groceries, dining out, snacks, beverages, and vending machine purchases.
- Travel and Transportation – This category will vary depending on the type of transportation you primarily use in college. For students who are not taking a car to college, this would likely include costs related to public transportation (e.g., subway/bus pass, taxis, etc.) and costs for transportation to get home for school breaks if not being picked up by parents (e.g., plane tickets, train tickets, gas money for a ride-share, etc.). Students taking a car to campus will likely have many more expenses in this category, including car payment, car insurance, car taxes, gasoline, parking fees, vehicle maintenance costs (e.g., oil changes, car washes), roadside assistance membership, etc.

Categories of Expenses

- **Activities & Organizations**
e.g., dues, memberships, fees, or costs associated with organizations, clubs, teams, fraternity or sorority, etc.
- **Entertainment**
e.g., music, movies, magazines, books, concerts, events, hobbies, vacations, etc.
- **Gifts & Charitable Donations**
e.g., birthdays, holidays, supporting causes, etc.
- **Savings & Emergency Fund**
e.g., contributions to savings account, “just in case” fund, etc.
- **Miscellaneous/Other**
e.g., credit card, other bills, etc.

- **Activities and Organizations** – This category includes any expenses related to groups or activities you are involved in. First-year students may not yet know what to expect for these types of costs until they have been on campus for a while and have begun to join organizations. This category may include things like dues or fees for becoming a member of a group, as well as costs incurred as part of participating with the group and its activities. Some of these may be optional, while others may be required in order to participate.
- **Entertainment** – This is an extremely broad and flexible category. Examples of things that you may want to include are music (e.g., iTunes, satellite radio subscription in car, online music streaming subscription, etc.), movies (e.g., movie theater tickets, online streaming services like Netflix or Hulu, etc.), magazines and books (either e-books/online access or in print), events (e.g., concerts, tickets to sporting events, plays, festivals, etc.), hobbies (e.g., video games, fishing equipment, etc.), vacations (e.g., travel expenses, hotels, etc.)
- **Gifts/Charitable Donations** – Allocate money in this category for anything you may purchase as gifts for birthdays and holidays, as well as any monetary donations you may make to support causes or charities.
- **Savings/Emergency Fund** – In addition to any regular contributions to your savings account that you want to make, consider whether you should put away some money “just in case” of events like car repairs, lost/stolen items, illness/injury, dorm lockout fees, speeding ticket, etc.
- **Miscellaneous/Other** – if you have additional expenses that don’t fit into these categories, you can include them here or create new categories for them.

Fixed v. Flexible Expenses

Fixed Expenses

- Have a “set price”
- Difficult or impossible to reduce or negotiate price
- Difficult or impossible to cut from budget
- Examples
 - Tuition
 - Campus Living Fees
 - Health Insurance

Flexible Expenses

- Costs may vary
- Easier to reduce or negotiate price
- Easier to cut from budget
- Examples
 - Clothing
 - Gifts
 - Entertainment
 - Food

5 Steps to Creating Your Own Budget



In the following section, we will walk through a process for creating your own college budget in 5 steps. When it's time to complete this activity, you will use the budgeting worksheet for guidance.

1. What is my income?

Determine all your sources of income and estimated dollar amounts for each

- Employment
- Parent/Family Contributions
- Financial Aid
- Savings
- Miscellaneous/Other



Step 1: What is my income?

Look over the list and write down the sources of income that apply to you, along with an estimated amount of income for each. Be sure to write down the timeframe for each as well (e.g., \$2000 per semester; \$150 per month, etc.).

Look back at the previous slide about sources of income for more details about what may fit into each category/source.

2. What are my fixed expenses?

Estimate all your required expenditures in each category and estimated dollar amounts for each

- Education
- Housing
- Health, Wellness, & Personal Care
- Food
- Travel/Transportation
- Activities/Organizations
- Entertainment
- Gifts/Charitable Donations
- Savings/Emergency Fund
- Miscellaneous/Other

Step 2: What are my fixed expenses?

Just as you did for income, look at this list of expenses and see which ones apply to you. Write down an estimated cost for all the required/fixed expenses (e.g., tuition, books, food), but don't do the optional/flexible ones yet.

Look back at the previous slide about categories of expenses for more details about what may fit into each category/source.

3. How much money is left?

- Before calculating, make sure all figures are using the same time frame (e.g., per month, per semester, etc.)
- Add up your total income from Step 1
- Add up your total fixed expenses from Step 2
- Subtract your expenses from your income
- The amount left over is the maximum you can spend on flexible expenses



Step 3: How much money is left?

Before you start calculating, make sure that your figures are all using the same time frame. Many college students prefer to budget by the semester, since the university sends bills and disburses financial aid on that schedule. Each semester lasts slightly more than four months (about 17 weeks). Another option is to put the beginning balance in the budget that includes financial aid given at the beginning of the semester. Then, students can budget on a bi-weekly or monthly basis depending on when they receive income. It is a personal preference based on the type of income they will receive. Students who will be living on summer savings would probably want to create a semester-long budget.

Total up required expenses from Step 2 and subtract that number from total income from Step 1. Whatever is left is the maximum amount you can spend on optional expenses.

4. How will I divide up the pie?

- Return to your list of expenses and look at the ones that were categorized as flexible or optional
- Divide your remaining funds amongst all of these categories. Decide how much each category should get based on your estimate of the costs and your priorities for where to spend or save money.



Step 4: How will I divide up the pie?

Now go back to your list of expenses and look at the ones you determined were non-essential in Step 2. These costs are usually much harder to estimate because they're not fixed. For example, you could spend \$100 per month on entertainment...or you could spend \$10. But remember that if you spend \$100 on entertainment, that's \$90 you can't spend on other items.

Your task is to prioritize and divvy up the remaining funds among all the categories. If your budget is tight, this is a good time to consider how & where you can cut costs to allocate more money to other areas.

Ways to Save on Flexible Expenses

Education

- Take foundational courses or summer classes at a community college and transfer them to your university
- Buy used textbooks or rent instead of buying
- Resell textbooks at end of semester

Housing/Bills

- Live in campus housing, where many of your basic housing expenses will be included in the fees instead of costing extra
- Get a cell phone plan that meets, but doesn't exceed, your needs

Health, Wellness, & Personal Care

- See whether it is more cost-effective to purchase student health insurance at school or remain covered by your parents' insurance

Travel and Transportation

- Use campus transit instead of driving to campus
- Comparison shop for lower-cost travel options

Textbooks

The average yearly cost of books and supplies at a four-year public college is over \$1,100. (Source: CollegeBoard.com) However, you can significantly reduce this expense by buying used textbooks through a variety of places—including the student stores, websites like Half.com, college message boards, and word of mouth from other students. If you do buy your books anywhere other than the college bookstore, always double-check that you're getting the right book by comparing the international standard book number (ISBN) in addition to the title, author, edition, and year of publication. (All of this information about the required books for your courses is available through your college websites, bookstores, or professors). Another way to cut your textbook costs is to resell your books at the end of the semester. But be sure to hang on to any that may be important for your major or for another class you'll take later.

Health Care Costs

Most colleges require full-time students to be covered by an existing health insurance plan or to enroll in the university's health plan. Most full-time college students are still eligible to be covered by their parents' health insurance, but your provider may require proof of enrollment.

Transportation and Communication

For many incoming students and parents, the debate over whether to bring a vehicle to college is a hot topic. When working out your budget, your family should take into account the expenses of parking, gas, and insurance, as well as the car payment. Keep in mind if you will be living on campus, you may not need a car for your daily commute, and many colleges have reliable and often free bus systems with routes covering most, if not all, of the places you'll routinely need to go. Similarly, you and your parents may want to evaluate your cell phone plan before you leave for college. Most students use their cell as their primary phone, so having enough minutes and texts is important. On the other hand, data plans are expensive, so weigh whether you really need a fancier phone with optional features like internet access and email. Most colleges, have an abundance of technology on campus—so most of the time, you'll be fairly close to a location with internet access.

