



more than **B&CUT**  
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# HOW TO BE A FINANCIALLY STABLE ADULT



INSPIRING STUDENTS TO LEARN

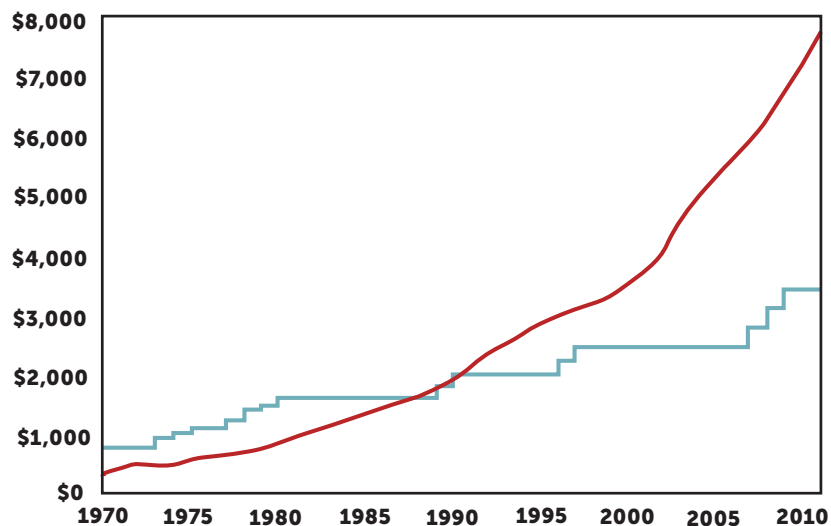
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# TUITION COSTS HAVE SKYROCKETED

Students can no longer pay for college with summer or part-time jobs.

■ Average tuition and fees — 4-Year U.S. public universities **vs**  
 ■ Minimum-wage summer earnings — 12 weeks @ 40 hours/week

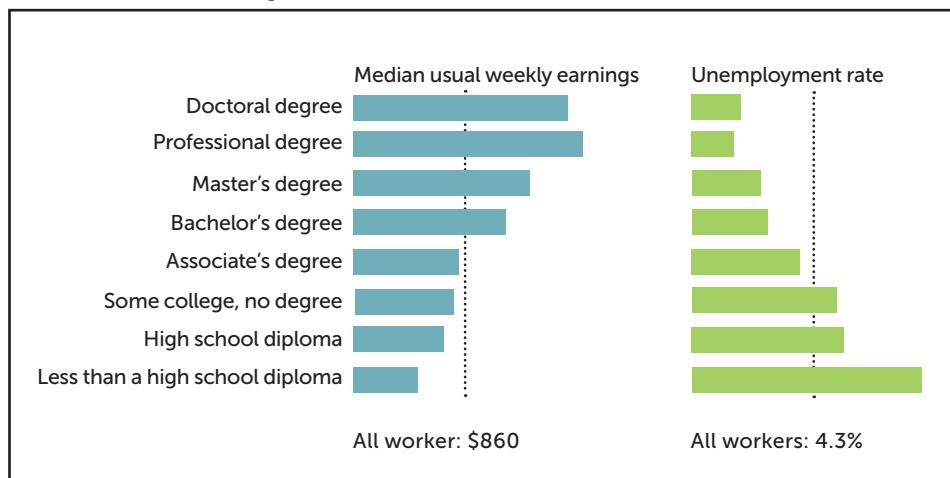


Source: BuzzFeed, via the National Center for Education Statistics, Department of Education (college costs); Department of Labor (minimum wage). Note: The data in this chart assumes no wages are withheld for taxes, benefits, etc., and it also doesn't account for financial aid or student loans. It uses the most generous federal minimum wage as of July 1 for each year.

**But getting an education is still the best way to set yourself up for success!**

Really. With a college education you'll earn more and be less likely to be unemployed.

