Great Advice for Grads

SUMMER 2014

Inceptia

A division of NSLP

TABLE OF CONTENTS

Inceptia

A division of NSLP

Leading the way in default prevention and financial education.

888.529.2028 | Inceptia.org | @inceptia

There are certain groups of people who, whether solicited or not, find themselves at the receiving end of copious amounts of well-intentioned advice. Newlyweds get it in spades. New parents have it heaped upon them. Even retirees who know a thing or two about life seek sound wisdom from those who came before them. And then there is one group to which, above all others, we love to dole out advice. For them, we dedicate a whole season to dishing out the good stuff, and we celebrate (and pay very well!) those who deliver it best. For this group, we save our best sound bites, our wittiest observations, and even our best "when I was your age" stories. Yes, new graduates, in case you hadn't guessed it, I'm referring to you. And yes, this is yet another guide dedicated to such advice.

And yet, we hope that it isn't like any other guide you may have already seen. Now that graduation season is coming to a close and the deluge of speeches, parties, and ceremonies have died down, we find ourselves in a quiet moment that lends itself to introspection on more practical matters; like, how am I going to pay my student loans? Or, how can I start being more responsible with money, now that I'm actually going to be making some? Or, am I going to have to live with my parents forever? Indeed, these are the topics that don't always make it into all those witty commencement addresses — kind of a buzz kill, even for the most engaging public speaker. And so we here at Inceptia would be remiss if we didn't take advantage of the post-graduation quiet to share graduate advice of a different kind, the kind many of us wish had been shared with us at this same time in our lives: how to be smart about money.

At Inceptia, our nonprofit mission focuses on arming students with the knowledge they need to make better financial choices, now and in the future; with this guide, we hope to do just that. Throughout the pages of this guide, you'll see that we have collected guidance from some of the best and brightest financial experts to help you navigate your financial journey. Whether you're young and just learning what a budget is, or this isn't your first rodeo and you just need to brush up on some great financial pearls of wisdom, the information presented herein can lead to financial empowerment at any age. Browse through the guide now, take notes on immediate action items, or circle topics to come back to at a later date; the guide will be waiting for you when you're ready to take the next financial step. Finally, I keep a picture frame in my office that contains the words of my favorite piece of graduate advice. In keeping with the spirit of this guide, I wanted to share these words with you, as they always bring me back to what's important:

> *"Be a teacher, a poet, an actor… or any other one of the thousand other occupations. But never believe that you can be wholly defined by the work you do. Bring to that work transforming passion that changes you and alters for the better, because of your passion, the profession you have chosen to join…The challenge is to use that passion, that life force, to make a powerful difference not just in your work for the day but in the work of all your days."*
>
> — President Timothy Sullivan, the College of William & Mary, Commencement Address, 2002

I hope you find such inspiration and carry it with you throughout your journey.

On behalf of Inceptia, we wish you great luck in all your future endeavors, and best wishes for a life well spent.

Sincerely,

Carissa Uhlman
Vice President, Student Success
Inceptia

What You Didn't Learn Growing Up: Finance

By Jason Vitug, Founder and CEO, Phroogal

Our parents taught us how to walk and urged us to utter our first words. They taught us how to ride a bike, and later sat fearfully in the passenger seat as we learned to drive. Our parents helped us mend youthful broken hearts, and some even nervously talked about the birds and the bees. But, only a small number taught us about money.

While growing up, we consistently heard about the importance of college education — although financial education never happened. We took high school courses on math and economics, but none taught us about personal finance. We learned the circumference of a circle but didn't learn the value of the rectangular dollar bill.

In fact for many of us, our first adulthood money discussion involved trying to figure out how on earth we were going to pay for college tuition. What happened to the discussion around money?

It didn't happen at home or at school. We opened our very first checking account, made our first debit card purchase and maybe even got our first credit card. But, the majority of us did this without parental guidance.

Money is a subject so seemingly personal that many choose to navigate alone, and often only seek assistance once it's too late. It's an issue so personal our educational institutions have a difficult time incorporating it into curriculums. It's a subject so taboo our parents chose to shield us from their financial troubles. But in the end, their good intentions only perpetuated the personal financial problem onto the next generation. So how do we break the cycle?

5 WAYS TO IMPROVE YOUR FINANCIAL CAPABILITY

Speak to Your Parents About Money

Your parents are filled with knowledge way beyond your years. Asking them how they've navigated their finances may teach you some valuable lessons to avoid or good habits to integrate.

Seek Knowledge from Trusted Sources

We learned our money habits through search engines and social interactions. But discovering trusted information can sometimes be a challenge. Take advantage of free resources, workshops and seminars offered from nonprofits, government agencies, colleges and your financial services provider to wrap your head around the basics of money management.

