

Financial Aid and Scholarships

*Budgeting 101:
How to Make Your Financial Aid Last*



Why should you create a budget?

- ☐ To reduce financial stress so you can concentrate on school.
- ☐ To help solve the mystery of where your money is going.
- ☐ To allow you to know your financial situation at all times and avoid a financial crisis.
- ☐ To help you meet future goals.
- ☐ To take control of your money instead of letting it control you.



Where to Start

- ☐ Talk to your parents.
- ☐ Calculate your monthly income.
- ☐ Calculate your monthly expenses.
- ☐ See what the difference is and make adjustments if needed.

Talk to your parents

- ❑ Know what they expect from you
 - Do they want you to work or would they prefer that you concentrate on school and studying?
 - Will they help you with certain bills or give you a monthly allowance?
 - Can you call them if you run out of money?

Calculate Your Monthly Income

➤ Work Wages and tips	\$560
(\$7/hour and 20 hours/week)	
➤ Financial aid Refund	\$500
(Divided by the number of months in the semester)	
	(\$2500 / 5)
➤ Parental support	+ \$150

➤ Total	\$1210
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Calculate Your Monthly Expenses

➤ Housing	\$550
➤ Food	\$250
➤ Utilities	\$100
➤ Transportation	\$50
➤ Recreation	\$100
➤ Clothing	\$50
➤ Medical	\$20
➤ Misc	\$80
➤ Credit Card Payment	\$60

TOTAL

\$1,260

Compare Income and Expenses

Total monthly income	\$1210
- Total expenditures	\$1260
<hr/>	
Ending Balance	-\$50

Make Adjustments

- ❑ “Cents-able” strategies for cutting spending.
 - What expenses can you cut?
 - Distinguish between expenses you really need and those you merely want.



Needs vs. Wants

- ❑ Learn the difference between needs and wants:
 - Needs are necessities for everyday living.
 - Wants gratify desires but are not essential to live.
- ❑ Try to buy only what you need right now.
- ❑ Remember that when you are out of school and start earning a good salary, you will be able to afford more of the things you want.

Learn the Difference

Needs

- ☐ Meal Plan
- ☐ Textbooks/Supplies
- ☐ Electricity
- ☐ Medicine
- ☐ Phone
- ☐ Gas to get to work

Wants

- ☐ Eating Out
- ☐ CDs & DVDs
- ☐ Play Station/Xbox
- ☐ Energy drinks
- ☐ Ringtones/Texting
- ☐ Weekend Trips Home

Cut Your Spending

If a hamburger, fries and Coke from a fast food restaurant cost about \$4 and you eat there twice a day, you will end up spending \$224 a month!

- ☐ 2 times per day = \$8
- ☐ \$8 per day = \$56 per week
- ☐ \$56 per week = \$224 per month!



Cut Your Spending

Instead of spending money on burgers buy food you can make at home:

1 loaf of bread = \$1.00

1lb of turkey breast = \$2.50

1 bag of chips = \$2.00

1 gallon of juice = \$2.50



This can last one week at \$8 per week = \$32 per month

You save \$192 per month!

Cut Your Spending

Remember that little things add up:

If you buy a latte for
\$3 every day

It would cost
\$21 per week

Which adds up to
\$1092 per year



Save money by making coffee at home
and taking it with you.

Money Saving Tips

- ☐ Manage your time wisely.
- ☐ Get a part-time job.
- ☐ Reduce the cost of electric, water and phone bills.
- ☐ Use your meal plan or pack your lunch.
- ☐ Stop paying for purchases with your credit card.
- ☐ Don't eat out.
- ☐ Find an alternative to driving your car.
 - Carpool with friends or ride the bus.
- ☐ Stay away from the mall.
- ☐ Look for free or inexpensive entertainment.
 - The dollar theater.
- ☐ Look for student discounts and clip coupons.



Money Saving Tips

- ☐ Cut back on groceries.
 - Don't shop on an empty stomach.
 - Make a list and stick to it.
- ☐ Get a roommate or two.
- ☐ Get rid of cable television.
- ☐ Shop around for a cheaper apartment.
- ☐ Lower cell phone usage.
- ☐ Use prepaid cards or do without a cell phone.
- ☐ Don't buy computers, use computers at school.
- ☐ Don't always do what is easiest, always make smart decisions.

Organize Your Finances


Get a box or filing system in which to keep all of your records. Here are examples of labels for your files:

- ☐ Billing Statements – cell phone, cable, utilities, etc.
- ☐ Checking and Savings – bank statements or check registers
- ☐ College – records about your courses, grades, etc.
- ☐ Financial Aid – FAFSA application and My Financial Aid printouts
- ☐ Insurance – auto, medical, and renter's
- ☐ Loan and Credit Records – Promissory notes, payment records, credit card bills and receipts
- ☐ Receipts and Warranties – for major purchases like computers, cell phones, TVs, etc.
- ☐ Taxes – tax returns, W2's, pay stubs, etc.