## Earning and unemployment rates by educational attainment, 2015



Note: Data are for persons age 2 and over. Earnings are for full-time wage and salary workers. Source: U.S. Bureau of Labor Statistics, Current Population Survey

“ **An investment in knowledge always pays the best interest.** ”  
*Benjamin Franklin*

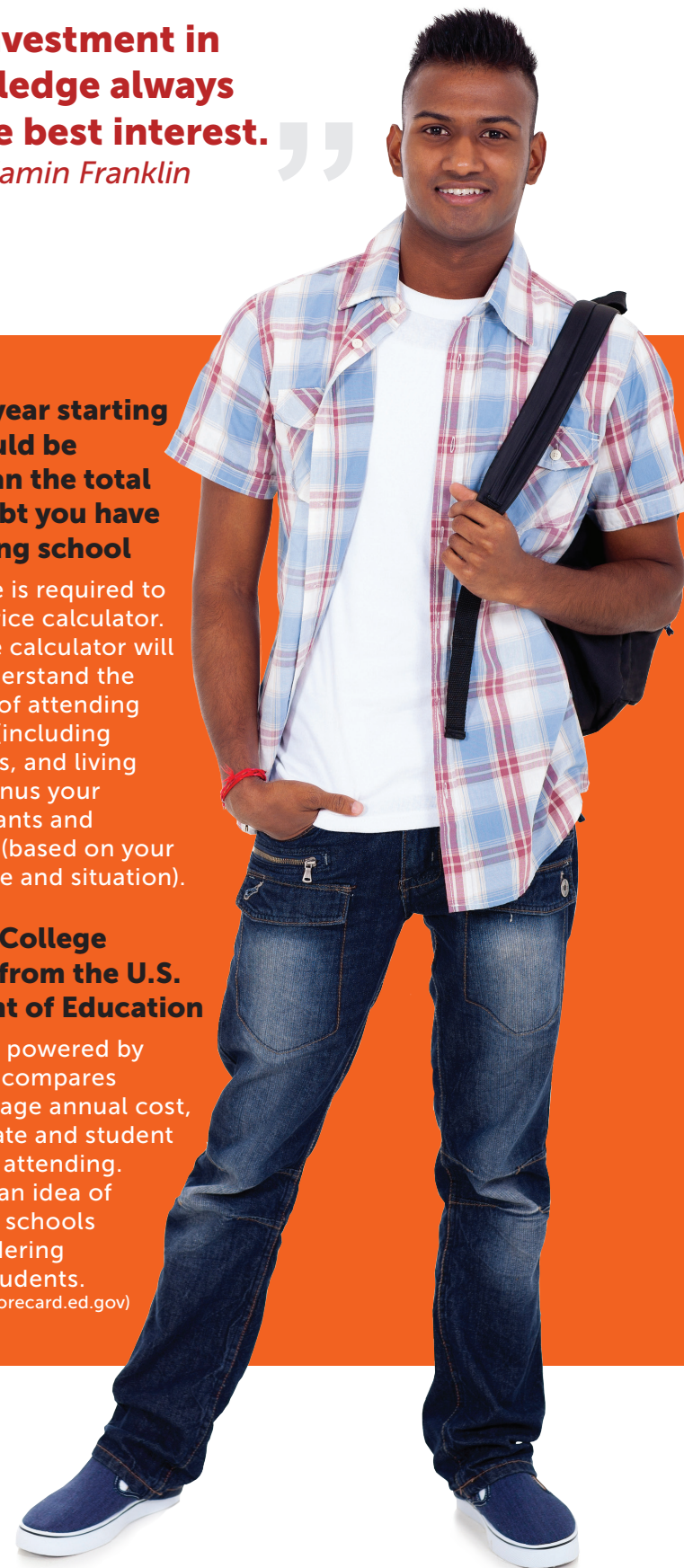
### QUICK TIPS

**Your first-year starting salary should be greater than the total student debt you have upon leaving school**

Every college is required to offer a net price calculator. The net price calculator will help you understand the TOTAL price of attending that college (including tuition, books, and living expenses) minus your estimated grants and scholarships (based on your family income and situation).

