


Honoring God in Your Personal Finances

Money Matters for College Students

- Budgeting
- Credit Cards
- Debit Cards


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Matthew 6:24

No one can serve two masters: for either he will hate the one and love the other, or he will be devoted to one and despise the other. You cannot serve God and wealth.

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Top 5 College Student Money Mistakes

- #5. Choosing a College That's Too Expensive
- #4. Not Budgeting
- #3. Ruining Your Credit Score
- #2. Squandering Your Student Loan Money
- #1. Getting Into Credit Card Debt

Source: Financial Planning: About.com

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Credit Cards

The Good, the Bad, & the Ugly!

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The 10-Year Pizza

- Imagine being 30 years old and still paying off a slice of pizza you bought when you were in college.
- Sounds crazy, but for plenty of people, problems with credit card debt can lead to that very situation.
- The average college student has \$2,500 in credit card debt at graduation—in addition to student loans!!
- Learning about responsible credit card use now can save you from having to dig yourself out of debt after you graduate.

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Credit Cards: *The Good!*

- Safer than carrying cash
- Low risk if stolen--separate from your other accounts
- Can be a free loan for 20 to 25 days; no interest charge if paid in full monthly
- Emergency money source
- Many companies offer incentives for use (airline miles, etc.)
- Automatic record of purchases
- Required to rent a car (some exceptions)

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Credit Cards: *The Bad!*

- Significant interest charges if not paid in full monthly
- Potential fees if not managed closely
 - Late payment fees
 - Over the credit limit fees
 - Returned check fees
 - Cash advance fees
 - Membership fees
 - Foreign exchange fees
- Credit card number must be guarded; fraudulent use is prevalent

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Credit Cards: *The Ugly!*

- Credit card debt can become overwhelming
- Easily abused
 - Easy to lose control of spending
 - Too easy for some to spend more than they should!
 - Often used where there are lower cost alternatives
 - College tuition (student loans usually have lower interest rates)
- Credit card companies pursue college students!
 - Brand-new consumer with no experience and no money
 - In a position where the entire world is urging you to consume
- Low minimum payments can keep people paying on credit cards almost indefinitely

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Credit Cards *The College Student's Choice*

- If you manage wisely, you'll finish college with:
 - A discipline of paying off any credit card balance monthly
 - NO CREDIT CARD DEBT!
- If you choose the way the card companies want you to choose, you'll finish with
 - A high-interest credit card
 - Lots of debt
 - Staggering monthly payments
 - *The credit card company's love and attention for the rest of your life!*

Proverbs 22:13b And the borrower becomes the lender's slave

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Credit Card HANDOUT *What Should College Students Look For?*

- **Ignore the incentives** (at least at first)
 - Frequent flyer miles
 - Free gas
 - Money off on your books
 - Free food
- Pick the card with the **lowest interest rate and no annual fee**
- **Variable Rate vs. Fixed Rate:** Fixed Rates are better but are harder for students to find. Try to get one if you can.
- **Annual Fee:** Most student credit cards won't have an annual fee. Make sure yours does not!
- **Other Fees:** Late payment, over credit limit, etc. Try to get as low as possible, but don't worry too much. Just make all your payments on time and stay under your credit limit.

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Credit Cards

What are all these interest rates (APR's)?

- **Default APR:** If you're late with a payment your interest will jump up to the default rate and stay there for a long time. For student credit cards, the default rate can be ridiculously high
- **Introductory APR (Annual Percentage Rate)** Ignore this rate; it sounds good, but will disappear quickly
- **Balance Transfer APR:** The interest you'll pay if you transfer debt from another credit card.
- **Cash Advance APR:** The interest you'll pay if you use your credit card to get cash like an ATM card. Usually higher than the regular APR. In addition expect to pay a 3% cash advance fee—sometimes more!
- **Overdraft Advance APR:** If you exceed your credit limit, this is the interest you'll have to pay on the overdraft.

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Debit Cards

The Good, the Bad, & the Ugly!

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Debit Cards: The Good!

- Allow quick & convenient transactions
- Safer than carrying cash
- Accepted by most businesses
- Extra protection of a PIN number
- Less chance of excessive credit card debt
- Automatic record of purchases

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Debit Cards: The Bad!

- Debit cards are riskier than credit cards
 - Why? You are granting **direct access to your account**
- Debit card number must be guarded; fraudulent use is prevalent
- Transaction fees
 - 10 cents to \$1.50 per transaction is common

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Debit Cards: The Ugly!

- If your debit card is stolen your loss is limited to:
 - Notify the card company within 2 days
 - \$50.00 max loss
 - Don't notify the card company within 2 days
 - \$500.00 max loss
- You can lose a huge amount of money if you fail to notify the bank within 60 days of an unauthorized transfer on your statement
 - Max loss on unauthorized transfers after the 60-day period:
 - **All your money in the account could be lost**
 - **Plus** up to the maximum of **your overdraft line of credit**

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- You can lose a huge amount of money if you fail to notify the bank within 60 days of an unauthorized transfer on your statement
 - Miss on unauthorized transfers after the 60-day period:
 - All your money in the account could be lost
 - Plus up to the maximum of your overdraft line of credit

*Check with your bank!
Your bank may have other policies*

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Debit Cards: *The Ugly!* (continued)

- When your card is stolen even if you notify the bank in time, your account could be overdrawn resulting in fees
 - Bounced check fees from your merchant
 - Overdraft fees from your bank

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Debit Cards: *The Ugly!* (continued)

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Credit Cards & Debit Cards *Should You Have Them?*

- For you to decide
 - Will my use of these cards help or hinder me in following God's principles of money?
 - God owns everything
 - God provides all of our possessions
 - God provides the ability for us to acquire wealth
 - *Will they improve your stewardship of God's resources?*
- If you decide to have these cards, follow these guidelines:
 1. Understand the cards and their use and risks
 2. Manage the cards and the card companies—don't let them manage you!

