

Financial Survival Skills for College Students

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College Fair Guide

If you're a high school senior heading off to college soon, consider the following tips to help you manage your money.

Budgeting Is Vital

The first step in taking charge of your finances is to prepare a budget before the start of the semester. A well-prepared budget provides a realistic plan to help you control your college living expenses.

Begin by identifying your total income and total expenses. If you're responsible for paying the tuition, room and board costs, be sure to set aside enough money for these expenses. Then estimate the amounts you need to cover your day-to-day expenses. For the average college student living on campus, typical budget categories might include food, transportation costs, school-related expenses, personal expenses, and entertainment.

Once you have identified all your expenses, it is time to total your income. Whether your income comes from your parents, your savings, a part-time job, or from grants or student loans, be realistic about the amount of money at your disposal.

Now compare your total income with your total expenses. If you're lucky, your income will cover your expenses, or at least come close. If you find you have more expenses than income, you will have to make some adjustments. A careful review of your financial situation will help you identify areas where you can cut expenses or perhaps increase income.

Banking on Your Own

If you have not already done so, now is the time to take on some banking responsibilities. As a general rule, it makes more sense to open an account in your college community rather than in your home town. Be prepared to shop around for a bank that offers you what you need in terms of convenience and services. Most banks offer similar products, but there can be important differences in features and in costs.

A checking account is an efficient and safe way to keep and spend money. To maintain your checking account in good standing, record each deposit, check, and ATM transaction as soon as you make it. Be careful, too, about writing checks against uncollected funds (deposits you have made that have not been credited to your account yet). Bank charges for bounced checks can be costly — anywhere from \$20 to \$35 each. Taking the time to balance your bank statement each month can help avert problems.

Credit Cards

A major credit card can be a valuable financial tool for the student who knows how to handle debt. Before applying for a card, compare the amount of interest you will be paying for outstanding balances. This amount can vary significantly from issuer to issuer so you will want to see which

issuer offers the best deal. In addition to looking at rates, compare annual fees, how interest is computed, and fees charged for special circumstances, such as late payments. But a word of warning — do not rely on using credit when your cash runs out. You will only find yourself mired in debt at the end of the school year.

Filing Taxes

If you have a part-time job or receive any earnings from investments, you may have to file an income tax return. Most single students can use Form 1040. In addition, start now to learn to keep any tax-related papers in a separate folder.

Basic money management skills are critical to your financial well being. Maintaining a realistic budget, developing banking relationships, getting and using credit, and preparing a tax return can prepare you for your post-graduate wealth building years.