Financial Adulting

THAT HORRIFYING MOMENT WHEN
YOU'RE LOOKING FOR A ADULT BUT
YOU REALISE THAT YOU ARE AN ADULT.

SO YOU LOOK AROUND FOR AN OLDER
ADULT. AN ADULTIER ADULT. SOMEONE
BETTER AT ADULTING THAN YOU.

Holly Wright
UM Financial Education Program Manager
Repayment/Forgiveness of Student Loans
Monthly Budgets
Find your Credit Report
Emergency Savings Account
Reaching Financial Goals
"Now that you’re an adult what do you want do with your life?"

Me:

I don’t know.
I didn’t think I’d get this far...
WHICH WAY IS BETTER?
## BUDGETING

### Monthly Budget

**Monthly Income**
- Salary/Fix Check: $\quad$
- Other: $\quad$

**Expenses**
- Rent: $\quad$
- Utilities: $\quad$
- Food: $\quad$
- Transportation: $\quad$
- Other: $\quad$

**Total Income:** $\quad$

**List one financial goal here:**

<table>
<thead>
<tr>
<th>Item</th>
<th>JAN</th>
<th>FEB</th>
<th>MAR</th>
<th>APR</th>
<th>MAY</th>
<th>JUN</th>
<th>JUL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent</td>
<td>$\quad$</td>
<td>$\quad$</td>
<td>$\quad$</td>
<td>$\quad$</td>
<td>$\quad$</td>
<td>$\quad$</td>
<td>$\quad$</td>
</tr>
<tr>
<td>Utilities</td>
<td>$\quad$</td>
<td>$\quad$</td>
<td>$\quad$</td>
<td>$\quad$</td>
<td>$\quad$</td>
<td>$\quad$</td>
<td>$\quad$</td>
</tr>
<tr>
<td>Food</td>
<td>$\quad$</td>
<td>$\quad$</td>
<td>$\quad$</td>
<td>$\quad$</td>
<td>$\quad$</td>
<td>$\quad$</td>
<td>$\quad$</td>
</tr>
<tr>
<td>Transportation</td>
<td>$\quad$</td>
<td>$\quad$</td>
<td>$\quad$</td>
<td>$\quad$</td>
<td>$\quad$</td>
<td>$\quad$</td>
<td>$\quad$</td>
</tr>
<tr>
<td>Other</td>
<td>$\quad$</td>
<td>$\quad$</td>
<td>$\quad$</td>
<td>$\quad$</td>
<td>$\quad$</td>
<td>$\quad$</td>
<td>$\quad$</td>
</tr>
</tbody>
</table>

**Total Expenses:** $\quad$

**Total Income:** $\quad$

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### mint.com

**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 puts 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
<table>
<thead>
<tr>
<th>BUDGET ITEM</th>
<th>ALLOTMENT</th>
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<th></th>
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<tbody>
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<td>Rent</td>
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<tr>
<td>Electric</td>
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</tr>
<tr>
<td>Groceries</td>
<td>150</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dining out</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Car Pmt</td>
<td>200</td>
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<tr>
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<td>Car Repair/Registration</td>
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<td>Gasoline</td>
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<td>Phone</td>
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<tr>
<td>Internet/Cable</td>
<td>75</td>
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<tr>
<td>Vegas</td>
<td>205</td>
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<tr>
<td>Hotel</td>
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</tr>
<tr>
<td>Credit Card Pmt</td>
<td>35</td>
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<td></td>
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<tr>
<td>Personal Care</td>
<td>50</td>
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<tr>
<td>Charity</td>
<td>40</td>
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<td>Clothing</td>
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<tr>
<td>Savings</td>
<td>25</td>
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<td></td>
</tr>
<tr>
<td>Investments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL EXPENSES</td>
<td>2110</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

|                           |           | Paycheck                   | Grants/Scholarships       |
|                           |           | 553                        | 700                       |
|                           |           |                            |                            |
|                           |           | Total Income               | 1303                      |
|                           |           |                            |                            |
|                           |           |                            |                            |
|                           |           | Surplus Inc                | -807                      |

Steve works 20 hrs/wk at minimum wage.
Has a 1 bedroom apartment off-campus.
Has planned a trip to Vegas this month.
Budgeting Tools:

- Increase Income
- Decrease Expenses

- Start paying towards your loans while in school!
- Even if it's only $5 a month, create the habit of making payments
Moving to a New City

- Common cities: LA, San Diego, Seattle, NYC, Denver
- Got a job in San Francisco
- Gross Salary of $50,000 per year
- Have health and retirement benefits

Calculate your take home pay.

