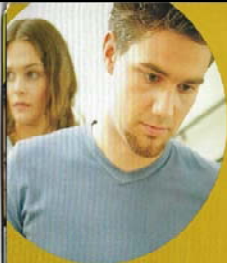



It's **FRIDAY**
night and
you're [**broke**]

Welcome to college

A short guide to
making the most of
your meager money



It's **FRIDAY** night.
You're [**broke**].

- The fridge is **empty**. Your clothes are dirty.
- Rent is due in two days and you don't **get paid** for another week.
- Your mailbox is full of **credit card** offers.
- And your friend just invited you to an **awesome** concert.

[**What do you do?**]

Dealing with this [broke] Friday ...

It's bound to happen and it won't be fun. In college, you're broke than broke. Add to that the pressure to spend money you don't have in pursuit of the quintessential student lifestyle (parties, spring breaks, road trips, all of the above), and you're looking at a massive financial hangover.

But as impossible as it may seem when it's Friday and you're creating new definitions of broke, you can live your college lifestyle and afford it, too – without hiding out in your dorm room every weekend or sacrificing your rent to go to that once-in-a-lifetime concert. People do it all the time, and so can you.

... and the [next].

The tricky thing about a broke Friday is that if you deal with it the wrong way, you guarantee more broke Fridays to come. Sure, a credit card is a quick fix for this Friday's shortfall, but what about next Friday when the bill is due?

Being broke in college doesn't mean you can't have fun, and more importantly, having fun in college doesn't mean you have to bury yourself in debt. Do what you want, just know what that is, and prepare for it like the smart person you are. Broke Fridays will come, for sure, but you can handle them. And you can handle them in ways that make them less painful and less likely to occur.

You're
[broke]



You're
[hungry]

[You're Hungry]

Broke or not, you have to eat. And when you're starving, it's easy to grab fast food or go out with friends. While that's fine if you're going for the freshman 15 and an empty wallet, there are easier, cheaper ways to fill your belly.

- Got a **meal plan**? Use it. It may not be the best food, but it does the trick. Plus you've already paid for it.
- Limit eating out. If you don't want to cook, split a take-out pizza with roommates. Check for late-night deals or student discounts.
- Ramen rocks, and at \$.90 a package, it's a cheap meal. Also good and cheap: mac'n'cheese, pasta, and PB&J sandwiches.
- Learn to **cook**: You can do a lot with SPAM and bananas.
- Treat yourself, but not every day. Instead of getting a \$3.50 coffee every morning, reward yourself on Fridays or after a stressful exam.
- When grocery shopping, use **coupons** and in-store discount cards, and don't ever shop when you're hungry.
- Find a job that feeds you, like the campus dining hall or a local restaurant.

[You're Lonely]

Friends or no friends, far away from home or next door, you'll be lonely sometimes. Classes will seem overwhelming, or you might feel like the only one alone in your dorm over Thanksgiving break. Go ahead and keep in touch with friends and family, but do it without a \$400 phone bill.

- Use your school email account and **computer lab**. It may not say so on your tuition bill, but you're paying for them.
- If you own a PC, you may be able to connect to the Internet for free using the school network.
- Instead of using the phone company's long-distance plan, check out **calling cards** – some are as low as \$.03 a minute.
- If you use a cell phone, shop around for good deals – make sure you have enough minutes to cover your frequent calls home.



[You're Tempted]

Think Corporate America has your best interests at heart? Credit cards are convenient, easy, and sometimes advantageous, but beware: credit cards can get you into deep financial trouble, and that can prevent you from completing your education.

- **Credit cards are not free**, and they are **not income**.
- If you can eat it, wear it, or drink it, don't charge it.
- Begin with and keep a **low credit limit**, one you can easily pay off (try \$250 or \$500). If you're offered a higher limit, ask the credit card company to lower it.
- Shop around for a card with a low, fixed interest rate. Anything over 14% and you're paying too much. And watch out for introductory rates that expire!
- Don't sign up for every gimmick on campus. That "free" t-shirt or cell phone cover isn't really free.
- Limit yourself to **one card**.
- "Free" checks from the credit card company aren't checks and they're not free; they're cash advances that have high fees and carry higher interest rates.

