

Financial Success in Your College Years

00:06 Megan

Financial wellness includes the ability to manage money in a way that gives you peace of mind and empowerment to make your own choices. At Golden 1, we're here to help with unbiased financial guidance. As a not-for-profit member owned credit union, our main goal is to help you reach financial well-being. Join us as we discuss why financial knowledge matters and how to apply it to your financial journey. Together, we can be golden!

Hello! Welcome to the Golden 1 Financial Wellness podcast. I'm Megan.

00:39 Daniela

And I'm Daniela and we are from Golden 1's Financial Education team! Thank you so much for joining us.

00:44 Megan

You know, the summer sun gradually gives way to the crisp autumn mornings, we can feel the buzz of anticipation and excitement all around us. It's that magical time of the year when the campus comes alive, backpacks are dusted off, and the first day of school jitters return. Amidst the joys of reuniting with friends, discovering new adventures, and embarking on fresh academic endeavors, we can't ignore the need for financial preparation—a financial roadmap that paves the way for a successful transition to or back to college life. That's precisely why we're here today, ready to dive deep into insightful discussions on how to make this transition a little smoother and the start of the school year that much easier.

Reflecting back on my own experience, it's hard to believe that almost two decades have passed since I graduated high school. I still vividly remember the excitement and anticipation I felt preparing for college and trying to grasp and understand the importance of preparation I was advised to make.

After all, I was in a new chapter in my life, and I found myself accompanied by a new influx of money—the most I'd ever had as a young adult. And I wasn't alone in this situation. Many young adults find themselves in similar positions. After all, graduation celebrations result in money coming in various forms, including cash checks, and even creatively folded dollar bills shaped like flowers. Additionally, there's grants, scholarships and other types of financial aid that don't require repayment. Of course, another source is any money that parents or guardians have diligently saved over the years.

And some students also have funds from 529 plans that you have to be careful what you spend your money on. Utilizing the funds within a 529 plan are often done by paying for expenses directly from the account or seeking reimbursement by providing receipts. Of course, you want to do that within the same calendar year and not the academic year.

And lastly, student loans were another source of money. But unlike the previous sources, they come with those obligations to repay. And navigating through all of these available funds and understanding their spending limitations can be overwhelming for many young adults. However, taking the time to organize and set up the funds in the right accounts is an excellent first step towards managing them effectively.

03:25 Daniela

I started college almost a decade ago now and I remember that when I first got my scholarship for the very first time. Again, it was the most amount of money that I've had, right? So, something that I had to do and something that works for me was setting up a separate savings account for that scholarship money. I was able to have my scholarships deposited directly into a savings account where my tuition was going to be paid out from. That way I wasn't tempted to buy a new car with that scholarship money. I was able to dedicate it just for that.

When it comes to having that much money, it's really important to have separate bank accounts. So, a separate savings account or a separate checking account if you're going to be paying for different school expenses.

With 529 plans, you're only allowed to use those funds for specific purposes, such as tuition, room, and board. You want to make sure that you don't transfer those funds into your checking account or your regular savings accounts for personal use. You want to keep it in its own specific account so that it continues to earn interest and grow.

Another way to keep money separate is to establish different CDs with specific maturity dates.

04:33 Megan

I love this strategy, this CD strategy. That's something that I utilized when I was young and had all this flux of money coming in because these CDs can be a valuable financial tool to ensure that your funds are preserved and utilized in a strategic manner throughout your academic career. So, when you're setting up a CD, what happens is that you are allocating a certain amount of money into the account for a fixed period known as that maturity date.

And during this time, the funds in the CD earn interest at that predetermined rate. By selecting CDs with staggered maturity dates, you can create a steady flow of income over an extended period of time. And the advantage of utilizing CDs is that they provide that disciplined approach that you mentioned. Right. Like you put it all in the savings account- right.

For me, that wasn't enough of a deterrent, for me. That's why this staggered approach with the CDs really worked. It provided that discipline where instead of having a lump sum readily available, the funds were locked into that CD until that agreed upon maturity date. And it really helped me to prevent impulse spending. And it encourages that long term financial planning.

05:56 Daniela

That's great too, because you can also stagger it um towards different term dates so you can pay off each semester that way if you have your CDs strategically set up that way.

06:07 Megan

Yeah, we've really got to make that money stretch.

06:10 Daniela

Speaking of making money stretch, it's really important that we determine our needs versus wants.

Whenever we have an influx of cash, it's really easy to try to talk ourselves into going into a little spending spree. When it comes to purchasing technology, which is something that's always really exciting as a college student. Try to be really strategic with when you're making that purchase. There are so many great times to make purchases such as Black Fridays right after the holidays, back to school events where you can get a discount and there's also some programs in your school that might allow you to rent a laptop through your library instead of having to make a purchase.