Bills

One of the benefits of living in a residence hall is that you won't have to budget for monthly utility bills. All your basics—electricity, water, trash, local phone service, and cable television—are included in your Campus Living fees. However, you may still need to budget for a few additional bills such as cell phone, insurance, car payment, credit card, etc.

Ways to Save on Flexible Expenses

Food

- Select a meal plan based on your eating habits and preferences; change your plan mid-semester if it's not meeting your needs
- Buy snacks in bulk; use coupons for groceries
- Avoid dining out



Entertainment

- Seek out student discounts
- Select low-cost or free entertainment options on campus

Miscellaneous/Other

- Follow campus rules (and laws) to avoid costly fines and fees for things like parking/speeding tickets, alcohol violation tickets, etc.

Dining Costs

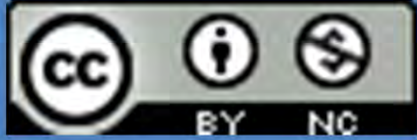
Food can be a real budget-buster for a college student, but careful consideration of your meal plan options and sticking to a budget for occasional meals out can prevent overspending. Think about your eating habits and preferences in order to select the most economical meal plan. For example, the highest level of meal plan may be more than you need if you prefer a quick bowl of cereal for breakfast or a peanut butter sandwich for lunch. On the other hand, if you stick to "three square meals a day," you may prefer to eat at the dining hall for nearly every meal. At some colleges, you may be able to change your meal plan mid-semester if it's not meeting your needs.

5. How will I monitor my budget?

- Develop a system for keeping track of your income and expenses
- Be consistent in noting what you spend on a daily basis and then tallying it up every week or month to make sure you're on target
- Ideas for tracking your income/expenses
 - Bank website
 - Checkbook register
 - Calendar or planner
 - Phone app or tablet app
 - Small notebook
 - Excel spreadsheet
 - Financial management software

Step 5: How will I monitor my budget?

Develop a system for keeping track of your income and expenses. Being consistent is the key, so pick a method you're likely to stick with. (See the list of ideas for tracking these at the bottom of the slide.) To be most effective, you'll need to keep track of what you spend on a daily basis and then total it up on a weekly or monthly basis to make sure you're on target. Many students find it easier to avoid blowing their budget in the first few weeks of the semester by setting a weekly or monthly "allowance" in each category by dividing their semester total by 17 weeks or 4 months.



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College Budgeting Worksheet

Follow the steps below to create your budget.

1. What is my income?

Determine all your sources of income and estimated dollar amounts for each. Include the time frame for each dollar amount (e.g., \$500 per semester, \$100 per week, etc.). Use the list and chart provided to determine and record this information.

2. What are my fixed expenses?

Determine all your required expenditures and estimated dollar amounts for each. Include the time frame for each dollar amount (e.g., \$500 per semester, \$100 per week, etc.). Use the list and chart provided to determine and record this information.

3. How much money is left?

Before calculating, convert all figures to the same time frame (e.g., per month, per year, etc.) Add up your total income and enter it at the bottom of the chart provided. Add up your total fixed expenses and enter it at the bottom of the chart provided. Subtract your expenses from your income:

$$\begin{array}{r} \$ \text{ (Total Income)} \\ - \$ \text{ (Total Fixed Expenses)} \\ \hline \$ \text{ Remaining Funds} \end{array}$$

The amount left over is the maximum you can spend on flexible expenses.

4. How will I divide up the remaining funds?

Using the list and chart provided, determine how to divide up the remaining funds amongst the categories and items classified as flexible expenses. Base your decisions on estimates of costs and your own priorities for where to spend or save money.

Your budget is balanced if the total in the flexible expenses category does not exceed your total of remaining funds from Step 3.

$$\begin{array}{r} \$ \text{ (Remaining Funds)} \\ - \$ \text{ (Total Flexible Expenses)} \\ \hline \$ \text{ This number should be } \geq 0 \end{array}$$

5. How will I monitor my budget?

Determine how you plan to monitor your income and expenses and use your chosen system to record actual dollar amounts.

Compare these to your budgeted/projected dollar amounts on a regular basis to ensure you're staying on track.

College Budgeting Worksheet – Income and Expenses Charts

Income Category/Item	Dollar Amount	Time Frame Day, Week, Month, Semester, or Year	Notes
Employment			
Family Contributions			
Financial Aid			
Savings			
Misc./Other			
Total Income:		Time Frame:	
\$ _____			

Expense Category/Item	Fixed Expenses		Flexible Expenses		Notes
	Dollar Amount	Time Frame Day, Week, Month, Semester, or Year	Dollar Amount	Time Frame Day, Week, Month, Semester, or Year	
Education					
Housing					
Health, Wellness, & Personal Care					
Food					
Travel & Transportation					

Activities & Organizations					
Entertainment					
Gifts & Charitable Donations					
Savings & Emergency Fund					
Misc./Other					

Total Fixed Expenses:	Time Frame:	Total Flexible Expenses:	Time Frame:
\$ _____		\$ _____	

Remember to consider the following categories and items when estimating your income and expenses:

Income

Employment

- Paychecks from part-time or full-time jobs
- Other money earned from employment

Family Contributions

- Any money received from parents, guardians, or other family members supporting you

Financial Aid

- Loans
- Grants
- Scholarships
- Work-Study paychecks may be listed here or under employment

Savings

- Summer job earnings
- College fund
- Do not include savings that you don't intend to spend during the time period this budget covers

Misc./Other

- Gifts
- Investments
- Trust fund

Expenses

Education

- Tuition
- Fees
- Textbooks
- School supplies
- Technology (computer, software, etc.)

Housing

- On-campus housing fees
- Rent (including security deposits)
- Furnishings (furniture, kitchenware, small appliances, shower curtain, decorations, etc.)
- Household supplies (towels, light bulbs, toilet paper, etc.)
- Cleaning supplies (laundry detergent, dish soap, disinfectant, etc.)
- Bills (electricity, water, gas, cable, Internet, cell phone, land-line phone, etc.)

Health, Wellness, & Personal Care

- Toiletries (soap, hair products, toothpaste, etc.)
- Clothing (new clothes, dry cleaning, etc.)
- Medical (health insurance, prescription and non-prescription medications, health supplies, contact lenses/glasses, co-pays for medical/dental/vision care)
- Mental Health (co-pays for mental health care, medications, etc.)
- Wellness (gym/fitness center memberships, fitness equipment, etc.)

Food

- Meal plan
- Groceries
- Dining out, restaurants, take-out, etc.
- Snacks, beverages, vending machines, etc.

Travel & Transportation

- Vehicle (car payment, car insurance, car taxes, gas, parking, oil changes, roadside assistance membership, car washes, etc.)
- Public transportation (bus, subway, taxi, etc.)
- Transportation between college and home (plane/train/bus tickets, ride-share costs, car rental fees, etc.)

Activities & Organizations

- Teams, clubs, Greek Life, student organizations, professional/major organizations, etc.
- Dues or membership fees
- Associated costs

Entertainment

- Music, movies, books/magazines, video games
- Events
- Hobbies
- Vacations

Gifts & Charitable Donations

- Birthdays
- Holidays
- Financial support of causes or charities

Savings & Emergency Fund

- Contributions to your savings account
- "Just in case" or "rainy day" fund for expenses such as car repairs, lost/stolen items, illness/injury, etc.

Misc./Other

- Any other bills or costs you anticipate



Budgeting for Diego

Based on the following description, use the College Budgeting Worksheet to create a budget for Diego.

Diego is a full-time college student. He lives on campus at his university. Diego has a financial aid package that covers all of his educational expenses, including tuition, student fees, campus living fees, a meal plan, textbooks, and other necessary school supplies. Diego's parents cover any school-related expenses that aren't covered by his financial aid, such as his computer. As a result, he does not have to pay for his educational expenses out of pocket.

