

Illinois Student Loan Administrators

Personal Finance- What Students Need to Know

March 18, 2011

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Personal Finance Education

- Perspective from a credit educator:
 - Financial Literacy skills
 - Financial Skills
- Perspective from the counseling perspective
- What can you do on your campus?

-For all consumers to obtain life long skills that allow informed choices and to evaluate all personal finance choices

- Basic economic knowledge
- Basic Consumer knowledge
- Money Management knowledge
- Investment knowledge

Every student must have the ability to:

1. Set and track Financial Goals
2. Develop good decision making skills
3. Make comparisons for selecting goods and services
4. Create a realistic written budget
 - Income and Expenses
5. Adjust the budget
6. Create a workable and organized system

Every student must have the ability to:

- Understand Banking basics
- Know how to reconcile a checking account
- Determine when to use credit
- Understand total cost of credit transactions
- Know the difference between qualifying for a credit card and affording the debt
- Select credit products
- **Understand impact of credit report**
- Move from: Spender-Budgeter / Saver / Investor
- Act-Implement the plan / access / adjust

Who should teach this topic?

- EVERYONE- All the time
- Why does your school care?
- What do students really want to know?
- Who needs my attention?
- Marketing- spread the word
- Planning
- Implementation

Resources are here – Use them

- <http://www.cefe.illinois.edu/tools/colleges.html>
- [http://www.cefe.illinois.edu/tools/GetFinanciallyFit Toolkit.pdf](http://www.cefe.illinois.edu/tools/GetFinanciallyFit_Toolkit.pdf)
- [http://www.cefe.illinois.edu/tools/GetFinanciallyFit StudentBrochure Volume1.pdf](http://www.cefe.illinois.edu/tools/GetFinanciallyFit_StudentBrochure_Volume1.pdf)
- [http://www.cefe.illinois.edu/tools/GetFinanciallyFit StudentBrochure Volume2.pdf](http://www.cefe.illinois.edu/tools/GetFinanciallyFit_StudentBrochure_Volume2.pdf)
- [http://www.cefe.illinois.edu/tools/GetFinanciallyFit StudentBrochure Volume3.pdf](http://www.cefe.illinois.edu/tools/GetFinanciallyFit_StudentBrochure_Volume3.pdf)

Factors impacting today's students:

- Wage increases are modest
- Mass consumerism
- Cost of Education
- Credit scores
- Long term retirement outlook
- Current economy

The State of Today's Consumer

Credit card debt = \$820 Billion

Non-Home Mortgage Debt=\$2.2 Trillion

Bankruptcy filings increasing

Market basket costs increasing

Foreclosure rate

Short term saving rate- What savings?

