

## **How To Be A Financially Savvy College Student**

### **Avoiding Debt**

According to Norvilitis, Merwin, Osberg, Roehling, Young, & Kamas (2006), college students who have impulsive personalities and have strong desires for material things run a higher risk of accumulating credit card debt. Individuals that possess these characteristics are often plagued with money management difficulties and owning a credit card only adds fuel to the fire. Credit cards are not inherently evil; they just require discipline in their management. Spend only what you can pay off in a month and no more! It is also very important to distinguish the difference between your needs and wants; especially before making purchases. Before getting in line to pay for a purchase really ask yourself, “Do I really need this item?” Asking yourself questions like these will help curb impulsive spending.

Be smart about your spending. Though it may seem tedious, keep track of what you are buying and the method you use for purchasing and paying bills by writing them down in your checkbook register. It will save you from paying nonsufficient fund fees from you bank. These fees range from \$22 - \$35 per transaction! If you are using your debit card keep track of your purchases by recording them in your check book register. Also, open your credit card statements to make sure your interest rate is what you originally agreed upon and purchases listed were indeed made by you.

### **Scholarships**

Scholarships are an excellent way help pay for college. You can save yourself a ton of student loan debt by seeking them out. They are available based on your academic merit, athletic abilities, leadership positions/service, gender, field of study, state of residence, disability, or nationality, religion, and ethnic background. Ask your advisor or a financial aid representative

about scholarships that are available either through the college or other means. Lynchburg College is very generous when it comes to giving out scholarships. You can find scholarships online by using resources such as the Sallie Mae Scholarship Search. The money is out there; you just have to go find it to get it!

### **Making a Monthly Budget**

In an article geared toward helping first year students budget their money, Melissa M. Ezarik stressed the importance of figuring out your monthly budget and sticking to it. This will help in keeping your finances in line. Your budget allows you to see where your money is going if you stick to it. Once a week it is wise to login to your online banking account and compare it to what is in your check book register. Remember the bank is always playing catch up with you. By recording what you spend, you have to correct running record of your balance. Unless all your transactions have cleared from your register, you do not have extra money in the account no matter what the telephone automated system said when you called! Also, if you are not sticking to your budget, you will be able to easily see where your money has going. Here is an example of a monthly budget pertaining specifically to a student at Lynchburg College.

#### Monthly Budget

Cell Phone Bill – \$50 a month

Car Payments – \$100+ a month

Snacks/Going out to eat – \$30 to \$50 a month

Textbooks/Class supplies – \$500 a semester

Personal Products – \$20 a month

Weekend Expenses – \$100 a month on average

Entertainment/Pleasure Items – Depends on all the above

Things like cell phone bills, car payments, and car insurance fluctuate little in prices between statements. Other things, however, like snacks, going out to eat, personal products such as haircuts, shampoos, and weekend expenses are often forgotten expenses, which are usually underestimated and unplanned. When you budget your money you increase your ability to save and will be able to see what money is left after you have met your financial obligations.

### **Smart Banking Tips**

- Open checking and savings account, so you can start saving money. Many banks offer accounts just for students.
- Request online banking, which is free and cuts down on the mail and paper.
- Have your paychecks direct deposit into your savings account. This way you can start saving money immediately. If you need money in your checking account, online banking makes it very easy to transfer money from one account to the other quickly.
- Ask your bank representative if they have a “keep the change” program that will round up every purchase to the full dollar and deposit the extra change into your savings account. A little bit of change goes a long way and you will not even notice!
- Set up automatic transfers from your checking account to your savings account each month. For example, a monthly transfer of \$25 each month over year period will produce a \$300 savings!
- Instead of having cash lying around, start a money jar. This will help you save while cutting down the bulk in your wallet.

- Buy used textbooks or rent them. The campus store sells used textbooks at a lower price than brand new textbooks. You can always sell the used books back to the bookstore when you are done. You can also purchase gently used books from retailers such as Amazon.com and Overstock.com.
- Become an extreme couponer! Sign up for a Kroger Plus card and get coupons either emailed to you or mailed. Some stores will let you double certain coupons you present.
- Take advantage of campus resources. For example, when you show your ID on the Lynchburg bus system you can ride for free. Shop only on sale or clearance.
- Stick to your meal plan! Going out to eat once for twice a week adds up at the end of the month.
- Look for free or discounted entertainment. The Student Activities Board arranges free events for LC students. They range from sporting events to musical. You can also purchase discounted Regal movie tickets through the Office of Student Activities, which is located on the first floor of Hundley Hall. All around campus there are opportunities for you to save money and still have fun.
- Track ATM use – Prevent overage charges and avoid other hidden fees.

## Reference Page

Ezarik, Melissa M. "Budgeting Tips for College Freshman." *Career World* 29.6 (2001)

Norvilitis, J. M., Merwin, M. M., Osberg, T. M., Roehling, P. V., Young, P. and Kamas, M. M. "Personality Factors, Money Attitudes, Financial Knowledge, and Credit-Card Debt in College Students." *Journal of Applied Social Psychology* 36 (2006): 1395–1413.