Financial Literacy
Maximize Your Financial Potential & Independency

CUNY New York City College of Technology
Five “W” & “How”

- **WHAT** is financial literacy
- **WHO** will benefit
- **WHEN** is the time to learn
- **WHY** is it important to know
- **WHERE** can you get access to resources
- **HOW** can you improve your financial capability
What is Financial Literacy?

The ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being. (2008 Annual Report, President’s Advisory Council on Financial Literacy)
What is Financial Literacy?

Our Purposes:

- Improve financial capability among students
- Empower students with knowledge and skills to make sound decisions related to **budgeting**, **borrowing**, and loan **repayment strategies**
- Help current students identify and meet their academic and financial goals
- Promote awareness and linkage to relevant resources in the community
Who will benefit?

Current Students

- Learning to manage money wisely
- Preparing to make financial and career-related decisions
- Financial planning to live independently
Who will benefit? (cont.)

Former Students:

• Choosing optimal student loan repayment options and avoiding student loan default
• Using credit responsibly and building strong credit score
• Saving and investing to build wealth
Who will benefit? (cont.)

Prospective Students:

• Saving for college

• Comparing and selecting the types of financial aid, scholarships and other alternatives

• Understanding likely full cost of education, total expected debt and monthly loan payments for different amounts of time to degree
When is the time to learn?

Take control of your personal finances *right now!*
Why is it important to know?

- To enhance personal financial security for today and for the future.
- To avoid financial trouble and overwhelming debt.
Student Debt Is UP & UP!

As of June 30, 2016

- $1.26 trillion in total U.S. student loan debt
- 43.3 million Americans with student loan debt
- Student loans delinquency rate of 11.1%
- The average Class of 2016 graduate has $37,172 in student loans debt, 6% up from about $35,000 last year

Source: Federal Reserve Bank of New York/FRBNY HHDC_2016Q2
How can you improve your financial capability?

- Manage Borrowing
- Understand Budgeting
- Learn Loan Repayment Strategies
Borrowing for College Financing

- Federal and State Grants and Loans
- Scholarships
- Alternatives

*Consider Grants and Scholarships first*
Federal and NYS Grants vs. Loans

<table>
<thead>
<tr>
<th><strong>GRANTS</strong></th>
<th><strong>LOANS</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Money you DO NOT have to repay</strong></td>
<td><strong>Money that MUST be repaid with interest</strong> (usually beginning 6 months after your graduation date, leaving school or enrolling in less than 6 credits/semester)</td>
</tr>
<tr>
<td>• Federal Pell grant</td>
<td>• Federal Perkins Loan</td>
</tr>
<tr>
<td>• Federal Supplemental Educational Opportunity Grants (FSEOG)</td>
<td>• William D. Ford Federal Direct Loan (Subsidized, Unsubsidized, PLUS – for Parents)</td>
</tr>
<tr>
<td>• Tuition Assistance Program (TAP)</td>
<td>• Private/Alternative Loans (Discover etc.)</td>
</tr>
<tr>
<td>• Aid for Part-time Study (APTS)</td>
<td></td>
</tr>
<tr>
<td>• Part-Time TAP</td>
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</tbody>
</table>

Learn more from the financial aid website at [http://www.citytech.cuny.edu/financial-aid/](http://www.citytech.cuny.edu/financial-aid/)
Scholarships

Student can learn and apply for different scholarships at the Office of Scholarships and Residency Service (N/G 09)

For more information, please go to http://www.citytech.cuny.edu/scholarships/
Alternatives

- Personal Saving
- Spousal or family support
- Federal Work-Study Program (need-based)
- Work on campus/community
Budgeting

- Determine your source of income
- Identify where your money goes
- Make a list of your income and expenses
## Budgeting (cont.)

<table>
<thead>
<tr>
<th>Incoming/Borrowing</th>
<th>Spending</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants</td>
<td>Tuition &amp; Fees</td>
</tr>
<tr>
<td>Scholarships</td>
<td>Books &amp; Supplies</td>
</tr>
<tr>
<td>Work-study</td>
<td>Rent &amp; Utilities</td>
</tr>
<tr>
<td>College Savings Plan</td>
<td>Food &amp; Groceries</td>
</tr>
<tr>
<td>Family Assistance</td>
<td>Transportation</td>
</tr>
<tr>
<td>Individual Income</td>
<td>Clothing &amp; Entertainment</td>
</tr>
<tr>
<td>Loans</td>
<td>Medical &amp; Insurance</td>
</tr>
<tr>
<td></td>
<td>Loan Costs</td>
</tr>
</tbody>
</table>
Budgeting (cont.)