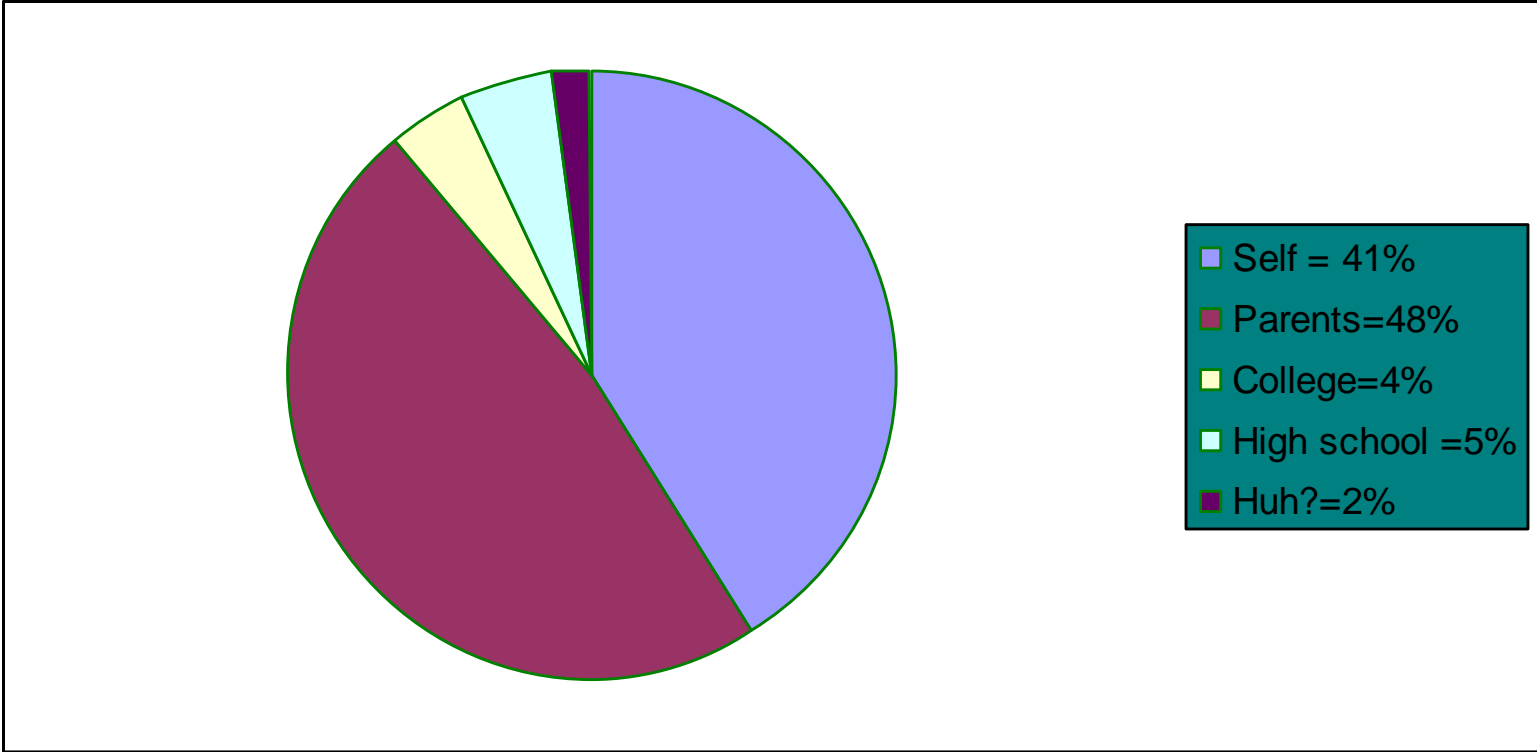
Helping Students prevent debt

- Avoid impulse spending or set limits
- Don't co-sign for any one- even Grandma
- Have adequate insurance- car and health
- Tear up credit card offers- more is not better
- Set a budget plan and work the plan
- **PAY AS AGREED AND PAY ON TIME**

WARNING SIGNS

- Credit reports do not reflect complete picture of debt
- Increase of credit usage over long term
- Crushing student loan debt with wages that don't match
- Little liquid savings

Where student learn about money



Annual Income - 20 £
Annual Expenses - 19 £

Result = Happiness

Annual Income - 20 £
Annual Expenses - 21 £

Result = Misery

Charles Dickens

A credit score is a “snapshot” of your credit history.

The score is based on information in your credit report at the moment the score is requested. Your score may change from minute to minute as the consumer reporting agency updates information and you make changes to your accounts.

There are many sources for credit scores and some creditors may even develop their own system for scoring. The most common score is the FICO (Fair Isaac Company) score. FICO scores range from 300-850. Each lender may view the same score differently. This score is not the only factor in a decision to extend credit.

What makes up your credit score?

- **35% - Credit/payment history**
- **30% - Debt load/debt potential**
- **15% -Length of Credit History**
- **10% - Mix/types of credit used**
- **10% - How much credit you have opened in recent months**

Give your Students a gift

www.annualcreditreport.com

877-322-8228

Resources

- www.channelone.com
- www.practicalmoneyskills.com
- www.whatsmyscore.org
- www.collegezone.com
- www.mapping-your-future.org
- www.myfico.com
- www.handsonbanking.org
- [www.360 financialliteracy.org](http://www.360financialliteracy.org)
(click on college)

Challenges

- Trust of adults
- Learning styles
- Need to be green
- Want to make a difference
- 30% of students are uninsured
- Price confusion with quality
- Advertising pressure
- High unemployment rate
- Seek more education while increasing debt

Challenges

- Entering Freshman are poorly prepared in many ways
- High School Events – Prom \$1,200- from top of hill to just another Joe or Jill
- Parent Resources are gone
- Less inheritance in future
- Lack of ability to have big three
 - Savings, Pension, Social Security

