HOWDY!

Jason Vaaler
Money Education Center Advisor
1st Floor Pavilion
Texas A&M University

This topic matters to me because…
Open Weekdays from 8-5

NEED MONEY TIPS?
Visit the Money Education Center on the first floor of the Pavilion

Learn more at money.tamu.edu
OBJECTIVES

• What can a budget do for me?
• How can I track monthly expenses?
• What are my unnecessary expenses?
• Should I include savings in my budget?
• Creating a budget that works
• Online resources
Personal Financial Wellness Scale

http://moneymanagement.educatedinvestor.com/fss/wellnessScore/questions.html

Activity

Total ____ / 8 = ____
<table>
<thead>
<tr>
<th>Score</th>
<th>Descriptive Terminology</th>
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<tbody>
<tr>
<td>1.0</td>
<td>Overwhelming financial distress/lowest financial well-being</td>
</tr>
<tr>
<td>2.0</td>
<td>Extremely high financial distress/extremely low financial well-being</td>
</tr>
<tr>
<td>3.0</td>
<td>Very high financial distress/very poor financial well-being</td>
</tr>
<tr>
<td>4.0</td>
<td>High financial distress/poor financial well-being</td>
</tr>
<tr>
<td>5.0</td>
<td>Average financial distress/average financial well-being</td>
</tr>
<tr>
<td>6.0</td>
<td>Moderate financial distress/moderate financial well-being</td>
</tr>
<tr>
<td>7.0</td>
<td>Low financial distress/good financial well-being</td>
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<tr>
<td>8.0</td>
<td>Very low financial distress/very good financial well-being</td>
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<tr>
<td>9.0</td>
<td>Extremely low financial distress/extremely high financial well-being</td>
</tr>
<tr>
<td>10.0</td>
<td>No financial distress/highest financial well-being</td>
</tr>
</tbody>
</table>
• Average PFW™ score for American adults = 5.7

• 30% of Americans scored 1-4 (high financial distress/low financial well-being)

• 28% of Americans scored 5-6 (average financial distress/average financial well-being)

• 42% of Americans scored 7-10 (low financial distress/high financial well-being)

http://moneymanagement.educatedinvestor.com/fss/wellnessScore/questions.html
Where does it all go?
The Hidden Perk

Being financially literate can be a huge advantage for you – both personally and professionally.

7 out of 10 workers cite financial stress as their most common cause of stress

Celebrities with Money Trouble

- Sued for $300,000 Credit Card Debt (2016)
- Bankruptcy (2003) $38 Million Debt
- Bankruptcy (2015) Must pay $23 Million to Creditors
- Bankruptcy (2009) Owed IRS $13 Million
  - 3 castles, 2 islands,
  - 1 dinosaur skull,
  - 1 jet, 2 yachts,
  - 50 sports cars
“Too many people spend money they haven’t earned, to buy things they don’t want, to impress people they don’t like.”

- Will Smith -
“The problem is not how much we earn...it's how much we spend!”

The Automatic Millionaire by David Bach
Remember: I before E
Income > Expenses

Tip the scale in your favor!
What is the estimated cost of textbooks for graduate students at Texas A&M per semester?

a) $307  

b) $407  

c) $507  

d) $607
Textbook Websites

- Amazon
- Chegg
- Textbooks.com
- Big Words
- Abe Books
- Book Renter
- Campus Book Rentals
- eCampus
- Half.com
- Knetbooks
- Valore Books
- BookFinder.com

*Search Engine
Cost of Attendance

- Recalculated Annually

- Cost of Attendance differs based on:
  - residency status
  - major
  - living situation
  - meals
  - transportation
  - educational expenses
  - miscellaneous expenses

<table>
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<tr>
<th></th>
<th>Resident*</th>
<th>Non-Resident*</th>
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<tbody>
<tr>
<td>Tuition &amp; Fees</td>
<td>$7,042</td>
<td>$14,932</td>
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<tr>
<td>Loan Fees</td>
<td>154</td>
<td>154</td>
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<tr>
<td>Housing &amp; Meals</td>
<td>12,250</td>
<td>12,250</td>
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<tr>
<td>Books &amp; Supplies</td>
<td>814</td>
<td>814</td>
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<tr>
<td>Travel</td>
<td>2,134</td>
<td>2,744</td>
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<tr>
<td>Personal Expenses</td>
<td>4,340</td>
<td>4,340</td>
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<td><strong>Total</strong></td>
<td><strong>$26,734</strong></td>
<td><strong>$35,234</strong></td>
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</table>

*Amounts are based on 9 credit hours per semester at Texas A&M University, College Station.

