

Graduating Without Getting Buried in Debt



A guide to making smart financial choices

Money Management Skills

Loans and Alternatives to Student Loans

- Scholarships - Check with the [Office of Financial Aid and Scholarships](#).
- Grants - Check with your financial aid adviser in the [Office of Financial Aid and Scholarships](#).
- Student Employment
 - Federal Work Study - Check with your financial aid adviser in the [Office of Financial Aid and Scholarships](#) for your eligibility.
 - Student Assistants - [Career Services](#) is another source of part-time jobs.
 - You might consider working summers and holidays to help pay tuition and expenses.
- Awards – May be offered by the University, religious groups, fraternities, sororities or civic groups. Check with employers and organizations connected with your field of interest. Visit the [Office of Financial Aid and Scholarships](#).
- ROTC - If you are interested in the military, investigate the educational benefits of ROTC programs.

Factors to Consider Before Accepting a Loan

You may decide a loan is still necessary. First, consider the following:

- *Amount of Loan*: You may not need to borrow the full amount for which you are eligible.
- *Loan Limits*: Most loan programs specify minimum and maximum amounts you can borrow.
- *Number of Loans*: Your future education plans for further study will affect your total indebtedness.
- *Interest Rates*: Rates are subject to change and vary with each program. Check with your lender or agency.
- *Repayment*: You can avoid multiple monthly payments when possible, by staying with one loan program.
- *Length of Repayment Period*: A shorter repayment period will save you interest, although monthly payments will be higher. The William D. Ford and Federal Stafford Loans offer a variety of repayment options.
- *Minimum Monthly Payments*: Monthly payments depend on the amount you borrow and the repayment plan you select. Perkins Loans require a minimum payment of \$40 per month.
- *Borrowers Rights and Responsibilities*: Be sure you understand your rights and responsibilities under each loan program. The school gives you these. Keep all paperwork for future reference.

Career and Salary Planning

- For estimated Salaries, please visit the website of [The U.S. Department of Labor, Bureau of Labor Statistics](#) at <http://www.bls.gov/oes/>.
- For Career and Salary Planning, please visit the following websites:
 - [Job Start Central](#)

- Salary.com
- United States Office of Personnel Management, Salary & Wages
- U.S. Department of Labor, Occupational Outlook Handbook
- College Grad
- Monster.com

Keeping a good credit history

- A student loan can be a first experience with credit. They can be an excellent way to establish a good credit rating. Pay your student loan promptly each month. Frequent late payments constitute delinquency and may harm your credit history.
- Establishing a checking account with your bank or credit union may be your first step toward establishing credit.
- Tips on maintaining good credit:
 - Stay in Touch with creditors - That includes on-campus and off-campus creditors, credit card companies, banks, the utility companies, and any other entities to which you owe money.
 - Update your change of address immediately.
 - Good communication, can help you avoid having:
 - Services withdrawn
 - Credit bureau reporting
 - Collection agency action
 - Legal action taken against you.
 - Mail sent to your permanent address may not be received by you in a timely manner and may create financial problems for you.
 - Make your payment due each month, even if you haven't received a bill. When you can, send extra payments (interest free) to reduce the total interest you pay.
 - Never ignore correspondence or a payment request.

Protecting your identity

- Please visit the website of the Federal Trade Commission's ID Theft home page, at <http://www.consumer.gov/idtheft/>. You will find assistance, forms and brochures, which will assist you if you've had your identity stolen.
- If you think your identity has been stolen, here's what to do now:
 - Contact the fraud departments of any one of the three major credit bureaus to place a fraud alert on your credit file. The fraud alert requests creditors to contact you before opening any new accounts or making any changes to your existing accounts. As soon as the credit bureau confirms your fraud alert, the other two credit bureaus will be automatically notified to place fraud alerts, and all three credit reports will be sent to you free of charge.
 - Close the accounts that you know, or believe, have been tampered with or opened fraudulently. Use the ID Theft Affidavit when disputing new unauthorized accounts.
 - File a police report. Get a copy of the report to submit to your creditors and others that may require proof of the crime.
 - File your complaint with the FTC. The FTC maintains a database of identity theft cases used by law enforcement agencies for investigations. Filing a complaint also helps us learn more about identity theft and the problems victims are having so that we can better assist you.
- For more in-depth information on recovering from identity theft and help with specific problems, read [Take Charge: Fighting Back Against Identity Theft](#).
- FTC's Identity Theft Helpline, 1-877-ID-THEFT
- California DMV Fraud hotline, 1-866-658-5758, or email to DLFraud@DMV.CA.gov