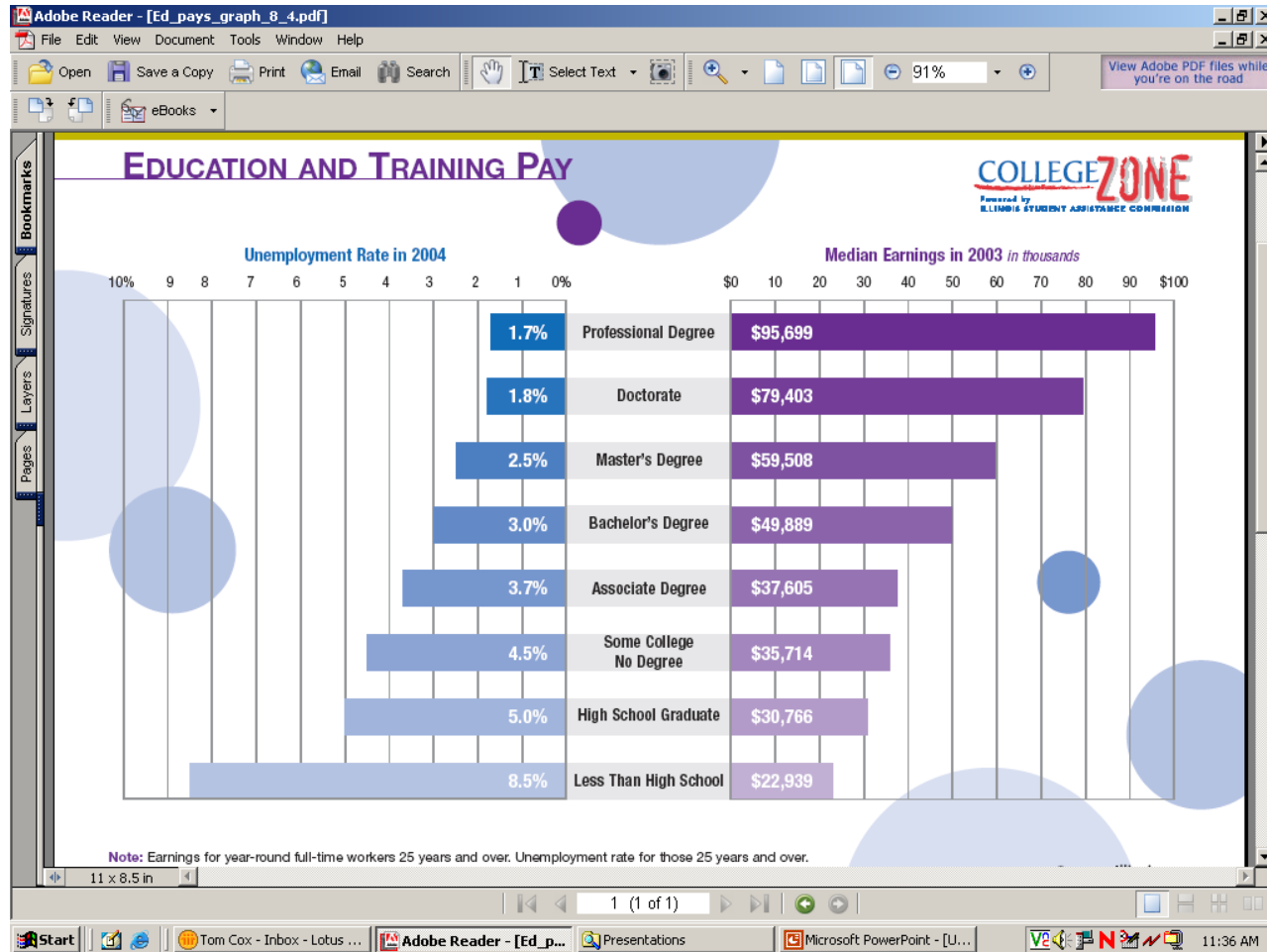
I have a bachelor's, a master's and a doctorate.
I'm getting poorer by degrees."



**"I have a bachelor's, a master's and a doctorate.
I'm getting poorer by degrees."**

Information is dated but still true!

Education and Training Pay



QUESTIONS?

- Thank you for all the work you do in helping to prepare students for a responsible future.

To sum it up:

- 4 hours of lessons help
- Budgeting – a financial GPS
- Credit reports- know it inside and out
- Materials and Resources
- Deliver to the student on their terms
- Food