



True Experts

PLANNING YOUR TRIP THROUGH COLLEGE WITH A SPENDING PLAN (AKA BUDGET)

BY KELLY HATLER



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TRUE Community Credit Union presents Kelly Hatler as one of our TRUE Experts. Hatler is the Financial Education Supervisor and has been with the credit union for over 26 years. Hatler supervises the operations of our Partners in Education School Program and the development of Youth Financial Education initiatives throughout the Ingham, Washtenaw and Jackson counties. Hatler will be sharing her expertise of "How to Budget for College".



On your way to college? When planning for college, it's wise to envision the experience you want to have, including how you will pay the bills along the way. The more you know about the costs, the more prepared you will be to travel through college-making decisions.

The best way to plan your trip through college is to create a college spending plan (aka budget) to map out the income and spending decisions that will help you arrive at your destination - a college degree.

Map Out Your Income

So, where will your money come from? There are many sources of "income" when planning for college - personal savings, pay from a job, scholarships, grants, student loans, and more.

Filling out the FAFSA (Free Application for Federal Student Aid) as soon as possible may help you take advantage of what I like to call "free income". This includes grants and scholarships offered by the government and the college. Some of these opportunities are dispersed on a first-come, first-serve basis, and once the money is gone, you've missed the boat. So get your application in early.

There are numerous scholarships. Be proactive and look for them. Your school counselor may be a great resource in seeking out scholarships. Applying for scholarships may take some work, so think of it as a job. If you are awarded a scholarship for \$1,000, and it took you two hours to complete the application process, you would have earned \$500 per hour. Not a bad paycheck for a couple hours of work.

According to your FAFSA results, you may be eligible for student loans. But beware! Just because you qualify for loans, doesn't mean you have to use them. You can save years of payments and thousands of dollars if you forego a loan and work to pay for your college and living expenses. If you need to borrow, do your homework to find the lowest-cost loans available for your situation.

The FAFSA might also determine that you are eligible to earn income through a work-study program on campus. Even if the job isn't associated with your major, it is a great way to earn money, and you will most likely learn important skills that can benefit you in your future career.

Determine Your Expenses/Spending

Common expenses on your trip through college include housing, transportation, food, clothing, entertainment, books, etc. Also, be on the lookout for hidden costs, such as supplies needed for your course of study, that are not included in tuition. We all need the things listed above. Choosing options in these areas to supply for your needs may be different than the options you might want. Finding a compromise between needs and wants is the key.

- Do you need to live on campus? Off-Campus? Or can you commute?
- Do you need your car on campus, which includes parking fees? Or can you walk or ride a bike?
- Do you need the most robust meal plan? Or can you choose a lesser meal plan option and cook meals too?
- What about new clothes? Can you shop resale or discount?
- And so on.

Build and Work Your Plan

A budget is nothing more than a plan to make your money meet your goals. Putting together a successful college spending plan takes a bit of research – track where your money comes from (income) and where it goes (expenses/spending). It also takes a bit of self-discipline to put the plan into action. There are many tools to help you in the process.

- Use a budgeting app
- Online program
- Or break out the old school paper and pencil to work on your plan

A zero-balance budget is the goal.

Here is the equation: $\text{Income} - \text{Expenses} = \text{Zero}$.

Take control of your money by assigning every dollar to a budget category. Savings should be considered an expense. Treat it like a bill by paying yourself first. If you have money left over, find a category where you feel you may have underestimated your expense or put it in savings to balance your budget.

Getting into the habit of budgeting now will help you navigate your trip through college and give you a solid roadmap to travel to your next financial destination.

Become a financial pro! It's your money – OWN IT! Check out the free resources and lessons that we offer at [TRUECCU.com](https://www.trueccu.com).