**Check out College Scorecard from the U.S. Department of Education**

This website, powered by federal data, compares schools' average annual cost, graduation rate and student salaries after attending. It'll give you an idea of how well the schools you're considering serve their students.  
 (<https://collegescorecard.ed.gov>)



# HOW TO PAY FOR IT

## Grants and scholarships

These don't have to be paid back! Apply for grants and scholarships through the FAFSA, your high school and your college. Apply for private scholarships based on your GPA, gender, ethnicity or interests.

## Work-study earnings

You may be awarded money dependent on you working a certain number of hours at qualifying jobs at your school. Sometimes, however, students are given work-study and then schools run out of jobs (yeah, this sucks and shouldn't happen). Ask your school how they handle this.

## Savings

Do you and/or your family have money saved to pay for your education? Use it. Your education is an investment in your future career and your ability to earn money down the road.

## Public student loans

These have to be paid back with interest. Take public student loans before considering private loans – their terms are generally better. Rates may be lower, they'll be more flexible if you can't pay for a while due to job loss or unemployment, and you may qualify for loan forgiveness if you work in public service.

- Public subsidized loans. Interest doesn't start adding up on these while you're in school.
- Public unsubsidized loans. Interest on these will start while you're in school – but their rates are probably still better than private loans!

## Private loans

Take private loans last. They're likely to be the most expensive, with the least flexibility.

### School vs. Cost

1. Choose schools with good outcomes for students (college scorecard).
2. Know the total cost of school before you apply (net price calculator).
3. Estimate your federal aid through FAFSA (net price calculator).
4. Adjust your plan so debt is below starting salary.
5. Know your future starting salary (payscale.com).
6. Calculate how much in loans you'll need. Include living expenses (net price calculator).



### QUICK TIPS

#### Review your financial aid award letter and only accept what makes sense to you!

Depending on your family's income, you may be offered a mix of some or all of the above. Decide what aid you want to accept—it's entirely up to you—and remember, all loans will have to be paid back with interest. You can always take out student loans later if you decide you need them.

#### Fill the FAFSA out. Apply on October 1.

It can only help. And it's **FREE!** Every student should fill out the free Federal Application for Student Aid (FAFSA)! This government fund provides more than \$150 million in grants, work-study funds and public loans each year on a first-come, first-served basis. Apply early. Opens October 1.

## Here's the situation

Your parents make \$50,000 annually between them. You're the only kid in the family headed to college. When you figure out expenses and deductibles, their taxable income is \$22,200 and the tax they owe is \$2,888. What does that mean for you and your college expenses?

### STICKER PRICE: PUBLIC IN-STATE UNIVERSITY

Annual Student Budget for Washington Residents 2015–16

	Lives Away from Home	Lives with Parents	Non-Traditional
<b>ACADEMIC EXPENSES</b>			
Tuition & mandatory fees	\$11,839	\$11,839	\$11,839
Books & supplies	\$1,206	\$1,206	\$1,206
<b>LIVING EXPENSES</b>			
Housing & food	\$11,310	\$3,555	\$14,625
Personal expenses	\$2,265	\$2,265	\$1,296
Local transportation	\$414	\$414	\$1,296
<b>TOTAL</b>	<b>\$27,034</b>	<b>\$19,279</b>	<b>\$30,262</b>

## Your net price calculation

\$27,034	Cost of attendance
\$16,491	Estimated grants and/or scholarships
\$10,543	Estimated net cost

