

# Financial Planning

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Quick Reference Resource to Your  
Success in Financial Planning for Now  
and Beyond

# Developing a Monthly Spending Plan

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## □ Getting Started:

- ✓ Keep track of your spending for a month.
  - ✓ Use a computer spreadsheet program to track your expenses. (i.e. Quicken, Microsoft Money)
  - ✓ Use general categories – whatever works best for you. *Don't track pennies – track dollars.*
  - ✓ Start by developing a weekly spending plan. Then review and adjust as appropriate.
  - ✓ Be sure to allow flexibility – maintain a cushion for emergencies.
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# Financial Tools to Help

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- If you don't have a local checking account – you should considering opening one. Be sure it has the following services:
    - ✓ Local access to ATM services.
    - ✓ On-line banking capabilities.
    - ✓ Over-draft protection.
    - ✓ Offers debit or credit cards.
    - ✓ Consider having carbon copy checks.
    - ✓ Has a savings account linked to the checking account.
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# Credit Cards

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- Recent surveys indicate the following:
    - 78% of undergraduates have an average of 3 credit cards.
    - 32% have 4 or more.
    - 1 in 10 students will graduate with balances exceeding \$ 7,000.
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# Cost of pizza purchased with a credit card as a freshman but not paid off until after graduation:

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- $\$20.00 \times 22\% = \$24.40$  at end of Freshman year.
  - $\$24.40 \times 22\% = \$29.76$  at end of Sophomore year.
  - $\$29.76 \times 22\% = \$36.31$  at end of Junior year.
  - $\$36.31 \times 22\% = \$44.30$  at end of Senior year.
  - $\$44.30 \times 22\% = \mathbf{\$54.05}$  at 1 year after graduation.
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# Strategies & Danger Signs

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- Strategies you should use when dealing with credit cards:
    - ❖ Pay off balances when due.
    - ❖ If you have to carry any unpaid balance – pay off balances that carry the **HIGHEST** interest rates first.
    - ❖ If you use multiple credit cards – maintain a monthly inventory of each card and include the following:
      - ✓ Total owed
      - ✓ Monthly payment
      - ✓ Interest rate
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# Strategies & Danger Signs

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## □ Danger Signs

- ❖ If the total **MINIMUM** monthly payment (for all cards) that you owe adds up to 5.5% or more of your total monthly income. (Ex.  $\$500 \times 5.5\% = \$27.50$ )
  - ❖ If your unpaid balance is greater than 1/3 of your total credit card limit from all of your cards.
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# Good Uses for Credit Cards

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- ❑ For Emergencies
  - ❑ Travel
  - ❑ To keep a concise record of spending
  - ❑ To establish a good credit history
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# Financial Plan for Your Academic Plan

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- As a Full-Time-In State – Commuter -Undergraduate student – The cost for to earn 60 credits or 2 years is: \$12,820. (This is for years 2007 +2008)
  - For a variety of reasons, students many times DO NOT maintain 15 credits per semester and may take 5 to 6 years to graduate.
  - If your academic plan calls for a graduation date of May 2008, but you have to attend SCSU for the Fall 2008 semester and have not attained 60 credits – it will cost another \$3,629 as a full-time student and \$1,123 per 3 credit course as a part-time student.
  - Additionally, you will lose the opportunity to market your degree in the workplace for at least 6 months.
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# Student or Other Loans

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- Student or other loans can act as a “financial bridge” to get you where you want to go. BUT... some things to consider when you are borrowing money:
    - ✓ Be aware of when the repayment period begins and when interest begins to accrue.
    - ✓ Establish an “inventory” of all outstanding loans.
    - ✓ Be sure to notify ALL lenders if you have a change of address.
    - ✓ Research your future career – find out the potential salary, estimate your living expenses and loan payments and subtract these from your net pay (take-home pay) to see if you are overextending yourself and your ability to make full and timely payments and stay out of greater debt.
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# When your Financial Plan gets off track – some resources to consider for help

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- ❑ Southern's Office of Financial Aid 392-5222
  - ❑ Southern's Counseling Center 392-5475
  - ❑ Consumer Credit Counseling of New Haven 203-752-0505
  - ❑ Consumer Credit Counseling Service of New England  
[www.state.ct.us/ott/financialeducationcommunity.htm](http://www.state.ct.us/ott/financialeducationcommunity.htm)
  - ❑ Official Inuit Quicken Product Website:  
[http://quicken.intuit.com/quicken\\_products.jhtml?src=www.quicken.com](http://quicken.intuit.com/quicken_products.jhtml?src=www.quicken.com)
  - ❑ Official Microsoft Money Website:  
[http://www.microsoft.com/money/freetrial\\_essentials.msp](http://www.microsoft.com/money/freetrial_essentials.msp)
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# Any Questions???

Where you can find this presentation:

<http://www.southernct.edu/bursar/financialplanning/>

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