

# Financial Wellness 101

April 21, 2020

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UNIVERSITY OF MINNESOTA

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# Agenda



Budgeting



Saving



Credit

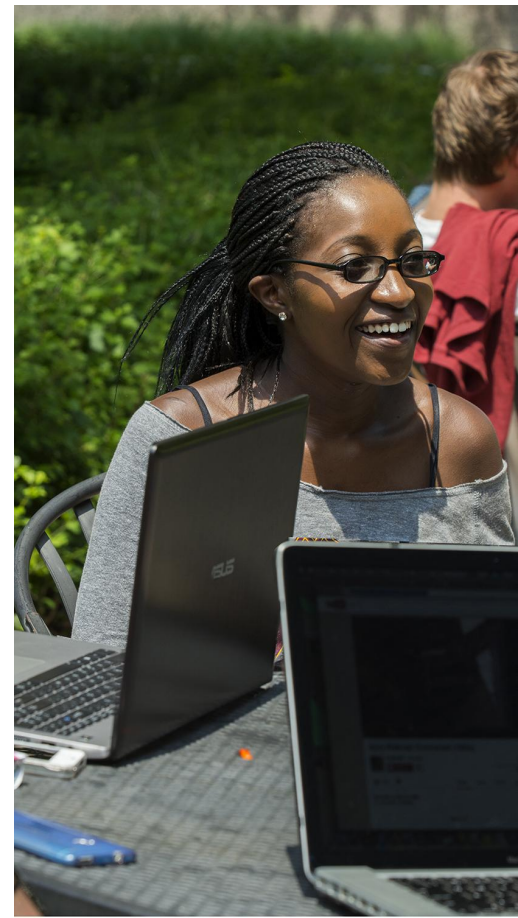


Loans

[Covid19 Resources](#)

# Budgeting

- Importance
  - Helps you achieve your financial goals
  - Keeps you in control of your money
- Determining financial goals
  - Having an end game helps keep you on track




# Budgeting

Earnings	Hours/Rate	Amount	YTD Amt
Salary		\$1,288.46	\$1,288.46
Overtime	0/0	\$0.00	\$0.00
Bonus		\$0.00	\$0.00
Commissions		\$0.00	\$0.00
Tips		\$0.00	\$0.00
<b>Gross Pay</b>		<b>\$1,288.46</b>	<b>\$1,288.46</b>

Taxes/Deductions	Amount	YTD Amt
Fed Income Tax	\$104.23	\$104.23
Social Security Tax	\$76.78	\$76.78
Medicare Tax	\$17.96	\$17.96
State Income Tax	\$64.70	\$64.70
Local Income Tax	\$0.00	\$0.00
Health Insurance	\$15.00	\$15.00
401K	\$50.00	\$50.00
<b>Net Pay</b>	<b>\$959.79</b>	<b>\$959.79</b>

**Gross Pay**  
**-Taxes/Deductions**  
**"Take Home" Income**

# Budgeting

 <b>Personal Monthly Budget</b>			
Projected Monthly Income		Projected Balance (Projected income minus expenses)	
Income 1	\$3,300.00	\$2,405.00	
Extra income	\$300.00	Actual Balance (Actual income minus expenses)	
Total monthly income	\$3,600.00	\$3,064.00	
Actual Monthly Income		Difference (Actual minus projected)	
Income 1	\$4,000.00	\$659.00	
Extra income	\$300.00		
Total monthly income	\$4,300.00		