Compare the price difference of various cities.
Moving to a New City

- Monthly take home pay: $3,138.18
- Price difference:
  - Groceries 28%
  - Housing 206%
  - Utilities 23%
  - Transportation 36%
  - Health Care 17%
Moving to a New City

- Monthly take home pay: $3,138.18

- Price difference:
  - Groceries: $250 28% increase = $320
  - Housing: $600 206% increase = $1,836
  - Utilities: $90 23% increase = $111
  - Transportation: $300 36% increase = $408
  - Health Care: $30 17% increase = $35

  Total = $2,710
Game of Loans
Interest is coming.
LOANS

Grace Periods

- A period of time where payments are temporarily postponed or reduced

  - "Direct" or "Stafford"/"FFEL": 6 months
  - "Perkins": 9 months

- During a grace period, interest does not accrue on Subsidized Loans (excluding those disbursed between July 1, 2012 and July 1, 2014) or Perkins Loans

* You only get your Grace Period once *
Average UM Graduate

- Carrying a balance of $29,500
- Have an average interest rate of 4.9%
- Have monthly payments of $311/month starting 6 months after graduation and lasting 10 years.
- Will pay $7,800 in interest over the life of the loan

Use this repayment estimator to look at your loan payment
LOANS

www.nslds.ed.gov/npas

Login
Enter your username and password and select LOGIN if you already have an FSA ID. If you do not have an FSA ID, select the Create An FSA ID tab.

Log in to NSLDS  Create An FSA ID  Edit My FSA ID

Username (or Verified E-mail Address) *

Forgot My Username

Password *

Forgot My Password

LOGIN >
Aid Summary for **JOSEPH C**

Your enrollment status is **WITHDRAWN**, effective **08/22/2006**.

### Loans

Please click on number in first column to see details

<table>
<thead>
<tr>
<th>Type of Loan</th>
<th>Loan Amount</th>
<th>Loan Date</th>
<th>Disbursed Amount</th>
<th>Canceled Amount</th>
<th>Outstanding Principal</th>
<th>Outstanding Interest</th>
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</thead>
<tbody>
<tr>
<td>1 DIRECT CONSOLIDATED SUBSIDIZED</td>
<td>$979</td>
<td>01/17/2011</td>
<td>$979</td>
<td>$0</td>
<td>$963</td>
<td>$14</td>
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<tr>
<td>2 DIRECT CONSOLIDATED UNSUBSIDIZED</td>
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<td>3 DIRECT CONSOLIDATED UNSUBSIDIZED</td>
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<td>10/12/2009</td>
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<td>$0</td>
<td>$0</td>
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<td>4 DIRECT CONSOLIDATED SUBSIDIZED</td>
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<td>10/12/2009</td>
<td>$955</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td>5 STAFFORD UNSUBSIDIZED</td>
<td>$4,000</td>
<td>06/22/2006</td>
<td>$1,334</td>
<td>$2,666</td>
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<tr>
<td>6 STAFFORD SUBSIDIZED</td>
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<td>06/22/2006</td>
<td>$875</td>
<td>$1,750</td>
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<tr>
<td>7 STAFFORD UNSUBSIDIZED</td>
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<td>09/26/2001</td>
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<td>$4,674</td>
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<td>10 STAFFORD SUBSIDIZED</td>
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<td>04/04/2001</td>
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<td>$0</td>
<td>$2,872</td>
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**Total DIRECT CONSOLIDATED SUBSIDIZED**

