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Managing Money 101

03.16.2009 | Students

It's always good to spend money wisely, but even college students with high grade point averages might need extra instruction in financial literacy if they want to succeed.

"In this time of economic uncertainty, it's more important than ever for students to manage their money wisely," said Kathy McEuen Harmon, executive director of financial aid and student success at the University of Dayton. "Finance is often a factor when students have to drop out or defer plans for finishing school."

McEuen Harmon said students must juggle student loans, credit card accounts and daily living expenses, often with limited previous experience in money management, both while they're enrolled and after they graduate.

It's a national problem. According to a 2008 survey by the JumpStart Coalition for Personal Financial Literacy, a majority of high school seniors in the U.S. failed a test on basic personal finance.

Today's students are in a tight financial crunch, according to author and University of Dayton economics professor Ralph Frasca who teaches personal finance. He said students see the current economic problems swirling around them but don't really know the best ways to manage their money.


- **Get to know your expenses by keeping a financial journal.** To save money, students must first recognize where it's going. Keeping a record of expenditures, even if just for a few days, helps people realize they're often spending more than they need to, Frasca said.

- **Avoid ATM fees and keep up with debit accounts.** Each time students withdraw money from an ATM, they can lose up to $3. That adds up over time and can result in a serious loss of money. Frasca also said students often forget how much they have in their checking accounts. Many times they'll take out more than they have and will be charged an expensive overdraft penalty.

- **Pay off credit cards each month.** Students should try to limit their credit card debt as much as possible for one major reason: the first year out of college is expensive. Travel, new apartment fees, furniture, insurance — new graduates have enough to worry about without having a heavy credit card debt from college.

- **Shop for student loans early.** With a struggling economy, the next academic year is going to crunch students more than ever. Frasca said banks may have fewer funds available for loans, so shop early.

- **Don't ever go without health insurance.** Students who don't get jobs immediately after graduation should invest in a temporary policy for major medical coverage. Students whose parents' insurance no longer covers them should inquire about temporary insurance at schools. Always stay insured in case of emergencies, Frasca said.

Frasca said he's found that most students do care about finances and are aware of how important it is to stay on top of their money.

"I know how to manage money," said Alex Bishop, junior mechanical engineering major. "I just don't spend more than I have. But it's almost like that's not good enough. It's not that simple. I worry about not getting a job after graduation. How will I pay off those loans?"

Frasca has noticed many students feel similar fears and pressure. Because of the tight hiring environment, the jobs they accept after college may not be their first choices. But any job is better than no job, he said, and the market will get better.

"Students should remain hopeful," Frasca said. "Things will finally turn around and change. Once the economy picks up, students won't struggle so much financially, companies will be hiring again and students can reach for their dream jobs."

In addition to the personal finance class, which is open to all students regardless of their majors, the University of Dayton's new
Office of Student Success is providing more information to students to help them become financially literate and better money managers.

That's important for any college student, but in tough financial times when funds are scarce, it could mean the difference between staying in school or leaving before graduation, McEuen Harmon said.

McEuen Harmon said the University is also boosting students' financial education by providing print and digital versions of *Young Money* magazine at no charge.

Geared to young people, and written primarily by student journalists, *Young Money focuses* on helping students overcome financial challenges through planning personal finances, career development, entrepreneurship and higher education.

McEuen Harmon said the copies of the monthly magazine will be available around campus and students will also receive monthly money tips via e-mail.

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