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

Money Education Center
Texas A&M University
Money Management
“The problem is not how much we earn...it’s how much we spend!”
-David Bach
*The Automatic Millionaire* (book)
Are They Really Rich?

Credit Card Debt & $53M "Personal" Debt

Bankruptcy:
3 castles
2 islands
1 dinosaur skull
1 jet
2 yachts
50 sports cars

$27M owed & Bankruptcy

$40M in Debt
Everyone needs a BUDGET
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 financial media company
Why Budget Your Money?

Budgeting Your Money...

• Puts You in Charge of Your Finances
• Gives You More Confidence
• Makes You Feel Less Guilty
• Allows You to Prioritize
• Enables You to Track Your Spending
• Allows You to Control Debt
• Gives You a Better Opportunity to Save
• Helps You Accomplish Financial Goals!
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!
## Establish Your Financial Goals

<table>
<thead>
<tr>
<th>1 Year</th>
<th>Short Term Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>New Phone, Spring Break Trip, Car Repair</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2-3 Years</th>
<th>Medium Term Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Establishing an Emergency Fund, Wedding</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3+ Years</th>
<th>Long Term Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dream Home, Repay Student Loans, Retirement</strong></td>
<td></td>
</tr>
</tbody>
</table>
Aggie Ring Prices (March 2019)
Any Guesses?

Women’s Rings
10k Gold $534
14k Gold $648

Men’s Rings
10k Gold $1,072
14k Gold $1,455

Diamonds Optional: Extra costs range from $71 - $989
# Student Loan Example

<table>
<thead>
<tr>
<th></th>
<th>Paying an Extra $50 a Month</th>
<th>Paying an Extra $100 a Month</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Principal</strong></td>
<td>$60,000.00</td>
<td>$60,000.00</td>
</tr>
<tr>
<td><strong>Required Monthly Payment</strong></td>
<td>$645.23</td>
<td>$645.23</td>
</tr>
<tr>
<td><strong>Extra Monthly Payment</strong></td>
<td>$50.00</td>
<td>$100.00</td>
</tr>
<tr>
<td><strong>Total Interest Saved on Loan</strong></td>
<td>$1,715.48</td>
<td>$3,118.06</td>
</tr>
<tr>
<td><strong>Years to Pay Back Loan</strong></td>
<td>9.1</td>
<td>8.3</td>
</tr>
</tbody>
</table>

*Loan accruing interest at 5.3%*
Save! Save! Save!

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

- Recommend $1,000 for students
- Professionals eventually need 3-6 months of expenses
- For REAL emergencies
Identify Your Sources of Income

- Grants/Scholarships/Loans
- Family
- Work Income (After Taxes)
- Other Income
Remember: I before E

Income > Expenses

Tip the scale in your favor!
Identify Your Expenses

**Fixed Expenses**
*(Flat rate bills)*

- Insurance
- Home Insurance
- Travel Insurance
- Car Insurance
- Health Insurance
- Life Insurance

**Variable Expenses**
*(Change each month)*

- Gas
- Entertainment
- Clothing
- Food

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ATM
What is Required for a Budget to Work?

- Understandable
- Easy
- Quick
- Can’t Eliminate All Fun
- Needs Some Flexibility
- Discipline
- Right for You!
50-30-20 Budget

- **Savings & debt repayment:**
  - Emergency fund
  - Any loan payments above the minimum
  - Retirement goals
  - Other goals
50-30-20 Budget

- **Must-haves**: basic expenditures you must make each month
  - Housing
  - Utilities
  - Transportation
  - Food
  - Insurance
  - Minimum loan payments

- 50% "Must-Have" Expenses
- 30% Wants
- 20% Savings & Debt Repayment
50-30-20 Budget

- **Wants**: extra expenditures
  - Vacations
  - Gifts
  - Entertainment
  - Clothes
  - Charities
  - Eating out
  - Internet
  - Cable
Budget Websites/Apps: Traditional:

Mint
Digit
Albert
Spending Tracker
Pocket Guard
Money Lover
Good Budget
Every Dollar

Bank Statements
Excel Sheet
Envelope Method
“Mmm...Minty”

Mint  [www.mint.com](http://www.mint.com)

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

* 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.
Financial Quiz Question

- What is the cost of a cheeseburger, fries, and a drink at the College Station Cheddar’s?

a) $10.00  
b) $10.85  
c) $11.85  
d) $12.85

Cheeseburger - $7.29  
Fries - $2.49  
Soda - $2.09  
Tax - $0.98  
Plus Tip
Identify and Reduce Your Latte Factor(s)

“A latte spurned is a fortune earned”
People magazine

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
Financial Quiz Question
What is the cost of a Grande Caramel Macchiato at the local Starbucks?

a) $4.50
b) $4.73
c) $4.89
d) $5.03

$4.65 + $0.38 tax = $5.03
Save vs. Spend

Example: Buy a coffee and breakfast 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 spent on daily coffee... alone!

$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 biggest barrier to becoming rich is living like you’re rich before you are.

-Knight Kiplinger
economic journalist,
Head of Kiplinger financial media company
About the 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
Our Services

Money Education (ME) Center

WALK-IN ADVISING
MONDAY - FRIDAY
8 AM - 5 PM

Now offering online Zoom appointments!
Like & Follow us on Social Media

@AgsToRiches

Aggie Money Education
Questions?
Contact Us!