

Financial Health

and Academic Success

Presented by Blanca Robles, M.S., CRC, LPC-S



# "Don't go broke, trying to look rich."

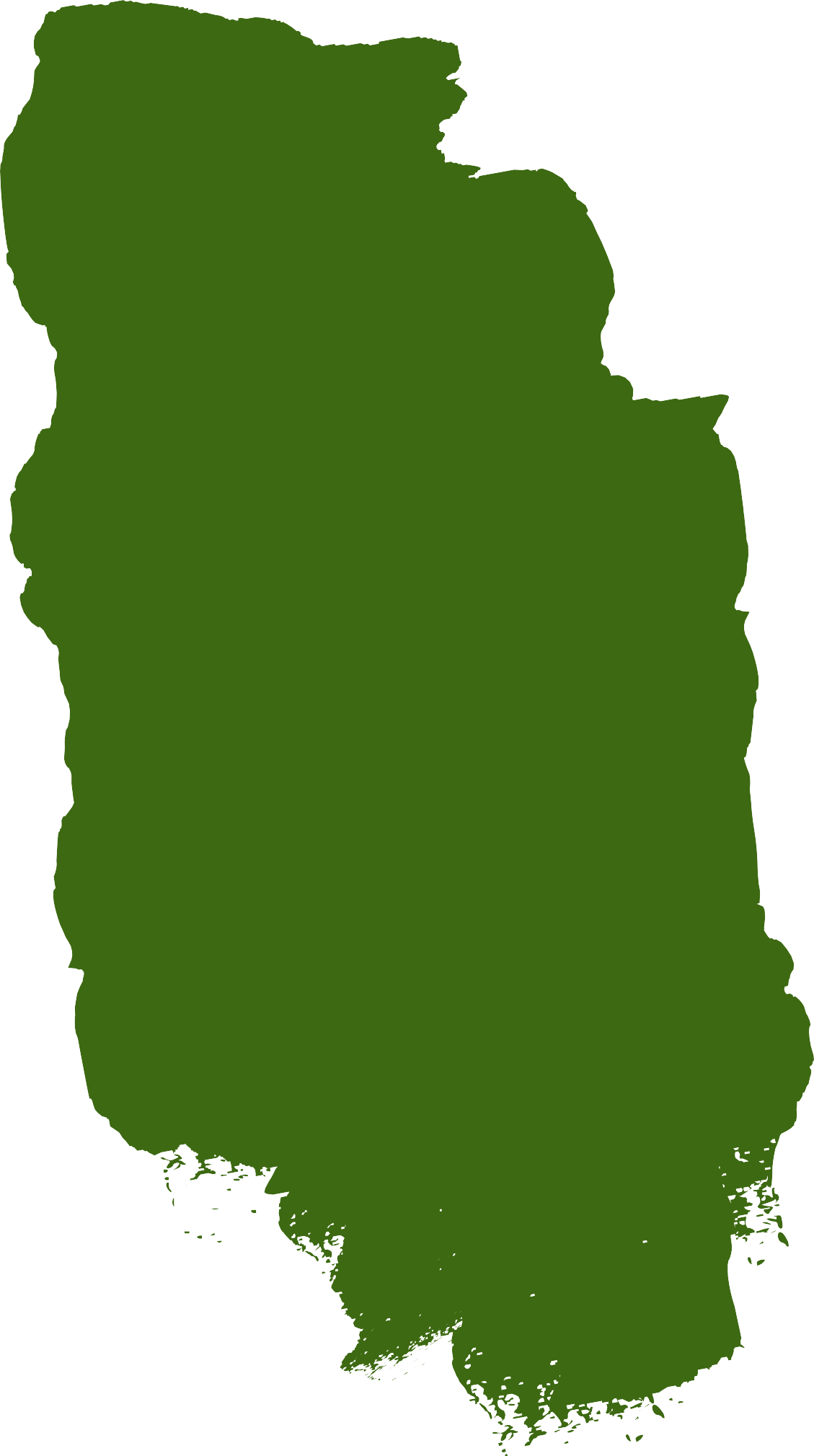
- ANONYMOUS





According to Julia Kagan at Investopedia, former editor of Consumer Reports and an expert on financial matters, Financial health is a term used to describe the state of one's personal monetary affairs. There are many dimensions to financial health, including the amount of [savings](https://www.investopedia.com/terms/s/savings.asp) you have and how much of your income you spend on fixed or non-discretionary expenses (I will explain; keep reading).