No doubt credit cards are good for some things, like building up a credit history, traveling, and emergencies. And they're accepted just about everywhere. But, they do carry a price, and it's not cheap – especially if you abuse them.



Disadvantages of Using Credit Cards

- High interest rates (from 14-30%)
- Having too many credit cards can negatively affect your credit report – lenders see it as a risk
- Cash advances do not have a grace period, carry a higher interest rate, and include fees
- Miss a payment or pay late once and you can lose benefits, such as a lower interest rate and a longer grace period
- Paying only the minimum payment can greatly extend the payoff date and amount. For example:

Credit Card Debt:	\$2,500
Interest Rate:	17%
Minimum Payment:	\$63
Total Payoff:	\$5,441 (\$2,941 in interest)

If you never charge another dime and only pay the minimum payment, it would take you 19 years to pay off this credit card debt.

You're [tempted]

You're on the [move]

[You're Broke]

Whether your parents are bankrolling your education or you're barely eeking by on financial aid, cash is a precious commodity in college. Good thing there are plenty of ways to bring extra bucks to your pockets.

- If you can, get a **part-time job** while you're in school. This is a great way to make money and meet people.
- Work extra hours during holidays and semester breaks.
- Investigate all sources of **financial aid**. Even if you think you don't qualify, you just might!
- Avoid jobs that tempt you to spend your paycheck on store goods with your employee discount.
- Exhaust all free money opportunities (**grants** and **scholarships**, parents and grandparents).
- Don't treat credit cards as a source of income, because they're not. You have to pay the money back, plus interest.

[You're on the Move]

While you're in school, you'll probably move a lot. Freshman year ends and you move from the dorm to an apartment. Your roommate is a freak, so you move back home. But no matter where you end up, remember to **keep in touch** with your creditors (you know, the people you owe money).

If you move and your creditors don't know your address, they will eventually find you. Not paying your bills only hurts you in the long run (big late fees, extra interest, bad credit rating, inability to get a car loan, or even a job).

Every time you move, fill out a **Change of Address** online at www.usps.com/moversguide and notify everyone you can think of. Also, use online payments or automatic withdrawals to make the move process easier and to avoid losing bills in moving limbo.



[You've Got Bank]


Ever since your smarmy roommate "accidentally" ate your mom's cookies, you decided it's not a good idea to stuff the little dough you do have in your dorm mattress. Where to put it and how to decide what works best for you?

- If you have a hometown banking account, see if there's a branch in your new town. If not, open a local account.
- If you have a checking account, keep track of all your purchases, including all **ATM transactions** and automatic payments. Balance your account monthly. Banks make mistakes and they're not always in your favor.
- If you don't have an account, shop around. Many banks and credit unions have student accounts with incentives, such as a low minimum balance or a free ATM card.
- Take advantage of **online banking** and automated payments.
- ATMs are not credit cards. The money is taken out of your account and you're not charged interest. ATM fees vary, however, so make sure you use machines that won't charge you a fee.

[You're Keeping Tabs]

Budgets are boring and geeky, but they work. They help you live within your means and develop skills you'll appreciate long after you get that diploma.

- Establish the budgeting **habit**. Start at the beginning of a month and keep track of everything you spend. Everything from books to bus fare to bologna.
- Record all your income, from a part-time job, money from grandparents, or extra cash you make from tips.
- Budget as income comes in, not as your bills are due.
- Know the **due dates** of your bills and pay them on time. Establish your budget with these numbers in mind.
- Use high estimates for expenses and low estimates for income. You may give yourself a small windfall at month's end by being conservative.
- Use the student budget manager at the Borrower section of www.glhec.org to help you get started.



