Financial Education
Know Before You Owe

WHAT IF SPENDING ALL OUR MONEY MEANS WE HAVE NO MONEY LEFT?

Holly Wright
UM Financial Education Program Manager
Financial Education Program

- Federal Student Aid Process
  - Student Loans
- Personal Finance
  - Budgeting
  - Credit Score
- Manage Checking/Savings Accounts

FREE
Why is financial education important?

- Student loan debt has soared [...] to $1.2 trillion in 2014; average debt jumped [...] to $33,000 [...] (debt.org)

- Student debt is the second-largest form of household credit, after mortgages. (NASFAA)
FINANCIAL GOALS

(page 2)

❖ Graduate with Student Loan debt that requires payments of $200/month or less

❖ Graduate and be eligible for Auto Loan with an interest rate of 2 - 4%

❖ Qualify for a Home Loan by age 30

❖ Have at least $500 in an emergency fund
SAVINGS

(page 6)

❖ Achieving Your Goals

❖ Financial Stability

❖ Emergency Fund

❖ Make saving automatic, even if it's only $10 or $25 a month

❖ Working adults should put at least 10% of their monthly gross income into savings
SAVE
In And After College

- **Free entertainment**: concerts, art galleries, hike, Missoula Public Library, Hulu, Redbox coupon codes
- **Food**: make and follow a shopping list, coupons, choose generic brands, BountifulBaskets
- **Books**: sell your old textbooks, check online for lower prices, borrow
- **Follow your budget!**
Current Offers

Minnesota - Basket Pickup Week Ending October 3, 2015
Get my Basket
It's 50% fruit, 50% vegetables and 100% healthy & delicious!

Montana - Basket Pickup Week Ending October 3, 2015
Get my Basket
It's 50% fruit, 50% vegetables and 100% healthy & delicious!
SAVE
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● **Free entertainment**: concerts, art galleries, hike, Missoula Public Library, Hulu, Redbox coupon codes

● **Food**: make and follow a shopping list, coupons, choose generic brands, BountifulBaskets

● **Books**: sell your old textbooks, check online for lower prices, borrow

● Follow your budget!
Let's you know where you are spending your money

Helps you know your limits and be in control of your money

Does not mean spending as little as possible or feeling guilty about purchases

It is a working part of life, not set it and forget it

Set up an appointment to let us help you set up your budget
I have a coupon for every item.
Ensures you don't spend money you don't have

Let's you know where you are spending your money

Helps you know your limits and be in control of your money

Does not mean spending as little as possible or feeling guilty about purchases

It is a working part of life, not set it and forget it

*Set up an appointment to let us help you set up your budget*
# Budgeting

- Estimate the following items from your most recent monthly checking statement:

## Items Budgeted By Semester

<table>
<thead>
<tr>
<th>Semester Income</th>
<th>Semester Expenses</th>
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<tbody>
<tr>
<td>Loans:</td>
<td>$_____________</td>
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<td>Grants/ Fee Waivers:</td>
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<td>Scholarships:</td>
<td>$_____________</td>
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<tr>
<td>Total semester income</td>
<td>$_____________ Minus(-)</td>
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</table>

Amount you need to work into your monthly budget $_____________ (Line A)

Take Line A and divide by 4 [ ]

If the number is positive place in Line B below, OR
If the number is negative place in Line C below.

## Monthly Budget

### Monthly Income

- Monthly Sem. Income (Line B): $_____________
- Salary/ Paycheck: $_____________
- Work Study: $_____________
- Parent Contribution: $_____________
- Other: $_____________
- Other: $_____________

**TOTAL INCOME:** $_____________

### Monthly Expenses

- Monthly Sem. Expenses (Line C): $_____________
- Rent: $_____________
- Utilities: $_____________
- Cell Phone: $_____________
- Internet: $_____________
- Groceries: $_____________
- Car payment: $_____________
- Car Insurance/Registration: $_____________
- Gas and Maintenance: $_____________
- Medical: $_____________
- Entertainment: $_____________
- Computer: $_____________
- Clothing: $_____________
- Grooming: $_____________
- School Activities: $_____________
- Supplies: $_____________
- Other: $_____________
- Other: $_____________

**TOTAL EXPENSES:** $_____________
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<th>BUDGET ITEM</th>
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<th>APR</th>
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Powerful features, simplified.

See all your accounts in one place.

See all your balances and transactions together, on the web or your phone. Mint automatically pulls all your financial information into one place, so you can finally get the entire picture. Learn more ➤

Stay up-to-date on your money.

Mint automatically updates and categorizes your information, and
BUDGETING

❖ Compare wants vs. needs

❖ Make savings part of your "bills"

❖ Start paying towards your loans IN SCHOOL!

❖ Even if it's only $5 a month.
   Get in the habit of making payments.