[http://financialaid.tamu.edu/Undergraduate/Cost-of-Attendance#0-CollegeStationUndergraduate](http://financialaid.tamu.edu/Undergraduate/Cost-of-Attendance#0-CollegeStationUndergraduate)
Semester
- Fall 2017 or Spring 2018
- Summer 2017

College
- Education

Hours
- 9

Resident Tuition: $3,721.78
Non-Resident Tuition: $7,666.91

This amount does not include the following fees:
- Distance education differential tuition and fees
- Course-related educational enhancement, equipment access, lab and/or field trip fees
- Optional fees (housing, meal plans, parking, etc.)
- Property deposit of $100 for new, transfer, or re-admitted students
- International student admin fee of $200–$500 per semester charged to third-party sponsored students
- International Student Services fee of $46 per semester
- International student insurance
- Orientation fees

SBS Tuition Calculator -- http://tuition.tamu.edu/
Everyone needs a Budget
What Can a Budget Do?

- Puts You in Charge of Your Finances
- Gives You More Confidence
- Makes You Feel Less Guilty
- Allows You to Prioritize
- Enables You to Keep Track of Your Spending
- Allows You to Control Debt
- Gives You a Better Opportunity to Save

A Budget Helps You Accomplish Financial Goals!
Don’t Fear Having a Budget

“Budgets aren’t straightjackets to keep you from spending your hard-earned money. Rather, they are the key to financial freedom, ensuring you have **ENOUGH** money to spend on what you want.”

- Erin Burt, Kiplinger
What is a Required for a Budget to Work?

- Understandable
- Easy
- Quick
- Can’t Eliminate All Fun
- Needs Some Flexibility
- Discipline
- Right for You!
Steps for Creating a Budget

1. Establish Financial Goals
2. Determine source(s) of income
3. Estimate monthly expenses
4. Track all expenses for a month
5. Analyze your expenses
6. Establish a budget for each expense
7. Don’t be afraid to make adjustments
8. Achieve your Financial Goals!
- **Specific**: State exactly what you want to accomplish (Who, What, Where, Why)

- **Measurable**: How will you demonstrate and evaluate the extent to which the goal has been met?

- **Achievable**: Stretch and challenging goals within ability to achieve outcome. What is the action-oriented verb?

- **Relevant**: How does the goal tie into your key responsibilities? How is it aligned to objectives?

- **Time-bound**: Set 1 or more target dates, the “by when” to guide your goal to successful and timely completion (include deadlines, dates and frequency)
<p>| | |</p>
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</thead>
<tbody>
<tr>
<td><strong>Short Term</strong></td>
<td>- Emergency Fund, New Phone, Best Friend’s Birthday Present</td>
</tr>
<tr>
<td><strong>Medium Term</strong></td>
<td>- Spring Break Trip, Aggie Ring</td>
</tr>
<tr>
<td><strong>Long Term</strong></td>
<td>- Dream Home, Repay Student Loans, Retirement</td>
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</table>
Aggie Ring Prices (Sept. 2017)
Any Guesses?

Women’s Rings
10k Gold  $517
14k Gold   $626

Men’s Rings
10k Gold  $1,033
14k Gold  $1,401

Diamonds Optional: Extra costs range from $71 - $989
Budgeting Tips

- Pay yourself first! (Automatically)
- Potluck dinners with friends
- Don’t make impulse purchases
- Buy Generic brands
- Watch for excessive services – i.e. Tanning, Gym Memberships, etc.
If you do eat out, use money-saving apps or coupons!

http://www.studentinsider.com/TAMU/Coupons

http://www.college-coupons.com/Schools/S10TexasAMUniversity/S10TexasAMUniversity.html

Pocket Points App
-Earn Points on Campus
-Deals refresh every Monday

Hooked App
-Deals at Local Restaurants
-Limited time offers per day
What is the cost with tax of a Grande Caramel Macchiato at Starbucks?

a) $3.69
b) $3.95
c) $4.27
d) $4.82

$4.45 + $0.37 tax = $4.82
Example: Buy coffee every morning at the local coffee shop for a total of approximately $5.00.

Month 1   - $150
Month 2   - $300
Month 3   - $450
Month 4   - $600

$600 x 8 Semesters = $4800!
Save vs. Spend

Example: Buy a coffee every morning at the local coffee shop for a total of approximately $5.00.

That totals to almost $150/month. If you were to save this $5.00 every day instead of stopping for coffee every morning. This is how much you would have: (Assuming a 10% annual return)

<table>
<thead>
<tr>
<th>Time</th>
<th>Total $ Saved</th>
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<tbody>
<tr>
<td>1 Year</td>
<td>$1,885</td>
</tr>
<tr>
<td>2 Year</td>
<td>$3,967</td>
</tr>
<tr>
<td>5 years</td>
<td>$11,616</td>
</tr>
<tr>
<td>10 years</td>
<td>$30,727</td>
</tr>
<tr>
<td>15 years</td>
<td>$62,171</td>
</tr>
<tr>
<td>30 years</td>
<td>$339,073</td>
</tr>
<tr>
<td>40 years</td>
<td>$948,611</td>
</tr>
</tbody>
</table>

Data from “The Automatic Millionaire” by David Bach
The Latte Factor

• What is a Latte Factor?
  – All unnecessary expenditures that you buy each month

• How do you find a Latte Factor?
  – Track your expenses
  – Am I buying too much of something?
  – Do I really need this item?
Latte Factor Examples
Every Penny Counts

- **ATM fees** - $4.57 average to withdraw money from an out-of-network ATM.