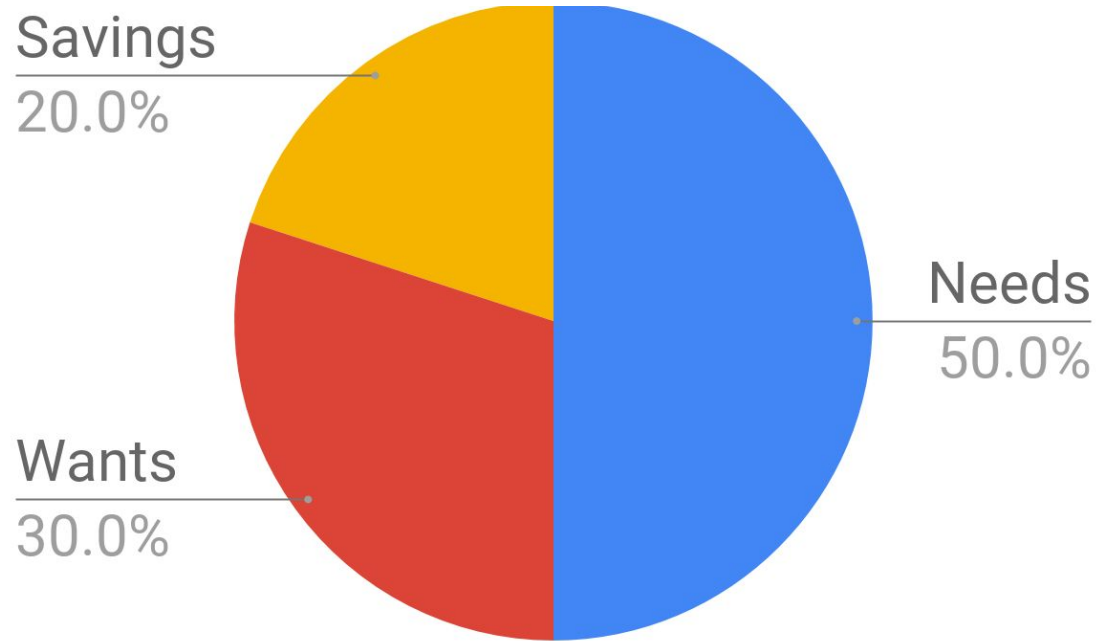
  

HOUSING	Projected Cost	Actual Cost	Difference
Mortgage or rent	\$1,000.00	\$1,000.00	\$0.00
Phone	\$54.00	\$100.00	-\$46.00
Electricity	\$44.00	\$56.00	-\$12.00
Gas	\$22.00	\$28.00	-\$6.00
Water and sewer	\$8.00	\$8.00	\$0.00
Cable	\$34.00	\$34.00	\$0.00
Waste removal	\$10.00	\$10.00	\$0.00
Maintenance or repairs	\$23.00	\$0.00	\$23.00
Supplies	\$0.00	\$0.00	\$0.00

ENTERTAINMENT	Projected Cost	Actual Cost	Difference
Video/DVD			\$0.00
CDs			\$0.00
Movies			\$0.00
Concerts			\$0.00
Sporting events			\$0.00
Live theater			\$0.00
Other			\$0.00
Other			\$0.00
Other			\$0.00

# Budgeting



# Different budgeting methods

- Apps
- Excel
- Envelope Method



# Saving

- 3-6 months worth of expenses
- Separate bank account specifically for savings
- Understand the terms of account
- “Pay Yourself First”



# Investing

- The earlier, the better
- Employer match
- Vesting
- Financial planners



# Pre-Tax

Money taken out before you are taxed



- 401K, 401A
- Optional retirement accounts
  - 457
  - 403B
- Health Savings Account (HSA)

# After-Tax

Money taken out after you are taxed



- Roth IRA
- Traditional IRA
- Taxable brokerage account

	Index Fund	Mutual Fund
<b>Investment objective</b>	Match the investment returns of a benchmark stock market index (e.g. the S&P 500)	Beat the investment returns of a related benchmark index
<b>Invests in</b>	Stocks, bonds and other securities	Stocks, bonds and other securities
<b>Management style</b>	Passive. Investment mix is automated to match the exact holdings of the benchmark index	Active. Stock pickers (fund managers/analysts) choose fund holdings
<b>Average management fee (expense ratio)*</b>	0.09%	0.82%
<b>After-fee return of \$1,000 annual investment earning 7% average annual return over 30 years</b>	\$99,000	\$86,000
<b>Amount lost in fees over 30 years</b>	\$1,800	\$15,000

\*Sources: Asset-weighted averages from 2016 data from the Investment Company Institute

<https://www.nerdwallet.com/blog/investing/index-funds-vs-mutual-funds-the-differences-that-matter-most-to-investors/>