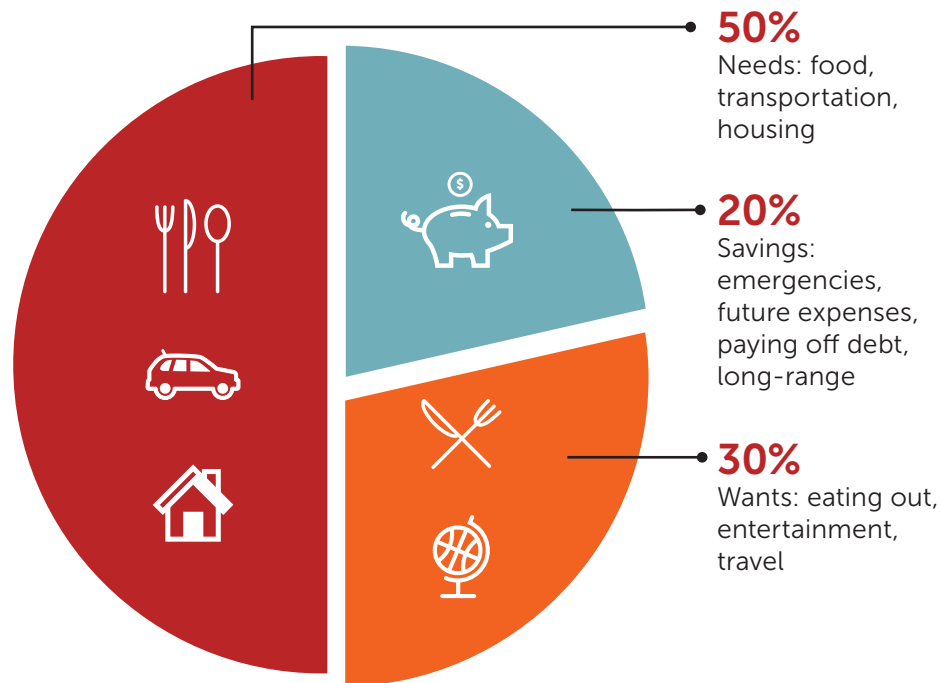
## Public In-State University

Net price 1 year	\$10,543
Net price 4 years	\$42,172 (not including increase in tuition)

## Career as a Teacher

Starting salary	\$51,425
Median salary	\$67,479
Amount needed for UW	\$42,172
Work during school breaks	-\$10,000
Paid internship	-\$1,000
Save on books	-\$500
Total Needed to Borrow	\$30,672 ← Starting Salary \$51,425

# HOW TO LIVE WITHIN YOUR MEANS



**47%** Say they wouldn't be able to come up with \$400 in an emergency (2013 Federal Reserve Board Study)



**\$637** Average cost to replace your car's tires



**\$580–700** Average cost to you if your health insurance covers your ER visit. Common reasons for ER visits: chest pain, fainting, headaches, injuries, respiratory problems, stomach pain, urinary tract infections

## Good news!

The number-one metric of financial health is whether you have a plan. Yep. That's it. Just paying attention and making conscious decisions. Some of those decisions might be wrong from time to time – but if you have a plan, you will still be in the "Most Likely to Succeed" category.

Source: "All Your Worth: The Ultimate Lifetime Money Plan," by Sen. Elizabeth Warren and Amelia Warren Tyagi

## REALITY CHECK – CAN YOU HACK IT IN THE REAL WORLD?

Make your choices and enter them on the monthly expenses worksheet.

Careers	WAREHOUSE WORKER	TEACHER	LAWYER	
	\$1,728 Total Monthly Income \$0 Student Loan	\$2,696 Total Monthly Income \$715 Student Loan	\$4,132 Total Monthly Income \$920 Student Loan	
Housing	Transportation	Food	Clothing	Phone
<input type="checkbox"/> Living with Parents \$500 rent \$50 utilities	<input type="checkbox"/> Walk/Bike Free	<input type="checkbox"/> Eat at Home \$461	<input type="checkbox"/> Thrift Shop \$100	<input type="checkbox"/> Basic Phone Talk & Text \$35
<input type="checkbox"/> Living with Roommates \$925 rent \$65 utilities	<input type="checkbox"/> Public Transportation \$120	<input type="checkbox"/> Eat Out a Few Times \$640	<input type="checkbox"/> Discount Store \$175	<input type="checkbox"/> Prepaid Talk, Text & Unlimited Data \$60
<input type="checkbox"/> Studio Apartment \$1,000 rent \$90 utilities	<input type="checkbox"/> 2006 Used Car \$117 Loan Payment \$150 Insurance \$160 Gas	<input type="checkbox"/> Eat Out Several Times \$950	<input type="checkbox"/> Designer Brands \$225	<input type="checkbox"/> Smart Phone Talk, Text & Unlimited Data \$100

