



Smart Start: A Guide to College Finances

Welcome to our Smart Start:

A Guide to College Finances! Starting college or preparing to graduate can be an exciting yet daunting time, especially when it comes to managing your finances. It's natural to feel a bit overwhelmed as you take on new responsibilities. But with the right tools and guidance, navigating budgeting, credit, saving, and more doesn't have to be scary.

This guide will help you navigate the basics of budgeting, credit, saving, and more, so you can build a strong financial foundation for your future and thrive in your new independent life.

We'll discuss:

- **Chapter 1: Building Your Budget**
- **Chapter 2: Credit 101**
- **Chapter 3: Saving for the Future**
- **Chapter 4: Understanding Student Loans**
- **Chapter 5: Moving Checklist**
- **Chapter 6: Navigating Taxes**
- **Chapter 7: Why a Credit Union is Your Lifetime Partner**
- **Resources**

Building Your Budget

The most crucial skill to master before flying the nest is budgeting. Understanding your income, expenses, and savings goals will help you ensure you're able to cover your monthly expenses and avoid overspending as you transition to independence.

Understanding Income and Expenses

Budgeting starts with knowing how much money comes in, and how much goes out every month. Your income might include part-time job earnings, scholarships, or allowances, while expenses could be anything from rent to coffee runs.

To get started with building your basic budget, categorize your expenses into needs (like rent and groceries) and wants (like entertainment).

Creating a Basic Budget

Now that you have categorized your expenses, you can easily list your monthly income and subtract your fixed expenses (like rent or car payments). Then, you have to subtract from the remaining income your variable expenses, like food and transportation.

What's left is your discretionary spending, which you can use for wants or save for future goals.

Using budgeting apps can help you track your spending easily. Some financial institutions, like [BR Telco](#), offer online and mobile banking apps that can help you track your spending without having to download a third-party app.

Tips for Sticking to Your Budget

Consistency is key to making your budget work. Regularly review your budget and adjust it as needed. If your income increases or your expenses rise, you'll need to make changes to stay on track.

Impulse purchases can be a major threat to any budget. If you feel the urge to buy something you don't need, try setting a waiting period before making the purchase. This will give you time to evaluate whether it's a good decision or if you should reconsider.

Credit 101

What is Credit?

Credit is the ability to borrow money with the promise to pay it back later. Your credit score—a three-digit number that represents your creditworthiness—plays a big role in your financial life. It affects your ability to get loans, rent an apartment, or even land a job.

Building and Maintaining Good Credit

Start building credit by opening a student credit card or becoming an authorized user on a parent's card. When you join BR Telco Credit Union, you have two options to [start building your credit](#):

Starter Visa Gold:

Our starter Visa credit card helps you establish credit when you have little or no credit history.

- **Perfect first credit card when you're just starting out**
 - **\$500 maximum credit limit**
 - **LOW fixed rate**
 - **ZERO transfer or annual fees**
 - **Real-time card controls and alerts**
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Visa Secured:

Our Visa secured credit card helps you build your credit in a safe and responsible way to establish a positive credit history.

- **Build your credit with each swipe**
 - **Credit limit secured by insured deposit, like a savings account**
 - **Use worldwide, online, or in-store**
 - **Real-time card controls and alerts**
 - **Access to valuable financial education resources**
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While both options are excellent for starting to build your credit, we ultimately recommend beginning with the Starter Visa Gold. A Visa Secured card is a good choice if you have savings to use as your credit limit, but with our Starter Visa, you won't need to worry about that.

Using Credit Wisely

Credit is a tool, not free money. Try to pay your balance in full each month to avoid interest charges. If that's not possible, aim to pay more than the minimum due. To keep a healthy credit score, keep your credit utilization (the ratio of your credit card balance to your credit limit) below 30%.

Getting out of debt can be challenging, so it's important to use credit responsibly to avoid financial pitfalls. How you manage your credit in your youth is crucial for maintaining a healthy financial life as you transition to adulthood.

Also, avoid applying for too many credit cards at once, as it can lower your credit score.

Chapter

3

Saving for the Future

Now that you've learned how to set up a basic budget and start building credit, it's time to focus on saving for your future. Setting savings goals and following tips to stay on track are essential steps to ensure you're prepared for both planned and unexpected expenses.

The Importance of Saving

Saving money helps you prepare for emergencies and reach your financial goals. Whether you're dreaming of traveling through Europe or need to cover unexpected car repairs, a healthy savings account is key to making those dreams a reality and handling financial challenges.