Could money- related matters impact academics?

According to the Young Americans and College survey, much of the stress college students experience can be attributed to money.

When asked about stressors in college, Generation Z and young millennials said most stresses were due to financial worries, specifically tuition and living expenses, the economy and job market, and student loan debt.

Inside Higher Ed, reported on a Student Financial Wellness Survey from fall 2022 which examined financial challenges among undergraduate students at

two- and four-year institutions and their impact on student success. Surveyed students reported high levels of financial and basic needs insecurity and mental health challenges, which impacted academic performance and ability to focus on coursework.



The State of the Student Reports mentions:

* 67 percent cannot easily afford housing
* 34 percent cannot easily afford food
* 73 percent have to work to make ends meet

Of course, it is expected that students are stressed about finances. Money Matters on Campus found that a third of college students already have over $1,000 in credit card debt, and 60 percent will take out a student loan.

Despite these numbers, only about one-third of surveyed students planned to increase good financial behaviors such as balancing their checkbooks or [saving money for](https://www.igradfinancialwellness.com/blog/impact-of-emergency-savings-on-financial-stress) [an emergency fund](https://www.igradfinancialwellness.com/blog/impact-of-emergency-savings-on-financial-stress).





Michelle Lambright Black, a contributor to *Buy Side* from Wall Street Journal and a credit expert, states,

“Living alone and juggling classes and new friends makes overspending easy and creates unnecessary stress. Meanwhile, learning to budget as a college student can help you avoid problems when you are older, like graduating with unmanageable [**credit card debt**](https://www.wsj.com/buyside/personal-finance/how-to-consolidate-credit-card-debt-01663177928?mod=article_inline). You’ll benefit for years when you create suitable financial habits”.

Measure Your Financial Health

To get a better grasp of your financial health, it might help to ask yourself a few key questions—consider this a self-assessment of your financial health:

* Are you prepared for unexpected (have an emergency fund) events?
* Do you have enough money for your needs (food, housing, transportation)?
* Is the interest rate on your credit cards less than 15%)?
* Do you often have to “borrow” (from parents or friends) to make ends meet?
* Do you skip meals to stretch your budget?
* Do you accept or ask to take an extra shift at work to get a bigger paycheck?



If your answers were split,

it is expected but not OK.



What to Do?

**The Students Guide to Budgeting in College, published by Best Colleges, states that there are four steps:**

* **Break down your total income** - Account for all the money coming in monthly (salary, parents' contributions, financial aid /loan, etc.) Remember that you need only to count amounts that come every month (without extra shifts, overtime, or sparingly contributions). This is your monthly income.
* **Assess and categorize your expenses** - Divide them by fixed and non-fixed (needs and wants). The fixed category includes your rent, gas, insurance, and food; in the non-fixed category, you could consider a coffee, a movie, gift buying, etc.
* **Crunch the numbers** - Start by adding all your expenses together. Then, subtract that number from your

monthly income. Now you know if you have any leftovers and need help finding where the money went.

* **Create a budget** - It is time to cut out the unnecessary to save a little, and if there is no place to cut from. If you are living pretty frugal, consider more work hours or a better-paying job where you make the same time commitment (ensure it is a college student-friendly environment so they work with your class schedule). Do you have a hobby that can make you some money? Do you like pet sitting? Tutoring? You can be creative and also consider moving back home for a while.

# Planning and Saving

Here, you will find a link to some budget worksheets that may be useful, or you can get inspired and create your own.

