

# *Financial Literacy*

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# FAFSA<sup>®</sup>

Federal Student Aid  
An OFFICE of the U.S. DEPARTMENT of EDUCATION

*Here is my general advice to any college students.*

- Complete the FAFSA regardless of family income.
- Apply for as many scholarships as possible (this is free money that you do not have to pay back) – Yes, it will take some time – get some help. Some applications are simple to apply.
- Don't borrow more than you need – you will have to pay this money back after college –
- What's reasonable is up to \$15-20K for UG degree. I had \$12K to pay back after college. It's an investment in self.



# What Should College Students Know????

- Many college students are unprepared to manage their personal finances.
- Why – Because parents typically handle financial matters for students and pay all the bills.
- Lack of finances or making poor financial decisions can be extremely hard on families.
- Lack of generational wealth
- What would happen if your family did not pay their financial obligations like rent, and utilities, car, any service like cable?

## 6 SURE-FIRE WAYS TO START BUILDING GENERATIONAL WEALTH NOW

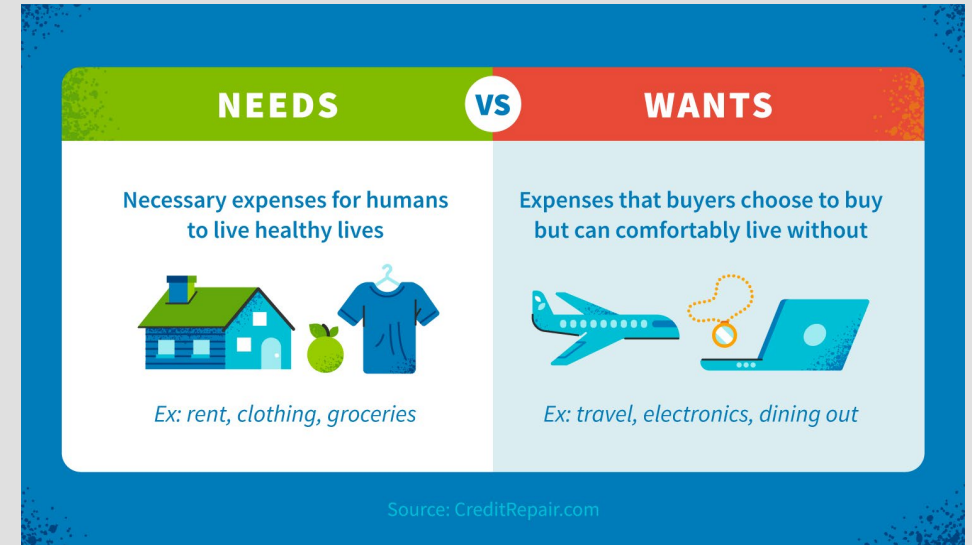
- 1 **CONTRIBUTE TO 401K**
- 2 **INVEST IN REAL ESTATE**
- 3 **INVEST IN STOCKS**
- 4 **PURCHASE LIFE INSURANCE**
- 5 **START A SMALL BUSINESS**
- 6 **SAVE MONEY**



Parent Portfolio.com

# ***First life rule: You must pay your bills or cancel the service.***

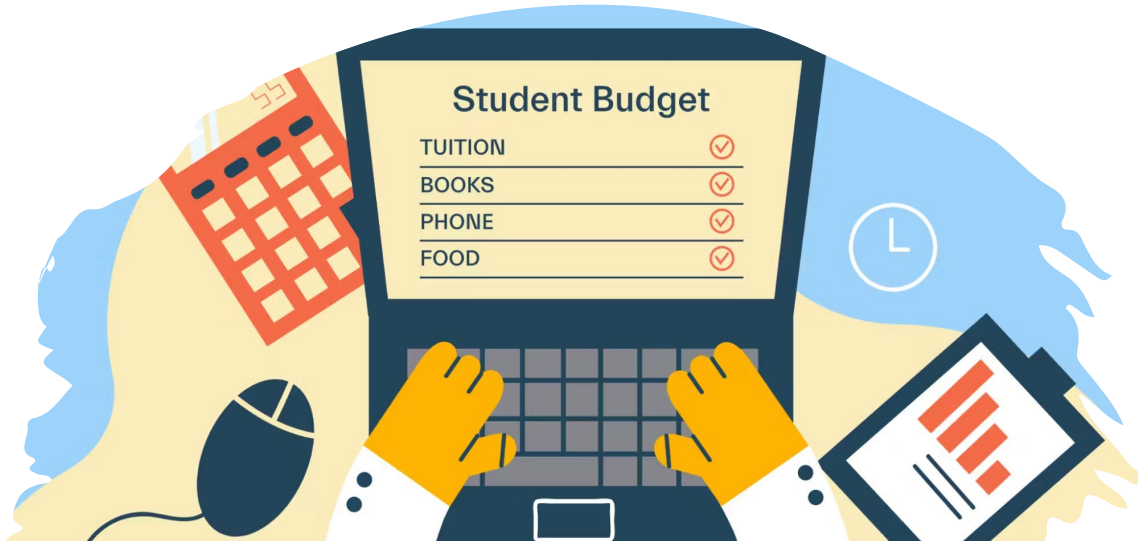
- Some bills are necessities – shelter, food, and utilities
- Things that are not necessities- Jordan’s shoes, dining out, concerts, clubbing, and expensive bags.
- Spend money on your needs first before your wants or desires.
- Basic needs are housing, food, medicine, transportation, clothes, and educational materials.