This past summer, Diego worked full-time while living at home with his parents. After spending some of the money he earned and putting some into a long-term savings account, he still had \$800 saved up to use during the upcoming school year. Since his school year runs from September through April, this provides him with approximately \$100 per month in income from savings.

During the semester, Diego works part-time earning \$11 per hour. His schedule varies, but he usually works about 10-15 hours each week. After taxes, his take-home pay averages approximately \$420 per month.

Diego's parents supplement his income with an allowance of \$150 per month. In addition, Diego is still covered by his parents' health insurance, and they pay for any medical or health costs he has.

Diego is currently responsible for paying the following fixed expenses each month:

- Car payment \$240
- Car insurance \$80
- Cell phone \$45

In addition, Diego's current budget includes the following flexible expenses:

- Diego is currently spending an average of \$60 per month on gas. He generally drives to work, but his job is located less than one block away from a bus stop on the campus transit system's route, so he can either take the bus or drive.
- Diego is a member of his college's student athletic booster club. He pays a total of \$200 per school year for the membership and season tickets to all home games for every sport.
- Although Diego has a meal plan at school, he typically spends about \$20 per week on groceries plus another \$30 on dining out, snacks, coffees, and other miscellaneous food.
- The remainder of Diego's money each month usually goes towards expenses in personal care/toiletries, household supplies, and/or entertainment.

As it stands now, Diego's budget is tight. He would like to revamp his spending so he has more money available for things like entertainment, activities, clothing, etc., without spending all of his income every month.

Using the College Budgeting Worksheet, determine where Diego's budget stands right now. Then make suggestions for how he may be able to trim some of his flexible expenses and where he might choose to allocate his funds differently.

Note: For the purposes of this activity, assume that each month consists of 4 weeks, and that each semester at Diego's school lasts 4 months.

College Budgeting Worksheet

Follow the steps below to create your budget.

1. What is my income?

Determine all your sources of income and estimated dollar amounts for each. Include the time frame for each dollar amount (e.g., \$500 per semester, \$100 per week, etc.). Use the list and chart provided to determine and record this information.

2. What are my fixed expenses?

Determine all your required expenditures and estimated dollar amounts for each. Include the time frame for each dollar amount (e.g., \$500 per semester, \$100 per week, etc.). Use the list and chart provided to determine and record this information.

3. How much money is left?

Before calculating, convert all figures to the same time frame (e.g., per month, per year, etc.) Add up your total income and enter it at the bottom of the chart provided. Add up your total fixed expenses and enter it at the bottom of the chart provided. Subtract your expenses from your income:

	\$	670	(Total Income)
—	\$	<u>365</u>	(Total Fixed Expenses)
	\$	305	Remaining Funds

The amount left over is the maximum you can spend on flexible expenses.

4. How will I divide up the remaining funds?

Using the list and chart provided, determine how to divide up the remaining funds amongst the categories and items classified as flexible expenses. Base your decisions on estimates of costs and your own priorities for where to spend or save money.

Your budget is balanced if the total in the flexible expenses category does not exceed your total of remaining funds from Step 3.

	\$	305	(Remaining Funds)
—	\$	<u>305</u>	(Total Flexible Expenses)
	\$	0	This number should be ≥ 0

5. How will I monitor my budget?

Determine how you plan to monitor your income and expenses and use your chosen system to record actual dollar amounts.

Compare these to your budgeted/projected dollar amounts on a regular basis to ensure you're staying on track.

College Budgeting Worksheet – Income and Expenses Charts

Income Category/Item	Dollar Amount	Time Frame Day, Week, Month, Semester, or Year	Notes
Employment	420	Month	
Family Contributions	150	Month	
Financial Aid			
Savings	100	Month	
Misc./Other			
	Total Income:	Time Frame:	
	\$670	Month	

Expense Category/Item	Fixed Expenses		Flexible Expenses		Notes
	Dollar Amount	Time Frame Day, Week, Month, Semester, or Year	Dollar Amount	Time Frame Day, Week, Month, Semester, or Year	
Education					
Housing					
Health, Wellness, & Personal Care					
Food			20	Week	Groceries
Travel & Transportation	240	Month			Car payment
	80	Month			Car insurance
			60	Month	Gas

Activities & Organizations			200	School Year	Student booster club
Entertainment					
Gifts & Charitable Donations					
Savings & Emergency Fund					
Misc./Other	45				Cell phone
			30	Week	Dining out, coffee, etc
			20	Month	Personal care, household supplies, etc

Total Fixed Expenses:	Time Frame:	Total Flexible Expenses:	Time Frame:
\$365	Month	\$305	Month

Remember to consider the following categories and items when estimating your income and expenses:

<u>Income</u>	<u>Expenses</u>	
Employment <ul style="list-style-type: none">• Paychecks from part-time or full-time jobs• Other money earned from employment	Education <ul style="list-style-type: none">• Tuition• Fees• Textbooks• School supplies• Technology (computer, software, etc.)	Travel & Transportation <ul style="list-style-type: none">• Vehicle (car payment, car insurance, car taxes, gas, parking, oil changes, roadside assistance membership, car washes, etc.)• Public transportation (bus, subway, taxi, etc.)• Transportation between college and home (plane/train/bus tickets, ride-share costs, car rental fees, etc.)
Family Contributions <ul style="list-style-type: none">• Any money received from parents, guardians, or other family members supporting you	Housing <ul style="list-style-type: none">• On-campus housing fees• Rent (including security deposits)• Furnishings (furniture, kitchenware, small appliances, shower curtain, decorations, etc.)• Household supplies (towels, light bulbs, toilet paper, etc.)• Cleaning supplies (laundry detergent, dish soap, disinfectant, etc.)• Bills (electricity, water, gas, cable, Internet, cell phone, land-line phone, etc.)	Activities & Organizations <ul style="list-style-type: none">• Teams, clubs, Greek Life, student organizations, professional/major organizations, etc.• Dues or membership fees• Associated costs
Financial Aid <ul style="list-style-type: none">• Loans• Grants• Scholarships• Work-Study paychecks may be listed here or under employment	Health, Wellness, & Personal Care <ul style="list-style-type: none">• Toiletries (soap, hair products, toothpaste, etc.)• Clothing (new clothes, dry cleaning, etc.)• Medical (health insurance, prescription and non-prescription medications, health supplies, contact lenses/glasses, co-pays for medical/dental/vision care)• Mental Health (co-pays for mental health care, medications, etc.)• Wellness (gym/fitness center memberships, fitness equipment, etc.)	Entertainment <ul style="list-style-type: none">• Music, movies, books/magazines, video games• Events• Hobbies• Vacations
Savings <ul style="list-style-type: none">• Summer job earnings• College fund• Do not include savings that you don't intend to spend during the time period this budget covers		Gifts & Charitable Donations <ul style="list-style-type: none">• Birthdays• Holidays• Financial support of causes or charities
Misc./Other <ul style="list-style-type: none">• Gifts• Investments• Trust fund	Food <ul style="list-style-type: none">• Meal plan• Groceries• Dining out, restaurants, take-out, etc.• Snacks, beverages, vending machines, etc.	Savings & Emergency Fund <ul style="list-style-type: none">• Contributions to your savings account• "Just in case" or "rainy day" fund for expenses such as car repairs, lost/stolen items, illness/injury, etc.
		Misc./Other <ul style="list-style-type: none">• Any other bills or costs you anticipate



Objective: The student will identify five best practices for using credit while in college.