Surround Yourself With Financially Savvy Friends

How your friends view money, their spending habits, and commitment to savings (or lack thereof) can be a reflection of your personal money habits. If finding money savvy friends is difficult, follow personal finance bloggers on Twitter and you'll have a network of friendly and helpful financial experts to pull ideas from.

In my experience of working with recent grads, networking is the main area that they lack confidence.

— Stephanie Shackelford, Founder of Career Flight Plan

Use Available Resources and Tools

There is a plethora of financial resources and tools offered by colleges, government agencies and companies — at the unbeatable price of free. Many of these tools help you create and follow a budget, monitor your credit reports and scores, as well as help you organize and pay your bills online.

Share Your Successes

Let's face it — we're part of "Generation Share," and our motivations are partly fueled by likes, retweets and comments. Use social networks for encouragement to keep you motivated and focused on financial needs that help you reach your lifestyle goal.

Your parents are filled with knowledge way beyond your years. Asking them how they've navigated their finances may teach you some valuable lessons to avoid or good habits to integrate.

Jason Vitug is the Founder and CEO of Phroogal, and has been in the financial services industry for 10 years. Previously he was a senior executive at a credit union traveling the United States delivering financial seminars to thousands of people. He realized the need to socialize how we learn about money.

An Expert's Student Loan Advice for College Grads

By Mark Kantrowitz, Senior VP and Publisher, Edvisors.com

For some, college is a transition from a relatively sheltered existence to the real world. For others, it's business as usual, but now with a degree. Whatever their circumstance, most college graduates have one thing in common: repaying student loans. These tips may make that process a little easier.

Don't Forget to Manage Your Student Loans

Most student loans have a six-month grace period after graduation before repayment begins. It is very easy to initially forget about these loans — especially with all your new financial obligations. These new obligations could include moving costs, a security deposit and rent on an apartment, utility deposits, the cost of furnishing an apartment, filling your closet with business attire, and the down payment on a new car. Be sure to add a reminder to your calendar a few weeks before your loan payment's initial due date, so that you aren't late with your first payment. Don't forget to tell the lender about your new mailing address.

You may want to sign up for auto-debit on all your debts, where monthly payments are automatically transferred from your checking account. Not only does this reduce the likelihood that you will be late with a payment, but some lenders will give you a slight discount. For example, borrowers can get a 0.25% or 0.50% interest rate reduction on their federal and private student loans by signing up for auto-debit.

Be sure you consistently have sufficient funds in your checking account to cover these automatic debits. Never be late with a payment on any debt. Even a few days delinquent is enough to ruin an otherwise good credit history, and rebuilding your credit score could take decades.

My advice is to calculate your future earnings so you can choose the shortest repayment term with the highest monthly payments you can afford to repay your student loans. With smart planning, you can achieve a goal of paying off all of your student loans within ten years or less of graduation.

One more note: don't forget to claim the student loan interest deduction on your federal income tax returns, if you are eligible. This is money in your pocket each year.

Planning for Hard Times

Place a high priority on building an emergency fund of 3-6 months' salary. This rainy day fund should be saved in a liquid account, where you can get access to the money quickly. This is partly to cover true emergencies and partly to provide enough money to live off of in case you lose your job or come across other hardships.

Never be late with a payment on any debt.

//////////////////////////////////

Plan ahead by contributing aggressively to retirement plans.

The 3-6 months' standard is based on the median time in unemployment, which is 4-5 months. Some people recommend saving 6-12 months' salary because the average (mean) time in unemployment increased to 9 months during the most recent economic downturn.

Once you've built an emergency fund, you can direct some of your extra income toward prepaying your student loans and other debts. Start by targeting the loan with the highest after-tax interest rate for accelerated repayment. Federal and private student loans do not have prepayment penalties, so nothing stops you from making extra payments on these loans.

Likewise, credit cards do not have prepayment penalties. Often credit cards will have the highest interest rates and should be targeted for payoff first, followed by private student loans. Above all, never carry a balance on your credit cards. If you can't afford to pay off your credit card in full each month, you are living beyond your means.

Saving for Tomorrow

"Live below your means, so you have the means to live." Pay yourself first by prioritizing saving ahead of new debt. Plan ahead by contributing aggressively to retirement plans. Try saving one-fifth of your income for the last fifth of your life. Always maximize the employer match on your 401(k). You may also look into investing any additional funds into a Roth IRA while planning for retirement.

Avoid Default

If you are having difficulty repaying your student loans, talk to the lender before you default, as the lender may be able to provide affordable alternatives to default. These can include temporary suspensions of the obligation to repay the debt or interest-only payments, as well as alternate repayment plans for borrowers with a more long-term financial difficulty.

