MY MONEY, YOUR MONEY: WE ALL NEED MONEY

FINANCIAL LITERACY FOR STUDENTS AND STAFF

Division of Financial Aid
85% of college students surveyed had no idea of their credit score

>80% knew how long Kim Kardashian was married (to the day)

<40% know what “Default” means

>90% knew who Justin Bieber was dating
THIS OR THIS?
How do you eat an elephant?

One bite at a time.
BUILDING THE FINANCIAL PYRAMID

Foundations
Planning Process
Assessment / Goals
Money Management
Taxes

Establishment
Banking
Consumer Credit
Housing
Vehicle
Insurance Health, Home, Auto, Disability, Life

Accumulation of Wealth
Investment Vehicles (Stocks, Bonds, Mutual Funds)

Long-term Planning
Retirement
Estate
Money Smart Week in April
Financial Planning Process
Budgeting
Money Management
  • Importance of Emergency Funds
Spending Habits
  • Credit spending
Student Loans
Credit and Identity Theft
Welcome to MyMoney

You Filed Your FAFSA...Now 'What?'

Just a friendly reminder to...

America Saves Week 2/23-2/28
MyMoneyPurdue @MyMoneyPurdue · 2 hrs

Detox Your Daily Spending Before Fun-Filled Summer via @Forbes ow.ly/Jg608

MyMoneyPurdue @MyMoneyPurdue · 19 hrs

You Filed Your FAFSA...Now What? wp.me/p2rneb-u6
You Filed Your FAFSA... Now What?

Raysha Duncan, Financial Aid Administrator & Purdue Alumna

https://mymoneypurdue.wordpress.com/
MY MONEY PRESENTS TO:

Horizons 1\textsuperscript{st} year Students about money management and student loans

Purdue Promise
- 1\textsuperscript{st} year students on money management
  - Budgeting and goal setting
- 4\textsuperscript{th} year students on debt management
  - Budgeting and loan repayment
## Monthly Cash Flow Worksheet

### INCOME
- Salary
- Interest and dividends
- Other
- **TOTAL** $ -

### EXPENSES
- **Taxes**
  - Payroll (assume 7.65%) $ -
  - Income tax (assume average rate of 20% after deduction) $ -
  - **Total Taxes** $ -
- **Disposable Income** (Income minus taxes) $ -

### Other Expenses
- Housing
  - Rent/mortgage
  - Utilities
  - Repairs
  - Cable
  - Phone
- Transportation
  - Car payment
  - Gasoline
  - Repairs
- Food
  - Groceries
  - Restaurants
  - Entertainment
  - Clothing
- Insurance
  - Life
  - Disability
  - Health
  - Auto
- Gifts
  - Uninsured medical/dental/vision expenses
- Vacations
- Debt repayment
  - School
  - Credit card (pmt on balance, not monthly amounts)
  - Other debt payment
- Other expenses
- Investments
  - Goal 1 (specify)
  - Goal 2 (specify)
  - Goal 3 (specify)
  - Goal 4 (specify)
  - Goal 5 (specify)
  - **Total non-tax expenses** $ -
- **BALANCE** (difference between Total Income and Total Expenses) $ -
FINANCIAL MEASURES

Cash Flow = Income – Expenses

Liquidity Ratio = liquid assets / monthly expenses

Debt Payment Ratio = monthly debt payments / monthly after tax income

Savings Ratio = Savings / After tax monthly income >=10%
MEAN DEBT OF GRADUATING BORROWERS

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2013-14 MEAN DEBT OF GRADUATING UNDERGRADUATE BORROWERS

$26,621 - Residents 63.2%

$33,360 - Nonresidents 34.5%

$28,343 - All undergrads 52.1%

2013-14 PERCENT OF GRADUATING UNDERGRADUATES WHO BORROWED

PURDUE UNIVERSITY
# Student Loan Repayment Options

## 10 Year Repayment Plans

<table>
<thead>
<tr>
<th>Plan</th>
<th>Loans Eligible</th>
<th>Payments Description</th>
<th>Interest Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 Year Standard Plan</td>
<td>All Direct and FFEL Subsidized Unsubsidized and PLUS Loans</td>
<td>Payments are a fixed amount of at least $50 per month.</td>
<td>pay less interest for your loan over time under this plan than you would under other plans.</td>
</tr>
<tr>
<td>Graduated Repayment Plan</td>
<td>All Direct and FFEL Subsidized Unsubsidized and PLUS Loans</td>
<td>Payments are lower at first and then increase, usually every two years.</td>
<td>pay more for your loan over time than under the 10-year standard plan.</td>
</tr>
</tbody>
</table>
### Extended Repayment Options

<table>
<thead>
<tr>
<th>Extended Repayment Plan (up to 25 years)</th>
<th>All Direct or FFEL Subsidized /Unsubsidized Loans or PLUS Loans (minimum $30,000)</th>
<th>Payments may be fixed or graduated. Up to 25 years</th>
<th>monthly payments would be lower than the 10-year standard plan. Pay more for your loan over time than under the 10-year standard plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Based /Income Contingent Repayment Plans (IBR / ICR)</td>
<td>Varies between programs however between two, all Direct and FFEL Loans made to Students including consolidations</td>
<td>Your maximum monthly payments will be 15 percent of discretionary income, change as your income changes. Up to 25 years</td>
<td>Must have a partial financial hardship If not repaid after 25 years, remaining balance is forgiven May be taxed on amount forgiven</td>
</tr>
</tbody>
</table>
### Pay As You Earn Repayment Plan (PAYE)

**Direct Loans ONLY**

- (must be a new borrower as of 10/1/2007 and have received DL disbursement after 10/1/2011)
- Maximum monthly payments will be 10 percent of discretionary income
- Payments change as your income changes
- Up to 20 Years

- You must have a *partial financial hardship*.
- You'll pay more for your loan over time than you would under the 10-year standard plan.
- If not repaid after making the equivalent of 25 years of qualifying monthly payments, any outstanding balance on your loan will be forgiven.
- You may have to pay income tax on any amount that is forgiven.

### Public Service Loan Forgiveness Program (PSLF)

**Direct Loan Program only**

- a borrower who is not in *default* and makes 120 monthly payments on the loan after Oct. 1, 2007, under certain repayment plans, while the borrower is employed full-time in a public service job.
- 100 percent of the remaining outstanding balance on an eligible Direct Loan.

You may not apply for forgiveness until after you have made all of the required 120 qualifying monthly payments.
Contact

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Phone: (765) 494-5050

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