Lesson Element	Procedures	Materials
Lesson Setup & Lesson Opening	Obtain PowerPoint for Module 6 Lesson 3 and make copies of Student-Guided Notes for each student in the class. Let students know that at the conclusion of this lesson they should be able identify at least five best practices for using credit.	Power Point File Module 6 Lesson 3 Student-Guided Notes
Lesson Body	<p>Teacher Input: Use the PowerPoint file with teacher notes to discuss the issue of using credit wisely.</p> <p>Lead a full group discussion on the following topic: Most students will apply for credit during their college years. A key point to articulate is that in general, using credit is not a bad thing. In order to build a good credit history, it is important for individuals to use credit wisely. Doing this allows us to qualify for loans needed for big-ticket items later in life, such as a car or a house. The problems lies more in how easy it is to get credit that has a high interest rate and, therefore, how it can get out of control very quickly. While the goal of graduating from college with no debt is a lofty one considering the rising costs of postsecondary education, keeping the use of credit to a minimum and closely aligning the amount of debt with your income/earnings is very important to managing it wisely.</p> <p>Guided Practice: In small groups have students brainstorm a list of situations in which they think it is okay to use credit and a second list of situations in which it would not be advisable to use credit. When the groups are finished, make a master list for the whole class based on what the groups brainstormed. Discuss why certain items are on each list.</p>	PowerPoint file with teacher notes Student-Guided Notes
Extended Practice	Students will interview three people to ask their advice about credit cards using the worksheet provided as a template. After completing the interviews, students will write a one page summary about their plans for using credit while in college. They should incorporate at least three tips from the lesson and at least two tips from their interviews. Students will need more than one day to complete this activity. After turning this in to the teacher, the summary should be kept in the student's transition notebook.	"Credit Card Advice Interviews" Worksheet Transition Notebook

**Lesson
Closing**

Using the quotes from financial experts provided on the last slide of the PowerPoint file, discuss that although it may be difficult to use credit cards in the ways recommended by experts, this is a good goal, not only in college but as an adult as well. Starting with good practices is better than having to fix bad ones later.

Using Credit Wisely



Module 6 Lesson 3

Most students will apply for credit during their college years. Credit is not a bad thing , but using credit can very quickly and easily get out of control! While “NO” debt is a pretty lofty goal for college students, keeping it to a minimum and closely aligned with your income/earnings is very important to managing it wisely.

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Definition of Credit

Confidence in a purchaser's ability and intention to pay, displayed by entrusting the buyer with goods or services without immediate payment

Credit is basically a loan that has to be repaid according to specific terms

Source of definition: www.dictionary.com

Credit is defined as the confidence in a person's ability and intention to pay for something later instead of immediately. The person purchases something on credit, receives the item/service, and pays for it over time.

Credit is basically a loan that has specific repayment terms and conditions. Sometimes this loan is between a person and a bank, as it would be if you purchased a house on credit. Sometimes the loan is between a person and a credit card company, as it would be if you used your Visa card to buy a sweater at a store. Regardless of the specifics, any time you make a purchase that does not require you to immediately give your money to the person providing the item/service, that is a credit transaction.

Credit Cards v. Debit Cards

Credit Cards

- Not directly linked to a bank account
- Costs added to your balance immediately; payments only expected once per month
- Charge interest for “carrying a balance” – the privilege of paying over time

Debit Cards

- Linked to a checking or savings account
- Deduct funds immediately
- No interest charges

[Please note that the comparisons here are generalizations about credit and debit cards. They may not apply to every type of card available.]

The difference between credit cards and debit cards may not be immediately obvious to students, especially since many ATM/debit cards can also function as credit cards for making purchases. However, the key differences between the types of cards are listed here.

A debt card is linked directly to a bank account – usually either a checking or savings account. When you make a purchase with a debit card, it deducts the funds immediately (or within a reasonable processing period of a couple of days). Because you are directly using your own money from your own account, and it is being paid directly from your bank to the merchant you purchased it from at the time of purchase, there are no interest charges. (Some banks may charge a fee for debit cards or the accounts associated with them, but this would be separate.)

In contrast, a credit card is not directly linked to a bank account. When you make a purchase with a credit card, the credit card company pays the merchant immediately (or within a reasonable processing period). However, the credit card company is not paying the merchant with your money, because they do not have your money yet. Instead they add the purchase cost to your balance, which you are only expected to make payments on once a month. As a result, you may be able to purchase an item with your credit card on March 3rd but not have to actually part with the money it costs until you pay your credit card bill on March 29th. Credit card companies also allow you to “carry a balance,” which means that you don’t have to pay off the entire credit card bill every month. Thus, if you purchase an item that costs \$500 with your credit card on March 3rd, you may be able to pay only \$50 on March 27th, another \$50 on April 27th, etc. until you have paid off the bill.

Usefulness of Credit

- Allows people to purchase items they wouldn't otherwise be able to afford if they had to pay in full immediately
- “Big-ticket” items house, car
- Long-term expenses college education
- Unexpected expenses hospital stay, car repairs

Credit is an extremely useful financial tool.

Some items that people need would be out-of-reach and unaffordable if they had to pay for them in full at the time of purchase. Examples of these include a house or a car. People can use credit to purchase these items when they are needed instead of trying to save up for a long time to purchase them outright.

A college education is another example of a great use of credit. Students can take out loans for their tuition and other college costs and pay this money back over time. Since a college degree allows many people to get a higher-paying job than they would be able to get with just a high school education, this is a long-term investment in their future earnings.

Credit is also useful for major, unexpected expenses that may arise, such as a hospital stay, car repairs, or travel expenses to attend a funeral.

It is especially useful to use credit on items that will appreciate in value – houses and college educations are good examples of this, as their long-term benefits and value generally outweigh the investment of money and time that it will take to pay them off, including interest.

Dangers of Misusing Credit

- Can be used to purchase things that are beyond a person's means to pay back
- Making only minimum payments, especially with high interest rates, leads to paying much more than the original purchase price
- Missing payments negatively affects your credit score
- A low credit score can impact your ability to get credit in the future, to rent an apartment, and even to get a job

Credit can be a useful tool, but it can also be dangerous if misused.

Although credit card companies and banks require people to apply for credit and try not to extend credit to people who are unlikely to be able to pay for their purchases, it is still possible to use credit to purchase things that you cannot truly afford. People who use credit to live beyond their means are setting themselves up for bigger financial problems in the future.

People who use credit cards to purchase things they cannot pay off within a reasonable time frame may get locked into a cycle of making only the minimum required payments. When you add in the interest rate the credit card company charges for the balance carried forward each month, you can end up paying an astronomically higher sum than the original purchase price.

If you miss a payment for any reason, the credit card company will likely report that information, which will negatively impact your credit score. (Note: credit score is a numerical representation of the strength of an individual's credit history. It reflects your payment history and amount of credit with all of the accounts you have had within approximately the past 7 years, along with a few other factors. Having a high credit score tells businesses who might give you credit in the future whether you have been responsible with credit in the past.) If your credit history is not strong, your credit score may prevent you from being able to open new credit accounts, get loans, rent apartments, make large non-cash purchases, and can even keep you from getting certain jobs where they check credit score as part of the interview process.

Credit Cards & College Students

- College students are often inundated with credit card offers
- Many college students still need a co-signer
 - Someone who agrees to take responsibility for the debt if the cardholder cannot pay
 - Required for applicants who don't have extensive credit history yet or who have a "risky" credit history
- College can be an excellent time to start establishing a credit history by using a credit card responsibly

Credit card offers are often an inescapable part of college life. Students may receive information about credit cards they can apply for through mail, email, displays at events on campus, in college publications, on flyers in bookstore shopping bags, and more. The reason that credit card companies often target college students is because many of them have recently become old enough to sign up for a credit card without parental approval and are experiencing newfound freedom to spend their money as they choose without as much parental oversight.