06:50 Megan

I know that's one thing I did as a student, too.

I loved being able to just go check out a laptop for a period of time because you're right, you don't always need it now or need it right away. It can be a purchase that can be delayed and worked into your budget slowly, if need be. Along with technology? It's also

a good idea to find alternative sources for college textbooks, websites like Education Data Initiative reports that undergraduate students attending in an all-state four-year public university can expect to pay \$1,226 for books and supplies in one school year. That's a lot. The average textbook costs \$105, a little more than \$105, according to this website.

So instead of buying these textbooks, you can save money by maybe licensing electronic copies of your textbooks. Typically, these textbooks are available for set periods of time, such as one semester, or you can visit sites such as Amazon and Chegg that offer textbook rentals at significant savings. And Chegg reports that you can actually save as much as 90% per textbook.

Just make sure that when you are looking for these alternatives and textbooks that you are looking up the book by that ISBN number to guarantee that you're comparing the right versions for your course.

08:18 Daniela

Speaking about saving money too, there are a lot of other companies that offer student discounts. For example, if for any reason you need Adobe Creative Cloud for any of the courses that you're taking, it can be made available for more than 60% off for students through the Adobe website. There's also a lot of other stuff that students regularly use that can be available with a student discount. Me, for example, I'm a big fan of listening to music when I'm studying or I'm working, so I always look for student discounts whenever it comes to different music streaming services.

08:48 Megan

So, when we're thinking about having that money stretch, yes, we're looking at school supplies- right. And we're looking at staggering it and giving ourselves an allowance, so to speak. But what we really need to also consider here is leveraging that money to help us in other areas like building credit. A lot of us start getting mail offers when you turn 18 and, you know, they don't stop. But it's important to realize that a lot of these offers- like credit card accounts, for example, they're not all created equal. And there's a lot of pros and cons to these different products.

09:25 Daniela

I remember when I first turned 18, and that was the thing that I was most excited to do is build credit. I wish I would have gone the route of a student credit card. There are so many great things about having a student credit card. For one, they're typically lower limit credit cards, so they're easier to manage, which means it's, you know, harder to

lose control with a student credit card. There are some credit cards that are secured, which means that you have to put money down for it in order to get a credit card. But there are some that are not. For example, our credit card with Golden 1 is an unsecured student credit card. Now, there are some things to watch out for when it comes to student credit cards.

For one, the interest rate tends to be a little bit higher than compared to other credit cards. That's because you're just starting out so that you're considered to be a little bit more of a risk for some lending companies.

10:14 Megan

And I just want to add there too- even though the interest rates are a little bit higher for student credit cards, majority of the time, they're still less than those store cards- right. Because those cards can really get you, especially when you're out there doing your back-to-school supply shopping. They're going to ask you, do you want to put this on a credit card? Right. So, we really have to be cautious and be mindful of what exact products we're getting into, because there is a lot of options that do become available to us.

And outside of those student credit cards, you're also going to find options like starter loans, for example. And these starter loans are often unsecured and they're for small dollar amounts. You can get a -a starter loan for as low as \$500 and upwards of, you know, two or \$3,000, depending on the financial institution. And there's a lot of pros to these loans because they're smaller dollar amounts.

The likelihood that you're approved for them quantifies right. It goes up. And the payments on them tend to be smaller because you are borrowing smaller dollar amounts, which can really be easy to work into that student budget.

11:24 Daniela

Loans are a really great way to build credit. I would also say that if you have that scholarship money that's sitting in your savings account, if you also want to build credit with that scholarship, you can look into something called a secured loan, which is a loan given to you based off of the money that you have in your account.

It'd be a great way to build credit while also still saving money and, you know, making sure that that scholarship money isn't just being thrown away on purchases. There's also share or certificate loans. So, if you have a shared certificate or a CD with that staggered due date, you can also look into one of those loans to try to also build credit.

12:04 Megan

Yeah, developing effective money management skills, embracing frugality, and making well-informed decisions regarding credit are invaluable financial habits with benefits that extend far beyond our college years. To gain further financial tips and insights, subscribe to the Golden 1 Financial Wellness podcast, available on Apple, Google, and Spotify. Visit the Financial Wellness tab at golden1.com to access a wealth of resources including informative videos, interactive modules, webcasts, and more. Explore our comprehensive Learning Lab, where you can discover tools like the Scholarship and Student Loan Snap Shot, designed to assist you on your financial journey. Also, take advantage of our Student Life content, offering a wide range of articles, graphics, courses, and other valuable resources to support you in your pursuit of financial well-being.

12:59 Daniela

Once again, thank you for joining us today. This has been Daniela.

13:02 Megan

And Megan. Wishing you financial health and happiness — and, as always, reminding you to

13:08 Megan and Daniela

stay golden!

13:12 Megan

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