$963

**Total DIRECT CONSOLIDATED UNSUBSIDIZED**

$1,448

**Total STAFFORD UNSUBSIDIZED**

$6,951

**Total STAFFORD SUBSIDIZED**

$3,672

**Total All Loans**

$13,034
### Amounts and Dates

<table>
<thead>
<tr>
<th>Loan Amount</th>
<th>Outstanding Principal Balance</th>
<th>Outstanding Principal Balance As of Date</th>
<th>Outstanding Interest Balance</th>
<th>Outstanding Interest Balance As of Date</th>
<th>Interest Rate</th>
<th>Canceled Amount</th>
<th>Canceled Date</th>
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</thead>
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<tr>
<td>$2,557</td>
<td>$2,582</td>
<td>02/28/2013</td>
<td>$16</td>
<td>02/28/2013</td>
<td>FIXED</td>
<td>$0</td>
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</table>

### Disbursement(s) and Status(es)

<table>
<thead>
<tr>
<th>Disbursement Date</th>
<th>Disbursement Amount</th>
<th>Loan Status</th>
<th>Status Description</th>
<th>Status Effective Date</th>
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<tbody>
<tr>
<td>03/19/2010</td>
<td>$2,557</td>
<td>DA</td>
<td>DEFERRED</td>
<td>03/28/2011</td>
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<tr>
<td></td>
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<td>FB</td>
<td>FORBEARANCE</td>
<td>03/01/2011</td>
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<tr>
<td></td>
<td></td>
<td>RP</td>
<td>IN REPAYMENT</td>
<td>02/18/2011</td>
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<td></td>
<td></td>
<td>FB</td>
<td>FORBEARANCE</td>
<td>12/13/2010</td>
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<tr>
<td></td>
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<td>IG</td>
<td>IN GRACE PERIOD</td>
<td>06/13/2010</td>
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<tr>
<td></td>
<td></td>
<td>IA</td>
<td>LOAN ORIGINATED</td>
<td>03/18/2010</td>
</tr>
</tbody>
</table>

### Servicer/Lender/Guaranty Agency/ED Servicer Information

**Current Servicer:**
- DEPT OF ED/GREAT LAKES
- PO BOX 7860
- MADISON
- WI 537077860
- 800-236-4300
- mygreatlakes.org

**Current Lender:**
- U.S. DEPT OF EDUCATION/2009-2010 LPCP
- 830 FIRST ST. NE
- WASHINGTON
- DC 2020200000

**Current ED Servicer:**
- DEPT OF ED/GREAT LAKES
- PO BOX 530229
- ATLANTA
- GA 303530229
- 800-236-4300
- mygreatlakes.org
Once You Graduate...

Beware of Third-Party Companies
Success occurs when opportunity meets preparation.
Credit Score: a number that rates how well you handle credit, how much of a risk you are.

Credit Report: a summary of your financial history.

*One in four can have errors*
Credit Score Basics

A credit score is based on the information drawn from your credit report and there are about 30 individual factors are used to determine your score.

- Payment history: 35%
- Credit score factors
- Credit history: 15%
- Outstanding debt: 30%
- Pursuit of new credit: 10%
- Types of credit in use: 10%
CREDIT SCORE
The Higher The Better

Ranges from 300 to 850

Above 740: Very good credit history

640 to 740: Average, indicating basically good credit

Below 640: Greater credit risk
CREDIT SCORE

Improve Your Score

- Pay yours bills on time
- Do not max out your credit cards
- Establish a credit history (only need 1 or 2 account, start small)
- Keep old lines of credit open
- Apply for a secured loan at a credit union
- Stop using credit cards and pay down debts (credit is not an extension of your income)
- Check your credit report and correct any errors
- Be patient!
CREDIT REPORTS

Who Can Pull Your Credit Report

Those who have a valid reason:
- Lender after you filled out a loan application
- Insurance Company after you apply for policy
- If you give WRITTEN permission: landlord, employer
CREDIT REPORTS

Opt-Out of Firm Offers

❖ Firm Offers: unwanted credit card offers and insurance quotes
❖ Stop or lessen the number you receive by opting out of these prescreened offers
  ❖ for 5 year periods
  ❖ opt out permanently
❖ Can lead to identity theft if someone gets a hold of one of your credit card offers, fills it out and starts making purchases

https://www.optoutprescreen.com/