Average Monthly Living Expenses

<table>
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<tr>
<th>Category</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Housing/Utilities</td>
<td>33.2%</td>
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<td>Transportation</td>
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<td>Food</td>
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<td>Insurance/Pension</td>
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<td>Entertainment</td>
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<td>Misc.</td>
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Source: US Department of Labor, Bureau of Labor Statistics
Credit: a contractual agreement in which a borrower receives something of value now and agrees to repay the lender at a later date

Types of credit:

- Credit Cards
- Loans: secured and unsecured, federal and private student loans
Easy to overuse, easy to have too many, can incur many costly fines

What should you look for:

• What is the interest rate?
• What is the annual fee?
• What is the late fee?
• What is the over-the-limit fee?
• Do they offer a grace period?
0% INTRO APR until August 1, 2016 on purchases and balance transfers, after that a variable APR of 24.99%

Get the Freedom® credit card¹ and get a head start on paying down the balances you transferred by using your card for new purchases.

LOW INTRO RATE
- 0% Intro APR until August 1, 2016 on purchases and transferred balances (not cash advances); the balance transfer fee is 3% with a minimum of $5
- Respond today to enjoy the full 15 months of interest savings
- After the introductory period, keep saving with a variable APR of 24.99%
- No annual fee

5% CASH BACK
- Earn 5% cash back on up to $1,500 in combined purchases in bonus categories that change every quarter²
- So your extra cash back can add up fast
- Enjoy new categories every 3 months like Gas stations, Restaurants and Amazon.com
- Activating each quarter is easy and free; see the calendar on page 2 for a list of 2015 categories

1% UNLIMITED CASH BACK
- Earn 1% Cash Back on everything else you buy²
- Get a full 1% on every dollar spent on purchases – there is no limit to how much cash back you can earn
**EASY TO REDEEM** Chase Freedom makes it easy to redeem the cash back you've earned. Redemptions start at just $20 or you can save up for even more cash back. Or choose a statement credit to pay for a purchase you've already made on your card. There's no expiration on your rewards as long as your account is open, so you can redeem when you want.

**EARN EXTRA CASH BACK** Add an authorized user to your account when you respond* and begin earning cash back on all their purchases every day, as well.

**RESPOND TODAY** Visit GetChaseFreedom.com, call 1-800-804-8516, or mail the certificate below by June 1, 2015.

Sincerely,

Phil Christian
General Manager
Chase Freedom

---

**15 SECOND DECISION!³**

**VISIT GETCHASEFREEDOM.COM**

**INVITATION NUMBER:** 4263 5197 8157

**RESPOND BY:** June 1, 2015

**CALL 1-800-804-8516**
**MAIL YOUR CERTIFICATE**

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<tr>
<td>GROCERY STORES**&lt;br&gt;not including Walmart® and Target® purchases</td>
<td>RESTAURANTS</td>
<td>GAS STATIONS™&lt;br&gt;and more this summer</td>
<td>AMAZON.COM&lt;br&gt;and more this fall!</td>
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<tr>
<td>MOVIE THEATERS&lt;br&gt;STARBUCKS® STORES***</td>
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<td>Activation period closed</td>
<td>Activate between 3/15/15 - 6/14/15</td>
<td>Activate between 8/15/15 - 9/14/15</td>
<td>Activate between 9/15/15 - 12/14/15</td>
</tr>
</tbody>
</table>

Activate each quarter to earn 5% cash back on up to $1,500 in combined purchases in that quarter's selected categories.

Additional categories or merchants added each quarter. See chase.com/freedom for more details and exclusions on this category.
### PRICING INFORMATION

#### INTEREST RATES AND INTEREST CHARGES

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Purchase Annual Percentage Rate (APR)</strong></td>
<td>0% Intro APR through your billing cycle ending in August 2016. After that, 24.99%. This APR will vary with the market based on the Prime Rate.³</td>
</tr>
<tr>
<td><strong>Balance Transfer APR</strong></td>
<td>0% Intro APR through your billing cycle ending in August 2016. After that, 24.99%. This APR will vary with the market based on the Prime Rate.³</td>
</tr>
<tr>
<td><strong>Cash Advance APR</strong></td>
<td>25.24%. This APR will vary with the market based on the Prime Rate.⁶</td>
</tr>
<tr>
<td><strong>Overdraft Advance APR</strong></td>
<td>25.24%. This APR will vary with the market based on the Prime Rate.⁶</td>
</tr>
<tr>
<td><strong>Penalty APR and When It Applies</strong></td>
<td>Up to 29.99%. This APR will vary with the market based on the Prime Rate.⁶</td>
</tr>
</tbody>
</table>

The Penalty APR may be applicable to your Account if you:
- fail to make any Minimum Payment by the date and time due (late payment);
- exceed your credit limit (if applicable); or
- make a payment to us that is returned unpaid.

