

Making the Most of Your Money

When you're in college and trying to make ends meet, every precious dollar really counts. Here are some tips to help you manage your money and stay on top of your finances:

- **Develop a budget and stick to it.** A simple budget plan will help you avoid problems like running out of money before the semester is over. Write down all your financial obligations in one column and the funds or income that will cover those obligations in another. Think about the way you will spend your money each month over the course of the school year. Then, write out your budget plan, consult it often, and stick to it. Unless you have someone who will bail you out if you become overextended, following your budget is a must.
- **Open a checking account.** A checking account will help you keep track of where your money goes. Always keep enough money in your account to cover the checks you write. Be sure to record all your deposits, withdrawals, and checks in the register that comes with your checkbook. Save all your banking receipts and compare them with your monthly checking account statement. Balance your checkbook every month. And hold on to your cancelled checks — they provide a record of your spending and count as proof that you paid for something.
- **Don't go overboard at the ATM.** Many banks have ATMs (Automated Teller Machines) on campuses, and they can be a real convenience when you need some cash after normal banking hours or when you don't have time to go to the bank. But ATMs can also be your fast track to financial problems. Because it's so easy to withdraw money (all you do is insert a card, punch a few numbers, and grab some cash) you can overspend almost before you know it. Try not to visit the ATM (or the bank) too often. When you do make withdrawals you'll waste less money if you take out small amounts — like \$20 instead of \$40. Save your ATM receipts, and record all your ATM withdrawals in your checkbook register.
- **Be smart about student loans.** Borrow only what you need. Being eligible to borrow doesn't mean you have to take the maximum the lender will allow. Remember, you're expected to repay your loans, plus interest. And, repaying your loans on time will help you establish a good credit rating which is very important when it comes time to rent an apartment or buy a car.
- **Say “no” to credit cards.** Here's where plenty of students get into big trouble. Banks are only too happy to offer you a credit card like VISA or MasterCard. But the fact is, these cards are really loans in disguise because the bank charges you interest if you don't pay the whole bill at the end of the month. When you use your credit card, you must make a monthly payment that includes interest or finance charges of up to 20 percent until your total bill is paid off. You'll probably also have to pay an annual fee just for having the use of the card. This means that if you owe \$300 on your card throughout the year, and your interest rate is 20 percent, and your annual card fee is \$20, you'll be paying \$80 a year in interest and fees alone! You could pay even more if you use your card to get a cash advance (a very bad idea). If you feel you must have a credit card, save it for a real money emergency.

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- **Pay your bills on time.** If you can't pay the whole amount you owe, pay the minimum allowed on the bill. By making at least the minimum payment each month, you'll have a clean payment record and build a good credit rating for the future.
- **E-mail!** Those long distance calls to friends and family can really add up fast. Save money and be creative — send e-mail instead whenever you can.
- **Cut book costs.** Reduce book expenses by buying used textbooks instead of new ones. Check out college bookstores and private bookstores catering to students. Online book sellers like www.varsitybooks.com or www.textbooks.com often have textbooks for lower rates than the campus bookstore. Bulletin boards and ads in the college and local papers are also good sources for finding used books. Just make sure the book is the right edition. Another possibility is pooling resources in purchasing and sharing books with a roommate or close friend. Save more money by reading a library copy of some of the books on your list.
- **Save on living costs.** Unless you commute from home, a big chunk of your educational expenses will go toward room and board. Take a close look at dormitory expenses compared with apartment living. Enterprising students often save substantial amounts by combining their resources and renting an off-campus apartment. If several students room together and split the cost of rent and utilities, the cost per person can be less than in a dormitory. Of course, this all depends on avoiding high-rent districts and finding good roommates, but in the right circumstances it can be a smart alternative. No matter where you live, you can stretch your budget by fixing some of your own meals, avoiding fads in clothes, and taking advantage of free campus entertainment.
- **Think like a consumer.** Save money on computer supplies, notebooks, laundry detergent, and lots of other items by shopping at discount stores rather than on-campus stores. Comparison shop, take advantage of sales whenever possible, and stockpile supplies.