You've
got [bank]

You've got
a [plan]

[You've Got a Plan]

Budgets, coupon clipping, and now you want me to evaluate my spending habits and ponder my financial goals? The fact is you want to do stuff in school, lots of stuff. But your budget doesn't allow you to indulge every want.

Here's the quick pitch: don't compromise your **needs** for your **wants**. When you prioritize wants over needs, you end up putting your needs on the plastic, and that can turn into some pretty expensive toilet paper and peanut butter.

When you know what you want, it's easy to take the steps to get it. No, you might not get it immediately. And you might have to sacrifice some wants to get the bigger, better wants, but you can get there. Start by writing it down (see the Spring Break sample below).

And while you're doing all this fun planning, keep in mind that the day will come when you aren't in school anymore, when you'll have a steady income, a full-time job, and no more 8:00 a.m. classes. To prepare for that golden day, keep these questions in mind when you're taking out financial aid or charging a pizza:

- How much will you make when you graduate? Visit www.bls.gov/bls/wages.htm for an idea. Don't forget that you live on the income you make after you pay taxes (net income).
- What will your future student loan payments be? Visit www.glhec.org to calculate your payments.
- Can you afford your student loan payments? (They should be no more than 8-10% of your income before taxes).

Want: Spring Break trip
When: March of Junior year
Total: \$600
Save Per Month: \$20

So, if you save \$20 every month, starting fall of freshman year, you could afford a pretty cool spring break trip, without plunking it on a credit card.

[You're Smarter Than That]

You skip the budget because you think it only works for accountants and anal retentive folks. You have some fun, get a little carried away, go to Cancun five years in a row. So, your credit card bills pile up, you graduate, and then your student loans come due. *How much money did you borrow again?* Throw in finding a place to live, a mode of transportation, a working wardrobe, and having a "real life," and you find yourself missing payments and blowing off creditors.

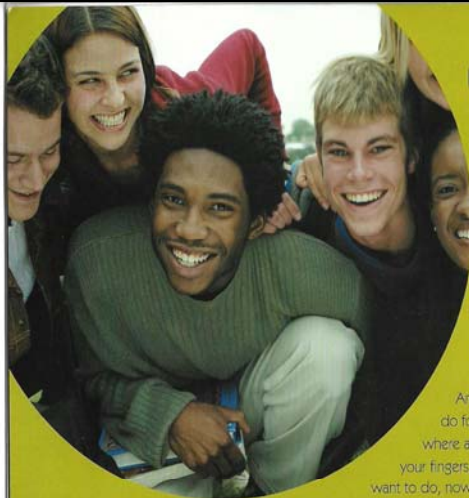
Sounds bad, but here's the **real problem**:

Bad credit = bad credit report = no car loan, higher interest rate credit cards, higher interest rate mortgage loans, less chance at that killer job, less chance at the cool apartment, and year after year of trouble paying your bills, even with that fat income.

It's sad, but this happens to a lot of people. But it doesn't have to happen to you.

Why? Because **you're smarter than that**. Because you know that paying your bills and staying out of financial trouble is for your own good. Sure, you'll make mistakes: everybody does. But help will always be available, and you'll always have options.

You're
[smarter]



Know [Yourself]

Cliché but true, college is one of the best times of your life. Even broke, you'll probably look back on these days with very fond memories.

But no matter how broke you are today, don't short-change your future. It may be hard to imagine, but the financial decisions you make now will have long-lasting effects on your lifestyle during and after school.

That's why you need to know yourself: know who you are, what you want, and what you have to do to get it. This is all about you, but it's also up to you.

And don't wait, start now. Start by thinking about money and what it can do for you. Start by keeping track of your expenses, by paying attention to where all those nickels and dimes are going. Don't let money slip through your fingers, because with it goes the opportunity to do the things you truly want to do, now and for a long time after.