**How Long Will the Penalty APR Apply:** If your APRs are increased for any of these reasons, the Penalty APR may apply indefinitely.
PAYING FOR COLLEGE

Scholarships
Grants
Work Study
Scholarships

Apply by February 1st


- **Your Department**: talk to staff at front desk or department website

- **Montana University System Scholarships**: [http://mus.edu/Prepare/Pay/Scholarships/default.asp](http://mus.edu/Prepare/Pay/Scholarships/default.asp)

- **Student Assistance Foundation**: [http://www.smartaboutcollege.org/paying-for-college/scholarships.jsp](http://www.smartaboutcollege.org/paying-for-college/scholarships.jsp)
The Matched Education Savings Account (MESA) program is now available at UM! The MESA is a special matched savings account for people with lower incomes. These accounts are designed to help families and individuals of modest means establish a pattern of regular saving. The Montana MESA Programs are dedicated to helping participants save for post-secondary education at a Montana school.
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A matched savings account is a promise to supplement a MESA participant’s savings deposit at a specific rate. UM participants will have a matching rate of 3:1 which means that for every dollar a participant saves as part of the program, he or she will be eligible to receive another three dollars. So if you save $500 throughout the course of the program and meet all the other program requirements you will be eligible for $1,500 match to purchase the agreed upon asset (tuition or books for the following semesters).

Participants must meet the following requirements:

1) Have an annual household income at or below 200% of Federal Poverty levels or income at or below the Earned Income Tax Credit threshold.

AND

2) Do not have household net worth exceeding $10,000. (In determining net worth, the primary dwelling and one motor vehicle owned by a member of the household will be excluded.)

AND

3) The applicant must have earned income

AND

4) The applicant must be a Montana resident enrolled at one of the participating schools. Individuals applying for the Statewide MESA must be enrolled at a Montana post-secondary school.

Here are some Frequently Asked Questions about the MESA Program.

The application for the MESA Program can be found here and completed applications should be emailed to nolan@mcun.coop
Grants
Based on Financial Need

- Most Common: Pell Grant
- Max Pell Grant is
  - $5,775 (for the 15-16 year)
- Can receive it for up to 6 years
Work-Study
Earn-as-you-go Aid

- Work a job to earn aid
- This aid comes as a bi-weekly paycheck
- Many different departments and locations
  - UDASH Bus Driver
  - Office Assistant for non-profit
  - Research Aide for Avian Study
  - After-school Program Assistant
Student Loans
Private, Federal and Institutional
LOANS

Private Student Loans

- Issued by a private lender (not the government) to the student.
- Most require credit check, cosigner, occupation.
- May have higher interest rates than federal loans.
- Limited repayment options, loan forgiveness, deferment, etc.
- Cannot be consolidated with Federal or Institutional loans.
LOANS

Federal/Institutional Student Loans

❖ Types of Federal Loans

• Direct Subsidized Loan, 4.29%
• Federal Perkins Loan, 5%
• Direct Unsubsidized Loan, 4.29%
• Direct PLUS Loan, 6.84%
You Can Accept A Portion of Your Loan

You do not have to accept the total amount of a loan. You can always accept a portion of it.
Decide Now How Much You Are Willing To Borrow For Your Education

$20,000?  $30,000?  $50,000?

Make sure your borrowing patterns will total this amount and no more by the time you graduate.

Go to a Loan Calculator to see what your payments would be BEFORE you accept a loan.
There Are Caps To What You Can Borrow

- Dependent Undergraduates: $31,000
- Independent Undergraduates: $57,500
- Graduate or Professional Students: $138,500
- Medical Graduate Students: $224,000
Do Not Spend Your Refund Check on Non-School Related Items

You should not spend your student loan money on TVs, vacations, pets, snowmobile, etc.
Once You Get Your Aid, You Need To Keep It

You earn your aid by attending class. Stop attending class and you will have to pay your aid back.
There are four main servicers used by the Department of Education for Direct Loans:

- FedLoan Servicing
- Nelnet Education Planning & Financing
- Navient
- Sallie Mae
- Great Lakes
LOANS
Repayment Plans

- Standard (fixed payments, 10 yrs)
- Graduated (low payments at first, then increase over 10 yrs)
- Extended Standard (fixed payments, up to 25 yrs)
- Extended Graduated (low payments at first, then increase; up to 25 yrs)
- Income-Based Repayment, IBR (payments 15% of discretionary income)
- Pay As You Earn (payments 10% of discretionary income)
- Income-Contingent Repayment, ICR (payments based on gross income, family size, total amount of loans)
- Income-Sensitive Repayment (payments based on annual income)
LOANS