Add up all of your expenses and put the total in the "Total Monthly Expenses" row. Then, subtract your total monthly expense from your net income. Were you able to create a budget without going broke? If not, decide where you can cut back and make the changes in the adjusted column. **Don't forget to put 20% away in savings!**

## MONTHLY EXPENSES

	AMOUNT	ADJUSTED
Savings (Income x .20)	\$	\$
Student Loan Payment	\$	\$
Rent	\$	\$
Utilities	\$	\$
Auto Loan	\$	\$
Auto Insurance	\$	\$
Gas	\$	\$
Public Transportation	\$	\$
Food	\$	\$
Clothing	\$	\$
Phone	\$	\$
<b>Total Monthly Expenses</b>	<b>\$</b>	<b>\$</b>
SUMMARY		
<b>Total Monthly Income</b>	<b>\$</b>	
<b>Total Monthly Expenses</b>	<b>- \$</b>	
<b>YOUR MONEY AFTER BILLS</b>	<b>= \$</b>	



# HOW TO PAY FOR ALL THE MANY, MANY THINGS YOU NEED

Guess what: life's expensive! So the best thing you can do is make a plan, stick to it and only buy what you can afford. What are your options?

## Income

**Form: Cold, hard cash or a debit card**

The best way to pay for everyday purchases is with money you're earning.

## Savings

**Form: Cash or debit**

Don't have money coming in the door? Dip into your savings if you really need it. No savings? Start putting aside a little money each month so you have the funds the next time this comes up. Start now.

**But what if you don't have the money and you need something?**

First of all, do you really need it? Yes, you may need a bike so you can get to work so you can earn money so you can pay for the bike. No, you don't need the new PlayStation that just came out.

## Credit union/bank

(or other credit provider)

**Form: Credit cards**

You charge purchases, your credit card provider pays for it at the time, and you pay your credit card provider back every month. If you don't pay the total amount by the end of the month, you'll have to pay interest in addition to the money you borrowed.

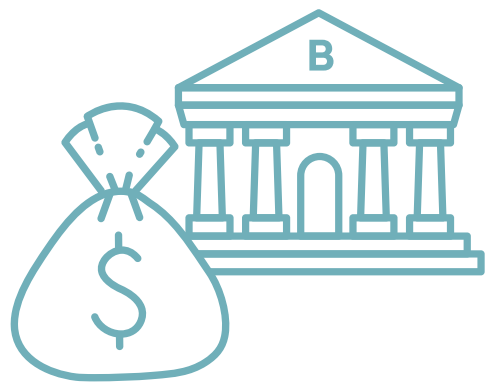
That bike you charged? If paid off over time, you may end up paying more in interest than the actual price of the bike. Ugh.

## Payday lender

**Form: Payday loans**

How does it work? A small amount of money is lent at an extremely high rate of interest, which kicks in immediately. In Washington, you'll be charged a fee of \$15 to borrow \$100. The \$115 will be due within 14 days (on your next payday) — which works out to an annual percentage rate of 391.07 percent!

This is where so many people get into trouble — they continue to roll over their loan because they can't pay the full amount, and the loan continues to grow, often leading to bankruptcy.



## DEBIT CARDS VS. CREDIT CARDS

### Debit Card

- 1) Acts like cash.
- 2) All transactions are paid for with money from your checking account.
- 3) **Use:** Instead of cash or checks.

### Credit Card

- 1) Type of **loan**.
- 2) Repay in total at end of the month or you owe **interest**.
- 3) Comes with a **spending limit**.
- 4) **Use:** Only when you absolutely need something or when you know beyond a shadow of a doubt that you'll be able to pay the total amount by the end of the month.



