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## 10 Financial Lessons We Wish College Taught

Posted 3 hours ago by [Kerri Fivecoat-Campbell](#) for [MainStreet](#)

Here's another smart post from our friends at [MainStreet](#) just for you college students. Check it out:

Colleges teach us many things, but rarely do they teach us about [how to handle money responsibly](#). And because getting off on the right financial footing is even more important for young people graduating with a [mountain of debt](#) before they've even found work, that should concern students, parents and education professionals everywhere.



Research has shown that [students are not great at managing money](#), so to help bridge that knowledge gap, MainStreet tapped money experts for their money lessons that colleges simply do not teach.

### 1. Student Loans vs. Expected Salary

Many students can't get through college these days without incurring some student loan debt, but how much is too much? [Beth V. Walker, CFO](#) says that student loans should not exceed 8% of expected income, and that 6% is preferred.

In the real world that means if a student borrows a total of \$20,000 in loans—at the current interest rate for consolidation of 6.875%—and chooses a 10-year repayment term, that equates to a monthly payment of \$230.93 or \$2,771.16 per year. That would suggest the student should be making at least \$35,000 when they graduate or within the first two years, Walker says.

### 2. What to Expect From Books and Fees

Mitchell D. Weiss, professor of [finance](#) at Hartford University and author of "[Life Happens: A Practical Guide to Personal Finance from College Through Career](#)," says the cost of textbooks is often more expensive than college advisers disclose. "Book rentals are an option," says Weiss, though he suggests students shop around for the best deal, as some rental options may be more expensive than buying.

### 3. Having a Career Plan Now Can Help You Save Later

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Elizabeth Venturini, a college and career specialist and president of college prep website [Schoasticus](#) says having a career plan in place for after graduation is key.

"Without a college career plan students may flounder in college, take useless classes, and change majors because they never really knew what they wanted to study when they enrolled," says Venturini.

#### 4. Credit Card Fees Add Up and Affect Your Credit

Beware the offers for "free" stuff when it comes to applying for and using credit cards while in college, says [Denise Winston](#), a financial planning expert. "Credit cards and other loans quickly add up and getting in over your head is all too easy," says Winston. "Be smart when it comes to credit, as your credit score is kind of like your financial GPA."

#### 5. Your Debit Card Will Not Help Build Credit

Another important credit lesson is that just using your debit card won't do anything to help you build your [credit profile](#), so if you want to increase your chances of borrowing at lower rates later on, the best strategy is to use a credit card that you can pay off every month.

"My daughter had a boyfriend who always used [his debit card] as credit thinking it would be reported like a credit card to credit reporting agencies," says money manager [Cindy Lail](#). "He thought he was building a credit file and he wasn't. There's nothing wrong in using it as credit, but they need to understand what their bank does or doesn't do."

#### 6. Watch for Extra Bills You've Never Paid Before

If you're living at home or on campus and decide to rent your own place for the first time, remember to budget for utilities in addition to the cost of rent. Electricity, gas, water, cable and phone bills add up quickly. [Tiffani Murray](#), a career consultant, says there are ways to save on those expenses.

"Always look at options to bundle, but be careful to see what your price will be after the new customer bundle price is over," says Murray. "Check out your options once a year and ask how your utility providers can help save you money."

#### 7. Do Your Own Taxes

For the first time, you may be required to file your own [taxes](#), especially if you didn't have a job while in high school. Unless you're freelancing and are self-employed, chances are your taxes won't be that complicated.

"I didn't learn about deductions and write-offs until after college," says Murray. "Read up on these items via online tax return tutorials or sites."

#### 8. Nothing Is Ever Free

While kids are in college, they may receive additional funds from loans and scholarships to purchase books, computers and other necessities for school. If it's a loan, the money isn't free, so use it wisely, and forget about "grants" to help you purchase work-related items after you graduate, Murray advises.

"These small 'scholarships' for necessities are almost nonexistent in the real, post-college world," Murray says. "When it's time to buy a computer or that book to study for a project [management certification](#), you'll have to save or earn the money to buy it yourself."

#### 9. Understanding Bank Fees

In the world of ever-changing bank fees and new regulations, it's hard to keep up with what banks are starting to charge us to use our own money. Lail says to check out what bank fees you will be subject to before opening a new account, and to closely monitor your statements.

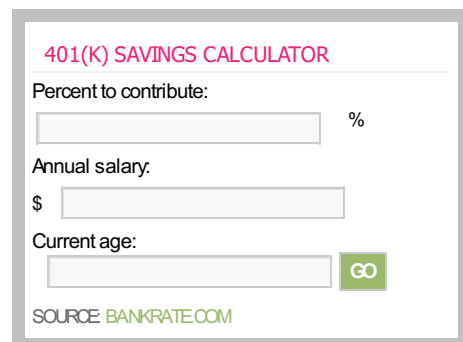
"Look closely at your statement and read the requirements for your type of account," says Lail. "Not spending \$70 a month in overdraft fees is like getting a raise."

#### 10. Live Below Your Means


"Live way below your means," says [Christopher Kimball](#), CFP and father of college-aged kids. "Just because you start making more money doesn't mean you should run out and buy that new couch you've been eyeing. Live frugally, pay yourself first."

People in their 20s tend to think of retirement in abstract terms and as something to deal with far in the future, but although young people are [getting better about it](#), their planning is not always done smartly. Start planning now and choose the right [retirement plan](#) for you.

"Nobody told me, and I graduated from BYU in finance, that by saving in the right type of life insurance vehicle would produce three times the retirement income that most IRAs and 401(k)s will provide, and it can do so tax-free," says [Ed Kinsey](#), a financial consultant.



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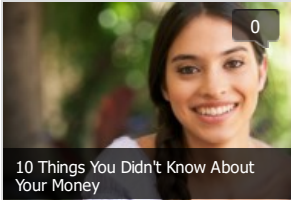
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