[**https://res.cloudinary.com/highereducation/images/v1668623094/BestColleges**](https://res.cloudinary.com/highereducation/images/v1668623094/BestColleges.com/BudgetWorksheet/BudgetWorksheet.pdf?_i=AA)

[**.com/BudgetWorksheet/BudgetWorksheet.pdf?\_i=AA**](https://res.cloudinary.com/highereducation/images/v1668623094/BestColleges.com/BudgetWorksheet/BudgetWorksheet.pdf?_i=AA)

Best Colleges, budgeting article also mentions that "tracking and managing your expenses through an app, a computer program, or a bank service can simplify the budgeting process and reduce the likelihood of calculation mistakes. Microsoft Excel is one of the best tools students can use to learn how to budget in college. This software program offers budgeting templates, including a template specifically for college students. Staying organized is vital to maintaining a balanced budget. Many people use the 50/30/20 rule when saving, which calls for putting 50% of your total after-tax income toward needs, 30% toward wants, and 20% toward savings and other financial goals". You can switch the last two and better prepare for the unexpected or vacation.

“The habit of saving is itself an education; it fosters every virtue, teaches self-denial, cultivates the sense of order, trains to forethought, and so broadens the mind.”

– T. T. Munger



Relax, it’s all about balance

“The key is to strike a balance between the frequency of the splurge and the impact it could have on your bigger financial picture,” says Maggie Baker, a Philadelphia-based psychologist specializing in money issues and the author of [Crazy About Money: How](http://www.amazon.com/Crazy-About-Money-Emotions-Confuse/dp/0615402909) [Emotions Confuse Our Money Choices](http://www.amazon.com/Crazy-About-Money-Emotions-Confuse/dp/0615402909) [and What to Do About It](http://www.amazon.com/Crazy-About-Money-Emotions-Confuse/dp/0615402909). Saving and being frugal can leave someone frustrated, so compromise. For example, save by taking lunch to work and using some of the saved money to go to the movies or be pampered.

The occasional

splurge without

guilt



# Your credit has a score.

According to Credit Karma, co **l**ege students' credit scores average 630. That fa **l**s in the "fair" range, making co **l**ege students less likely to be approved for a mortgage, car loan, or credit line.

670 to 739 are considered good; 740 to 799 are considered very good; and 800 and up are considered exce **l**ent.

According to the Consumer Financial Protection Bureau, you can request one free copy of your credit report each year from each of the three major consumer reporting companies (Equifax, Experian, and TransUnion) by visiting AnnualCreditReport.com. You may also be able to view free reports more frequently online.

You can request a **l** three reports at once or order one report at a time. Requesting the reports separately (for example, one every four months) to monitor your credit report throughout the year.

Good idea, but there are fees, which should be at most 14.99.



## How to up your score?

* Paying bills on time (which reduces stress, too)
* Keeping the utilization credit low. In simple terms, a credit utilization rate is the amount of credit you are using divided by the amount of available credit you have. For example, if you have a total credit limit of $5,000 and a balance of $1,000, your credit utilization rate is 20%.

## How to build your credit?

* One safe way may be getting a [secured card](https://www.capitalone.com/learn-grow/money-management/how-secured-credit-cards-work/) that gets its name from the security deposit you must put down after getting approved.
* Once you have a card, you can use it to purchase just like a traditional card. As you

make on-time payments, you build a positive credit history.

* Once you have a strong credit history and score, please keep it safe.





# Just say NO

According to Sharefax Credit Union:

"While it is not against the law to lend out your card, you are likely breaking the rules of your credit card contract by doing so. Worse, you're opening yourself up to unprotected fraud. Federal law limits credit card holders' liability for fraudulent charges at $50".

The bottom line is do not lend your card to family or friends. It may be awkward to deny them, but it will be worse when you need them to pay you back and they ignore your calls or hide from you.

Do not co-sign for family or friends since you are giving away more than a signature; it could be your financial future. Sharing your credit makes your identity vulnerable



Students are four times more likely to be targets of fraud that can go undetected for years than other consumers. According to a report from Tulane University, 15% of students deal with severe or moderate impacts from

fraud.

