

Materials Needed:

- Laptop computer
- PowerPoint Projector/Overhead
- Instruction for Laptop/Projector Setup
  1. Make sure all cords are present:
    - Laptop power cord
    - Laptop to projector connector cord
    - Projector power cord
    - Extension cord (if needed)
- Presentation Outline and PP slide sheet
- Fact Sheet handouts
- SAFE brochures
- Evaluation Sheets
- Candy/Pens

Presentation:

1. Financial Life In College, An Academic and Life Learning Experience
2. Brought to you by \$AFE: [hidden slide]
  - Your on campus personal financial educators!: a service organization providing financial education and service learning opportunities to students in Family and Consumer Sciences, especially those in HDCF 342
  - Services Include:
    - Answers to questions: staff members available Monday-Friday from 12pm to 6pm
    - Free and confidential one-on-one financial counseling to students
    - Presentations to classes and organizations
    - Information sheets

- On-line and in-office resources

### 3. Today's Presentation

- Introduction
- Spending Plans
- Credit and Credit Cards
- A note on Student Loans
- Conclusion
- **Feel free to ask questions any time during presentation.**

### 4. Did you know

- Credit Cards should be paid off monthly?
- College loans should be used to pay for college?
- Spending plans should be implemented to make the above statements possible?
- Over 40% of US families live off of 110% of their incomes!

### 5. What do you want to do with your money??

- **Save for a big ticket item? upcoming holiday? entertainment? savings account, Etc...**
- **Have folks talk about what they want from their money**
- **Tell them to listen closely and to keep these things in mind in order to do the things they want to do with their money....**

### 6. What are credit cards?

- Pre-approved credit which can be used for the purchase of items now and payment of them later.
- **Not the same as Debit cards!**
- **We are not telling you to have or not have a credit card, just informing you of the pluses and minuses of cards and the importance of responsible use.**

### 7. Why use a credit card?

- Responsible use helps establish good credit history
- Conveniently accepted across United States and abroad
- Emergency buying power

- Often required to hold a reservation
- Additional form of identification
- Record of purchases on statement
- Use for online purchases instead of debit cards

8. Why **not** use a credit card?

- Irresponsible use can damage credit history
- Higher risk for impulsive buying and overspending
- Debt trap when used unwisely
- Expensive way to borrow due to high interest rates
- Possible hidden fees & surcharges
- Depletes future earnings
- Privacy issues

9. Credit Cards

- YOU are the credit card company's #1 target!
- Why?
  - They think you're not too smart
  - They think your parents will pay your bill
  - They expect you won't pay in full or on time
  - Therefore, you'll be paying interest
  - They think they'll make A LOT of money off of you
- YOU are the credit card company's #1 target!

10. Paying Off Credit

- How long and how much money will you spend before you pay off your credit card?
  - Average Balance: \$3000
  - (Assuming that you do not continue to use the card)
- The interest rate on the card is 18%
  - If required to pay the minimum (2.5% of balance), it will take 263 months (19.67 years) to pay off the original balance of \$3000, plus you will pay \$4,115.44 more in interest.

- If you can pay \$100 each month for 41 months (3.41 years), the original balance of \$3000 will be paid off and the total paid in interest is \$1,015.49
- The interest rate on the card is 23% (Not uncommon on student credit cards)
  - If required to pay the minimum (2.5% of balance) it will take 422 months (35.16 years) to pay off the original balance of \$3000, plus \$8,909.89 in total interest.
  - On this card, if you can pay \$100 each month for 46 months (3.83 years), the original balance of \$3000 will be paid off and a total of \$1,507.10 will be paid for interest.
- **REMEMBER:** This is only a reflection of the original amount of \$3000. This does not include any new purchases on the credit card!! If additional items are purchased on the card the amount in interest and time will increase if not paid off each month.

11. Paying Off Credit continued...

- Maybe you only spend \$350 on your credit card. Let's look at the time and interest payments for this amount of purchases.
- The interest rate on the card is 18%
  - If required to pay the minimum (\$10) it will take 51 months (4.25 years) to pay off the original balance of \$350, and an additional \$150.01 in interest.
  - If you can pay \$50 each month for 8 months (.6 years) the original balance of \$350 will be paid off and \$22.63 is the total interest. paid
- The interest rate on the card is 23%
  - If required to pay the minimum (\$10) it will take 59 months (4.92 years) to pay off the original balance of \$350, plus additional interest in the amount of \$235.32
  - If you can pay \$50 each month for 8 months (.6 years), the original balance of \$350 will be paid, and \$29.52 is paid in total interest.

- **REMEMBER:** Again, this is only a reflection of the original amount of \$350. This does not include any new purchases on the credit card!! If additional items are purchased on the card the amount in interest and time will increase if not paid off.
- Visit [www.bankrate.com](http://www.bankrate.com) and look at the credit card calculator for minimum payments
  - Encourage students to write this site down and do their own calculations of interest and card payments.

## 12. Switching Gears

- Changing the topic to...

## 13. Student Loans

- Be careful of what you do with that \$\$\$\$\$\$
- Use it for what is for-Paying for SCHOOL (not clothes, entertainment, skiing, etc...)
- Open, read, and keep safe all mail related to your student loans
- Visit Student Assistance Foundation (994-5024) or Financial Aid (994-2845) with your questions (sooner rather than later)
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## 14. Switching Gears...again

- Changing the topic to...

## 15. What is A Spending Plan?

- Tools to help people manage their money
- An estimate of income and expenses over a specific time period

## 16. Why are spending plans important?

- Spending plans are a form of financial freedom
  - One knows one has \$X.XX amount of money to spend on a specific item or activity
- Eliminate nervousness/frustration/ stress of not having enough money
- Help individuals & families meet financial goals
- Help individuals & families live within their means

- Reduce the need for using credit

## 17. Developing a Spending Plan

- Plan
  - Set financial goals: **Be specific & decide what to do with your money**
  - Determine record keeping format: **select categories of spending and make realistic estimates**
- Track
  - Live out month: **implement spending plan in daily living**
  - Record actual income and expenses
- Evaluate
  - Determine if previous steps worked: **compare estimate with actual amounts listed on receipts**
  - Make adjustments for following month: **use new estimates for next month and repeat process**

## 18. Avoid Getting Into A Financial Trap

- Create a spending plan
- Use debit cards and credit cards wisely
- DO NOT spend money you DO NOT have
- Pay-off credit card balance(s) when you get the bill
- Make a list of items needed before shopping
- Stick to your list
- Open and read ALL your student loan statements **Lenders can make mistakes too. It is much easier to get errors corrected when they first occur.**

## 19. Conclusion

- What have you learned?
- What would you like to learn more about?
- **Please think about these two things when filling out the evaluation.**
- We love questions on our email list!

20. [hidden slide] We are Here for You! (Note address, phone number, and web information. Also include additional phone numbers and information as necessary.)

Hand out evaluation forms, SAFE brochures and fact sheets.