There is no financial benefit to defaulting on federal student loans, since the government can intercept up to 15 percent of your wages without a court order and deduct up to a fifth of each payment for collection charges. This is more than what you would pay under income-based repayment or pay-as-you-earn repayment.

Put simply: try to avoid getting overextended. I often hear from students who graduate with too much debt. These students must make difficult choices, such as moving back in with their parents, getting a roommate to save on rent, selling their cars to cut transportation costs, working two jobs, or even selling personal property on eBay. Often they must adopt an austere lifestyle, and these conditions may last for two or three decades while they repay their student loans. But it doesn't have to be this way. Use the tips listed here to live a life you can afford, so that you can afford to enjoy your future.

Mark Kantrowitz is Senior VP and Publisher of Edvisors.com, a group of web sites about planning and paying for college, including information about student loans, scholarships and education tax benefits. He is also the author of Filing the FAFSA: The Edvisors Guide to Completing the Free Application for Federal Student Aid.

Realize that this is the beginning of your education, not the end. Higher education is intended to serve as a foundation for future skill development. It's a learner's permit for the world of work and post-graduation life.

— Joshua D. Morrison, M.S. Ed., Indiana University

Sammy's Seven Money Tips for College Graduates

By Sam X Renick, Writer & Financial Guru

The "It's a Habit!" program teaches children money management skills with the help of mascot Sammy Rabbit. However, people all of ages can learn a thing or two from Sammy's great advice. Here are seven of his best money tips for college graduates!

ONE // Regardless of your financial situation, circumstance, dream or goal — know that answers and resources exist to empower you to achieve financial success.

It's up to you to seek out the resources and apply the knowledge you acquire. Financial education resources have never been more plentiful or accessible. The key is to commit early to becoming a lifelong student of money and its wise use. Then, validate and apply the lessons you've learned. (Incidentally, one of my favorite resources on the wise use of money is Benjamin Franklin. His advice has stood the test of time.)

As your income increases, resist the urge to raise your standard of living to the full amount of your increase.

TWO // Because time and money are interrelated, the sooner college graduates learn and apply lessons on compound growth, planning, goal setting and budgeting, the better results they will experience. I urge you to get started now!

THREE // Complete the exercises below:

- **Document in writing your current money philosophy.**
  - Create a journal for your money thoughts or philosophy. Divide each journal page into two columns. Label the left column, My thoughts, attitude, philosophy, beliefs and behavior toward and with money. Label the right column, Which experts validate my money beliefs and behavior? This can be an eye opener. Why? Because many of our money beliefs, regardless of their source or how well intended, will not produce the results we want or need.
- **The big picture — compound growth.**
  - Define your career path.
  - Create a three column spreadsheet. In column one: calculate a 30, 40, and 50 year forecast of projected lifetime earnings for the chosen career. The projection should be year to year. The question to ask now — and not at 50 or 65 years of age — is "how will I manage my stream of lifetime earnings?"
  - In column two: make a second calculation and forecast applying the Sammy Rabbit Rule – "from every dollar, save and/or invest a dime." For example, if a person forecasts they will earn \$25,000 in their first year of work, place \$2,500 in a second, savings-investment column. If in year two a person forecasts they will earn \$28,000, then place \$2,800 in the second savings-investment column. Complete the 30, 40, and 50 year forecast. Note: this calculation implies a person will live on 90 percent of their earned income and will minimally use 10 percent to build long term wealth.
  - In column three: make a third set of calculations. Forecast the interest you will earn on money saved and invested. Make at least four different sets of calculations at varying interest rates; for

example, try rates at 2.5%, 5%, 7.5%, and 10%. This will provide an excellent understanding of the power of compound interest and the relevance of earning different interest rates over long periods of time.

FOUR // As your income increases, resist the urge to raise your standard of living to the full amount of your increase. Every pay increase you receive is a prime opportunity to build your wealth, as opposed to paying off yesterday's debt, over-extending yourself today, and ignoring tomorrow's opportunities for financial success.

FIVE // Start each day by asking yourself the simple question, "Whose future and wealth will I build today — mine, or that of the soda companies, credit card companies, or Amazon.com-type giants of the world (etc.)?" I'm willing to bet you already know the answer.

SIX // Remember the adage, "You pluck what you plant." Whether it's a dollar, or a bit of kindness, this is true in every area of life. That is why great lifelong habits like saving, investing, reading, exercise, etc. are so powerful – they're result-heavy. It's not rocket science: if you save habitually, you will have savings. If you invest habitually, you will reap the benefits of investments. If you exercise habitually, you will have good health.

SEVEN // Enjoy the journey! Sammy says, "You can do it!"