Semester Budget Worksheet

(available on our website)

www.finaid.txstate.edu



TEXAS STATE
Financial Aid and Scholarships
Semester Budget Worksheet

Step 1: Identify your income:

Student loans per semester	Per semester = \$
Scholarships/grants per semester	Per semester = \$
Job (after taxes) for 5 months	Per month = \$ x 5 = \$
Parents' assistance for 5 months	Per month = \$ x 5 = \$
Miscellaneous funds for 5 months	Per month = \$ x 5 = \$
Total Income:	\$

Step 2: Identify what you need to spend:

Tuition per semester	Per semester = \$
Class materials/books per semester	Per semester = \$
Meal plan (if living on campus) per semester	Per semester = \$
Rent/residence hall for 5 months	Per semester = \$
Car payment for 5 months	Per month = \$ x 5 = \$
Insurance for 5 months	Per month = \$ x 5 = \$
Gasoline for 5 months	Per month = \$ x 5 = \$
Cell phone bill for 5 months	Per month = \$ x 5 = \$
Groceries/toiletries for 5 months	Per month = \$ x 5 = \$
Utilities (if living off campus) for 5 months	Per month = \$ x 5 = \$
Miscellaneous expenses for 5 months	Per month = \$ x 5 = \$
Unexpected expenses for emergencies	Per month = \$ x 5 = \$
Total Needed Expenses:	\$

Step 3: Your Initial balance: Subtract your needed expenses from your total income.

Total Income	\$
Total Needed Expenses -	\$
Money Left Over =	\$

Step 4: Discretionary expenses:

Eating out for 5 months	Per month = \$ x 5 = \$
Entertainment for 5 months	Per month = \$ x 5 = \$
Clothes for 5 months	Per month = \$ x 5 = \$
Miscellaneous discretionary expenses for 5 months	Per month = \$ x 5 = \$
<i>If living off campus:</i>	
Cable for 5 months	Per month = \$ x 5 = \$
Internet for 5 months	Per month = \$ x 5 = \$
Telephone (local) for 5 months	Per month = \$ x 5 = \$
Total Estimated Discretionary Expenses:	\$

Step 5: Your total balance:

Money Left Over	\$
Total Discretionary Expenses -	\$
Total Balance =	\$

If your total balance is negative, you need to rethink your budget and make some changes to your spending.

Budget Tips

(available on our website)
www.finaid.txstate.edu

TEXAS STATE Financial Aid and Scholarships

Budget Tips

Phone

- Pick the right plan based on your calling habits and stay within the phone plan to avoid overages.
- Take advantage of the phones in your residence halls. Don't use your cell phone minutes to call friends that live in town.

Car

- Carpooling with friends when possible can save you a lot of money on gas.
- If you can live without a car while living on campus, it can save you a lot of money—no car payment, no insurance, no repairs and no gas to purchase.

Shopping

- Give yourself a spending limit for each week.
- Use credit cards sparingly, if at all.
- Make a list when shopping and try hard to stick to it.
- Look for retail and food coupons in the college newspaper and various coupon books distributed throughout campus.
- If you don't have a computer, you don't need to buy one. Computer labs around campus, some of which are open 24 hours, make owning a computer a non-necessity.

Going Out

- If you go over your budget for one week by going out, commit to staying home the next week.
- Use your meal plan effectively if you live on campus—you've paid for it.
- Try to eat at home as much as possible. Groceries cost less than eating out.

Apartments

- Living with a roommate (or two) can cut your individual monthly rent payment down to as low as \$300 per month.
- Don't just take the first apartment you see, shop around. Make sure that you factor in not only your rent, but the average amount you will need for utilities.

Other

- Pay bills on time to avoid service fees.
- Save a little money from every paycheck, financial aid check and monetary gift and put the money into a savings account. If presented with a financial emergency, you won't need to borrow.

Loans and Credit

- ☐ Borrow only what you need
- ☐ Know what you're financing.
- ☐ Remember, whatever you borrow you have to pay back.
- ☐ Your credit history stays with you for up to 7 years.

Borrow only what you need for school

Texas State Estimated Costs Per Year

Tuition & Fees -	\$6,990
Room & Board -	\$7,160
Books -	\$1,000
Travel -	\$1,260
Misc. -	\$2,000

Total:	\$18,410
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Know What You are Financing

Do you know what you can expect to be making after you graduate? You should start thinking about how you will pay back your student loans and credit card debt.

<u>Major</u>	<u>Starting Salaries</u>
<input type="checkbox"/> Computer Information Systems	\$29,142
<input type="checkbox"/> Education	\$19,022
<input type="checkbox"/> Family Consumer Sciences	\$20,132
<input type="checkbox"/> Liberal Arts	\$22,443
<input type="checkbox"/> Health Professions	\$34,936
<input type="checkbox"/> Business	\$25,340

Student Loan Debt

- ❑ Two-thirds of all students now graduate with student loan debt.
- ❑ In 2003 the average student loan debt after graduation at Texas State was \$19,587.