- **Late fees** - Missing payments can lower your credit score. Set-up automatic payments for cable, internet, insurance, etc.

- **Underused subscriptions** - Magazines, software, online services, etc. “Trim” cancels your subscriptions with a text.

- **Buying lunch/bottled water** - Eating out can add up quickly. Prepare more food at home and fill up a reusable water bottle.

- **Cable** – Cut the cord to save $60+ a month. Netflix ($8/month), Hulu ($8/month), Amazon Prime ($8/month) HBO Now ($15/month). Share accounts within your household if possible.

- **Cable box and modem** – Buy your own cable box and modem. $120 cable box pays for itself in 8-12 months. Buy your own cable modem for $100 or less.

- **Extra smartphone data** - Install a "fuel gauge" app, like “My Data Manager” or “Data Man,” to monitor data and warn you when approaching your monthly limit.

Other Money Saving Tips

- Use grocery store apps/coupons
- Switch to LED bulbs
- Turn off power strips
- Increase temperature slightly in house when you are out
- Ride the bus or use Zagster bikes on campus
- Change cell phone plan
- Shop around for insurance
- Find a part-time job
Save! Save! Save!

- Establish an **Emergency Fund**!
- Always **PAY YOURSELF** first!
- Save 10-15% of your monthly income
- Reach your financial goals
Emergency Fund

• Aim for $1,000
• After college, plan for 3-6 months of expenses (or more)
• For REAL emergencies
Sources of Income – Show Me the Money!

• Remember, income isn’t just from jobs
  – Financial Aid (Grants, Scholarships, Loans)
  – Family
  – College Fund (529 Plan)
  – Other Income

You can budget these sources just like normal income.
Fixed Expenses

Same every month:

- Rent
- Cable/Internet
- Car Payment
- Insurance
- Goals
- Emergency Fund
Variable Expenses

Varies month-to-month:

• Entertainment
• Food
  – Groceries
  – Fast Food
• Gas
• Clothes
• Gifts
Financial Quiz Question 3

- What is the cost of a bacon cheeseburger, fries, and drink with tax at the College Station Cheddar’s?
  
  a) $9.85  
  b) $10.85  
  c) $11.85  
  d) $12.85

Cheeseburger - $7.29  
Fries - $2.49  
Soda - $2.09  
Tax - $0.98  
Plus Tip
Creating a Budget

Living on a Budget.
Credit Cards

• What if I don’t have the money to buy something?
  – Don’t buy it!

• Credit Cards are not “assets”

• Loans to be paid back with interest!
50-30-20 Rule

50-30-20 Method
• Monitor and restrict your expenses to totaling no more than the following of your after-tax income:

![Percentage of After-Tax Income Chart](chart.png)

- 50% for "Must-have" Expenses
- 30% for "Wants"
- 20% for Savings & Debt Repayment
Budget Resources

Mint (.com)
Budget Pulse (.com)
Personal Capital (.com)
You Need a Budget (.com)

Your Bank’s Mobile App
Excel Budget Sheets
SALT™ (saltmoney.org/tamu)
Envelope Method
<table>
<thead>
<tr>
<th>Mint</th>
<th><a href="http://www.mint.com">www.mint.com</a></th>
<th>• Track your bank accounts, credit cards, investments, and loans graphically.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>• Automatically tags expenses.</td>
</tr>
</tbody>
</table>

* Before deciding which website to use, make sure that you look into all of the security information to make sure that you feel completely safe uploading your banking account information.
Before deciding which website to use, make sure that you look into all of the security information to make sure that you feel completely safe uploading your banking account information.
Understand Debt

- Many students borrow while in college, but not all debt is created equal
- Borrow wisely – only the minimum necessary to pay school expenses
- Know how much you are borrowing
- Credit card debt is not inevitable
DO YOU KNOW WHO YOU OWE?

Find out by accessing the National Student Loan Data System (NSLDS)
www.nslds.ed.gov  (800) 433-3243
Money Education Center

We Can Teach Aggies About.....

- Eating on a Budget
- Money Management
- Buying a Car
- Graduating: Now What?
- Buying a Home
- Love & Money
- Credit Cards & Credit Scores
- Identity Theft
- Saving & Investing
- Repaying Student Loans
About the Center

- Scheduled Presentations
- Group Presentations
- Class Presentations
- Walk-in Advising
- Scheduled Appointments
- Online Resources
Like & Follow Us!

Follow us on social media

@AgsToRiches  Aggie Money Education
Weekly Drawings

• Texas A&M tote bag
  – Presentation and resource table attendees

• $100 scholarship
  – Walk-ins and appointments
Money Education Center

979 845 SAVE (7283)

Pavilion, 1st floor
money.tamu.edu
money@tamu.edu

Questions? Contact Us!
The biggest barrier to becoming rich is living like you’re rich before you are.

-Knight Kiplinger
Final Thought: It’s your money, and you’ve got a long road ahead. Don’t make it rain in college!