Sam X Renick is an award winning author, songwriter, financial educator, and social entrepreneur. Sam founded the social enterprise "It's a Habit!" and co-created children's character, Sammy Rabbit. Their mantra and mission are to teach children great money, reading, writing, and goal setting habits. Sam and Sammy have read their stories and sang their songs to over a quarter million children in 8 countries. You can discover more about them at sammysongclub.com

You don't have to move up a ladder in any company, but learn more than you need to learn to do your job — ask, observe, read, discuss, etc.

— Larry Alvarado, President, SLS Success System

What I Wish I Had Known: A College Grad's Ten Year Retrospective

By Jessie Barth, Inceptia Marketing Expert

It will be ten years in August since I graduated with my BAS from the University of Nebraska-Lincoln. Time has truly flown, cliché as it sounds, but the last decade has been filled with an immeasurable amount of personal growth, life experience, goals conquered and lessons learned. Truly, I'm a different person than I was when I donned the cap and gown a decade ago. As another group of grads makes their transition into a post-academic world, I can't help but feel compelled to share a few tidbits of experience that I wish someone had shared with me as I began my journey.

What I did right

Worked // I worked throughout my undergraduate years, during the academic year as well as during summers. I took odd jobs, at times working two part time jobs around my classes, and saved as much as I could while I was still in school. Upon graduation, I had built up a bit of a buffer that was amazingly helpful when I took the leap and moved from Nebraska to Chicago to begin my career search.

Skipped the Grace // I began paying my loan off right away — no waiting for my grace period to end. The sense of urgency I had surrounding my loan payments had been instilled in me early on during my undergraduate years by my financially savvy mom, who consistently urged me to pay "at least the interest" whenever possible while I was still in school.

Established Credit // During college, I worked to establish credit by applying for two cards with modest limits and APRs. I used them rarely and paid my balance in full nearly every month. By establishing my credit early and maintaining smart spending habits, I've been able to build a credit score in my adulthood that is fairly impressive — despite the fact that I haven't yet made any big ticket life moves like purchasing a home.

What I wish I'd done differently

Once I graduated and moved to Chicago, I felt I had a great financial foundation built for myself, and would have my loans paid off in no time. Little did I suspect there are a few things I should have done differently to improve my situation out of the nest.

Harnessed Student Services // I regret that I never utilized the benefits of campus services while in school to prepare for post-graduate reality. For example, Career Services was readily available to me during my undergraduate years, and yet I never took advantage of the advice and opportunities available through this student resource. I can't help but look back over the past decade and wonder how a well-placed internship or conversation with a career counselor could have helped me in making my post-graduate transition easier, or granted me a more focused career path once I was out on my own.

Networked // Upon moving to Chicago, I winged it when I should have taken advantage of networking events. As someone new to a city or locale, it makes sense to find career-oriented groups or events to build connections; but I think as a recent grad I mistakenly

Enjoy your post-graduation years, but make a point to live a little simpler with the mantra that tomorrow comes very quickly.

had the idea that networking was a dirty word, that it was somehow insincere. With the hindsight gained in my thirties, I shake my head a bit at that idea. After all, nobody you meet in your life will promote you as well as YOU do. So why waste the opportunity to find like minds to open doors that wouldn't be there if you hadn't made the effort to connect? You'd be surprised how quickly a meaningful career connection can be made in a ten minute conversation.

Saved Smarter // Though I'm generally a frugal person, admittedly there was a segment of my twenties where I wasn't planning past the next vacation. I attribute this to a sort of sticker shock at my first "grown up" job. Regular paychecks, a 401k, healthcare, and the hubris of youth made for a false sense of security in regards to my additional spending money; I figured I had plenty of time to save later. This attitude, combined with living in a new city, equated to cash spent on whims: lots of socializing, take-out meals, concerts and weekend trips. There's a time and place for all of this, no question, but I should have been saving smarter and been a tad choosier on extracurricular activities.

Lessons Learned // No heavy-handed pieces of wisdom to give you here. Put simply, even taking into account the good habits my mother instilled in me during my undergraduate years, I still managed to find a few places to trip up during my twenties. Because of this, I'm still paying off my student loans ten years later. Though I get a little closer to freedom every month, I know now that if I'd saved a little smarter, and lived a little less on a sense of impulse and procrastination during the past decade, I'd likely have taken care of the principal several years ago.

My humble advice? Enjoy your post-graduation years, but make a point to live a little simpler with the mantra that tomorrow comes very quickly. By saving just a bit more of your earnings to put towards your loans (or beyond, to retirement!), you'll be doing your future self a grand favor.

Jessie Barth is the Content Marketing Coordinator for SOCS and Inceptia. Over the last decade, Jessie's project management skills, client support expertise and creative work created opportunities in Chicago and Portland, Oregon before bringing her back to her homebase in Lincoln. Her copywriting work has been featured in various industry campaigns across the nation.

Do not rest on your laurels, be prepared for anything.

