

MONEYWISE

What have been the student's experiences with budgets, educational loans, and credit cards?

CREDIT CARDS

Suggested questions to start a discussion:

- Have they received credit card offers?
- Do any of them have credit cards?
- Have they applied for cards or are they contemplating making an application?
- How did they choose a card or how will they choose?

If available, it may be helpful to bring into class 3 or 4 credit card applications for discussion. The students can then compare different card offerings – looking at interest rates, interest progressions, finance charges, late fees and noting the difference between cards that must be paid off monthly vs. those that allow extended payments.

BUDGETING

Perhaps the most straightforward and meaningful experience will be to have the class make a personal budget. In two columns, they will list their fixed and variable income and expenses (making sure to include savings) on a weekly or monthly basis. They will then total the income column and the expense column and calculate the difference between the two. If the expenses are greater than the income then adjustments have to be made. (We have provided a budget example from the program for the class to use as a sample, as well as a blank budget sheet for the students to fill out as part of their in-class exercise)

LOANS

With the many options for federal, state, and private loans, students will benefit from being provided with comprehensive loan descriptions as well as tools to compare the various educational loans. After a side-by-side comparison, students will be able to make well-informed decisions on choosing Federal Perkins Loans, Federal Stafford and Direct Stafford Loans, Federal PLUS loans, Private Education Loans, and State-based Loan Programs.

If possible, have a class discussion on the challenging process of choosing the best educational loans. An excellent source of information on all types of student loans can be found at:

<http://www.petersons.com/finaid/rightstudloan.asp>

SAMPLE BUDGET

Monthly Income Sources	Amount
Salary (AFTER tax)	
Extra Jobs (AFTER tax)	
Scholarships	
Gifts	
Other (i.e. investment income)	
TOTAL MONTHLY INCOME:	

Fixed Expenses	Cost/ Month	Percentage of MONTHLY INCOME
<i>Tuition</i>		
<i>Meal Plan</i>		
<i>Rent</i>		
<i>Gas and Electricity</i>		
<i>Student Loan Payments</i>		
<i>Bank Fees</i>		
<i>Auto Insurance</i>		
<i>Health Insurance</i>		
<i>Car Bill</i>		
<i>Gas/fuel</i>		
<i>Public Transportation</i>		
<i>Renter's Insurance</i>		
<i>Cable TV</i>		
<i>Parking Fees</i>		
<i>Internet Access</i>		
Variable Exp.		
<i>Groceries</i>		
<i>Telephone</i>		
<i>Eating Out</i>		
<i>Clothes</i>		
<i>Furniture/Home Items</i>		
<i>Laundry/Dry Cleaning</i>		
<i>Books</i>		
<i>Gifts</i>		
<i>Pets/ pet care</i>		
<i>Nightlife/Entertainment</i>		
<i>Hobbies</i>		
<i>Discretionary (Misc.)</i>		
TOTAL MONTHLY SPENDING:		

Artist's Budget Example (as seen in the program)

Monthly Income

Salary	\$1000
Financial Aid Stipend	\$100
Parents	\$650
Total	\$1750

Fixed Expenses

Car Insurance	\$175
Health Insurance	\$125
Gas & Parking	\$200
Car Payment	\$100
Meal Plan	\$400
Subscriptions to <i>Art Monthly</i> and <i>Timeout</i>	\$25
Cable Bill	\$50
Total	\$1075

Varied Expenses

Credit Card Bill Minimum Payment	\$100
Groceries	\$100
Phone	\$70
Eating Out	\$80
Clothes	\$100
Laundry	\$20
Books	\$50
Gold Fish	\$10
Entertainment (movies, art shows etc...)	\$75
Parking Expenses/Tickets	\$80
Savings	\$200
Total	\$885

The Debt

Income =	\$1750
Fixed + Variable Expenses =	\$1960
<i>After subtracting expenses from income you will have a</i>	
Total amount of Debt a month =	-\$210

By the end of the year you will be **\$2,520 in debt!** Does not include interest rates