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High view of God. High view of Scripture.

Budgeting

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Contentment

- Hebrews 13:5 Make sure that your character is free from the love of money, ***being content with what you have***; for He Himself has said, "I will never desert you, nor will I ever forsake you,"
- 1 Timothy 6:6-8 But godliness actually is means of ***great gain when accompanied by contentment***. For we have brought nothing into the world, so we cannot take anything out of it either. ***If we have food and covering, with these we shall be content.***

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Financial Goals for College Students

Why is contentment important in budgeting?

1. Follow Biblical stewardship principles
2. Practice contentment! It will help you graduate with:
 - No credit card debt!!
 - As little student loan debt as possible
3. Start first job with the right financial priorities
 - Provide for yourself
 - Food, clothing, shelter
 - Car
 - Retirement
 - Provide for your family
 - Housing
 - College
 - Give to others in need
 - Give to the church

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When You Are In College

- Plan for the short term—the current semester
 - Fill out a detailed plan (budget)
 - Track your spending!
 - Compare to your plan
 - Adjust
- Plan for the long term—until graduation
 - Fill out an estimated plan for each semester
 - Revise the plan at the end of each semester

Proverbs 16:3 Commit your works to the Lord and your plans will be established

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Team Budgeting Exercise

- Break into groups
- Budget worksheet handout
- For each item listed under EXPENSES
 - Discuss what's appropriate for one semester of college
 - Fill in the SEMESTER BUDGET column
 - Add up the total amount of expenses
- Discuss the different INCOME items
 - What are likely income sources for you?
 - Are they likely to be available every semester?
- Discuss: Is your budget likely to lead to debt?

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Semester Budget Worksheet for College Students

	SEMESTER BUDGET	SEMESTER ACTUAL	SEMESTER DIFFERENCE
INCOME:			
From Jobs			
From Parents			
From Student Loans			
From Scholarships			
From Other Financial Aid			
Miscellaneous Income			
INCOME SUBTOTAL			
EXPENSES:			
Eating			
Rent or Room & Board			
Utilities			
Telephone			
Groceries			
Toiletries/Makeup			
Car Payment/Transportation			
Insurance			
Gasoline/Oil			
Repairs and Maintenance			
Entertainment			
Eating Out/Vending			
Tuition			
Books			
School Fees			
Computer Expense			
Miscellaneous Expense			
EXPENSES SUBTOTAL			
NET INCOME (INCOME LESS EXPENSES)			

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Field of Dreams: Unrealistic expectations
 Source: Liz Pulliam Weston, MSN Money

- 2005 survey revealed that teenagers expect unrealistically to earn high incomes:
 - Boys' average expected income: \$174,000
 - Girls' average expected income: \$114,500
- 2005 reality
 - Men's median income: \$ 41,386
 - Women's median income: \$ 31,858
 - Only 1 person out of 20 earns over \$100,000
 - Only 1 family in 6 earns over \$100,000

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Too much debt!

- Unrealistic income expectations lead many college students to amass large amounts of debt
 - Student loans
 - Credit card debt
- The anticipation of a growing income leads many to take on more debt
 - Car loans
 - Home loans
- Loan payments consume the budget making giving or saving unrealistic.

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When You Are Out of College

- Plan for the short term—immediate needs
 - Giving
 - Housing
 - Transportation
 - Daily living expenses
- Have a plan for the long term, as well
- **James 4:15** *Instead, you ought to say, "If the Lord wills, we will live and also do this or that."*

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Colossians 3:23-24 *Whatever you do, do your work heartily, as for the Lord rather than for men, 24 knowing that from the Lord you will receive the reward of the inheritance. It is the Lord Christ whom you serve.*

Proverbs 22:1 *A good name is to be more desired than great wealth;*

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	SEMESTER BUDGET	SEMESTER ACTUAL	SEMESTER DIFFERENCE
INCOME:			
From Jobs			
From Parents			
From Student Loans			
From Scholarships			
From Other Financial Aid			
Miscellaneous Income			
INCOME SUBTOTAL			
EXPENSES:			
Giving			
Rent or Room & Board		300	1500
Utilities		100	500
Telephone		25	125
Groceries		125	625
Toiletries/Makeup		25	125
Car Payment/Transportation		150	750
Insurance		75	375
Gasoline/Oil		75	375
Repairs and Maintenance		50	250
Entertainment		50	250
Eating Out/Vending		50	250
Tuition		4000	4000
Books		600	600
School Fees		350	350
Computer Expense		20	100
Miscellaneous Expense		25	125
EXPENSES SUBTOTAL			10300
NET INCOME <small>(INCOME LESS EXPENSES)</small>			

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