— Dr. Flavius Akerele III

What I Hear from Students: An Inceptia Call Center Expert's Take on Common Borrower Mistakes

By Aaron Reece, Inceptia Call Center Expert

Working in the Inceptia call center over the past two years has afforded me countless memorable one-on-one conversations with student borrowers. Most of the borrowers I speak with share similar misunderstandings about their student loans. With so many similarities, why not compare notes? After a quick survey of my fellow call center coworkers I compiled a small list of some of the most common mistakes and comments we encounter every day in our work.

"I couldn't make a payment and was scared to talk to my servicer."

A variation of this is heard frequently within the call center. It is disheartening to hear how many people cannot make their monthly payments. On top of this, many simply choose to do nothing instead of communicating with their loan servicer. The reasons for this are varied, but the comment I hear most frequently is that borrowers are simply afraid. They don't realize if they aren't able to make a payment, their servicer has the tools to help them with alternate options. Deferment, forbearance and payment plans have been made available to provide assistance and relief. Simply familiarizing borrowers with these options makes them feel at ease and encourages more regular contact with their lenders in the future.

"I sent that form in, it's not my fault it wasn't accepted."

Another common mistake is the tendency for borrowers to fill out paperwork, send it in and almost instantly forget about it. When speaking with borrowers who are sending in paperwork, I always urge them to follow up with their servicer regarding any forms they submit. Best practice is to wait about a week and then give a quick call to make sure no mistakes were made and that all paperwork was properly received by the lender. Many borrowers feel that once they mail their form(s) in, it's out of their hands and they are no longer accountable. What a shock when they learn they are delinquent due to a mistake on their part or the servicer's. Many defaults can be avoided by consistent queries into the status of any submitted paperwork.

"Well, I never received a bill."

A lot of borrowers have a tendency to believe that if they don't receive a bill, they don't owe anything. Student loan servicers do send statements to borrowers, but many students move after graduation. I've found it is very common that student borrowers will neglect to inform their servicer of their updated address. It is every borrower's responsibility to update any new contact information with their servicer. This issue especially becomes a problem when a borrower believes they are still within their grace period.

"I just graduated. I thought I had six months before I had to pay."

Many students believe a loan enters a grace period only after graduation, when, in reality, a loan enters its grace period whenever a student falls below half-time enrollment. For some, this means their loan payment(s)

Remember, as the borrower, it will ultimately remain your responsibility to manage your loans.

may become due immediately upon graduation. If this is the case, your servicer will notify you of upcoming payments or if you've already become delinquent; all the more reason to ensure that you have updated your servicer with any changes to your contact information. Countless times I have spoken to a borrower who is stunned to learn they are past due because of confusion regarding the grace period, but is then relieved to hear there is assistance to help them get back on track.

"Thank you!"

When I'm able to help students become aware of and understand their loan issues, the number of borrowers that are audibly relieved is striking. Remember, as the borrower, it will ultimately remain your responsibility to manage your loans. However, it's easier than you think if you just maintain regular contact with your servicer(s). And expect them to reach out to you, too! Remember, there are people out there trying to help you avoid the pitfalls above, ensuring you get on track to a successful financial future.

Aaron Reece is a call center counselor for Inceptia, where he has worked with thousands of student loan borrowers over the course of the last two years. From helping borrowers answer questions and addressing concerns they might have about their repayment obligations, to resolving delinquencies, Aaron continually provides whatever assistance he can to schools' student borrowers. Plus, he's highly experienced and trained in a variety of financial topics and tested in privacy laws and compliance. As the true lifeline of Inceptia, Aaron and the entire call center are the unsung heroes in helping students succeed.

Don't be afraid to fail. Henry Ford said, "Failure is just the opportunity to start again with more information."

— Joe Gordon, Education/Training Consultant at Tartan Consulting

Budgeting: Adjusting to Life With (Hopefully) More Money

By Anders Peterson, College Planning Coordinator, EducationQuest Foundation

Hopefully your shiny new degree is mere weeks away from making you more money than you've seen to this point of your life (that was part of the college sales pitch, right?). Assuming that it is — never mind what they say about assuming in this instance; I'm dishing out sound advice here! — here's some sound advice (told you☺) to help you cover your costs AND have guaranteed money to help you accomplish your fledgling financial goals.

Budgeting is about anticipating and being prepared for what life costs, and such an activity can be especially useful when some new goal or expense surfaces causing you to rebalance things.

Determine your monthly pay, after taxes and any payroll deductions

You may be getting pay information annually for the first time (a constant salary vs. pay depending on hours worked), and you'll also likely be accounting for some new employment-related expenses as well — purchasing health insurance, dental, vision, and contributing to retirement to name a few. You can try to figure it out (did you major in accounting?), but waiting for that first "normal" paycheck will get you this first important piece of info you need.

