NAVIGATING FINANCIAL SUCCESS FOR SCHOOL AND BEYOND

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According to statistics, today's average college graduate leaves school with between $2,000 to $3,000 in credit card debt, as well as $20,000 to $30,000 in student loan debt. For some students that number can be significantly higher.

It is easy to understand why — the cost of a college education is expensive and continues to increase.

That doesn't mean that as a student, you are doomed to live in debt forever. Starting out with a good financial strategy while you are in school can lead to positive outcomes for the future. While it is best to seek advice from a financial expert or someone you trust, here are a few tips to help increase your financial savvy while at school and beyond!

WATCH WHAT YOU SPEND

These are things that you've heard before, but are certainly worth reviewing. Every little penny counts and starting good practices now will stick with you for the future.

Set a budget — this one is simple, don't spend more than you have. It doesn't have to be an elaborate plan, just something that helps guide you to put a little away in savings and better understand what spending money you have left.

Keep accurate financial records — whether it is balancing your checkbook or matching your receipts to an online statement, keeping tabs on your finances not only helps you catch errors, but also helps to open your eyes to how much money is being spent on particular items.

Avoid additional fees — for example, use ATMs that don't charge you fees. If there isn't one in the area, you may want to consider looking into a local bank.

Another example would be not to rack up extra charges for over excessive use of texting. Instead, consider changing your cell phone plan to incorporate more texting capabilities.

Keep your personal information safe — don't get trapped in one of those on-campus schemes to sign up for a credit card just to get a free t-shirt. While not all are scams, it is a really easy way for someone to get a hold of your personal information and use it. The free t-shirt will definitely not be worth trying to feel your way through cleaning up an identity theft problem.

CREDIT CARDS

Sometimes a necessary evil, credit cards can be helpful in an emergency situation, but not when they are used improperly. Just because the bank extends you a $5,000 credit limit, that doesn't mean that you have that money or should spend it.

If used responsibly, credit cards can be a way for young people to establish a credit line for themselves. Unfortunately, more often than not, credit cards are misused. If you fall into this category, only use your credit card in the case of an emergency. And, do your best to pay off the balance in its entirety when the bill comes due.

A smarter option might be to switch to a debit card, which automatically withdraws from your account that can be monitored online more easily.

SCHOLARSHIPS

Scholarships are not just for high school students. There are a number of scholarship opportunities offered at the college level and quite often aren't used.

Ask your advisor or career services office for information on scholarship opportunities at the college level. Do this early on in the year and make sure you check back often for new opportunities. Keep a calendar of when the deadlines are for each application.

One note — research shows that students submitting scholarship applications early, are more likely to be awarded them than those that wait. Keep in mind, some of the scholarships you were awarded in high school may be able to be reapplied for to receive additional rewards while at college if all criteria are met.

With that said, keeping up good grades is not only important for your educational goals, but it also can have an impact on your financial goals!

STUDENT LOANS

Approximately two-thirds of all students graduating from a four-year university have some sort of student loan debt. If you are in the other third or don't have student loan debt, consider yourself fortunate.

Student loan debt does not have to be the worst thing to happen to your financial stability. If you approach paying off student loans with a plan and make them a priority to pay off, it can be quite manageable.

The first step is to figure out what you owe and who you owe it to. As you apply and are awarded financial aid each year, be sure to keep a folder with your records. From there, you will want to review all of the terms, interest rates and any penalties that may occur for early payment, etc.

While you are in school, you may want to consider making a portion of the interest payments if you have the money; it is an option; and there are no penalties for doing so.

Upon graduation, schedule an appointment to meet with a financial aid advisor on campus to seek better understanding of your debt and the analysis that you have done. They should be able to provide you with a variety of pay back options, from a standard payment to a graduated payment plan or even an income-based plan. During this discussion, they should also be able to help you look at your income and identify which plan will work best for you.

Be sure to consider the number of pay periods and the impact that has on the overall interest you will pay long term. Sometimes a higher monthly amount is worth getting it paid back quicker so that you do not incur as much interest cost.

Depending on your plans following graduation, they may also be able to help you identify if you are selecting a path that has loan forgiveness options, such as the **Peace Corps**, military, some teaching programs, etc. They will also be able to help you understand and potentially explore consolidation options, if you have loans from several vendors.

Keep in mind that not all loans can be consolidated. Do not move too hastily on consolidation, while it can be beneficial to help lock in fixed rates, lower monthly payments and ease the administration of paying bills, there are down sides, as well. Often terms are extended for a longer period of time (therefore more interest), better interest rates cannot be achieved and for most, consolidation can only happen once.

You want to be sure that you have shopped around for the best options and that you've asked important questions, such as if they have origination fees, charge a prepayment fee, etc.

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AFTER COLLEGE

Here are just a few quick tips to consider as you move out on your own and into the workforce in a full time capacity. Again, talk with your parents, a financial advisor and those you trust for guidance.

Begin a savings plan. If you haven't already, start putting a little money away from each paycheck. Automatic withdrawal into a savings account can make this much easier! Most experts say that you should have a nest egg of three months expenses built up. In today's economy, many have begun to suggest that a six month nest egg would even be better.

Pay off high interest debt. Hopefully you don't have any pesky credit cards to pay off or a student loan with a high interest rate, but if you do, work to pay those off first. Of course you need to make the minimum payments on everything, but try to put any extra money you can toward the item with the highest interest rate. Whittle down the highest interest expense first and once that is paid off, move on to the next highest. Paying just a little extra each month can save you hundreds of dollars of interest in the long run.

Look at total compensation. As you select your first job, employers will share with you your salary and a list of benefits that they offer.

Remember that total compensation is not just your salary. Things like health insurance, a 401k match, tuition reimbursement, gym memberships are all things that companies could offer that directly impact your bottom line. Paying for health insurance on your own is very costly.

And, not having to pay that monthly gym membership fee is just one more thing you don't have to cover in your budget. You get the picture — it isn't just all about salary!

Invest in your retirement. It may seem hard to imagine, but one day you will retire and having a financial cushion to do so begins now. Ask your employer about retirement plans they offer. Most will offer a 401(k) and many will offer a company match. If nothing else, try to invest in your 401(k) at the level that will get you the full company match. Think of it as free money or part of your salary. If you can, invest as much as possible.

When you get out on your own, managing finances will become one of the largest tasks that you undertake. Beginning to develop a strategy and good practices while you are in school can be a key to success. It is never too late to begin yourself on a positive path to becoming financially savvy!