An interesting fact but very unsettling from IDStrong is that over 1.4 mi **l**ion people are victims each year, and identity theft is commonplace for co **l**ege students. The average victim loses $1,100 for $13 bi **l**ion stolen annually. And that cost doesn’t count the time and effort it takes to reverse identity theft and undo the damage to your credit rating, bank account, or student loan eligibility.

Recent studies of hacking techniques show that those ages 18-24 are more likely than senior citizens to fa **l** for [phishing attacks](https://www.idstrong.com/sentinel/what-is-phishing/), which a **l**ow hackers to access personal information like PINs by clicking on an SMS, text, or email link. These messages:

* Tend to require a quick response.
* Appear from an official source like a bank or your boss.
* Appeal to emotions, such as greed, fear, or anger.
* May download malware onto your phone or computer.

# Vulnerabilities

* + Dorm Rooms – if you leave your devices around when a roommate has friends over, someone may have the opportunity to figure out your PIN.
  + Smartphones and Social Media – leaving social media accounts open for all to see allows hackers to compile personal information about you that may allow them to break into your accounts.
  + Free Music and Games – beware of apps that may introduce malware to your devices because

they’re fake or because other malware is bundled with the download.

* + Free Apps – only download verified apps and be sure your antivirus software is updated to block dangerous and opportunistic malware.
  + Passwords – never reuse passwords, and always sign up for two-factor authentication. Even a minor breach in a social media account can expose passwords that are reused across devices.
  + Security Questions – don’t answer quizzes about your first pet or the popular song when you were born because these are all designed to gather personal information about you, including to hack the answers to your security questions.
  + Wi-Fi– avoid open Wi-Fi networks because it’s easy to intercept information sent on phones,

including log-in credentials for payment apps and bank accounts.

* + Credit Cards – payment terminals pose the potential for card skimmers that steal information. Monitor your card statements for fraud.



“The road to financial freedom is built upon daily sound decisions about money; use your new knowledge to take the first steps today.:” - Me :)



“The price of anything is the amount of life you exchange for it.”





This quote was written by Henry David Thoreau, a 19th-century American philosopher, poet, and academic. Believed in living simply, this quote speaks to his suspicion of focusing too much on worldly possessions.

I have to say his words ring some truth today.

Spending much mental energy [worrying about what you (or others)](https://takechargeamerica.org/5-easy-ways-to-avoid-financial-fomo/)

[have or don’t have](https://takechargeamerica.org/5-easy-ways-to-avoid-financial-fomo/) is exhausting.

Instead, focus on what matters most: family, friends, and your future.

Sources

https:/[/ww](http://www.investopedia.com/terms/f/financial-health.asp)w[.investopedia.com/terms/f/financial-health.asp](http://www.investopedia.com/terms/f/financial-health.asp) https://scholarshipamerica.org/blog/financial-stress-prevents-college-students-from-graduating-what-can-we-

do/#:~:text=%E2%80%9CNearly%2060%20percent%20%5Bof%20respondents,of%20the%20money%20they%20owed

https://[www.igradfinancialwellness.com/blog/how-financial-stress-impacts-student-health](http://www.igradfinancialwellness.com/blog/how-financial-stress-impacts-student-health) https:/[/ww](http://www.wsj.com/buyside/personal-finance/college-student-budget-225862ba)w[.wsj.com/buyside/personal-finance/college-student-budget-225862ba](http://www.wsj.com/buyside/personal-finance/college-student-budget-225862ba) https://[www.bestcolleges.com/blog/budgeting-tips-first-year-students/](http://www.bestcolleges.com/blog/budgeting-tips-first-year-students/)

CreditKarma.com Consumer Financial Protection Bureau

ShareFax Credit Union

Maggie Baker, [Crazy About Money: How Emotions Confuse Our Money Choices and What to Do About It](http://www.amazon.com/Crazy-About-Money-Emotions-Confuse/dp/0615402909) IDStrong