Beware of Capitalization

If you take out \$20,000 in unsubsidized loans while in school and defer payment for one year after graduation at a rate of 6.8% with capitalization occurring quarterly, your interest accrues as follows:

	<u>Interest Accrued</u>	<u>Total Amount Owed</u>
1 st Quarter	\$1,360.00	\$21,360.00
2 nd Quarter	\$1,452.48	\$22,812.48
3 rd Quarter	\$1,551.24	\$24,363.72
4 th Quarter	\$1,656.73	\$26,020.45

Beware of Capitalization

This means that you would have accrued \$6,020.45 in interest while in deferment!

Essentially, capitalization means you are paying interest on your interest!



Credit Cards Are a Form of Borrowing

- ☐ Average credit card debt among students is \$1,600.
- ☐ Average credit card debt after graduation is \$14,671.

Payment Duration with Plastic

A card with a **18.5%** interest rate,
a balance of **\$14,671**
would take **30 years** to pay off
if you only paid the minimum of **\$227.10** per month.

With accrued interest, you would end up paying a total of
\$81,756!!!



How Credit Affects Your Life

- ☐ If you have a bad credit score you might not be able to:
 - Rent an apartment
 - Buy a car
 - Purchase or lease a house
 - Obtain other forms of credit
 - Get a job or perform a job where you need an expense account or must rent a car
 - If you are able to get credit you will pay very high interest rates

- ☐ Having a bad credit score is like getting a bad grade because it stays on your permanent record.

How Do I Establish Good Credit?

- ☐ Pay off your credit balances in full every month.
- ☐ Always make **more** than the minimum payment.
- ☐ Pay your bills on time.
- ☐ Don't charge as much as your limit allows.
- ☐ Keep only one credit card.
- ☐ Carry cash so you don't rely on credit cards.



How Do I Lose Good Credit?

- ☐ Making late payments.
- ☐ Writing bad checks.
- ☐ Defaulting on a loan.
- ☐ Filing for bankruptcy.
- ☐ Exceeding or reaching the credit limit on credit cards.

Credit Card Dos and Don'ts

- ☐ Look for a card with a low interest rate.
- ☐ Look for a card with no annual fee.
- ☐ Always pay more than the minimum required.
- ☐ Don't get a second or third card.
- ☐ Don't use credit cards for cash advances.
- ☐ Don't charge more than you can pay off in a month.
- ☐ Don't permit an increase in your credit limit.
- ☐ Don't use credit cards for groceries or rent.

College Survival Tips

- ☐ Ask for help when necessary. College is full of resources for you. Professors, tutors, counselors and resident advisors can lend a hand if you need it. Just remember that in college, it is up to you to initiate getting help.
- ☐ Balance class responsibilities, work, and fun.
- ☐ Stay healthy by eating well and getting exercise. And remember you'll do your best if you don't deprive yourself of sleep.
- ☐ Manage your money as much as possible, try to stick to your budget and borrow only what you need.

Helpful Resources

❑ Books

- *Get A Financial Life: Personal Finance in Your Twenties and Thirties*, by Beth Kobliner (New York: Simon & Schuster, 1996).
- *Live Long & Profit: Wealthbuilding Strategies for Every State of Your Life*, by Kay R. Shirley (Chicago: Dearborn Financial Publishing, 1997).

❑ Nonprofit Organizations

- American Savings Education Council, www.asec.org
- National Endowment for Financial Education, www.nefe.org

❑ Personal Finance

- www.smartaboutmoney.org
- www.moneycentral.msn.com
- www.usatoday.com/money

Helpful Resources

www.vpsa.txstate.edu/moneysavvy

Money Savvy Cats : Division of Student Affairs : Texas State University - Windows Internet Explorer

http://www.vpsa.txstate.edu/moneysavvy

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online services

- Bobcatmail
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Money Savvy Cats

Courses students most often say, "Everyone should be required to take!"

Life changing elective!

FCS 1341 (ECON 1303) Consumers in the Marketplace - An introduction to consumerism. Topics covered will include: the consumer's role in the economy; consumer responses to the pressures of the economy (credit, inflation, and savings); and an analysis of the largest consumer expenditures (housing, food, and transportation).

FCS 3341 Family Finance - Study of family financial management during different stages of the family life cycle at various income levels. This course is an excellent introduction to personal finances and includes goal setting, cash management, credit, insurance, taxes, housing, investment alternatives, and retirement plans.

CashCourse

This program provides college students with the resources necessary to cultivate positive money management habits that will last a lifetime. Money management skills and access to personal financial planning resources are necessary for college students to build a healthy financial future.

CashCourse dynamic content includes resources that provide optimal money management skills for college students in areas such as:



Make Smart Choices

Know that getting an education is an expense,
but it is also an investment in yourself.

Remember to come see us in
Financial Aid and Scholarships if you need help.

We want you to succeed!

Contact Information

Office Hours:

Fall/Spring:	MWThF	8am-5pm
	Tuesday	10am-5pm
Summer:	M-F	8am-5pm

Phone Hours:

Fall/Spring:	MWThF	8am- 4:30pm
	Tuesday	10am-4:30pm
Summer:	M-F	8am-4:30pm



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Call us at (512) 245-2315