

Managing Finances

by Sophia



WHAT'S COVERED

In this lesson, you will learn about the importance of managing your finances while attending college by detailing the financial challenges of higher education, defining and describing types of financial aid including scholarships and grants, and listing some best practices for managing your finances. Specifically, this lesson will cover:

1. The Financial Challenge of Higher Education

Financial problems can be one of the major sources of stress for college students. Of course, tuition is a significant expense, but it's not the only aspect of higher education that tests a student's financial stability. There are also regular expenses like textbooks and necessary investments such as ensuring your technological capabilities meet the requirements for your courses.

In addition, because of the demands school makes on their time, students who work will have less time to earn money at their jobs. Meanwhile, students who are living on their own for the first time are not used to budgeting their money for daily expenses like food.

Whatever your situation might be, if you find balancing your finances while earning an education a challenge, you are far from alone. Many students are not confident they can properly manage their finances or even afford to complete their education, and these concerns tend to distract students and affect their academic performance. In order to avoid or at least minimize the distractions of financial stress, it's best to plan ahead and consider the various strategies you can employ and resources you can access to better manage your money.

2. Financial Aid

The first thing you might do to ensure you are taking advantage of all the resources your school has to offer in terms of your finances is to look into **financial aid**. You may already be receiving some form of financial aid, but that doesn't mean there aren't other avenues to explore.

Your school will have a financial aid office—you can visit their website or stop by in person to get all of the relevant information. If you have not already done so, you should fill out a form called the FAFSA (Free Application for Federal Student Aid), which institutions use to assess your financial situation.

In addition to scholarships and grants, which will be discussed below, other popular forms of financial aid

include federal student loans and work-study programs. There is certainly no shame in pursuing a student loan; almost two-thirds of full-time college students need the assistance of student loans.

Of course, the key difference between student loans and scholarships and grants is that loans need to be repaid eventually, so you need to consider the bigger picture when you make decisions about loans.

Work-study programs involve students working jobs on campus to earn money. Because work-study programs are designed for students, your hours won't interfere with your class schedule or take you too far away from campus.



HINT

Don't wait until the last minute to determine how you will pay for school. Financial aid, scholarships, and grants all have deadlines, so it's important to start seeking the funding for your education as soon as possible.



TERM TO KNOW

Financial Aid

The funding you seek to help you pay for the cost of your education and related expenses. Loans, grants, and scholarships are three examples of types of financial aid you may seek.

3. Scholarships and Grants

Unlike student loans, scholarships and grants don't need to be paid back—you are simply awarded money to help with your education! Given that they are such a boon to students in need, scholarships and grants can be very sought-after and competitive. However, many students are not aware of all of the scholarship and grant money that is available to them, so if you are prepared and informed, you may be able to benefit from some thorough research.

Scholarships are generally based on merit rather than just financial need, but that doesn't mean you need top grades to earn one. Often, scholarships are intended for students with particular backgrounds, interests, or experiences. Other scholarships involve essay contests, creative work, or community service.

On the other hand, grants are more likely to depend on your financial need. However, if you are not awarded a grant through your school, there may be other grants you qualify for that are offered by the federal or state government (like the Federal Pell Grant, the largest grant program for college students), a private organization, or a civic group.

You don't want to assume that once your school has settled on your financial aid package there is nothing you can do to secure financial aid. Because that extra help can be so valuable, it would be wise to conduct an exhaustive search for options available to you.

IN CONTEXT

In addition to checking with your school's financial aid office, you can do additional research online to make sure you're aware of every opportunity for financial aid available to you. Here are some internet sites that can help:

- [Studentaid.gov](https://studentaid.gov)
- [Finaid.org](https://finaid.org)

- [Collegescholarships.org/financial-aid](https://collegescholarships.org/financial-aid)
- [Fastweb.com](https://fastweb.com)

4. Best Practices for Managing Finances

In order to balance your academic goals and your finances, perhaps the most crucial skill to develop is the ability to budget—both your time and your money. This can be no easy task, as higher education demands both a lot of time and a lot of money.

Particularly for students who are not economically advantaged, the balance is delicate—if you work too much, you don't have enough time to devote to your studies, but if you don't work enough, you don't have enough money to afford to stay in school. Some students may be able to handle working full-time and going to school full-time, but most students will benefit from more of a compromise between the two. This could mean you work part-time while attending school full-time or you attend school part-time while working full-time. If possible, you might consider seeking a job on campus through a work-study program.

Essentially, you should aim for meeting the financial and academic demands of your education without taking on too much, which is likely to have a negative effect on the quality of your work—both at your job and at school. In addition to budgeting your time, it will also benefit you to budget your money. At a minimum, this means thinking through the amount of money you have to spend and what you want to spend it on. But, it may be more useful to devise an actual budget in the form of a document you create on paper or with your laptop, tablet, or phone.

Formalizing your budget by writing it down can not only help you organize your finances but can make you more accountable for adhering to the terms you set for yourself.

➔ **EXAMPLE** Here is a sample of a monthly budget for a college student:

Budget Totals

Monthly Income: \$1,750

Monthly Fixed Expenditures: \$1,100

Monthly Flexible Expenditures: \$550

Monthly Savings: \$100

Monthly Income

Part-Time Job: \$1,550

Scholarship: \$200

Subtotal: \$1,750

Monthly Fixed Expenses

Rent: \$750

Utilities: \$125

Insurance: \$100

Phone & Internet: \$125

Subtotal: \$1,100

Monthly Flexible Expenses

Groceries: \$250

Going out: \$200

Other: \$100
Subtotal: \$550



SUMMARY

Higher education can be a major investment of money, and as a result, many students experience stress related to this **financial challenge**. Knowing how to cover the cost of your education with **financial aid** or **scholarships and grants**, as well as knowing how to budget your income and expenses can help **manage some of the financial** stress so you can focus on your studies.



TERMS TO KNOW

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