Although credit is often readily available to college students, laws that went into effect in 2010 did increase the regulation credit card companies are subject to regarding extending credit to students under age 21 and marketing on college campuses. As a result, many college students still need someone to co-sign for their credit card application. A co-signer is an individual who agrees to be responsible for the debt incurred if the primary cardholder is unable to pay their bill. Parents are generally the ones to co-sign for a credit card when a student is in college. If you want to open a credit card, it's a good idea to talk to your parents beforehand about whether they are willing to co-sign for the card and what restrictions, if any, they will put on its use as a condition of co-signing.

Despite the risks, college can be an excellent time to get a credit card and begin establishing a credit history. If used responsibly during college, a credit card can allow you to have a credit history that will help you get a stronger financial start by the time you graduate.

Source for some details on this page: "College Students and Credit Cards" by CredAbility on <http://www.crown.org/Library/ViewArticle.aspx?ArticleId=126>

Facts and Figures

- 70-86% of undergraduate college students have at least one credit card
- The majority of students carry a balance from month to month that is subject to interest charges
- The average balance is approximately \$3100

Surveys conducted between 2009-2012 have produced varied statistics about college students and credit cards. The sources of the statistics cited here are:

- "How Undergraduate Students Use Credit Cards: Sallie Mae's National Study of Usage Rates and Trends 2009"
- Ludlum, M., Tilker, K., Ritter, D., Cowart, T., Xu, W., & Smith, B.C. (2012). Financial literacy and credit cards: A multi campus survey. *International Journal of Business and Social Science*, 3(7), 25-33.
- <http://www.statisticbrain.com/credit-card-debt-statistics/> (Their sources, in turn, are the Federal Reserve, Joint Economic Committee, Sallie Mae, and TransUnion)

Surveys tend to agree that a large majority of college students have at least one credit card. In 2009, Sallie Mae found that 50% of students with credit cards have 4 or more cards.

Estimates about the percentage of students who pay off their credit card balance every month vary widely; however most surveys have found that a majority carry a balance from month to month and are therefore paying interest charges on their purchases. (range of 42%-90%).

The average credit card balance of college students has skyrocketed over the past 10-15 years.

- 2001...\$577
- 2004...\$946
- 2009...\$3100

“Best Practice” Tips for Responsible Credit Card Use

- Shop around for a credit card
 - Do your homework and research each card
 - Take a long-range view of the card’s terms and benefits
 - Read the “fine print” very carefully
- Set limits and stick to them
 - Limit yourself to 1 credit card
 - Use it only for emergencies or for certain expenses

Before applying for any credit card, do some research and find out what your options are. Base your decision on an informed view of the credit card’s terms and conditions and the benefits/perks it offers. Cards marketed specifically to college students often come with flashy short-term incentives but have extremely high interest rates. Over the long term, you may be better off selecting a card that has a lower interest rate and/or other useful perks, even if it doesn’t come with the most exciting “freebies” when you initially sign up. Consulting with your parents while you’re looking for a card is a good idea, especially if they need to co-sign for you. Finally, be sure to read ALL of the “fine print” in the cardholder agreement before committing to the card. Although it may be tedious to read through all the legalese, it’s extremely important to make sure you understand the terms you will be held to by the credit card company.

Once you have a card in hand, make sure you set limits and stick to them. First, limiting yourself to one credit card is usually a good idea. Most college students don’t need multiple cards, and having only one card, one credit limit, and one bill to remember helps prevent racking up excessive debt. In addition, set limits on how much money you allow yourself to spend. This does not need to be dictated by the card’s credit limit. Often, your credit limit will be higher than what you can truly afford to pay off within a reasonable amount of time. You may decide to limit your spending by reserving the card to only be used in certain situations, such as emergencies (e.g., plane ticket home for a parent’s illness), or for unexpected expenses (e.g., car repair), or for certain types of expenses (e.g., gas for the car, online purchases, etc.).

“Best Practice” Tips for Responsible Credit Card Use

- Making Payments
 - Make all payments on time
 - Avoid interest charges by paying off your balance in full each month
 - If you must carry a balance, pay more than the minimum payment each month



It should go without saying that one of the most important things a credit card holder can do to use his/her card responsibly is to ensure that all payments are made on time. Keep in mind that you are responsible for making the payment on time every month even if your statement/bill is lost in the mail or gets routed to your email spam folder. Be proactive about keeping up with the date your payment is due every month and check on your account status if you haven't received a statement a few days before it's due.

When you purchase items using your credit card, the best practice is to pay your balance off in full each month within the “grace period” before the credit card company begins to charge interest on those purchases. This isn't always possible, though, so if you have to carry a balance, it's prudent to pay more than the minimum payment every month. If you reach a point where you pay as much as you can afford until you

“Best Practice” Tips for Responsible Credit Card Use

- Think twice before using a credit card in these situations:
 - You want it but don’t need it
 - You can’t pay it off shortly
 - You already have a similar item or a good alternative
e.g., eating out when you could use your meal plan; upgrading your cell phone when your old phone still works fine
 - You’re trying to maintain a standard of living beyond your budget

Using a credit card responsibly to start building a strong credit history often means making smart choices about when to use the card and when not to. In the situations listed above, it may be more prudent to:

- Use a debit card instead;
- Use cash instead; or
- Reconsider whether to make the purchase altogether.

Situations:

- If an item is a “want” instead of a “need,” consider why you’re putting it on your credit card. If it’s because you’re using the card to build credit and you know you have budgeted for the item and have the money to pay for it during this billing cycle, it’s reasonable to go ahead with the purchase. If not, you may want to consider waiting until you have the cash to pay for it outright.
- There are many possible situations in which you might have to use a credit card for something you can’t pay off immediately. Some of these are actually excellent reasons to use credit, such as emergencies or unexpected necessary expenses. Other items may be reasonable things that you have planned for; for example, it may take you several months to pay off a credit card charge for a new computer, but you may have already budgeted the money for that to come from your earnings from a job. However, be cautious about charging items that you know you cannot pay for within a reasonably short timeframe. You never know when you may have an unexpected expense arise that would either put you over your credit limit or severely hamper your ability to pay your balance back down.
- If you are using your credit card to replace something that you already have a good alternative to, it may be more prudent to wait until you can pay for it in full. Although the newest cell phone or a dinner out might be a tempting alternative, consider whether you’re reaching for the credit card instead of cash/debit because the alternative is actually not within your means right now.
- Finally, the last tip relates to all the others listed. Students can easily get in over their heads with debt simply by trying to maintain a standard of living that is beyond their means. Credit cards make it possible to purchase things that you don’t actually have the money for at the moment. Although this can be a great financial tool in some cases, it’s possible to slip into the habit of using the card to cover expenses that aren’t even a part of your budget or to cover the additional expense of items that have exceeded their limit in your budget. Some college students find that a credit card allows them to dine out more often, purchase more or higher quality items (e.g., technology, clothing, etc.), spend more money on entertainment, and do other non-necessity activities. This all seems wonderful until the credit card bill arrives and the realization hits that they don’t have the money to pay down the balance. Some students eventually end up getting trapped in a cycle of charging even basic expenses but being unable to pay more than the minimum required payment each month. However, it is possible to avoid this by thinking twice before even deciding to use the credit card in the first place.

Expert Advice about Credit Cards

“Putting off payments on your credit card bills can be much worse than procrastinating about studying for midterms.”

- Suzanne Boas, CredAbility President

“Don’t have any credit cards, except one for an emergency, and even then, it’s debatable what an emergency is. Learn about your spending and pay it back.”

- Paul Davis, a student who accumulated over \$10k in credit card debt

“The greatest advice that I could give you today is: if you get a credit card, you should never, ever use it unless you know you can pay it off in full every since month after you have charged.”

