

Personal Economics for College Students

*Philip Laube, CPA
Controller & Senior Finance Manager*



Muskingum College

First Step to Living on your Own

P College for many is first time to be on your own

P Opportunity to learn with a safety net

P Finances, too

P Checking Accounts

P Credit Cards



Checking Accounts

P Why use them?

- < Safer than cash***
- < Record of your spending***
 - < Taxes***
 - < Verify purchases***



Why do I have to listen to this?



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Checking Accounts

What's changed

P Check 21

- < New law governing how checks are processed*
 - < Signed after 9/11*
- < No more paper transfer – checks clear sooner*
- < No more float?*



Checking Accounts

What hasn't

- P Still need to keep track of how much money you have***
- P Exercise – writing checks in a register***



NUMBER	DATE	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)	v	DEPOSIT/CREDIT (+)	BALANCE
	9/10	Deposit			400 00	400 00
101	9/10	Muskingum Bookstore	259 00			141 00
102	9/10	Shegog's IGA	19 49			121 51
103	9/25	Earl's Pizza	9 50			112 01
104	9/29	Muskingum Parking violation	40 00			72 01
	9/29	Paycheck Deposit			41 20	113 21



Don't forget ATM's

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103	9/25	Earl's Pizza	9 50			112 01
104	9/29	Muskingum Parking violation	40 00			72 01
	9/29	Paycheck Deposit			41 20	113 21
	9/18	ATM	20 00			93 21



“Balancing” the checkbook

Balance per statement	102.71
ADD deposits not shown	
Subtotal	102.71
List checks not shown	
#103	9.50
SUBTRACT checks	93.21



Credit Cards



VISA



P *Two types*

< Debit/Check cards

< Draw right from checking – just like an ATM

< Keep receipts, write in register

< Credit cards

< Buy now, pay later!



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Last Millennium Bank

ACCOUNT NUMBER	PAST DUE AMOUNT	NEW BALANCE	MINIMUM PAYMENT DUE	PAYMENT DUE DATE	WRITE AMOUNT OF PAYMENT
1234 3452 6789 0000	0.00	635.87	19.08	01/06/98	

Please make checks payable to Last Millennium Bank, N.A. Last Millennium Bank, N.A. is the Issuer of this account.
Send top portion of statement with payment in enclosed envelope

LAST MILLENNIUM BANK NA
PO BOX 123456
ZANESVILLE OH 43702-3456



Amy Cardholder
163 Stormont Street
New Concord OH 43762-1199



12345678902234350002560000984564

Address change? Check here
and complete reverse side

For customer service 12 hours a day, call Last Millennium 1-800-555-1234
(Outside U.S.A. call 740-555-6789)

ACCOUNT NUMBER	TOTAL CREDIT LINE	CASH ADVANCE CREDIT LIMIT *	AVAILABLE CREDIT	AVAILABLE POSITION FOR CASH ADVANCES	PAYMENT DUE DATE	CLOSED DATE
1234 3452 6789 0000	5,000	2,000	4,364.13	2,000	01/06/98	12/12/97

CARDMEMBER ACTIVITY SUMMARY

TRANS DATE	POST DATE	REFERENCE NUMBER	MERCHANT NAME OR TRANSACTION DESCRIPTION	AMOUNT
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Address change? Check here
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1234 3452 6789 0000	5,000	2,000	4,364.13	2,000	01/06/98	12/12/97

CARDMEMBER ACTIVITY SUMMARY

TRANS DATE	POST DATE	REFERENCE NUMBER	MERCHANT NAME OR TRANSACTION DESCRIPTION	AMOUNT
11/17	11/18	7441712POSS8Y926IX	MUSKINGUM COLLEGE	372.98
11/17	11/18	244009567UG9037JE	RUBY GARDEN	55.00
11/17	11/19	72B339II90A57316UF	AIM MART	109.17
11/27	11/29	7441720887658JU753I	ELDER PENNEY	98.72

PREVIOUS BALANCE	+ PURCHASES, FEES AND ADVANCEMENTS	+ CASH ADVANCES	+ FINANCE CHARGES	- PAYMENTS AND CREDITS	NEW BALANCE
0.00	635.87	0.00	0.00	0.00	635.87

Send payments to: LAST MILLENIUM BANK NA PO BOX 123456 ZANESVILLE OH 43702-3456

FINANCE CHARGE SUMMARY	AVERAGE DAILY BALNCE CURRENT CYCLE	PREVIOUS CYCLE	DAILY PERIODIC RATE	CORRESPONDING ANNUAL PERCENTAGE RATE	PERIODIC FINANCE CHARGE
PURCHASES	635.87	0.00	.05425%	19.80%	0.00
CASH	0.00	0.00	.05753%	21.00%	0.00

ANNUAL PERCENTAGE RATE	19.80%	TOTAL PENDING FINANCE CHARGE	10.18
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Send account requests to: Last Millenium Bank N.A. P.O. Box 6789, Zanesville OH 47702-6789

* Cash Advance Credit Line is a portion of your total Credit Line

See reverse side for important information including notice about annual renewal

Last Millenium Bank, N.A.

Member FDIN



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How it adds up

P Minimum payment covers interest and very little principal

P So all charges grow

P \$100 a month can max out a \$1,000 credit limit in under a year.

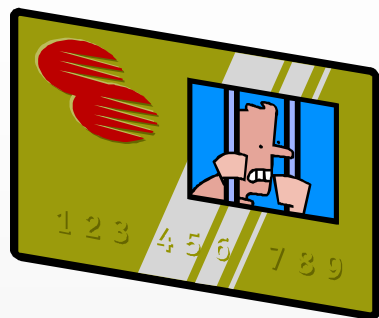


Paying it back

- P Minimum payments will pay off the card***
- P Eventually***
 - P IF stop making new charges***
- P \$5,000 card balance with only min payments***
 - P At 14.8% - Takes 13 Years and \$3,000 in interest***
 - P At 19.8% - Takes 16+ years and \$5,400 in interest***
 - P It's like a one for two deal!***



Undergraduate Credit Card Debt



	Midwest	Nation
% with a credit card	82%	76%
% with 4 or more cards	50%	43%
Avg. credit card debt	\$2,478	\$2,169
% with bal. \$3,000-\$7,000	20%	16%
% with bal. > \$7,000	8%	7%

Source: Nellie Mae, 2005



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What can we do?

P Credit cards are OK if used responsibly

P Build credit

P Safe

P Easy to use

P Simple stuff – no budgeting required

P Know what's in our checkbook

P Know what we're likely to be paid

P Don't spend more than that!

P Make it your goal to always pay off your credit card bill each month



Use Credit Wisely

- § An introductory credit-card interest rate can be a trap.***
- § Avoid having multiple credit cards.***
- § Pay in full every month.***
- § Pay on time.***
- § Avoid cash advances.***
- § Stay within your credit limit.***
- § Review your statements carefully.***





So you're headed for the real world...
ARE YOU READY?



POP QUIZ

Are you financially fit?

CREATE A BUDGET

FINANCIAL CALCULATORS

As easy as 1,2,3

WEB RESOURCES YOU CAN USE

COLLEGE SHOULD BE FUN

Let's keep it that way

Brought to you by
The Ohio Society of CPAs



Financial
Fitness
Ohio

Questions?



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