

Financial Planning

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

Developing a Monthly Spending Plan

□ 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

- 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

- 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:

- $\$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

- 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

□ 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

- ❑ 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

- 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

- 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

- ❑ 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
 - ❑ Official Inuit Quicken Product Website:
http://quicken.intuit.com/quicken_products.jhtml?src=www.quicken.com
 - ❑ Official Microsoft Money Website:
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/>
