Money Management
Money Education Center
Texas A&M University
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
<table>
<thead>
<tr>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total _____ / 8 = _____</strong></td>
</tr>
</tbody>
</table>

**Personal Financial Wellness Scale**

http://moneymanagement.educatedinvestor.com/fss/wellnessScore/questions.html
<table>
<thead>
<tr>
<th>Score</th>
<th>Descriptive Terminology</th>
</tr>
</thead>
<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>
</tr>
<tr>
<td>8.0</td>
<td>Very low financial distress/very good financial well-being</td>
</tr>
<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

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/](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
Budgeting Video
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. \textit{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!
<table>
<thead>
<tr>
<th>S</th>
<th>Specific: State exactly what you want to accomplish (Who, What, Where, Why)</th>
</tr>
</thead>
<tbody>
<tr>
<td>M</td>
<td>Measurable: How will you demonstrate and evaluate the extent to which the goal has been met?</td>
</tr>
<tr>
<td>A</td>
<td>Achievable: stretch and challenging goals within ability to achieve outcome. What is the action-oriented verb?</td>
</tr>
<tr>
<td>R</td>
<td>Relevant: How does the goal tie into your key responsibilities? How is it aligned to objectives?</td>
</tr>
<tr>
<td>T</td>
<td>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)</td>
</tr>
</tbody>
</table>
Establish Your Financial Goals

**Short Term**
- Emergency Fund, New Phone, Best Friend’s Birthday Present

**Medium Term**
- Spring Break Trip, Aggie Ring

**Long Term**
- Dream Home, Repay Student Loans, Retirement
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
Save vs. Spend

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>
</tr>
</thead>
<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:

![Pie chart showing the 50-30-20 method: 50% for "Must-have" Expenses, 30% for "Wants", and 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
### Mint

**www.mint.com**

- Track your bank accounts, credit cards, investments, and loans graphically.
- Automatically tags expenses.

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* 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.
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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
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!