Determine your fixed monthly expenses

Things like rent or a mortgage, car insurance, Internet service, and your new student loan payment usually cost the same each month. Figure out these costs and subtract that amount from your monthly income, 'cos it's already spent, my friend. Then figure out what you can afford to spend each week or month from there.

Determine savings goals

You'll find people who suggest saving from 10 percent up to 50 percent of your take-home pay for things like a credit card debt repayment, an emergency or rainy day fund, vacation savings, or just a fund for larger future purchases (like a huge flat screen or a new car). Start somewhere in that range— consider multiplying that amount by 12 to see how much it will add up to over the course of year— then adjust as necessary.

What's left is what's left; make it last for the next month for any unfixed/irregular expenses like food and eating out, gas money, fun money/shopping, etc.

One more note: consider tracking these unfixed/irregular expenses on an app or program (I use Mint.com, but there are a bunch of cool tech tools and websites you can use) to help you budget for these categories down the road. Budgeting is about anticipating and being prepared for what life costs, and such an activity can be especially useful when some new goal or expense surfaces causing you to rebalance things (i.e., life happens.☺).

Congrats Grad, now get back to work!

Anders Peterson is a Bilingual College Planning Specialist for EducationQuest Foundation. Anders helps students research college options, find scholarship resources, learn about financial aid, complete college applications, and complete the FAFSA – and provides these services in both English and Spanish. He also conducts financial aid and college planning presentations at college fairs, financial aid programs, educational planning programs, and other education-related events.

Anders graduated from the University of Nebraska-Lincoln in 2006 with a bachelor's degree in Spanish and a minor in art. He is currently working on a master's degree in school counseling at the University of Nebraska at Omaha.

Living the Dream on a Dime: Wants vs. Needs

By Nate Peterson, Assistant Director of One Stop Student Services, University of Minnesota-Twin Cities

For many of you, the months following graduation are a time of great change. Soon you will likely be changing where you live, changing what you do for a profession, changing into the role of graduate/professional student, and so on. During this time of many transitions, make sure to keep a few constants in your life. For example, how you spend your money.

During this time of many transitions, make sure to keep a few constants in your life. For example, how you spend your money.

The Myth

We all know the tales of college students living off of ramen and grilled cheese, cramming six people into a two bedroom apartment, digging through couch cushions for change, and rarely doing laundry… all to save a few bucks. More than likely, you've already grown accustomed to living cheaply as a student. This isn't all bad, though hopefully with your new-found post-graduate freedom and finances, you will be able to make a few upgrades in your life.

Wants vs. Needs

But let's take a second and reflect on the changes that you NEED to make, versus the changes that you WANT to make. Sure, blowing your first few paychecks on a brand new car, a tropical vacation, or putting a down payment on a house may sound appealing. But are these things you need, or are they just things you want? Before making any sort of large purchase — or a series of small ones — I encourage you to take the time to reflect upon the practicality of what you are purchasing in order to decide if it's a need or a want. Buy your needs as you require them, but only purchase your wants as your budget allows. Use any excess money that you now have on your hands to invest in your future. That way, 10 or 15 years down the road, you can purchase your wants at your discretion.

At the University of Minnesota-Twin Cities, we encourage our students (and the general community) to Live Like a Student. We seek to educate individuals on the power of their financial decisions and to encourage students to live within self-defined budgets to promote future fiscal success. By simply learning to spend within your means and pay down your debts, you too can find financial success. Plan well, budget smart, and you can live your dream (on a dime), while setting a wonderful foundation for your post collegiate life.

Nate Peterson is the Assistant Director of One Stop Student Services at the University of Minnesota-Twin Cities. With an intensive background in University Financial Aid and Registration professional services, one of Nate's specialties is promoting Financial Literacy outreach efforts.

Never stop learning. Surround yourselves with people who care for you, believe in you, and will invest time with you to help reach your personal and career goals.

— Ryan Johnson, Associate VP for Enrollment Management at Central Baptist College

How I Paid Off $34,579 in Student Loans in Under 4 Years

By Stephanie Halligan, Financial Consultant, The Empowered Dollar

It's a choice no one should ever have to make, a question I should have never had to ask: "Do I buy a bus pass to help me get to work, or do I pay for my prescription?" Yet there I was, fresh out of college, standing in line at the pharmacy and debating my life down to every last dollar. It was one of the lowest moments of my adult life: underemployed, uninsured, and with $80 left in my checking account. And I was struggling to survive on minimum wage.

On one hand, I felt personally responsible for the situation I was in (What happened? Did I not work hard enough in school?). On the other, I felt helpless, at the mercy of the economy while being denied a basic right to survival.

