

UNTIL MONEY GROWS ON TREES



Money Management 101

Expanding Horizons Program

How Much Do You Really Spend?

Grab a pen and write as you go down the list:

- Rent or Mortgage (if off campus)
- Utilities including heat, electricity, cable
- Education costs including tuition, books, fees, supplies
- Cell Phone
- Car Loan
- Car Insurance
- Car Maintenance (gas, tires, oil changes)
- Food, snacks, restaurant meals



How Much Do You Really Spend?

- Health – out-of-pocket expenses not covered by insurance (prescriptions, co-pays)
- Entertainment – movies, parties, trips to Boston
- Clothing
- Personal care – haircuts, products
- Credit card payments
- Miscellaneous - gifts, unexpected expenses*



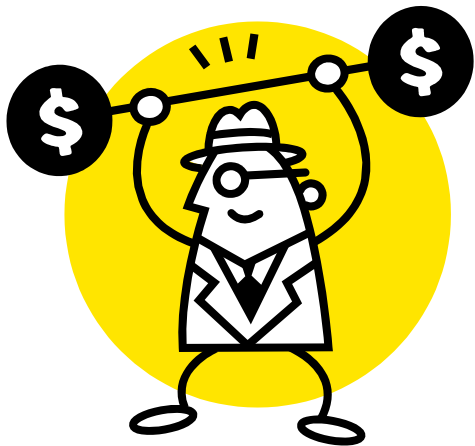
How Much Do You Really Earn?

- After-tax wages yourself (do not overestimate)
- Allowance from parents / guardian
- Tips or bonuses
- Social Security or SSI
- Tax refunds
- Interest from savings accounts, CDs, investments
- Other



How do your income/expenditures balance?

Increase income or lower expenses



Look critically at where your money goes...

Coffee from Dunkin' Donuts

- \$1.75 per day x 7 days per week x 4 weeks /month = \$49 / mo.
- \$49 x 12 months per year = \$588 / yr.

Vending Machine Visits

- \$1.50 per day x 5 days per week x 4 weeks/month = \$30 / mo.
- \$30 x 8 months per year = \$240 / yr.



If You Get Behind....

- Contact Your Creditors
 - Try to arrange a payment plan or ask for a time extension
 - Whenever possible, pay something even if you cannot pay the entire amount
 - Don't wait until the debt is turned over to a debt collector (goes to "collections")

Communication is key : they will not go away if you ignore them and you will ruin your credit

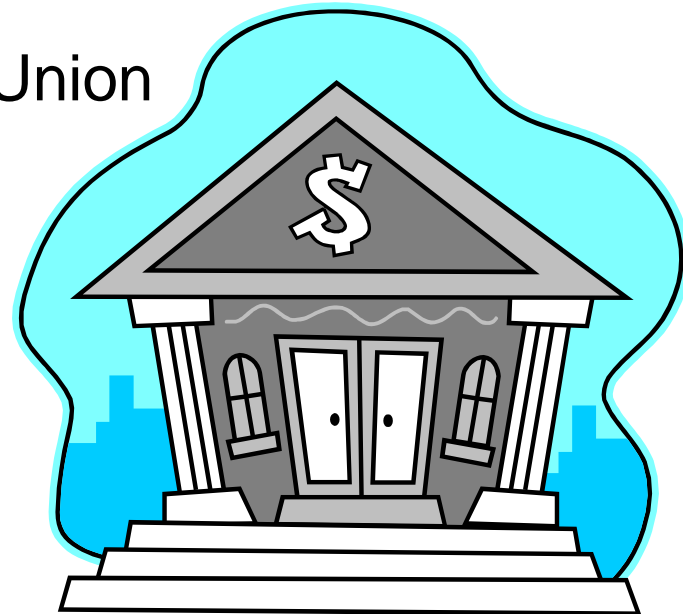


Tips for Balancing a Budget

- Be realistic about what you earn AND what you spend
- Track all expenses and income for one month so that you know exactly what you earn and spend
- Build an “emergency fund” contribution into your budget for things like unexpected car repairs or medical expenses
- Be honest about wants vs. needs

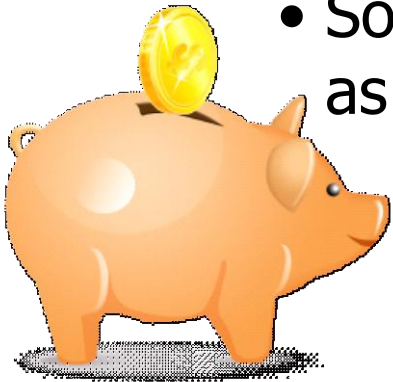
Advantages of Banking Accounts

- Your money is safe
- Interest can be earned on accounts
- Requires more thoughtful use of money
- Local credit unions are a great resource. Here are two in our area:
 1. Fitchburg Community Credit Union
(978)-342-6041
 2. IC Federal Credit Union
(978)-343-3725



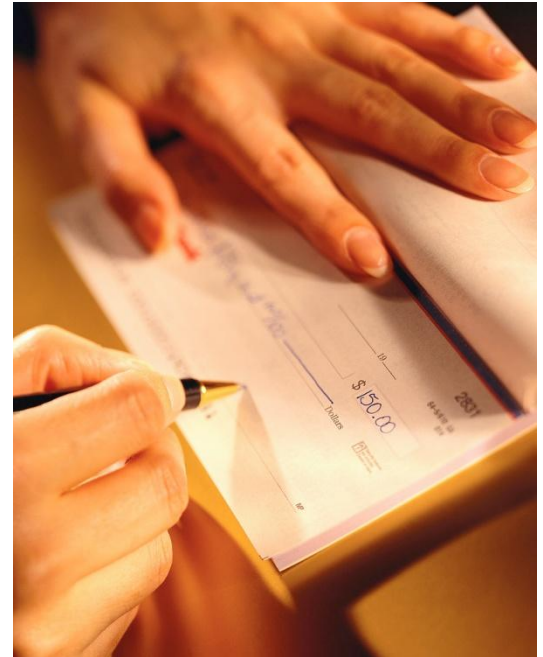
Bank Account Basics

- Interest rates:
 - You will get paid for keeping your money in the bank!! Some checking accounts offer earned interest
- Minimum balance or service / ATM fees
 - Often as little as \$25 minimum balance required
 - Some banks charge a monthly fee to keep an account with them
 - Some banks charge you if you use your ATM card as a debit card or use another bank's ATM



Bank Account Basics

- Overdraft Protection / Reserve Line of Credit
 - Protects you from “bouncing” checks
 - A reserve line of credit allows you to build a positive credit history
 - Must be cautious not to overuse it; a line of credit is basically a credit card!



Education Is An Investment

- 2006 Median Earnings for High School Graduate:
 - \$32,800
- 2006 Median Earnings for College Graduate (4 year degree):
 - \$48,896



Source: Bureau of Labor and Statistics

Points to Ponder

- You are always more powerful by having money that you don't spend than you are by spending money that you don't have.
- When you have spent money that you don't have—by using credit—then any new money you earn already belongs to someone else, and you have fewer choices than before.



“What you know about your money can never hurt you as much as what you do not know about your money.” –
Suze Orman (financial planner, speaker and author)