It's important to start saving early, even if you can only set aside a small amount each month. Over time, your savings will grow, giving you a cushion for unexpected expenses or new opportunities.

Setting a Savings Goal

First, identify what you're saving for—whether it's a new laptop, a spring break trip, or an emergency fund. Next, determine how much you need to save and by when, then break it down into monthly goals.

Once you know your monthly savings target, automate the process by setting up automatic transfers from your checking to your savings account.

Remember to keep your savings goals realistic and achievable. If you set your goals too high, too quickly, you might get frustrated and give up. Start with manageable targets and adjust as needed to stay motivated.

Tips for Effective Saving

Open an interest-bearing savings account to help your money grow faster. Also, consider using the 50/30/20 rule: allocate 50% of your income to needs, 30% to wants, and 20% to savings and debt repayment. If you receive a windfall, such as a tax refund or birthday gift, try to save at least a portion of it.

At BR Telco, you have a variety of options when it comes to [savings accounts](#):

- **Premier Savings:**

A high yield savings account that lets you earn up to TBD 4.00% APY on balances up to \$50k.

- **Money Market:**

An account that lets you earn higher interest rates than a traditional savings account when you deposit at least \$2,500.

- **Traditional Savings:**

A regular savings account that earns some interest on your deposits without any service fees. This account lets you establish your membership at BR Telco.

- **Christmas Club Saving:**

An account designed to help you enjoy a stress-free holiday season. It lets you save throughout the year and your funds are deposited to your Share account on November 1st.

[Learn More about our Savings Account Options](#)

Understanding Student Loans

Now, let's address the elephant in the room — student loans. They don't have to be intimidating. Once you understand the basics and learn how to manage your loan properly, you'll feel more confident in handling them.

Student Loan Basics

Student loans can be federal or private. Federal loans often have lower interest rates and more flexible repayment options. Understanding your loan terms, including the interest rate and repayment plan, is crucial for managing your debt.

Interest is the cost of borrowing money and is typically expressed as a percentage of your loan balance. The lower your interest rate, the less you'll pay in the long run.

For example, if you borrow \$10,000 at a 5% interest rate over 10 years, you'll pay around \$2,728 in interest by the end of the term, with monthly payments of about \$106. On the other hand, with a 7% interest rate, you'd pay around \$3,933 in interest, with monthly payments of about \$117.

Repayment plans outline how and when you'll pay back the loan. Many student loans offer flexible options, like income-based repayment, where your monthly payments are adjusted based on your earnings. It's important to know your options and choose a plan that fits your financial situation so you can manage your payments without unnecessary stress.

Some of the most common repayment options are:

- **Standard Repayment Plan:**

This is the default plan for federal loans, where you make fixed monthly payments over 10 years.

- **Pros:** You'll pay off your loan faster and pay less interest over time.
- **Cons:** Monthly payments may be higher compared to other plans, which can be challenging if you're just starting out in your career.

- **Income-Based Repayment (IBR):**

Payments are capped at 10-15% of your discretionary income, with any remaining balance forgiven after 20-25 years.

- **Pros:** Payments are affordable and adjust based on your income, which is helpful if your earnings fluctuate.
- **Cons:** You'll likely pay more in interest over time since the repayment period is longer.

- **Graduated Repayment Plan:**

Payments start low and increase every two years over a 10-year period.

- **Pros:** Lower payments in the beginning make it easier to manage right out of college.
- **Cons:** You'll pay more in interest over the life of the loan due to the lower initial payments.

There are many other repayment options, and all of them have pros and cons. Regardless of the option you choose, it's important to fully understand what you're getting into so that you can make the decision that makes the most sense for you.

Managing Your Loans

It's important to be aware of whether interest is accruing while you're still in school, as it can significantly impact how much you owe when you start repayment.

1. Subsidized Federal Loans:

With **Direct Subsidized Loans**, the U.S. Department of Education covers the interest while you're in school at least half-time, during your grace period (typically six months after you leave school), and during deferment. So, **no interest accrues while you're in college.**

2. Unsubsidized Federal Loans:

For **Direct Unsubsidized Loans**, interest **does accrue while you're in college**, during the grace period, and during deferment. If you don't pay the interest while you're in school, it will be added to your principal balance (capitalized) when you start making payments.

3. Private Loans:

Most **private student loans** also accrue interest while you're in college, but this depends on the lender's terms. Typically, interest either accrues during school, or you may have the option to make interest-only payments while you're still in school to reduce the overall cost.