I chose the prescription. I left the pharmacy, walked back to my apartment and cried. I knew in that moment that something had to change.

How I Ended Up at the Bottom

When I graduated from Boston University in 2009, I was more than eager to land my first "real" job. To me, a real job meant a modest paycheck that would help me start a life on my own, save a little money and pay down my student loans — $30,000 in loans, to be exact.

But as excited as I was to stop studying and start earning, the economy felt differently. I had graduated at the apex of the Great Recession, and by the time I entered the workforce, the job market had completely dried up — and my hopes for a real job had gone with it.

On graduation day, I had nothing: no offers and no opportunities that would afford me the comfortable lifestyle I had assumed I'd earn by getting a degree.

So during the months after graduation, while I looked desperately for work, barely surviving on minimum wage, struggling to understand how I got into so much debt, and being forced to make financial decisions no one should ever have to make, I made myself a promise: I would do whatever it took to earn my financial freedom.

Fast forward four years, and I am debt free. $34,579 — that's what I owed plus interest – gone. How did I make it from barely affording my prescription to a debt-free lifestyle in just under four years? I've put together a checklist of strategies that I used to pay off $34,579 in student loans. Some of these tips may work for you; others may not. But even if you decide to only try a few of these tactics, I guarantee you'll be one step closer to becoming completely debt-free.

Hustle // Earning minimum wage was miserable. So I made it my second job to perfect my resume, call everyone I could from informational interviews, scour job postings and apply for at least three jobs a day. I hustled my butt off to find that real job, and I ended up moving to a new city to take it. But once I got one, I knew it was the most important step toward my financial freedom. I wouldn't have gotten that real job without a lot of blood, sweat and tears during the job search while still working.

My rule of thumb for extra cash that came my way:
Student loans: 50% Long-term savings: 25% Whatever I wanted: 25%

When I got my first real paycheck, I thought I had it made. I had finally started earning decent money after college! But it didn't take long to realize just how quickly those paychecks disappeared. I honestly thought that I would be able to pay off all of my student loans in a year while earning $48,000. Guess I forgot to factor in the important stuff like rent, taxes and groceries.

I made decent progress on my debt my first year out of school, paying back almost $7,000 in twelve months. But I knew that I had to boost my earnings quickly if I was going to dig myself out of my debt hole, and that meant working on the side.

I began reaching out to companies doing interesting work and offered to work for them for free – which I later turned into paid consulting. After launching my blog, I also began freelance writing for other personal finance websites. Working on the side is tough – more than a few of my weekends were spent hunkered over my laptop and I stayed up way too late, way too often. But every extra dollar I earned helped. Not only did I have a few hundred extra dollars each month that I could use toward my debt, but I also began building an awesome brand as a millennial personal finance expert.

Negotiate // This is the most overlooked but most effective strategy when it comes to finding more money. Whether it's a raise at work, a higher starting salary or even getting a fee waived on my credit card, I always ask for more. Of course, I also spend hours researching and backing up my request with facts and figures, knowing I must prove myself as a valuable employee in the workplace before asking for more money.

But most importantly, I went into these conversations armed with confidence, and the effort always paid off. With just a few hours of research and some rehearsal in front of the bathroom mirror, I was able to get a significant raise at my previous job, negotiate my starting salary at my new job, and waive late charges, fines and annual fees from my credit cards and bank accounts.

How much did I earn just by asking over the last 4 years? I earned $13,000 in bonuses and salary adjustments through negotiation. That is not an exaggeration. And this doesn't even include the few hundred dollars I've saved in credit card and bank account fees. I funneled a large part of my negotiated money directly towards extra loan payments, which was key to getting myself out of debt more quickly.

The secret to negotiating is to approach every conversation with three things: confidence, data and a Best Alternative to a Negotiated Agreement (BATNA). If your boss says no to your request, what is your next best option? How can you find a compromise? Just remember: never be complacent and never settle for face value. You could be leaving thousands of dollars on the table if you stay silent.

Allocate // The biggest mistake I made out of college? I used my checking account balance as my budget. If I had $1,000 in my account, I felt like I had $1,000 left to spend. So before getting used to your fat paycheck, be sure to allocate what you need for fixed expenses and student loans in a quick, back-of-the-envelope budget.

Setting up automatic transfers from your checking account to your student loan lender will also help you remove that false sense of wealth. I hardly missed the money once it was being automatically taken out. And if you can afford it, paying more than the minimum on your loan can go a long way to reducing your debt quickly. Initially, I set up my automatic payments for twice the minimum amount, and gradually raised the amount every year. It was a big boost to help me tackle my student loan debt more quickly.

I also made sure I had a plan for how I would spend any extra money that came my way. If I got a raise at work, earned extra money on the side or was waiting for a tax refund, I made sure to allocate it before it hit my account. My rule of thumb for extra cash that came my way: Student loans: 50 percent, Long-term savings: 25 percent, Whatever I wanted: 25 percent.