# *Budgeting*

- If you have a job or a big refund, then create a budget and track how you are spending your money.
- Most banks can track your spending so you can see where your money is going.
- Don't spend money you don't have – pay regular bills first.



# *Payment options*

- ✓ Never default on a federal loan –
- ✓ You can delay payments by getting a deferment or refinance, or other options.
- ✓ Use the installment payment plans if you cannot pay in one lump sum.
- ✓ Smaller payments are easier to handle than big payments.

FEDERAL INCOME-DRIVEN REPAYMENT PLANS

Plan	Monthly Payment	Repayment Term
Income-Based Repayment	Min (10% of discretionary income, 10 year standard repayment plan amount) <b>after</b> 7/1/14	20
	Min (15% of discretionary income, 10 year standard repayment plan amount) <b>before</b> 7/1/14	25
Pay As You Earn	Min (10% of discretionary income, 10 year standard repayment plan amount)	20
Revised Pay As You Earn	10% of discretionary income	20 for under; 25 for graduate
Income-Contigent Repayment	Min (20% of discretionary income, 12 year payment)	25

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Source: RightCapital July 24, 2018 presentation on Student Loans

## Why you need an emergency fund

*Build an emergency fund for unexpected events*



- Unemployment
- Urgent medical procedures
- Emergency home repair
- Unforeseen auto repair
- Sudden death or disability

## *Savings*

- ❖ Emergencies, please ask for help. Car breakdown, lost job, don't have food or shelter (being evicted). There are resources on and off campus to help you when in need (GSU WE CARE FUND).
- ❖ Develop a saving habit – piggy bank scenario. Have a bank and savings account. Auto-draft money each month to your savings account - try \$25 or \$50.
- ❖ Save for a rainy day – 25 cents for every \$1 dollar. Pay yourself first -the rest of your money is going to others.



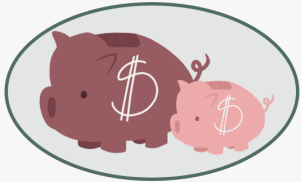


## ***Income***

- It is okay to work part-time while in college. Try to work on campus first. You will have more flexibility with your hours since they cannot conflict with any of your courses. This may not be the case for off-campus employment. Pay starts at \$15.
- Stop paying for things you do not frequently use or cannot afford– like apps, cable, expensive things, Jordan's, etc.
- Use credit cards sparingly and keep your balance as low as possible.



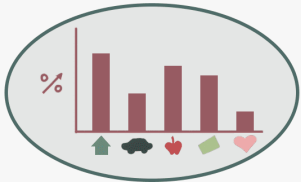
### Tips for Coping With Financial Stress



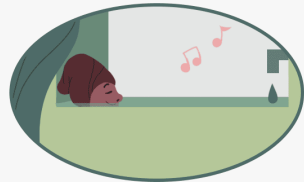
Create extra sources of income



Streamline your budget



Understand the debt cycle



Practice relaxation techniques

verywell

## *Conclusion*

- For many students earning your college degree can be a way out of financial stress and a better life.
- Making financial decisions can be daunting and you may feel ill-equipped to do so.
- But you can do it by following these basic financial literacy rules.