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## Top 10 Tips for Smart Undergraduate Money Management

- 1. Budget realistically.** Conduct an honest self-assessment of your needs, spending habits and lifestyle. Expenses can include tuition, fees, housing, food, books, health care, and “extras” such as entertainment, clothes, and car- or travel-related expenditures.
- 2. Pursue gift aid.** If you need help paying for college, start by seeking free “gift aid” such as the Federal Pell Grant, or scholarships. Start by filling out a Free Application for Federal Student Aid ([www.fafsa.ed.gov](http://www.fafsa.ed.gov)). Students may apply for the 2007-08 school year beginning Jan. 1, 2007. You may submit the FAFSA at any time, but it is best to apply as early as possible because some federal aid is awarded on a first-come, first-served basis. A 2004 study found that 850,000 students who did not file a FAFSA would have been eligible for a Pell Grant. Don’t let this happen to you.
- 3. Borrow wisely.** Once you’ve exhausted all your gift aid, take full advantage of the Federal Stafford and PLUS education loan programs, which guarantee competitive rates regardless of your financial situation or academic performance. Check with your college or university when shopping for a student loan as they usually have preferred lenders that offer competitive rates and benefits. As you progress through school, stay in regular touch with your financial aid office.
- 4. Understand your choices.** When choosing an educational loan, minimize borrowing and choose your lender wisely. Ask questions including: What is the interest rate? Are there any fees? What are the monthly payment and the length of the loan? Are there any repayment incentives for paying on-time or interest rate reductions? Are there penalties for pre-payment? Can the loan be deferred? When do payments begin?
- 5. Don’t charge, debit.** According to a 2004 Nellie Mae® study, one-quarter of undergraduates get by without a credit card. You may find that a debit card would meet your needs, and help you keep non-essential purchases in check. If you opt for a credit card, you can build healthy credit by paying off your bill each month.
- 6. Shop for the best.** When you apply for credit, don’t be tempted by a prize at a campus kiosk or a store discount. Instead, shop for the best interest rates, benefits, and fees to fit your lifestyle. Ask trusted family and friends about their experiences with specific companies, and check out a company with the Better Business Bureau at <http://www.bbb.org>.
- 7. Finance education, not lifestyle.** Limit the number of cards in your wallet and control your impulse to buy. Accruing credit card debt for non-essential expenses—or even worse, paying for college with a credit card—can do long-term financial damage, unnecessarily increase the cost of higher education, and can send you into a spiral of debt that can take years to remedy.
- 8. Pay to play.** To avoid hefty finance charges, only charge what you can afford to pay off completely each month. According to Federal Trade Commission estimates, a \$2,000 charge paid on the minimum monthly balance at 18.5 percent interest will take 11 years to pay off, and will cost nearly double the original amount.
- 9. Track spending.** Save receipts and check your account balances regularly, either by phone or online. Stay true to your budget and screen your statements carefully—contact your creditor immediately if you notice a discrepancy. Be sure to shred all personal information to prevent identity theft.
- 10. Watch that score.** Order a yearly credit report and check it for accuracy. Make sure no unauthorized credit cards, or even loans or mortgages, are reflected. If you find unauthorized credit in your name, contact the creditor immediately. The law entitles you to one free credit report per year from each of the three national credit bureaus. Get them at [www.annualcreditreport.com](http://www.annualcreditreport.com).