

## \$\$\$ Credit Costs

Students often believe that they are managing credit well as long as they can make the minimum payments.

Consider a freshman who charges \$1,000 on a credit card (at 18 percent interest), and who pays the \$20 minimum payment each month.

The student would be able to finish an associate's, a bachelor's and master's degrees and still have two years to go before paying off that \$1,000 freshman shopping spree. The total interest cost of \$860 nearly equals the original expenditure.

Of course, minimum payments get much more costly if the student continues to charge on that card year after year!

## More Tips

Here are ten tips to help you manage your money so the last two months of the semester aren't spent munching stale potato chips in the dorm room or scanning the sidewalks for dropped change.

**Track it.** Track your spending for two to four weeks to find out where your money is going. Are four trips to Starbucks a week really necessary?

"They don't realize how much they spend on little things," says Vickie Hampton, a financial planner and an associate professor at Texas Tech

University in Lubbock, Texas. "That's the most common revelation."

Mark Oleson, director of a financial counseling clinic at Iowa State University, adds, "Usually, just by tracking expenses, you'll start to curb expenses."

**Get a plan.** The best way to manage your money over the course of a semester is to sit down and map out a budget. List sources of income such as scholarships, loans, money from summer jobs and cash from your parents as well as expenses, such as tuition, books and groceries.

**Good time money.** If you know you need to buy a new CD or go to concert or a party every week, make room for that in your budget.

"You need some entertainment," Hampton says. "A student is going to get really burned out if you don't do anything fun."

**Pace yourself.** If you spend, spend, spend at the beginning of the semester, you could be tapped out later. Give yourself a spending limit for each week. Stick to it and you won't have to eat macaroni-and-cheese every day in December.

**Get real.** You can do what you want, but you can't do everything you want. You're going to have to make some choices. Whatever you choose is going to cost some money. Be realistic.

"You need to understand you can't have everything and you have to understand there are consequences," Tytel says. "At some point there needs to be a reality check in terms of what things cost. Most kids have no idea."

**Stuff happens.** If you bust your budget on something you really, really want to do this week, make up for it next week.

If you find that you must go out to dinner and a movie one week, spend the money; be satisfied with the decision, and commit to staying home, eating at home and not making any other purchases the following week.

**Look ahead.** Whether it's a road trip with friends or an auto insurance bill, if you know a big expense is coming, start putting some money aside to pay for it.

"It's a lot easier to set aside \$50 every month than to come up with \$300 when the bill is due," Oleson says.

**Get in touch with your roomie.** Contact your roommate before the semester starts and divvy up expenses. Chat about who will bring a refrigerator and who will bring a microwave.

This way you avoid duplicating purchases and excess spending, but will still have all the conveniences to make college life easier.

**Spread it out.** "Most of the big expenses are at the beginning of the school year," Tytel says. "Buy books as you need them. That will spread out expenses."

Don't forget to check out prices from online bookstores. They may give you a better deal than the campus bookstore. Buy used books whenever possible.

**Ask for help when you need it.** "It's very difficult to say 'I'm in trouble and I need \$2,000' or 'I spent my student loan money,'" Tytel says.

Screw up some courage and phone home. The longer you put it off, the worse things get.