**Fixed & Variables**
Prioritize fixed expenses = tuition & fees, rent, utilities, phone, internet etc.

**Needs**
“*I must have*”
Essentials, basics
Food, housing, transportation etc.

**Wants**
“I would like to have”
Non-essentials
Eating out, movie, latest smartphone etc.

**Spending**
Budgeting (cont.)

Incoming
Wages/Salaries
Family support
Savings
Others

+ Borrowing
Grants
Scholarships
Loans

= Money
“In”
Budgeting (cont.)

Saving
- At least 10% of income
- Pay yourself first
- Establish and keep an emergency fund

Spending
- Tuition & Fees
- Books & Supplies
- Housing
- Transportation
- Food & Clothing
- Entertainment

Money “Out”
Budgeting (cont.)

Balancing Act

- Borrowing only to pay for tuition, fees & books
- Income to pay for saving & spending
## SAMPLE BUDGET PLAN

### A. “IN” $

<table>
<thead>
<tr>
<th>INCOME/BORROWING</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Wage &amp; Salary</td>
<td></td>
</tr>
<tr>
<td>Family Support</td>
<td></td>
</tr>
<tr>
<td>Grants/Scholarships</td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
</tbody>
</table>

\[ A = \$ \]

### B. “OUT” $

<table>
<thead>
<tr>
<th>SAVING</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Emergency Fund (10%)</td>
<td></td>
</tr>
<tr>
<td>Loan Repayment Fund</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
</tbody>
</table>

\[ B = \$ \]

### C. “SPENDABLE” $

\[ C = A - B \]

\[ C = \$ \]

### D. “TOTAL SPENDING” $

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition &amp; Fees</td>
<td></td>
</tr>
<tr>
<td>Books &amp; Supplies</td>
<td></td>
</tr>
<tr>
<td>Rent/Utilities</td>
<td></td>
</tr>
<tr>
<td>Phone/Internet</td>
<td></td>
</tr>
<tr>
<td>Transportation/Car</td>
<td></td>
</tr>
<tr>
<td>Food/Groceries</td>
<td></td>
</tr>
<tr>
<td>Entertainment</td>
<td></td>
</tr>
<tr>
<td>Personal Items</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
</tbody>
</table>

\[ D = \$ \]

### E. “FINANCIAL HEALTH”

\[ E = C - D \]

\[ E = \$ \]
Budgeting (cont.)

Improve your money behaviors

- Pay bills and credit cards payment in full and on time
- Minimize borrowing (Loans) – Pay educational cost only
- Establish an emergency fund (min 10% of income) to increase your income
- Review and adjust your spending habits if financial health (E) is negative
Student Loan Repayment Strategies

How much have you borrowed?

- Retrieve a summary of all your FAFSA issued federal student loans at the National Student Loan Data System (NSLDS) site www.nslds.ed.gov/nslds_SA

- Contact your loan servicer listed on your NSLDS report
Exit Counseling and Repaying loans

- Participate in mandatory exit counseling at [www.studentloans.gov](http://www.studentloans.gov) when you are graduating, leaving school, or enrolling in less than 6 credits per semester

Functions of exit counseling

- Educate rights and responsibilities on loan repayment
- Provide information on grace period (avg. 6-9 months), loan terms & conditions, payment methods & options etc.
Repayment Strategies (cont.)

Reminders when completing exit counseling:

• Have your FAFSA PIN # (4 digits) and/or ECSI PIN # (5 digits) ready, in addition to your account # and college code

• List City-Tech as your current school of attendance

• Select to send your Borrower Rights & Responsibilities Summary Check list electronically to the Department of Education

• An administrative **STOP** will be placed on your records if you fail to complete the online exit counseling session

For further information: Contact ECSI at (888)549-3274 or the college’s Perkins Loan Office at (718)473-8970
Repayment Strategies (cont.)

How much do I need to pay?

- Your monthly student loan payment depends on the type of loan you received, how much money you borrowed, the interest rate on your loan, and the repayment plan you choose.

- Use loan payment calculator at [www.studentloans.gov](http://www.studentloans.gov) to get an idea of what repayment schedule might be.
Repayment Strategies (cont.)

Repayment Options

- Standard Repayment Plan – fixed amount for 10 years, $50 minimum payment per month
- Graduated Repayment Plan – start with lower payments, then payments increase over the life of the loan
- Extended Repayment Plan (must have minimum of $30,000 loan debt) – offers fixed or graduated payments over longer period of time – up to 25 years, loans must have been disbursed on or after 10/07/1998
Repayment Strategies (cont.)

- Income-Sensitive Repayment (ISR) – monthly loan payment is based on your annual income (FFELP borrowers only)

- Income Contingent Repayment (ICR) – monthly loan payment is based on annual income, your family size, and total amount of Direct loans (Direct loan borrowers only)

- Income-Based Repayment (IBR) Plan

- Pay As You Earn Repayment Plan

www.studentaid.ed.gov/repay-loans/understand/plans
Repayment Strategies (cont.)

