

# Financial literacy tips for college students



Getting a college education is a significant investment for the future. Although students are likely excited about classes, meeting new people, and enjoying all the extracurricular activities available on campus, managing finances and expanding money knowledge is important. Here are some financial literacy tips for college students.

## 1. Understand financial aid options

Many students need financial aid to help pay for their education. Still, they may not understand how financial aid works, how it can be used, or the difference between scholarships (typically based on merit), grants, and loans. You'll likely discover many scholarships and grants available by doing a little research. Weighing your options can include federal loans, state tuition assistance programs, and private loans. Make sure to review the terms of payment and don't overborrow. Having a clear picture of what financing is available and what the differences are can make setting priorities easier and help you confidently choose the best option.

## 2. Create a budget

Budgeting is the simplest and most effective way to keep finances in order. Creating and maintaining a budget on paper or with websites or apps is an excellent way to keep track of your money. Without a budget, it can be difficult to know where the money comes from monthly or what it is spent on. Not having a financial structure can also make it challenging to hold yourself accountable for spending, causing money to disappear more quickly. From textbooks and supplies to fun stuff like food, travel, and concerts, there are a lot of school-related expenses to consider. Think about the financial repercussions of these purchases. To help make the most out of college without being strapped for cash, take the time to learn how to budget.

## 3. Start saving early

Many students do not prioritize saving money because big life events seem far away. Choosing to set aside money not only provides a financial head start, but it can also help a person develop key financial skills that will be used throughout their life. When saving, it's a good idea to have a goal in mind, like saving for a car, a TV, or a computer. Depending on personal budget and expenses, automatically depositing a set amount each month can make it easier to work towards the set goal, even if it's small. Routing that money directly to savings can make a difference over time. College students may not be able to reserve much at first, but if you work part-time on or off campus or find some other means of income, you can slowly build up this reserve.

## 4. Build credit responsibly

Credit cards can be financially dangerous if not used properly, but it's also very beneficial to establish a credit history while in college. When considering a credit card, research the interest rate, annual fees, and possible perks, like travel miles or cashback rewards. It's important to avoid the common trap of using a credit card to spend money you don't have. Choose purchases that can be paid off monthly and set up autopay to ensure those bills are covered. With responsible card use, college students can build credit and gain valuable money management practice for the future. Remember, credit can help tremendously when getting an apartment lease or auto loan, and many employers look at credit scores when reviewing job applicants.

## 5. Try to buy used textbooks

For many students, textbooks are one of their most significant expenses. To help with these costs, avoid buying new books at the campus bookstore and watch for posts on campus bulletins and online stores. Many schools may offer a textbook rental program or have eBook options available. Once the school year ends, it may be possible to sell used textbooks to school bookstores, retailers, or online sites to get some cash back.

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## **6. Take advantage of student discounts**

Once at school, there's no shortage of student discounts to help save money. Many local venues, vendors, restaurants, and other services near campus may advertise savings for students to encourage business. It's also a good idea to ask a retailer if student discounts are available at checkout. From half-off sandwiches to discounted computers, finding great deals with some inquiry and a campus ID may be possible.

## **7. Beware of identity theft**

Identity theft can happen to anyone, including college students. On a college campus, students are around many people and often on shared online networks. Personal information can easily be stolen in the library, in the dorm, or even in the dining hall. Never share personal information, like Social Security numbers or login passwords, and don't leave papers or documents with important information around. Helpful tips for protecting against identity theft include:

- Do not let a roommate or a friend borrow your credit card.
- Use strong passwords for all logins on computers, tablets, and smartphones, and change them often.
- When using public WiFi, always log in to a secured network or invest in a VPN to prevent thieves from viewing personal information.
- When using a school computer, always log out completely when done.
- Pay attention to bank and credit card accounts regularly. If you see suspicious activity, report it immediately.

## **Financial planning for students**

Higher education is an incredible way to invest in yourself and open doors to new and exciting opportunities after graduation. Establishing healthy habits now and finding ways to build financial literacy can help students head into adulthood with greater knowledge and confidence around money. Even before graduation day, making budget-friendly financial moves that help you cover expenses, build savings, and keep debt in check can help put you on the right path toward a brighter financial future.

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