While in school, consider making interest-only payments on your loans to reduce the total amount you owe after graduation. Keep track of your loans using the National Student Loan Data System (NSLDS) for federal loans or your lender's portal for private loans.

Paying Off Student Loans

When you graduate, you'll have a grace period before repayment begins. Use this time to find a job and create a budget that includes your loan payments. Consider using an income-driven repayment plan if your loan payments are high relative to your income. If possible, pay more than the minimum payment to reduce your debt faster.

Moving Checklist

We all think we don't have that much stuff—until it's time to move! Moving can feel overwhelming with so many details to manage, but with proper planning, it can be a breeze. Here are some of the things you need to take into consideration when moving.

Keeping Your Financial Institution in the Loop

When you move, it's important to update your address with your financial institution to ensure you receive all important documents and notifications. At BR Telco, you can easily change your address on the go using your laptop or smartphone — no need to stop by a branch! Also, consider [setting up eStatements](#) to avoid mail delays.

Budgeting for Your Move

Moving can be costly. Create a budget that includes all moving-related expenses, such as packing supplies, moving trucks, and security deposits. If possible, save ahead of time to cover these costs without dipping into your regular budget.

Below, we've put together a list of the most common moving-related expenses to help you get started:

Take the checklist with you!

Download our complete checklist to keep track of your progress and enjoy the satisfaction of crossing off each item as you complete it.

Take the checklist with you!

For on-campus living:

Packing Supplies Checklist:

- Boxes (consider reusable bins to save money and space)
- Packing tape
- Bubble wrap or newspaper for fragile items
- Labels and markers for organization

Transportation Checklist:

- Moving truck rental (or van, depending on how much you need to move)
- Gas for transportation
- Tolls or parking fees (if applicable)
- Travel expenses for yourself (e.g., public transportation, rideshares, or airfare if moving long distance)

Residential Checklist:

- Campus fees (e.g., parking permit, access cards)
- Meal plans (if applicable)
- Laundry expenses (coins for machines or laundry cards)

Furnishings & Essentials Checklist:

- Bedding (sheets, pillows, comforter)
- Bathroom essentials (towels, toiletries)
- Personal items (clothes, school supplies)

Miscellaneous Checklist:

- Renter's insurance (optional but recommended for personal belongings)
- Basic cleaning supplies (disinfectants, trash bags)

For off-campus living

Packing Supplies Checklist:

- Boxes (consider reusable bins to save money and space)
- Packing tape
- Bubble wrap or newspaper for fragile items
- Labels and markers for organization

Transportation Checklist:

- Moving truck rental (or van, depending on how much you need to move)
- Gas for transportation
- Tolls or parking fees (if applicable)
- Travel expenses for yourself (e.g., public transportation, rideshares, or airfare if moving long distance)

Residential Checklist:

- Security deposit (typically up to one month's rent, depending on your credit)
- Administrative fees (e.g. application fees, background check)
- First month's rent (or pro-rated if moving mid-month)
- Renter's insurance (some landlords require it; protects your belongings)
- Key deposit or fob fee (for building access)



Utilities & Services Checklist:

- Energy supply (electricity, gas)
- Water and sewage (if not included in rent)
- Internet setup and monthly fees
- Cable or streaming subscriptions
- Trash/recycling services (if not included in rent)

Furnishings & Essentials Checklist:

- Bed and bedding (sheets, pillows, comforter)
- Basic furniture (desk, chair, small table, lamps)
- Kitchen supplies (plates, cups, utensils, pots, pans)
- Cleaning supplies (broom, mop, disinfectants, trash bags)
- Bathroom essentials (shower curtain, towels, toiletries)

Miscellaneous Checklist:

- Parking permit (if you'll have a car on campus)
- Campus housing fees (if applicable)
- Meal plans or grocery setup (stocking up on basics)
- Laundry supplies (detergent, laundry bags)

Essential Updates

Update your address not only with your financial institution but also with your employer, insurance providers, and any subscriptions. Don't forget to transfer or set up utilities and internet service at your new place.

Navigating Taxes

Let's face it: talking about taxes isn't exactly thrilling. However, understanding the basics and knowing where to find helpful resources can make the process a lot smoother. As you navigate your college finances, being tax-savvy is an important skill that can save you money and stress down the road.

Filing Your Taxes

Most students will need to file a federal income tax return. Gather your documents, such as W-2 forms from your job, and use tax software like [IRS Free File](#), TurboTax, or H&R Block to file. Many schools offer free tax help through the [Volunteer Income Tax Assistance \(VITA\) program](#).