# Saving Potential

Saving at 25 vs 35

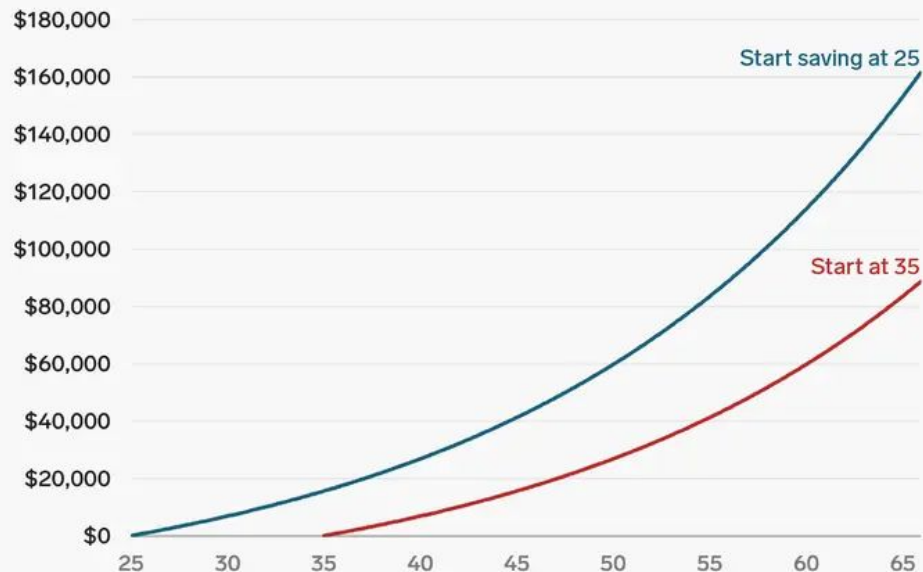


Chart shows cumulative wealth from saving \$100 per month at a 5% annual compound interest rate. Insider Inc.

<https://www.businessinsider.com/personal-finance/retirement-savings-start-at-25-vs-35-2019-4>

- Difference in saving \$100 a month starting at 25 vs 35 until 65
  - This represents a 5% annual compounding rate of return
- This shows the benefit of saving early, even if it is only a little

# Credit

Credit: the ability of a customer to obtain goods or services before payment, based on the trust that payment will be made in the future. Credit score is like a real-world GPA.

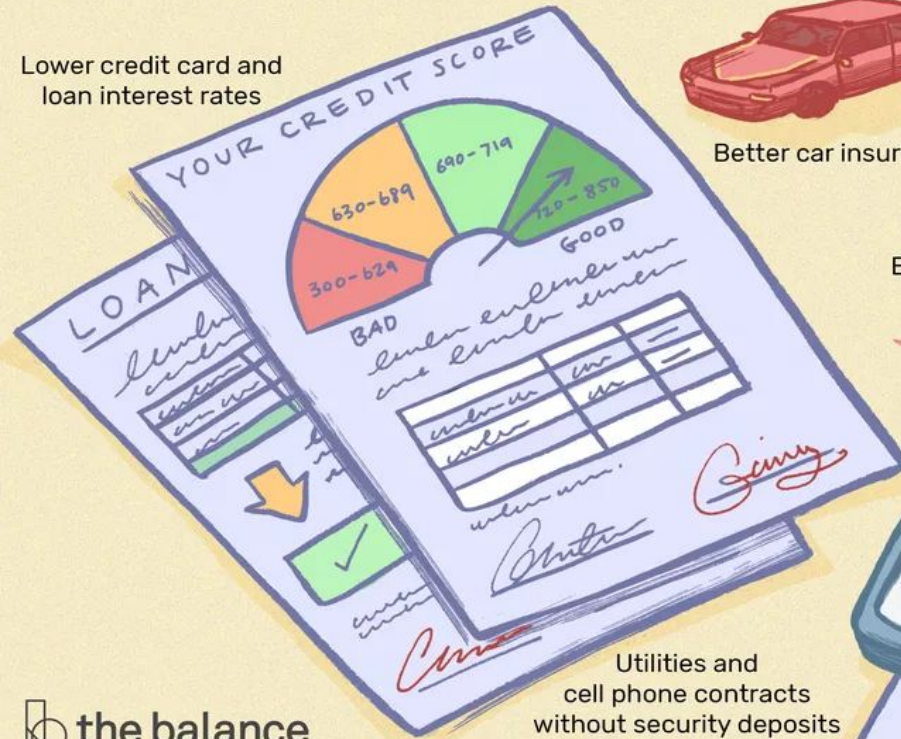
What is a credit report?

- Financial resume
- Credit history
- Indicates risk



# The Benefits of a Good Credit Score

Lower credit card and  
loan interest rates



Easier approval for rental  
houses and apartments

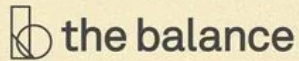


Better car insurance rates

Bragging rights



Utilities and  
cell phone contracts  
without security deposits



<https://www.thebalance.com/having-good-credit-score-960528>

# How to manage credit cards/bills

- Pay off the balance in full each month if possible
- Set up auto pay
- Check statements regularly
- Ask for fees to be waived/lower interest
- Check [annualcreditreport.com](https://annualcreditreport.com) to see your credit report for free - if there is something wrong, follow up!



