

# Consumer Information

## Have 'the talk' before students leave for campus

MADISON, Wis. (8/3/09)--If you know some college students heading back to the dorms this month, do them a favor: Tell them now what they probably will wish they'd known when they left home. Make sure they understand how to track their spending and manage their finances *before* setting foot on campus, say Credit Union National Association Center for Personal Finance editors.

College life comes with many extra expenses--books, tuition, room and board, bills, groceries, parking, and entertainment costs--and some students turn to credit cards as a way to spend now and pay later. According to Sallie Mae's 2009 National Study of Usage Rates and Trends, college students are swiping credit cards more than ever before. Consider these statistics:

- Undergraduates carry an average of \$3,173 in credit card debt;
- Eighty-four percent of students had at least one credit card, and half had four or more; and
- Ninety-two percent of students charged textbooks, school supplies, or other education expenses; 84% charged food; and 70% charged clothing.

Although data suggest that many students spend outside their means, there is good news: A large majority of those surveyed expressed interest in more financial literacy education either before or during college.

"The biggest surprise was how fast expenses add up in college," says Hannah Gaskins, a student at the University of Wisconsin-Madison. "I never had to worry about money before getting to college. Learning how to balance a checkbook, use credit, or manage spending would all have been useful skills to know."

Use these tips to help returning students put personal finances in order:

- *Make a spending plan.* After accounting for all the big expenses--such as tuition, books, and room and board--you will find the small daily purchases can add up quickly. If you buy a \$4 latte before class five days a week, that's \$80 a month. Then there's dining out with friends, going out on the weekends and other entertainment expenses. Know your income stream each month and align that with your spending. If lattes are important to you, plan for them in your budget.
- *Use personal finance software or websites.* Sites such as *mint.com*, *quicken.intuit.com* and *buxfer.com* are tools to keep you organized while you track your spending, pay bills, and take better control of your finances.
- *Go easy on credit.* While credit cards are an important financial tool, they are best saved for emergencies or big-ticket items, not groceries or clothing. If you must use one, try to pay off the balance at the end of the month. Credit union cards typically carry the best rates--don't give in to campus credit card solicitors.
- *Keep credit healthy.* You need good credit to get car loans, a mortgage, the lowest interest rates--and a job. Roughly 50% of employers now check the credit of possible hires, according to the Society for Human Resource Management (*MarketWatch* July 30). To keep a good score while in college, pay all bills on time, keep low balances on credit cards, regularly check accounts for unusual activity, and pay parking tickets and library fines. Also, order a free credit report from *annualcreditreport.com* to track your credit history and check for errors.

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- *Visit your credit union.* The professionals there are available to help you set up accounts or offer personal finance advice, so stop by with any questions.

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