



# Money Management Tips

## Budgeting

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- Learn the difference between monthly expense lists and a true budget. A "list" is just that. A more highly-developed plan for how to make all monthly payments and obligations on that "list" is a budget.
- Have a financial plan, or "budget", even if your only income is student loans. Decide ahead of time how you will spend your loan to help determine how much you need.
- Establish a sound and flexible budget by figuring out what is most important in your life (personal values) and focusing your resources on those things.
- Establish realistic money goals and timelines.
- Determine your monthly net income.
- List every monthly expense you may have as well as debts you owe and their amounts and due dates.
- Diligently track every monthly expense, then take a reality check and compare actual to estimated expenses.
- Don't assume you can become rich without first learning the "ropes" of managing your money and credit life. Ask questions, read, check out online resources, etc. to get control of this crucial part of your life before it takes control of you.
- Two ways you can make a spending plan work for you (without borrowing more money) are to increase income and resources or reduce expenses and spending. Make a list of ways to earn additional money and/or cut spending. You might be surprised what determination and creativity can do!
- Remember to include all non-regular, or periodic, expenses in your monthly budget. This can help you avoid using your credit cards unnecessarily. Examples of periodic expenses are: gifts, auto maintenance, property taxes, home maintenance, pet care, and auto insurance.

## Spending and Saving Habits

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- Differentiate between your wants and needs.
- Consider current and future expenses and debts when determining the amount of student loans you need.
- Don't spend money you don't have. If it's not in your pocket, don't spend it!

- Whenever possible, buy books online or at used book outlets to save money for other expenses during the semester.
- Dig out your old piggy bank, put an empty can on the dresser, and save pocket change. It can add up to as much as \$5.00 a week. If you are already in this habit, challenge yourself to save every dollar bill and not spend anything under \$5.00. You could pay for spring break every year!
- Figure out how many hours you need to work to pay off an item you charged or want to purchase. It might shock you that your entire week's paycheck could be spent that quickly, and you might reconsider your expenses.
- Find an extra \$25.00 a month to pay down debt or save. You can do this by skipping lunch or dinner out one day a week, cutting and using coupons for groceries and toiletries (Mom will be happy to cut and mail them to you!), or renting a movie instead of going to the theater.

## Credit

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- Look at your credit report at least once a year from all three major credit reporting agencies to get the total picture of "Your (Credit) Life Story". Remember, it's already written, published, printed, and on the street—everyone but YOU is reading it! [www.annualcreditreport.com](http://www.annualcreditreport.com)
- If you are or anticipate having difficulty paying bills on time, pick up the phone first. ALWAYS notify your credit grantors in advance that paying bills may be a challenge. Credit grantors are already potentially unhappy when they have to spend their time, money, and human resources to find you and talk about your payment.
- Build a strong credit record by opening and maintaining a checking account in good standing.
- Build good credit by only opening one credit card account with a low interest rate. Pay off the entire balance every month. For great deals on credit cards, visit sites like [www.bankrate.com](http://www.bankrate.com).
- If there is danger of overusing your credit cards on the weekend, freeze them in a zip lock bag on Friday, and thaw them out Sunday night.

## Credit (continued)

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- How you repay your student loans and other debts determines the biggest part of your credit score—not how much you are allowed to borrow.
- If a credit card company offers or notifies you of an increased credit limit, ask them to reduce it to an amount sufficient for your needs and emergencies while in school.
- Interest, the amount of money the creditor charges you to borrow money, can compound (or grow) in two directions. If you save, know the rate your money is growing in a positive direction. If you charge, know the rate your money is diminishing in a negative direction.
- Eliminate your debt in one of two ways: 1. Pay off high interest rate loans or credit cards first. 2. Start with the smallest balance, and watch the list go down quickly. This is a great motivator!
- ALWAYS pay bills on time and AT LEAST make the minimum payment to build great credit. For best results and the most peace of mind, pay off credit debt entirely every month.
- Serious indebtedness takes time to accumulate and pay off. Be disciplined and patient—it will go away with determination, persistence, and time!

## Identity Protection

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- Be careful not to leave personal mail or credit/debt information lying around the dorm room or other public areas—this might tempt someone to steal your identity.
- Keep blank checks in a safe and hidden place to avoid someone finding them and emptying your checking account.
- Keep your Social Security, account, PIN, and other important numbers under lock and key—these are for your eyes only!

## Student Loan Repayment

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- You have many flexible and helpful student loan repayment options. Stay in touch with your lender, servicer, and school financial aid office to learn more and better understand your options.

## Helpful Resources

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- If you have money troubles, ask for help! Parents, school staff, and other community partners are often lifesavers when it comes to support and advice. They'll help you find information, resources, and the best advice so you can make smart money choices. They're here to help you succeed!

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NSLP's Financial Literacy Online website is a learning center designed to educate students about the basics of personal money management. Financial Literacy Online offers free courses to teach money management skills to students, parents and anyone who wants to learn more. Find out more by visiting [www.nslpflonline.org](http://www.nslpflonline.org).