# Loans

- Federal vs private
- Overview of repayment options
- Covid-19 special circumstances
  - Reliable site for updates in resources guide
    - <https://ticas.org/covid-resources-for-student-loan-borrowers/>



# Payment Plans

Standard repayment

Extended repayment

Income based/income contingent

Pay as you earn

As your status changes, so can your repayment

# Student Loans - Repayment (Federal)

Repayment Plan	First Monthly Payment	Last Monthly Payment	Repayment Period	Total Amount Paid
Standard	\$317	\$317	120 Months (10 Years)	\$38,018
Extended	\$167	\$167	300 Months (25 Years)	\$50,122
PAYE	\$177	\$317	120 Months (10 Years)	\$29,361 (assumes \$11,549 in PSLF)

[Student Loan Repayment Calculator](#)



# Student Loan Forgiveness

## Public Service Loan Forgiveness

- [8 Common PSLF Mistakes - Dept of Ed.](#)
- [PSLF FAQ - StudentAid.gov](#)

## Educator student loan forgiveness

- [Teacher Loan Forgiveness Program](#)
- [Perkins Loan Teacher Cancellation](#)



# Financial Aid History

- Went live in 2019
- Students can now access current and past user financial aid amounts
- Studentaid.gov will show your federal loans and how to contact the servicer

The screenshot shows the University of Minnesota MyU portal. The top navigation bar includes the university logo, name, and tagline "Driven to Discover". Below this is a secondary navigation bar with links for "MyU", "Key Links", "Campus Info", "Resources", and "Favorites". A search bar is located in the top right corner. The main content area is divided into a left sidebar and a right main panel. The sidebar contains links for "NEWS", "ACADEMICS", "MY FINANCES" (highlighted with a red bar), and "MY INFO". The main panel has tabs for "BILLING & PAYMENT", "FINANCIAL AID", and "FINANCIAL AID HISTORY" (highlighted with a red bar). Below the tabs, there is a section titled "Your Financial Aid History" with instructions on how to use the table. A table displays financial aid data for the 2018-2019 academic year, Spring 2019 term, at the UMNTC campus. The table includes columns for Aid Year, Term, Campus, Description, Aid Type, and Accepted amount. Below the table, there are filters and export options (Excel and PDF).

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Crookston Duluth Morris Rochester Twin Cities

MyU Key Links Campus Info Resources Favorites

University Student

NEWS

ACADEMICS

MY FINANCES

MY INFO

BILLING & PAYMENT FINANCIAL AID FINANCIAL AID HISTORY

Your Financial Aid History

Keep track of all your financial aid at the University of Minnesota. With the table below, you can:

- See all your financial aid from the University.
- Sort or filter by types of aid. For example, type "loan" in the filter bar.
- Download or print the table. Click "Excel" or "PDF" to export.

Note: This may not represent your complete student loan history. Check with all previous institutions you attended for loan information. To see your complete federal loan history, or to learn about federal loan repayment options, go to [studentaid.gov](https://studentaid.gov).

25 FILTER EXCEL PDF

Aid Year	Term	Campus	Description	Aid Type	Accepted	
2018-2019	Spring 2019	UMNTC	Fed W-S Comm Serv Off Campus	Work/Study	\$1,750.00	?
2018-2019	Spring 2019	UMNTC	Federal Direct Subsidized Loan	Loan	\$1,410.00	?
2018-2019	Spring 2019	UMNTC	Federal Pell Grant	Grant	\$3,047.00	?
2018-2019	Spring 2019	UMNTC	Federal SEOG Grant	Grant	\$300.00	?
2018-2019	Spring 2019	UMNTC	MN State Grant	Grant	\$3,118.00	?
2018-2019	Spring 2019	UMNTC	U Promise Scholarship	Grant	\$1,067.00	?



# Debt Repayment Philosophies

- Strategies for repaying debt
  - Snowball vs. Avalanche
  - Work toward loan forgiveness, where applicable
- Investing vs. paying down debt vs savings
  - Emergency fund and pay bills
  - Balance
- It's all a personal choice - if you're doing any of this, you're doing great!

# Questions?



# Contact Information

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