Repayment Plans - Parent PLUS

- **Standard** (fixed payments, 10 yrs)
- **Graduated** (low payments at first, then increase over 10 yrs)
- **Extended Standard** (fixed payments, up to 25 yrs)
- **Extended Graduated** (low payments at first, then increase; up to 25 yrs)
- **Income-Based Repayment, IBR** (payments 15% of discretionary income)
- **Pay As You Earn** (payments 10% of discretionary income)
- **Income-Contingent Repayment, ICR** (payments based on gross income, family size, total amount of loans)
- **Income-Sensitive Repayment** (payments based on annual income)

I want to pay off my loans in a set number of years

I can only make payments that are based on how much money I make
STUDENT LOAN DEFAULT

- Last payment is over 270 days late
  - 24% collection agency cost
  - Wages garnished at 15%
  - Federal and state tax refund kept
  - SSI and SSDI benefits are garnished
  - Goes on your credit report
- Never ignore mail sent to you from your loan servicer.
Once You Graduate

Beware of Third-Party Companies

Decide Now How Much You Are Willing To Borrow For Your Education

2013 Median Salaries
CareerOneStop.org

<table>
<thead>
<tr>
<th>Occupation</th>
<th>United States</th>
<th></th>
<th>Missoula</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yearly Gross</td>
<td>Monthly Net</td>
<td>Yearly Gross</td>
<td>Monthly Net</td>
</tr>
<tr>
<td>Social Worker</td>
<td>$56,500</td>
<td>$3,332</td>
<td>$33,500</td>
<td>$2,101</td>
</tr>
<tr>
<td>Biological Scientist</td>
<td>$72,700</td>
<td>$4,164</td>
<td>$59,300</td>
<td>$3,477</td>
</tr>
<tr>
<td>Public Relations and Fundraising Manager</td>
<td>$98,700</td>
<td>$5,483</td>
<td>$102,900</td>
<td>$5,688</td>
</tr>
<tr>
<td>Bookkeeping, Accounting, and Auditing Clerk</td>
<td>$35,700</td>
<td>$2,232</td>
<td>$30,700</td>
<td>$1,934</td>
</tr>
<tr>
<td>Occupational Therapist</td>
<td>$76,900</td>
<td>$4,379</td>
<td>$68,600</td>
<td>$3,954</td>
</tr>
</tbody>
</table>

Loan Repayment

<table>
<thead>
<tr>
<th>Amount Borrowed</th>
<th>Years Paying</th>
<th>Monthly Payment</th>
<th>Total Amount Paid Back</th>
</tr>
</thead>
<tbody>
<tr>
<td>$26,000</td>
<td>10 years</td>
<td>$271/month</td>
<td>$32,576</td>
</tr>
<tr>
<td>$50,000</td>
<td>10 years</td>
<td>$522/month</td>
<td>$62,647</td>
</tr>
<tr>
<td>$50,000</td>
<td>25 years</td>
<td>$282/month</td>
<td>$84,743</td>
</tr>
</tbody>
</table>
Am I Dependent or Independent?

Unfortunately, it does not rely on how your file your taxes.

You are dependent if you are:

- Under 24
- Not married
- An undergraduate student
- Not a veteran
- Do not have children
- An orphan or a ward of the court
I am technically Dependent, but I want to be Independent

- An abusive home situation, which is detrimental to your physical or mental well-being
- Abandonment by both parents
- History of neglect due to parental alcohol or drug abuse
- Incarceration of the custodial parent

File a "Special Circumstances Request for Independent Status" form including two supporting letters from individuals that can verify your parental situation
Note: The amount in the Cost of Attendance for the category Miscellaneous includes an allowance for things like additional transportation costs, health insurance, clothing and personal care.

Cost Calculation
- Cost of Attendance: $29,618.00
- Estimated Family Contribution: $0.00
- Initial Need: $29,618.00
- Outside Resource: $0.00
- Need: $29,618.00

Cost of Attendance
- Books and Supplies: $900.00
- Out-of-State Tuition: $17,460.00
- Loan Fee Allowance: $158.00
- Living Expense Allowance: $11,100.00
- Total: $29,618.00

Financial Aid Award

<table>
<thead>
<tr>
<th>Fund</th>
<th>Status</th>
<th>Autumn Semester 2009</th>
<th>Spring Semester 2010</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graduate Non-Resident TA</td>
<td>Accepted</td>
<td>$3,087.30</td>
<td>$3,087.30</td>
<td>$6,174.60</td>
</tr>
<tr>
<td>Graduate Federal PLUS Loan</td>
<td>Declined</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fed Direct Subsidized Loan</td>
<td>Declined</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fed Direct Unsubsidized Loan</td>
<td>Declined</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Select Another Aid Year

[ Award Messages | Overall Financial Aid Status | Account Summary By Term | Award History | Loan Application History ]
“Type a quote here”

–Johnny Appleseed