Tax Deductions and Credits

Students may qualify for education-related tax credits, like the American Opportunity Credit or the Lifetime Learning Credit. You might also be able to deduct student loan interest or certain education expenses. Be sure to explore these options when filing your taxes.

Tax Filing Tips

To make your tax filing process smoother, keep these tips in mind:

- **Start Early:**

Don't wait until the last minute to gather your documents and file.

- **Double-Check Your Information:**

Ensure all your personal details and numbers are accurate to avoid delays or issues.

- **Take Advantage of Free Resources:**

Utilize your school's tax assistance programs or online tools to save money on filing costs.

- **Keep Records:**

Save copies of your filed returns and any supporting documents for at least three years in case of an audit.

Why a Credit Union is Your Lifetime Partner

Getting the right support and guidance is key when you're transitioning to independence. Credit unions are great at offering personal help to answer your questions and guide you through your financial journey. Plus, despite what some people might think, credit unions today offer all the modern conveniences you'd expect—like online and mobile banking—just like the big banks do.

Credit Unions vs. Big Banks

Credit unions like BR Telco are member-owned, not-for-profit institutions that put you first. Being not-for-profit means we're not here to make money for shareholders—instead, we give our profits back to you through better rates on loans and savings accounts, lower fees, and more personalized service than you'd get at a big bank.

At BR Telco, we're built by members, for members, so you can benefit from competitive rates and lower fees. Everything we do is about giving you the financial tools you need to thrive.

BR Telco Offerings

Whether you're a student or a recent graduate, having a financial partner who gets what you need makes all the difference. At BR Telco, we offer free financial education and counseling to help you make smart choices and get where you want to be financially.

Our financial experts are here to guide you with five-star service, answering your questions and helping you tackle any challenges that come your way.

Last but not least, we have products and services designed just for you—like free checking accounts with no minimum balance and loans with competitive rates. We're here to make managing your money simple and to support you on your financial journey.

Lifetime Partnership

As you move through different stages of life—graduation, starting a career, buying a home— BR Telco will be with you every step of the way. We're committed to helping you achieve your financial goals, no matter where life takes you.

Conclusion: Take Charge of Your Financial Future

Congratulations on taking the time to learn about managing your finances! In this guide, we've covered everything from building a solid budget, understanding credit, and saving for the future, to navigating student loans, moving logistics, and even tackling your taxes. These are important steps in building a strong financial foundation and transitioning smoothly into independence.

What's next?

Now that you have a better understanding of how to manage your finances, it's a great time to open a checking and savings account with your lifetime partner, BR Telco.

You can open a savings account online with just a few clicks and gain access to all our member benefits—including free checking accounts, low fixed rate credit cards for members with little or no credit history, competitive rates on loans, free financial tools, education, and personalized support.

If you have any questions or need more guidance, our team is always here to help. Give us a call at 225.924.8900 or [visit a branch near you](#).

Open your account today to get started on your financial journey—we're excited to be part of your success story!

[Open an Account](#)

Resources

- **Budgeting Tools:**

Use these tools to easily plan, track, and manage your income, expenses, and savings goals

- **Budget Calculator:** Calculate how much you can save based on your monthly income and expenses.
- **Car Affordability Calculator:** Determine how much car you can afford based on your ideal monthly and down payments.

- **Credit Resources:**

Access websites and tools for checking credit scores and learning about credit.

- **Credit Scores and Reports:** Learn how to monitor and understand your credit score.
- **Annual Credit Reports:** You can request one free credit report each year per agency here.

- **Moving Checklists:**

[Download this checklist](#) to stay organized and cover all your bases during your move.

- **Savings Calculator:**

Determine how much you need to save each month to reach your next big goal with this [savings goal calculator](#).

- **Free Online Courses:**

Our [Thrive program](#) is your path to financial success. We recommend completing our "Financial Independence" playlist, which covers different short mini-courses such as checking accounts and picking a personal finance app.

- **Student Loan Resources:**

Links to government sites and tools for managing student loans.

- **Federal Student Aid Programs:** Learn about available financial aid.
- **Types of Federal Student Loans:** Explore different loan options for students.
- **Financial Aid Toolkit Resources:** Access resources to help navigate financial aid.

- **Tax Resources:**

Access these helpful tools and programs to make tax filing easier and ensure you maximize your deductions.

- **IRS Free File:** File your federal taxes online for free.
- **Volunteer Income Tax Assistance (VITA) program:** Get free tax help from trained volunteers.