- Social Security Administration, 1-800-772-1213

Debt Counseling

- Financial Goals - Establish financial goals for yourself. Short-term goals are goals that you can realistically achieve in a short amount of time. You will also want to establish long-term financial goals.
- Needs versus Wants - Consider whether the purchase is something you really need.
- Credit Cards
 - It is suggested that you have only one credit card.
 - Read the fine print.
 - Pay it off at the end of each month.
- Please check out these websites:
 - StudentDebtHelp.org
 - [Consumer Credit Counseling Services](http://ConsumerCreditCounselingServices)
 - [JumpStart Coalition](http://JumpStartCoalition)
 - Kiplinger.com
 - NEFE.org
 - Stretcher.com
 - [Student Credit.com](http://StudentCredit.com)

Resources

If you would like more information - please visit:

University Collections, Student Services West, Room 2554, or call (619) 594-5827.

Student Budgeting Guidelines and Worksheet

Spending Percentage Guidelines

Below are suggested budgeting categories, with percentages of your total budget remaining after taxes. The percentage may fluctuate due to income level, family size and personal choices.

To calculate percentages:

- Your monthly gross income is your Total Pay.
- Your monthly net income is your Total Pay minus the Federal, State and Social Security Taxes withheld. This is your take home pay before any savings or insurance is deducted.
- To find out the percentage of any the following categories, divide the amount you spend in a month by your monthly net income.

Example: Housing = \$500.00, Monthly Net Income = \$1,500.00
500 divided by 1,500 ($500/1500$) = .33 or 33%

Suggested Budgeting Categories and Percentages

- Housing 30% - 45%
 - Rent, Mortgage Payments, Repairs and Improvements, Property Insurance, Property Taxes
- Utilities 4% - 7%
 - Gas and Electricity, Waste Disposal, Water, Telephone, Internet, Cellular Service
- Food 15% - 30%
 - All food items, Meals Eaten Out, Pet Food
- Family Necessities 2% - 4%
 - Laundry and Dry Cleaning, Toiletries and Cosmetics, Barber and Hairdresser, Postage and Stationary, Minor Home Furnishings
- Medical 2% - 8%
 - Insurance, Drugs and Medicines, Hospital Bills, Doctor Bills, Dentist Bills
- Clothing 3% - 10%
 - All Clothing Purchases, Alterations, Repairs (Shoes and So on)
- Automobile and Transportation 6%
 - Gas and Oil, Insurance, Repairs, Rental, Taxi, Bus Fare
- Recreation and Entertainment 2% - 6%
 - Movies, Games and Hobbies, Club Dues, Alcoholic Beverages, Tobacco, Photographic Supplies, Musical Supplies, Sporting Goods
- Retirement and Investment 5% - 9%
 - Long Term Financial Goals
- Outlays for Fixed Assets 2% - 8%
 - Major Purchases or Installment Payments on Appliances, Garden Equipment and Furniture
- Mad Money 1% - 4%
 - Personal Improvement, Books, Magazines and Newspapers, Tuition and Course Fees, Short-Term Goal Fund, Vacations, Special Purchases, Gifts, Church and Charity, Life Insurance, Taxes, Misc. Debt Repayments, Union/Professional Dues
- Monthly Installment Debt (Total should not Exceed 20% of Net Income)
 - Car Payment, Personal Loans, Student Loans, Credit Card Payments, Store Loans, Other Debt Payments

Monthly Expense Worksheet

Monthly Net Income: \$

Category	Suggested Spending Percentage	Amount of Expense	Percentage of Monthly Net Income (Divide Amount of Expense by Monthly Net Income)
Housing	30% - 45%	\$	%
Utilities	4% - 7%	\$	%
Food	15% - 30%	\$	%
Family Necessities	2% - 4%	\$	%
Medical	2% - 8%	\$	%
Clothing	3% - 10%	\$	%
Auto/Transportation	6%	\$	%
Recreation/Entertainment	2% - 6%	\$	%
Retirement/Investment	5% - 9%	\$	%
Outlays for Fixed Assets	2% - 8%	\$	%
Mad Money	1% - 4%	\$	%
Total Monthly Installment Debt	Should NOT Exceed 20% of Net Income	\$	%