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Five Financial Tips for College Students

About 20 million students attended U.S. colleges and universities last year, according to the National Center for Education Statistics. These students may have spent years in school preparing academically for higher education, but they may not feel completely ready to handle their finances. The Tennessee Society of CPAs offers five tips for students who want to get high marks in managing their money.

Take Charge with a Budget

Have you been responsible for your own monthly budget in the past? Or are you new to being responsible for what you spend on food, rent and other expenses? Your first step should be creating a budget that will serve as a roadmap for your spending. It will also help you time your expenditures so you can avoid running short on funds at the end of the month. Be sure you include all monthly expenses, and for any yearly expenses, divide the total by 12 to start paying towards each month.

Don't Overthink It

Making a budget doesn't have to be complicated. It can be as simple as figuring out how much you have to spend each month - which will include money you receive from your parents and from student jobs or other sources - and how much you expect to spend. That will include things such as rent, if you're not in a dorm, plus any meals you'll have to pay for that aren't already covered in a meal plan, as well as the costs of books, fees or activities related to your courses and any travel or commuting costs. Once you've identified your monthly needs, whatever is left is yours to spend on your wants. It's a good idea to track your spending as you go, to be sure you're on target with your budget and to get a sense of where you're spending your money.

Keep a Lid on Credit

Fifty-six percent of undergraduates have credit cards, according to a national Sallie Mae study. Managed properly through controlled spending, credit cards can be an important part of building a solid credit history. However, be sure to monitor your balance. You may be surprised by how quickly your purchases add up. To avoid overspending, stick to your budget and pay off your balance each month. And before you sign up, be sure to read the fine print. Look for a card with low or no annual fees and compare offers to find the lowest interest rate. Also, find out how long the grace period, the amount of time you have to pay your balance in full without paying a finance charge, on the credit card is and what you'll be charged for a late payment. Once you begin to use credit, the three major credit reporting companies will begin calculating your credit score based on factors such as your payment history. You're eligible to receive a free credit report from each of the three major credit reporting companies once every 12 months; go to www.annualcreditreport.com for more information.

Don't Spend More than Necessary

If you're signed up for meals at the college cafeteria, don't waste cash buying food elsewhere. In addition, many businesses give discounts to students or sell gently used books or other supplies. Research all your opportunities to save a few bucks on purchases and make the most of them.

Set Some Aside for Later

Remember that it's never too early to get into the habit of putting some of your money into a savings account. Doing so can help you afford things like a trip to a sunny location during your break or your account can serve as a nest egg for life beyond college. And saving is a habit that will serve you well throughout the years ahead.

Your CPA Can Help

As you begin your independent financial future, be sure to turn to your local CPA for valuable advice and information. He or she can help answer all of your financial questions.

About Money Management

Money Management is a column on personal finance that is a joint effort of the AICPA and the Tennessee Society of CPAs, as part of the profession's nationwide 360 Degrees of Financial Literacy

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