- Suze Orman, personal finance expert

Source of Suze Orman quote: www.BusinessToday.org

Source of Paul Davis quote: www.ABCnews.com

Source of Suzanne Boas quote: www.crown.org/Library/ViewArticle.aspx?ArticleId=126

Additional resources consulted in the course of developing materials for this lesson:

- About.com
- CreditCards.com
- CollegeBoard.com
- CollegeConfidential.com



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Credit Card Advice Interview Worksheet

Interview three people about credit cards using the following worksheet as a guide. After completing the interviews, write a one page summary of how you plan to use credit in college. Be sure to incorporate at least three tips from the lesson, as well as at least two tips from the interviews.

Interviewer: _____ **Interviewee:** _____

What do you think are the benefits and drawbacks of using credit cards?

What do you believe people should know and do in order to use credit cards responsibly?

What advice would you give to someone who is getting his/her first credit card?



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What do you think are the benefits and drawbacks of using credit cards?

What do you believe people should know and do in order to use credit cards responsibly?

What advice would you give to someone who is getting his/her first credit card?



Objective: Students will select three money management tips from college students and reflect on how they can apply the tips to their own lives.

Materials Needed

- PowerPoint file with teacher notes
- Student-Guided Notes
- Transition Notebook
- Any needed writing accommodations

Activity Description

Activity Description

Show students the PowerPoint that lists the money management tips from college students. Discuss the advice given in the context of what students have learned in the other lessons in this module so far. Have students talk about their impressions of the tips, which ones they believe are practical, which ones they would like to implement, and any obstacles to implementing the advice that they foresee.

Journal Entry

Students will list and reflect on their three favorite money management tips from this discussion. They will write 1-2 paragraphs about how they can apply these three tips to their lives.

Money Management Tips from College Students



Module 6 Activity 2

In this activity, you will hear about some advice that students at ECU have shared based on their “lessons learned” about managing money in college. The tips included in this activity are the a compilation of ones collected from various students at ECU between 2009-2013.

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Tips about Budgeting

- Set and stick to a budget
- Set a daily, weekly, or monthly limit for each type of expense
- Pay attention to your spending so you don't exceed your limit



Setting and sticking to a budget is the most commonly given piece of advice from current college students. Many students recommend having someone help you to determine reasonable amounts of money to spend in each category or for each type of expense, and then using that to set a limit in each area. You can set your limits to be per day, per week, per month, or per semester. Regardless of the time frame, make sure you track how much you spend so you know when you're getting close to your limit and need to stop spending.

Tips about Cash



- Only carry a small amount of cash
 - A little is better than none (just in case)
 - If you don't have it, you can't spend it
- Use cash for non-essential purchases
 - May help curb your spending
 - It's easier to tell when you've reached your spending limit – because your wallet is empty

Many students recommend only carrying a small amount of cash on a daily basis. Having a little is better than none because you never know when you might need a few dollars for something unexpected. However, if you don't carry much cash, you won't be tempted to spend beyond your means. In addition, carrying large amounts of money can be a safety risk if you're flashing it or making it known that you have it. Several students noted that about \$20 covers anything they might need cash for on a given day.

Some students find it harder to part with cash than to use a debit or credit card. They describe it as "feeling" more like the money is gone than if you use a card because it's more concrete. The actual money leaves your hands instead of an abstract idea of money leaving your account. It's also easier to tell when you've hit the limit of what you can spend because your wallet is empty!

Tips about Credit Cards

- Consider whether you really need a credit card, and don't get one if you don't need it
- Use your credit card cautiously
 - Only for emergencies
 - Only for pre-determined expenses
 - Leave it locked up at home during non-essential shopping trips



Students tend to be divided on the issue of credit cards.

Some advocate avoiding opening a credit card account until you really need it. They find the temptation and challenge of managing it responsibly to be more than they want to take on unless they have to.

Other students recommend having a credit card but using it very cautiously.

Some say to save it for emergencies only.

Others say that using it for pre-determined expenses is a good way to build credit but not blow your budget. If you do this, you can work the payment amount into your monthly budget so you won't have to carry a monthly balance.

Some students also recommend leaving it safely locked up anytime you're going someplace where you might be tempted to unnecessarily spend money. Again, if you don't have access to it, it forces you to avoid using it when you don't have to.

Tips about Working

- Work during the summer and winter breaks to save money for the school year
- Get a part-time job during the school year, especially an on-campus job



Some students recommend working either full-time or part-time during the summer and winter breaks in order to save up money that can be spent during the school year. This allows you to have a reserve of money to get you through the semester without working while classes are in session.

Several students also recommend working part-time during the school year. Although it can be challenging to balance academics and work, many students can successfully work part-time and keep their grades up as well. The research also backs up the students' advice in this situation: college students who work part-time (>20 hours/week) benefit educationally as well as financially. (Source: www.insidehighered.com/news/2009/06/08/work)

Getting a job on campus can also be an excellent option for many students. Jobs available through the university are often more convenient to get to than those off-campus. In addition, most on-campus employers are well aware that academics need to be a student's top priority and may offer more flexibility in working around your courses and academic workload.

Tips about Saving Money

- Take advantage of opportunities to save money
 - Find out if there's a discount for college students and carry your college ID with you
 - Look for coupons, freebies, promotions, and other bargains online, in your college newspaper, etc.
 - Buy things when they're on sale
- Buy school supplies somewhere besides the campus bookstore
 - It's easy to overspend on non-essentials at the bookstore
 - You don't need all your supplies to have the university logo, and supplies without it may be less expensive

College students can often find many ways to save money on both necessities and non-necessities. Students recommend finding as many of the deals as possible to get more for your money.

For example, many places in college towns offer discounts to college students (e.g., movie theatre, restaurants, local shops/stores, etc.). You usually have to show your student ID to get the discount, so be sure to carry it with you whenever you go out.

If you look for them, there are lots of deals to be had even without a college ID. You might find out about promotions, bargains, or free offers online or in your college newspaper, the local newspaper, etc. Hang onto coupons and stick them in your wallet or someplace convenient so you'll have them when you need them.

For anything you don't need immediately, wait for it to go on sale before purchasing it.

School supplies (other than required textbooks) can be easy to overspend on. The campus bookstore is often the most convenient place to buy these things, but it may not be the most cost-effective. Students recommend buying supplies before coming to college or making a trip to a local store (such as Wal-Mart, Target, Staples, etc.) to purchase these items. Although it's very tempting to load up on college-logo gear, you really don't need everything down to your pencils and binders to sport your college's mascot. It's also easy to be tempted into buying non-academic supplies you don't need while you're there, such as t-shirts and stickers. If you can get to a local store, you may find lower prices on the basics that you need so you can splurge on a couple of items that do have the school logos.

Tips about Saving Money

- Save on transportation costs by using the campus transit system
- Use your meal plan wisely
 - Save money on food by eating on campus using your meal plan
 - Only eat out (off campus) as an occasional treat
 - Buy snacks in larger quantities instead of one at a time on campus



Many college campuses offer some kind of free or low-cost transportation, often a bus system. On some campuses, this transit system has routes accessing nearly every place a typical student would usually need to go. Students may find that they either don't need a car during the first year or two on campus or that they can save money on gas and other car expenses by only using their car sparingly. There may also be other options like a short-term rental car service (e.g., Zipcar) or ride-sharing.

Understand how your meal plan works and all the options and perks associated with it. Many colleges offer meal plans that include some combination of meals that can be used at specific dining locations for specific items and funds that can be used more flexibly on a wider range of items or at a wider range of locations. Try not to use the flexible funds on items that you could use a meal allotment for, since the flexible funds tend to run out much faster.

(For example, ECU meal plans include unlimited access to the 2 dining halls on campus plus a certain number of "Pirate Bucks" that can be used at other campus dining locations and on other food items. Many students run out of Pirate Bucks much earlier than they expected, sometimes because they use those instead of their dining hall meal allowance.)

