

You may wish to use a **debit card** (a card that works like a check) which is a card used along with a PIN (Personal Identification Number) to withdraw funds or transfer funds from your banking or other account. If you use an **ATM** (Automatic Teller Machine) **with a bank debit card**, keep receipts, and record the transaction in your checkbook register. Don't assume that the account balance at the ATM is correct. If you wrote checks that haven't been processed by your bank the ATM balance will be higher than the amount of money you really have. If you use online banking check your transactions and balance regularly.

CREDIT CARDS

Credit card offers have often been available on college campuses. However, several new credit card laws began on February 22, 2010, and have restricted the availability of credit cards to college students. If you are under 21, you will need to show that you have the ability to make payments or you will need a cosigner in order to open a credit card account. Also, if you are under age 21 and have a credit card with a cosigner and want an increase in the credit limit, your cosigner must agree in writing to the increase.

Having a credit card is a big responsibility, and you should have income to support it. If you decide to get a credit card, shop around for one with a lower interest rate and fees. If you have a credit card already, try to use it only for emergencies, and pay it off as soon as the bill arrives, if possible.

Use credit only if you are certain that you can repay the debt. If you owe too much on a credit card, you may be unable to pay your college bills. You can ruin your credit rating for a long time by not paying the credit card and paying on time. Remember, you will pay back the amount you borrowed plus any interest accrued on the unpaid balance. Also, avoid cosigning for anyone. If they fail to pay, you will be responsible for the bill.

PROTECT YOUR PERSONAL INFORMATION

Avoid identity theft by safeguarding your personal and financial information. Do not give your Social Security, credit card, or bank account numbers to anyone or any company unless there is a legitimate reason (such as the university for financial aid records). Remember your Social Security number, and do not carry your card in your wallet unless you have a need for it (keep it in a safe place). Shred papers that have account numbers on them. (Do not share your PIN with anyone.) Don't send your credit card number over the Internet unless it is a secure website. Shred unused credit card offers. Review credit card statements and telephone bills for unauthorized use. If you are a victim of identity theft: contact the

credit reporting agencies and place a "fraud alert" on your credit report; report lost or stolen credit, debit, and ATM cards, and close accounts; file a police report; and keep records of everything.

Your college career is important to the university family. We encourage you to seek information to help you navigate your college career and make wise decisions about your life. **Use This Information To Become A Success At Managing Your Money and Your Life!**

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Developed by:
Joanne Bankston, Ph.D.
State Extension Specialist for
Family Economics and Management
Cooperative Extension Program
Kentucky State University
Frankfort, KY

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MONEY POWER

Wise Decisions About Your Money & Your Life
For College Students

By *Joanne Bankston, Ph.D.*
State Extension Specialist
Kentucky State University
Cooperative Extension Program

MANAGING YOUR MONEY IN COLLEGE

A New Experience

Welcome to college life . Perhaps this is your first experience to be on your own. You will find the freedom from living on your own, making new friends, making your own decisions, and being in charge of your own money is a challenge for some students and a disaster for others. Since learning to manage your money and your life is a very important part of your educational experience, your university wants to provide some tips to help you develop **Money Power** and make wise decisions about managing your money. As you learn to make wise decisions, you will discover that you can be successful in not only managing your money, but in managing your life. The financial decisions you make in college will involve thousands of dollars to pay for your college education. You will be taking your first steps toward financial independence, and it is not always easy to know how to make the best choices. This brief lesson will help you get started whether you are beginning or experienced in your college career.

GETTING STARTED

Communication with Family/Others

Before you start the school year discuss financial matters with your parents, guardian, or others who are responsible for you. Discuss how you will be paying for your college education - parent's contributions, grants, loans, scholarships, work-study, other methods, and/ or combinations of any of these methods. This will help you know more about the sources of your income, and the amounts anticipated. You will be able to determine whether or not you will receive regular contributions and gifts from your family. If you are on your own, you will also need to consider how you will pay for your education. Gathering all of this information will help you develop a financial plan. You may also seek advice on managing your money in college from other adults, older siblings, friends, teachers, financial aid counselors, and others who have been successful at managing money.