## FIND A CRASH PAD

The cost of living really begins to add up once you move out and move in to a rental. Knowledge is power: Know your expenses and be prepared to find a roommate to split the costs.

### ADD IT UP

#### Housing

Apartment (1 bd) in Seattle: \$1,808.73  
Apartment (1 bd) outside Seattle: \$1,362.45  
Apartment (3 bd) in Seattle: \$3,438.76  
Apartment (3 bd) outside Seattle: \$2,272.16

#### Utilities

Electricity/Heating + Water/Garbage: \$151 - \$184  
Internet: \$57.50  
Cable: \$55

#### Up-Front Costs

Security Deposit: Up to 2 months' rent  
Application Fees (incl. background check): \$40  
Pet Deposit: \$250

#### Mom & Dad

Rent: \$0  
Utilities: \$0  
Food: Negotiable

Multiple sources, including Numbeo.com and expatistan.com

### QUICK TIPS

#### Home Sweet Home

Another great way to save? Live with your folks! Your parents can choose to charge you, or "charge" you—taking money from you but actually socking it away in a savings account on your behalf.

#### So Long, Fido

Thinking of adopting a pet? Great! Put those plans on hold: Pets cost money. Landlords often charge up-front pet deposits and tack on additional monthly pet fees, plus pet cleaning charges when you move out.

#### Know your rights

Renting laws are different in every state and sometimes even vary city-to-city. A quick search online should give you a city or state resource—look for a website that ends in .gov or .org. And always read your lease before signing.



## HOW TO GET AROUND

Owning your first car brings fabulous freedom but also tremendous responsibility. Driving a car is a lot more than just the cost of a car payment. You also need to pay for fuel, maintenance, repairs, insurance, and taxes. What is the right choice for you? Should you buy, lease or use public transportation?

### Buying a Car



#### Buy from a Private Party

- May cost less
- May not have a warranty



#### Buy from a Dealer

- Inventory may be better maintained
- May have less room for negotiation on sales price