Tips about Banking

- Keep a reserve of savings that you don't touch and add to it whenever possible
- Check your bank balance regularly
- Be cautious about "banking" amongst friends



Even in college, the importance of beginning to save money for the future or for emergencies is important. Students recommend having a separate reserve of money that's off-limits except in true emergencies. Although building this reserve can be challenging during college, even adding a little bit at a time adds up eventually. You may be able to earmark money you receive as a gift to go into this account, along with part of your summer job savings, or other sources of income.

Regardless of how you keep track of your money, you should always know approximately what your bank balance is. Check it on a regular basis using either ATMs, online banking, or automated phone systems. Nothing puts a damper on your day like finding out you overdrew your account with a small purchase and could have avoided it if you'd just checked your balance beforehand!

Several students recommended being very cautious about either borrowing money from friends or loaning money to friends. Informal loans between people can create awkward situations. Save the "banking"-type activities for actual banks instead of friends and acquaintances.

Tips about Financial Aid

- Apply for financial aid even if you're not sure whether you will take it
- Stay well-informed about your financial aid package. You should always know:
 - How much you're receiving/borrowing
 - Where the money is coming from
 - The terms and conditions of the contract (e.g., minimum GPA, use of funds, interest rate, etc.)

Many students recommend applying for financial aid even if you're not sure that you need it or will accept it. You're not obligated to accept any aid that is offered, and applying will at least let you know what your options are.

If you do get financial aid of any kind, it's extremely important to be well-informed about all aspects of the aid package. At minimum, you need to know:

- The amount of money you're getting: Some aid is tied to the exact dollar amount of your costs (e.g., tuition, fees, etc.), while other aid may be less or more than your expenses.
- Where the money comes from: Financial aid can come from a wide array of sources, such as the federal government, a private bank/loan company, the college/university, an independent organization, etc.
- Terms and conditions attached to the funds: All financial aid comes with a detailed description of the aid package. You need to know things like what you have to do to be eligible to keep receiving the aid, whether it has to be paid back, how it will be paid out (directly to the school or to you instead), what you can and can't use the funds for, etc. For loans or other aid that needs to be repaid, you also need to know the repayment terms – when does repayment begin, how do you pay it back (money or service), how long do you have to pay it all back, what's the interest rate, etc.

Tips about Making Financial Choices

- Practice delayed gratification
- Avoid temptation
- Discern between your “wants” and your “needs” and choose your expenditures wisely

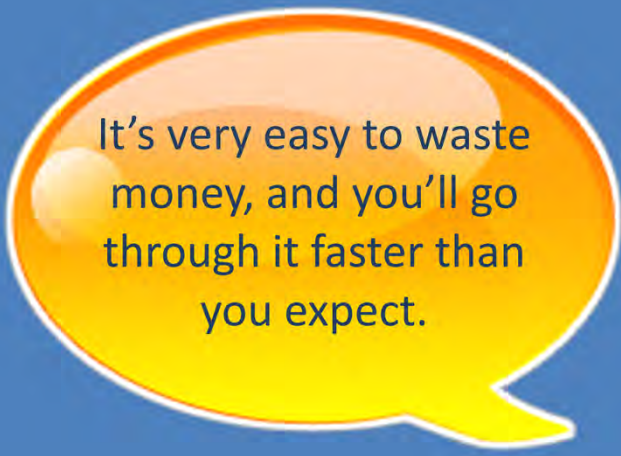


You can sometimes save yourself money just by avoiding impulse buys. If you see something that you want, don't purchase it immediately. Instead, wait a while. You can always go back for it later if you still want it...but you may just find that it doesn't seem as tempting after the immediate impulse to buy it has passed. This can apply to larger purchases (e.g., a new sweatshirt at the campus bookstore) or small purchases (e.g., an extra snack between meals)

Some students prefer to avoid temptation entirely by staying out of situations where they know they'll be tempted to buy items they can't afford. For example, if some friends are going to the mall and you don't want to be faced with the temptation of spending money there, suggest meeting up with them afterwards for a low-cost or free activity instead of going along with them.

Finally, a key to money management for college students (and adults as well!) is to learn to discern between your wants and needs. You can't avoid spending money on your needs in college – such as tuition, books, housing, food, clothing, etc. However, you can make smart choices about things that aren't necessities. In addition, it's easy to justify spending more than necessary on items that fulfill a need, but could be substituted with a lower-cost option. For example, you need to eat breakfast, but you don't need to spend \$7 on coffee and a muffin at Starbucks instead of using your meal plan. Choosing carefully where to save money by sticking with the items that fulfill your needs can allow you to occasionally splurge on some “wants” as well.

Final Thoughts:
Money Management Advice from College Students



It's very easy to waste
money, and you'll go
through it faster than
you expect.

In conclusion, when giving advice about money management to incoming freshmen, college students emphasized that money goes fast in college. It's very easy to waste money on things that you don't really need and/or won't necessarily even want in the long run.



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Finances

Introduction to College Financial Topics

A. How Much Does College Cost

- _____

B. Sample public University

- _____
- _____
- _____
- _____

C. Tuition and Tuition Surcharges

- Cost of the courses a student takes
- Tuition charges are billed based on:
 - Type of institution
 - Private or _____
 - 4-year college or _____
 - _____
 - In-State or out-of-state
 - Being an in-state resident for tuition purposes is different from simply living in the state
 - Generally requires the student's permanent residence to be in the same state as the college for a certain length of time before _____
 - Number of credit hours each semester
 - Cost billed per _____
 - Cost billed for full-time student

D. Tuition Surcharge

- _____ to students who take additional semester hours beyond what is required or allowed by their degree program
- Designed to encourage students to finish a _____ efficiently instead of delaying graduation

E. Room and Board

- Cost of on-campus housing and meal plan
- Housing costs vary based on
 - _____
 - Single or double room
 - _____
- Meal plans are _____ for eating at campus dining locations.
 - Convenient (and often required) for students living on campus
 - Cost generally varies based on
 - _____
 - Flexibility offered for _____ the meals can be redeemed
 - Any “extras” included

F. Fees

- Charges for various _____ and programs on campus
- Common college fees
 - Student Activities
 - _____
 - Health Services
 - _____
 - Recreation Facilities
 - Special Course Fees/ Lab Fees

G. College is expensive.... Why is it worth the investment?

- _____

H. Monetary benefits

- Over the course of a lifetime, the average college graduate earns nearly _____ than the average high school graduate.
- Generally, college graduates are:
 - Are about half as likely to be _____
 - Receive better employment _____
 - Have more money in _____

I. Non-monetary benefits

- Better _____ of life
- More _____ activities
- Better _____
- _____ social status
- Increased _____ mobility
- More _____ and _____ about the world

Financial Aid: FAFSA Activity

A. Financial Aid

- Any program that offers _____ to assist with the costs associated with being a student
- Approximately _____% of full-time students receive some type of financial aid.
- There are many different _____ and _____
- The _____, _____, and _____ of aid each student receives is called their financial aid package

B. Types of Financial Aid

- Gift Aid
 - Does _____ have to be repaid
 - Examples
 - Grants
 - _____
 - Federal government is a major source
 - Scholarships
 - Usually based on merit/achievement
 - May be based on _____
 - Many different sources
- Self-Help Funds
 - Must be repaid
 - Loans
 - _____ sources
 - Repaid in money, with interest
 - Repayment schedule and options may be flexible
 - Employment-or Service-Based _____

➤ Repaid with _____

➤ E.g., work-study

C. Sources of Financial Aid

- _____ or _____ government
- Colleges/Universities
- _____/Loan Companies
- Other organizations
 - Nonprofits/_____
 - _____/Clubs
 - _____
 - Private Corporations
 - Other

D. Qualifying for Financial Aid

- Find out the criteria for each type/ source of _____
- Apply for _____ you may qualify for
- Understand the terms and conditions
- Maintain _____
 - “Satisfactory academic progress”
 - Minimum GPA and number of credit hour

E. Free Application for Federal Student Aid (FAFSA)

- Form _____ for almost any kind of financial aid
- Does not obligate you to _____ financial aid
- No _____ to apply
- Complete the FAFSA online at www.fafsa.ed.gov
 - You will have to enter a lot of _____, _____ data
 - Do not do this on an _____ computer!