Your parents/ guardians will probably be involved in decisions regarding your financial aid. However, you will also need to understand the details and rules of your financial aid package (scholarships, grants, loans, etc.) in order to keep the money coming in for future terms. Read the information about your financial aid carefully. Some loans, for example, have very specific obligations (some lenders require you/ your parents to pay right away, and others allow you to pay several months after graduation). Most scholarships require you to maintain a certain grade point average. And, work-study jobs may have certain requirements. Keep a financial aid folder, and file important papers in it. Keep a calendar with the opening dates for filing future

financial aid statements. Reapply as early as possible. You can get this information from the campus financial aid office. **Remember, it's up to you to keep up and be responsible for these matters.** Also, get the lowest amount of student loan money needed to meet your educational expenses. While student loans are an investment in your future, they also place you in debt. Some students spend 10 to 20 years after college repaying college loans. Large monthly payments on student loan bills will impact your future plans for purchasing a car or a home, or getting an advanced degree after you complete your college education. Avoid using any student loan money for nonessential school items such as vacations, furniture, autos, etc., as the money must be paid back with interest. **Remember, if you do not complete your college degree, and have student loans, you are still responsible for repaying the loans.**

TAKE CHARGE OF YOUR MONEY AND YOUR LIFE

Make a Plan

You can take charge of your money by developing a plan. This is called a **financial plan**. You can start by setting goals for your money. Ask yourself, what are my **financial goals**? Do you want to have enough money to purchase incidentals (such as toiletries and laundry expenses), extra food, and necessary clothing each month? Would you like to save money to buy books for the next term? Or perhaps you would like to save money to travel abroad in an international educational program in a couple of years. To reach your **goals** you will have to **take 3 steps**:

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

You may use the attached budget worksheet to write down your financial goals. You will need to write down your goals; estimate the amount of money needed; the date needed; and the steps you will take to reach your goals. As you write your financial goals, keep in mind that your **main goal is to graduate from college**. Many small steps will help you reach this goal. Earning a college degree will be a key factor to help you get a job and start a career of your choice. Since getting a college degree is very expensive, you will need to focus on this goal throughout your college years. Keep in mind that your college degree will be worth many of the sacrifices you will have to make. College life can be expensive. You may not be able to do all of the things you are tempted to do. Paying your bills on time and staying out of debt is the key to having a good credit rating and starting ahead of the game after college.

DEVELOP A REALISTIC BUDGET

A budget is a plan for spending your money. It helps you to feel in control by knowing how much money you have and how you plan to spend it. Use the budget worksheet to develop your plan. If you write down your sources of income and calculate the amount of money you spend, you will be able to determine where your money goes. The steps to making a spending plan include:

1. List your goals and how you plan to reach them
2. List all sources of monthly income and total
3. List all monthly expenses and total
4. Subtract total expenses from total income
5. Adjust income and expenses
6. Evaluate your spending plan and make changes if necessary

Be realistic about your budget. Keep a log of the money you spend each day to determine where your money actually goes. If you spend more than your income, you will need to readjust your income and expenses. Do this by finding a way to make more money such as a part-time job (only consider if you can manage your classes and your grades), and/ or cutting back on the money you spend. Spend first on items that are necessities. Take care of things that you want last. Look for ways to reduce your spending such as: shopping more carefully for bargains; using coupons; sharing rides with friends, and splitting the cost of gas or food if you travel away from campus; buying good used books at a discounted price; and/or trading services (such as haircare and nails) with a friend where no money is exchanged. **Remember, your spending should not exceed your income.**

Keeping Your Money Safe

When living in dormitory housing it is important to find a safe place to lock up money and other valuables. This is to avoid the chance that your money will be lost or stolen. Having a **checking account** may be a good idea, and it is safer than carrying cash. Also, your bank statement provides a good record of the checks you have written. You must however, know and understand the rules set by the bank on bank fees to avoid costly charges.

To decide which bank is best for you, visit several banks or credit unions near the campus. Select a bank that will offer you the best services suited to your needs with the lowest fees. You may decide to open a checking and savings account. When writing checks, enter the amount into your checkbook register and subtract it from your balance each time. Avoid writing *checks that bounce* which are checks written on an account where there is not enough money to cover them. Bounced checks may cost you \$25 - \$35 or more per check, affect your credit rating, and may cause the bank to close your account. Numerous bounced checks with unpaid fees will send your account to collections and in some states can send you to jail.