What happens if I don’t pay my student loan back?

- Borrowers who *default* on their student loans are reported to credit bureaus, so your credit rating and future borrowing ability will be negatively impacted. In addition, legal action can be taken to require payment through garnishment of wages and withholding of tax refunds.

For more information:

Repayment Strategies (cont.)

Achieve Repayment Success (Avoid Default)

- Set up a budget to help you plan your saving and spending (Refer to Sample Budget Plan)
- Pay off credit cards before you enter loan repayment
- Prepare at least 3 months of payments before you enter repayment cycle
- Get in touch with your Loan Servicer/Lender if you have financial trouble making payments (You can find the contact information for your loan servicer at NSLDS https://www.nslds.ed.gov/nslds_SA)
Repayment Strategies (cont.)

- Questions regarding your loan – loan repayment, loan consolidation, deferment & forbearance, forgiveness/cancellation/discharge, understanding default etc. – speak to a Financial Aid Counselor at Financial Aid Office (Namm G-13/718-260-5700)
Credit Card Use **Smart**

Types of credit cards

- Bank Card (MasterCard, Visa)
- Retail store Card (Macy’s, Barnes & Nobles)
- Charge Cards (Travel & Entertainment Card – American Express)
Credit Card Use *Smart* (cont.)

*Why’s* of using credit card

- Convenient
- Increase purchasing power
- Back up and emergency
- Establish and build credit
Credit Card Use **Smart** (cont.)

Drawbacks of credit card use

- High interest rates and fees charge for late payments
- Negative impact on credit history and credit score – improper use of credit card, spending over the limit, late payments
- Lead to extra debts
- Cause emotional, school and financial stress
- Encourage impulsive and excessive buying
Credit Card Use Smart (cont.)

Is this credit card right for you?

- Features, Terms & Conditions
- Grace period
- Interest rates & financial charges
- Credit limit
- Minimum payment
- Fees (late payment, over the limit, annual fees)
Credit Card Use Smart (cont.)

Credit Card and Credit Score (FICO)

- Credit score is a number that summarizes your credit risk, based on a snapshot of your credit report at a particular point in time. A credit score helps lenders evaluate your credit report and estimate your credit history (myFICO)

- How a FICO score breaks down

- Order a credit report www.annualcreditreport.com
Credit Card Use Smart (cont.)

Tips to avoid credit card debt (= to better FICO score)

• Charge **only** what you can afford

• Send your payment on time and pay in full = Avoid late fees

• Avoid high interest rate (balance transfer, cash advance)

• Limit the number of credit card use (one or two)

• Pay attention to the credit card terms & conditions

• Schedule an appointment with a credit counselor for financial counseling at [http://www1.nyc.gov/site/dca/consumers/get-free-financial-counseling.page](http://www1.nyc.gov/site/dca/consumers/get-free-financial-counseling.page)
Where can you get access to information and assistance?

Informational Websites

NYC Office of Financial Empowerment

- Provides free individual counseling, educational classes and workshops to help you take control of your debt, deal with debt collectors, improve your credit, create a budget, open a bank account, start an emergency fund, save and plan for your future.

http://www1.nyc.gov/site/dca/consumers/get-free-financial-counseling.page
Resources

- New York State Higher Education Service Corporations (HESC)  
  http://www.hesc.ny.gov/content.nsf
- Federal Student Aid  
  www.studentaid.ed.gov
- Consumer Financial Protection Bureau (CFPB)  
  www.consumerfinance.gov/students
- Student Loan Borrower Assistance (SLBA)  
  www.studentloanborrowerassistance.org
- Money Matters @ Financial Literacy Central  
  http://www.nypl.org/help/getting-oriented/money-matters-flc
- 360 Degrees of Financial Literacy  
  http://www.360financialliteracy.org/
- Edvisors  
  www.edvisors.com
- My FICO  
  www.myfico.com
Resources

Personal Finance Planning Tools

• Mint [www.mint.com](http://www.mint.com)
• Smart About Money [www.smartaboutmoney.org](http://www.smartaboutmoney.org)
• CashCourse [www.cashcourse.org](http://www.cashcourse.org)
• MyMoney.Gov [http://www.mymoney.gov/Pages/default.aspx](http://www.mymoney.gov/Pages/default.aspx)
Resources

Apps for budgeting

- Mint (iOS, Android)
- Toshl Finance (iOS, Android)
- Left to Spend (iOS)
- Check (iOS, Android)
- Debt Payoff Planner (Android)
Questions & Comments

Please contact:

Department of Financial Aid (Namm G13)
📞 (718)260-5700
departmentoffinancialaid@citytech.cuny.edu

Counseling Services Center (Namm 108)
📞 (718)260-5030