- www.fafsa.com is **not** the correct site
- Go to www.fafsa.ed.gov and read through the information and forms about completing the FAFSA.
- _____ on the process to make a checklist of needed information for successful completion.
- Complete this activity _____ with your parent(s)/guardian(s).
- Use the provided checklist and include it in your transition notebook

Creating a Budget

A. Budgeting Vocabulary

- Budget- a plan based on itemized estimates of _____ and _____ for a given period of time
- Income- monetary payment received for _____, _____, or from other sources.
- Expenses- costs or charges for _____ or _____ acquired

B. Key Ideas about Budgeting

- Your income must be _____ or _____ to your expenses
- Your money is _____. If you spend more on one thing, you must spend _____ on something else.

C. Categories of Income

- Employment
- Parent/Family Contributions
- _____
- _____
- Miscellaneous/Other

D. Categories of Expenses

1. _____
2. Housing
3. Health, Wellness, & Personal Care
4. _____
5. Travel & Transportation
6. _____
7. _____
8. Gifts & Charitable Donations

9. _____

10. Miscellaneous/Other

E. Fixed v. Flexible Expenses

Fixed Expenses	Flexible Expenses
Have a "set price"	
	Easier to reduce or negotiate price
	Easier to cut from budget
Examples 1. 2. Campus Living Fees 3. Health Insurance	Examples 1. 2. 3. 4. Food

F. 5 Steps to Making Your Own Budget

1. What is my income?

- Determine all your sources of income and estimated dollar amounts for each
 - _____
 - Parent/Family Contributions
 - Financial Aid
 - _____
 - Miscellaneous/ Other

2. What are my fixed expenses?

- Estimate all your required expenditures in each category and estimated dollar amounts for each
 - _____

- Housing
- Health _____ & _____
- Food
- Travel/ transportation
- Activities/Organizations
- _____
- Gifts/Charitable Donations
- Savings/Emergency Fund
- _____

3. How much money is left?

- Before calculating, make sure all figures and using the _____ (e.g., per month, per semester, etc.)
- Add up your _____ income from step 1
- Add up your total expenses from _____
- Subtract your expenses from your income
- The amount left over is the maximum you can spend on flexible expenses

4. How will I divide up the pie?

- Return to your list of expenses and look at the ones that were categorized as _____
- Divide your remaining funds amongst all of these categories. Decide how much each category should get _____ of the costs and your priorities for where to spend or save money
- Ways to save on flexible expenses
 - _____
 - Take foundational courses or summer classes at a community college and transfer them to your university
 - Buy used textbooks or rent instead of buying
 - Resell textbooks at end of _____
 - Housing/ _____
 - Live in campus housing, where many of your basic housing expenses will be included in the fees instead of costing extra

- _____ plan that meets, but doesn't exceed, your needs
- Health, Wellness, & Personal Care
 - See whether it is more cost-effective to purchase student health insurance at school or remain _____
- Travel and transportation
 - Use campus _____ instead of driving to campus
 - Comparison shop for lower-cost _____
- Food
 - Select a meal plan based on your eating habits and preferences; change your plan mid-semester if it's not meeting your needs
 - _____; use coupons for groceries
 - Avoid _____
- Entertainment
 - Seek out student discounts
 - Select low-cost or free entertainment options on campus
- Miscellaneous/Other
 - Follow campus rules (_____) to avoid costly fines and fees for things like _____, alcohol violation tickets, etc.

5. How will I monitor my budget?

- Develop a _____ for keeping track of your income and expenses
- Be consistent in noting what you spend on a daily basis and then tallying it up every week _____ to make sure you're on target
- Ideas for tracking your income/ _____
 - Bank website
 - _____
 - Small notebook
 - Financial management software
 - Checkbook register
 - _____
 - Excel spreadsheet

Using Credit Wisely

A. Definition of Credit

- Confidence in a purchaser's _____ and _____ to pay, displayed by entrusting the buyer with goods or services without immediate payment.
- Credit is basically _____ that has to be repaid according to _____

B. Credit Cards v. Debit Cards

Credit Cards	Debit Cards
Not Directly linked to a bank account	
Costs added to your balance immediately; payments only expected once per month	
	No interest charges

C. Usefulness of Credit

- Allows people to purchase items they wouldn't otherwise be able to _____ if they had to pay in full immediately
 - _____
 - _____
 - _____

D. Dangers of Misusing Credit

- Can be used to purchase things that are beyond a person's _____ to pay back

- Making only the _____ payments leads to paying much _____ than the original purchase price
- Missing payments negatively affects your _____
- A low credit score can impact your ability to _____, rent an _____, and even get a _____.

E. Credit Cards & College Students

- College students are often inundated with credit card offers
- Many college students still need a co-signer, who agrees to _____ for the debt if the card holder cannot pay
- College can be an excellent time to start establishing _____ by using a credit card responsibly

F. Facts and Figures

- 70-86% of undergraduate college students have at least _____ credit card(s)
- The majority of students carry a balance from month to month that is _____
- The average balance is approximately \$_____.

G. "Best Practice" Tips for Responsible Credit Card Use

- Shop around for a credit Card
 - Do your homework and _____ each card
 - Take a long-range view of the card's terms and benefits
 - Read the " _____ " carefully
- Set limits and stick to them
 - Limit yourself to _____ credit card
 - Use it only for _____ or for certain expenses
- Making Payments

- Make all the payments on time
- Avoid interest charges by paying off your balance _____ each month
- If you must carry a balance, pay more than the _____ each month
- Think twice before using a credit card in these situations:
 - You _____ it but don't _____
 - You _____ shortly
 - You already have a similar item

 - You're trying to maintain a standard of living beyond your budget

H. Expert Advice about Credit Cards

- "Putting off payments on your credit card bills can be much worse than procrastinating about studying for midterms." (Suzanne Boas, CredAbility President)
- "The greatest advice that I could give you today is: if you get a credit card, you should never, ever use it unless you know you can pay it off in full every since month after you have charged." (Suze Orman, personal finance expert)
- "Don't have any credit cards, except one for an emergency, and even then, it's debatable what an emergency is. Learn about your spending and pay it back." (Paul Davis, a student who accumulated over \$10k in credit card debit)

Money Management Tips from College Students

A. Tips about Budgeting

- Set and stick to a _____!
- Set a _____, _____, or monthly limit for each type of expense
- Pay attention to your _____ so you don't exceed your limit

B. Tips about Cash

- Only carry a small amount of cash
 - A little is better _____ (just in case)
 - If you don't have it, you _____ it
- Use cash for _____ purchases
 - May help _____ spending
 - It's easier to tell when you've reached your spending limit- because your _____

C. Tips about Credit Cards

- Consider whether you really need a _____, and don't get one if you don't need it
- Use your credit card cautiously
 - Only for _____
 - Only for pre-determined expenses
 - Leave it locked up at home during _____ shopping trips

D. Tips about Working

- Work during the summer and winter breaks to save money for the school year
- Get a _____ job during the school year, especially an on-campus job

E. Tips about Saving Money

- Take advantage of opportunities to save money
 - Find out if there's a discount for college students and carry your _____ with you
 - Look for _____, freebies, promotions, and other bargains _____, in your _____, etc.
 - Buy things when they're on sale
- Buy school supplies somewhere besides the campus bookstore
 - It's easy to overspend on _____ at the bookstore
 - You don't need all your supplies to have the university logo, and supplies without it may be less expensive
- Save on _____ costs by using the campus transit system
- Use your meal plan wisely
 - Save money on food by eating on campus using your _____
 - Only eat out as an occasional _____
 - Buy snacks in _____ instead of one at a time on campus

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