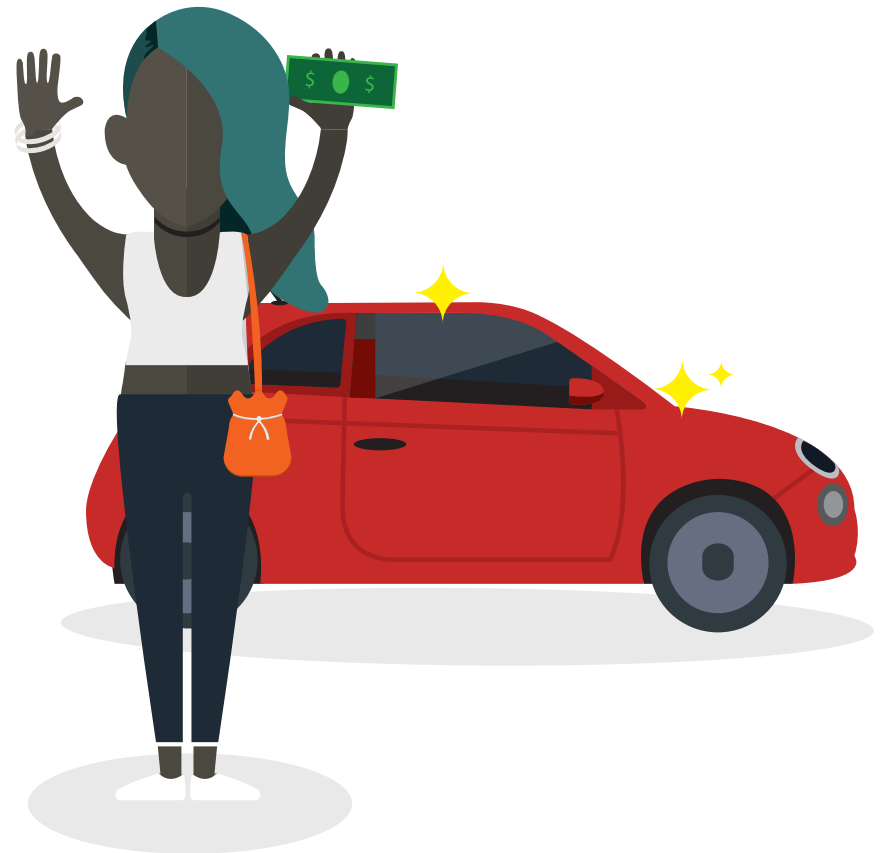
#### Buy a New Car

- Manufacturer's Warranty
- Depreciation is greatest during the first year of ownership



#### Buy a Used Car

- You can purchase a high-end model which would be unaffordable if it were new
- You may not know the history of the vehicle



## Questions to ask yourself about transportation options:

### • Do you want a car?

YES

NO

### • Can you afford gas, insurance, maintenance and repairs?

YES

NO

### • Do you have enough cash saved to buy a car without a loan?

YES

NO

### • Do you have enough cash saved for a down payment or deposit for a car loan?

YES

NO



### Use Public Transportation

#### Pros

Great option if you live near public transportation.

#### Cons

May take longer to get to places.

Take public transportation temporarily to save money for a car.



### Purchase a Car with Cash

#### Pros

You own it!  
You won't pay any interest.

#### Cons

You'll have to pay more upfront.  
Cars never gain value – they only lose it!



### Purchase a Car with an Auto Loan

#### Pros

You own it in the end!  
Less money upfront.

#### Cons

You'll pay interest during the life of the loan.  
Still have to apply for and qualify for a loan.



### Lease a Car

#### Pros

May be able to get a nicer car.

#### Cons

Have to pay a big security deposit.



### Should I lease a car?

If you prefer new cars, drive less than 15,000 miles a year, and are willing to trade ownership for lower monthly payments, leasing might be a good option. In a lease, you contract to use a car for a period of time. At the end of the lease, you may pay to purchase the car, or turn it in and lease a different vehicle.



# WHY CHOOSE A CREDIT UNION?

Every member and every dollar matters.



## CREDIT UNIONS MAKE FINANCIAL EDUCATION A PRIORITY.

Credit unions strive to not only advise, but also teach, so that members become more and more empowered to take an active part in their own financial health.



There's financial wisdom behind every dollar.

## YOUR MONEY SUPPORTS LOCAL MEMBERS, AND VICE VERSA.

In the cooperative model, your money stays within your membership, helping your neighbor buy a house or start a small business.



Lend a dollar, borrow a dollar — everyone wins!

## PROFITS GO BACK TO THE MEMBERS.

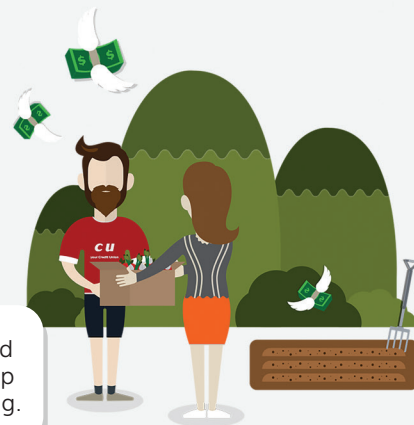
When credit unions do well, members do well in the form of better interest rates on loans and mortgages, as well as fewer fees than the typical bank.



Extra dollars go back to you in the form of better rates and fewer fees.

## CREDIT UNIONS ARE FOCUSED ON GIVING BACK.

Credit unions are committed to supporting and lifting up their communities through philanthropic means.



Donation dollars and volunteer hours keep communities growing.

## MEMBERS ARE ALSO OWNERS.

That's right, members own the credit union! So, every decision is made in an effort to benefit everyone.

WE'RE ALL IN THIS TOGETHER.

