

MANAGING YOUR MONEY

Information you should consider BEFORE you borrow money or get a credit card!!!!

12 MONEY PRINCIPLES EVERYONE SHOULD KNOW!

1. Map your financial future – Develop a written plan listing your financial goals. You can go places you want to go without a roadmap - but seldom on the first try.
2. Don't expect something for nothing - Be leery of advertisements, sales people or other sources of financial offers promising anything free. If it sounds too good to be true, it probably is.
3. High returns equal high risks - Recognize that no one will pay you high interest rates on a sure thing. In most cases, the higher the interest rate offered to you, the investor, the higher the risk of losing some, or all, of the money you invest. Diversification of assets is the best protection against risk.
4. Know your take-home pay - Before committing to significant expenditures, estimate how much income is likely to be available for you. Net income, after all mandatory deductions, is more important to estimate than gross income before deductions.
5. Compare interest rates - Obtain rate information from multiple financial services firms to get the best value for your money.
6. Pay yourself first - Before paying bills and other financial obligations, set aside an affordable amount each month in accounts designated for long-range debt-reduction or investment goals as well as unexpected emergencies.
7. Money doubles by the "Rule of 72" – To determine how long it will take your money to double, divide the interest rate into 72. For example, an account earning 6% interest will double in twelve years (72 divided by 6 equals 12).
8. Your credit past is your credit future - Be aware that credit bureaus maintain credit reports, which record borrowers' histories of repaying loans. Negative information in credit reports can affect your ability to borrow at a later point.
9. Start saving young - Recognize that your total savings are determined both by the interest you earn on those savings and the time period over which you save (Compound Interest). The sooner you start saving, the more funds you'll be able to amass over time.
10. Stay insured - Purchase insurance to avoid being wiped out by a financial loss, such as an illness or accident. An insurance plan should be part of every personal financial plan. Research life insurance carefully – Term insurance is usually the best value.
11. Budget your money - Create an annual budget to identify expected income and expenses, including savings. This will serve as a guide to help you live within your income.
12. Don't borrow what you can't repay - Be a responsible borrower who repays as promised, showing you are worthy of getting credit in the future. Before you borrow, compare your total payment obligations with income that you will have available to make these payments.

THE TRUTH ABOUT CREDIT CARDS

- Credit Card interest averages 18%. If you have \$1000 on your credit card and make a minimum monthly payment, it will take 3 ½ yrs to pay it off (assuming you do not make any additional charges).
- You may have to drop out of school to pay off credit card debt(s) (with no additional charging).
- Your credit history follows you wherever you go and it is very hard to repair bad credit.
- You could be denied car/home loan due to poor credit.
- Stress, depression, even cases of suicide can be associated with debt-related issues.
- Massive credit card debt could lead to bankruptcy.
- Every time you apply for a credit card, it goes on your credit report and stays there even if there is no balance on the card(s).
- One of the leading reasons for divorce is debt and money-related issues.

If you are relying on credit cards for living expenses such as groceries, gas, and entertainment you are already in financial trouble!

GOOD CREDIT CARD TIPS

1. Do not own or use a credit card. Use a debit card instead.
2. If you do use a credit card, have only **one** card.
3. Use a card with low interest and no annual fee.
4. Watch carefully what you charge. Pay off the card each month or pay as much as possible to avoid high interest costs.
5. Know all income sources (help from parent(s), or employment).
6. Be responsible-even small purchases add up.

CONTROL YOUR SPENDING: It will help if you live like a “poor” college student.

- Know the difference between what you “want” and what you “need”
- Buy used books
- NO eating out - pack a lunch
- Shop only at sales
- Borrow **ONLY** what you need
- If you borrow Student Loans, borrow only what you need to cover tuition, fees, & books
- Think before you spend
- Do a budget before you borrow & stick to it
- Balance your checking account and avoid “bouncing” checks
- Use public transportation or carpool when possible

A brief look at a money management strategy...DEBT-FREE LIVING

- 1) Create a monthly budget that accounts for all income and expenses
- 2) Pay cash for all purchases for the rest of your life, including cars! The only exception is a mortgage.
- 3) Begin to pay off your debts via a “debt-snowball”. The “debt-snowball” is where you make a list of your debts based on balance due, smallest balance (first) to the largest balance (last). Minimum paying all other debts, add all extra money you have left over each month to the minimum payment of the smallest balance. When the smallest balance is paid off, then add that payment amount to the minimum payment for the second smallest balance on your list. The amount you pay on each successive debt will gradually increase as each old debt is paid off, thus “snowballing”.
- 4) When you graduate from college and begin your career, continue to live “poor”...do not immediately buy a new car or house. Instead concentrate on paying down debt, even if you have to take on a second job.
- 5) Do not buy a house until you are debt free AND have 3-6 months of living expenses in the bank.

BENEFITS of a Debt-Free lifestyle include reduced stress, better relationships (if debt is no longer an issue), and the freedom and confidence that comes from controlling your money.

Managing money is 80% behavior and 20% knowledge!

EXAMPLE MONTHLY BUDGET

Income	Monthly Total
Student Employment	_____
Other Job	_____
Grants (mo. Amt)	_____
Student Loans (mo. Amt)	_____
Parents Help	_____
Savings	_____
Other	_____
Total Monthly Income	_____
Expenses	Monthly Total
Tuition/Fees	_____
Room/Board (rent)	_____
Books/supplies	_____
Utilities	_____
Car/truck Payment	_____
Vehicle Insurance	_____
Gasoline/maint.	_____
Food	_____
Clothing	_____
Entertainment	_____
Medical/Dental (Ins)	_____
Savings	_____
Charitable giving	_____
Miscellaneous	_____
Other	_____
Total Monthly Expenses	_____
Monthly Balance (Income – expenses)	_____

WANT MORE INFORMATION ON...

Yearly Income averages? <http://www.iseek.org/>

Your credit history? http://www.ftc.gov/bcp/online/edcams/credit/ycr_free_reports.htm

Finding the perfect job? <http://www.48days.com/>

Debt-Free living? <http://www.daveramsey.com/>

Money management? <http://www.accessgroup.org/>
<http://www.daveramsey.com/>
<http://www.lssmn.org/debt>
<http://www.soundmoney.org/>

<http://www.bobbrinker.com/>
<http://www.edwardjones.com/>
<http://www.schwab.com/>
<http://www.youcandealwithit.com/>

AVERAGE EXPECTED YEARLY WAGE

Accounting	\$26,000
Admin Sec	\$19,500
Business Management AAS	\$14,000
Child Development	\$19,000
Lawyer	\$78,170
Media Communications	\$24,000
Medical Secretary	\$20,000
Natural Resources	\$26,000
Nursing AS	\$32,000
Physician	\$124,821
Police Officer	\$35,000
Practical Nursing	\$26,000
School Teacher	\$30,000

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