Prioritize // If you want to tackle tens of thousands in debt in a few short years, paying off your student loans must become one of your top three financial priorities — and this means ruthlessly cutting down on the things that don't matter.

For the last four years, I stopped buying lunch at work (I think I've bought lunch maybe 10 times in four years!). I tried not to spend more than $50 a month on new clothes. And I only bought one new book a year (even though I love to read, I always went to the library instead). I still spent lots of money on groceries and I still did tons of traveling, but those were my other two financial priorities. And I was sure to make smart purchases and save where I could. With my priorities set — eating healthy, traveling and paying off my student debt — I did my best to scrimp and save everywhere else.

Just as important as prioritizing debt is prioritizing your savings. Simply having $1,000 in my rainy day fund gave me some peace of mind that I could handle a true emergency. Although I was insanely focused on paying down my loans, I knew I still had to be putting some money away in savings. If you're behind on the savings game, be sure to add it to your priorities list.

Motivate // Declare your intentions. Announce it to the world. Tell your family, friends and dog that you're going to tackle your debt once and for all, and you need their help staying accountable.

The biggest motivation for me came from publicly declaring my debt goal online. After posting a YouTube video about my debt story, I got comment after comment asking how I was doing and if I was debt-free yet. I felt accountable to reach my goal, even to complete strangers! And after launching The Empowered Dollar, I began to build an awesome support system of fellow indebted bloggers, fans and friends who cheered me along my journey. Going public also helped me to set a timeline. By announcing in March that I was going to pay off all of my debt by the end of the year, I knew I had to get an aggressive jumpstart on my payments.

Feeling inspired and accountable is a hugely important element to crushing your debt, especially when you have a lot in front of you. Remember that the goal you're working toward isn't simply "becoming debt free." Ditching your debt is more than that — it's about the ability to choose where your money goes and what you want to do with your life.

Take a moment to imagine your life and all the possibilities you'll have without student loans weighing you down. That alone should be enough motivation in the short term to get you going.

Stephanie Halligan is a financial empowerment consultant and draws comics about money at The Empowered Dollar, a personal finance web comic dedicated to crushing debt and creating financial freedom. When she's not doodling or blogging, she's helping startups and nonprofits design financial education apps and programs.

How to Budget When You Have Student Loans

By Pete Dunn, Writer & Financial Whiz at Pete the Planner

Congratulations, you graduated! I'm sure you want to take a break and relax a while, but unfortunately that's not an option. Welcome to the real world, where there are no summer breaks. Real life starts now. The more seriously you treat this transition time between college and full-time work, the more likely you are to succeed.

You are about to accept your first post-college job and sign a yearlong lease; these are decisions that impact your financial future. Do you know the right decisions to make?

There is so much advice you should follow after graduation, like saving for retirement right away, avoiding expensive housing, or starting a savings plan. But instead we are just going to focus on one tip, and it's a big one.

We've got to talk about your student loans. I know you have them. Sure, I wish you didn't, but that's not the point of this article. I want to talk about the relationship between your student loan payments and your budget. The tip boils down to this: you need to budget from what is left after your student loan payment. Most students will do the opposite of this. Let me show you an example of what happens to most college students:

You graduate in May with $40,000 in student loans. You move to a new city and sign an 18-month lease on a cool studio apartment downtown. Your rent is $600 a month. Thankfully, you get a job and you bring home $1,800 a month. A few months later your car breaks down, which is a major problem since your job is across town. You decide to get a new car because you are able to finance it and your payment is only $300 a month. Then one day in the fall, you receive a bill; it's for your student loan. A freak out doesn't really explain how you react when you see that your student loan payment is $400 a month! How in the world are you going to squeeze $400 out of your already dwindling monthly income?

Your goal is to avoid this situation altogether. And the best way to avoid this situation is to pretend your student loan payment is due today. Your first thought is probably that you don't know what your student loan payment will be. Okay, then call. Right now. Your student loan servicer isn't going to reach out to you until your first payment is due. When you call, ask when your first payment will be due and what the monthly payment will be. Hold on to that number.

You need to budget from what is left after your student loan payment.

HERE'S THE PLAN

1) Graduate college.

2) Call your student loan servicer to be sure you understand when your payment is due and the amount you will owe.

3) Get a job and determine your new monthly income.

4) Immediately subtract your student loan payment from that amount. If you bring home $1,800 a month, immediately subtract $400 for your student loan. Your new monthly income is $1,400.

With your new income, you have to budget for housing, transportation, insurance, food, and all the other things required for living. Check out my Ideal budget for help knowing how much to spend on each of these things. If you can save your student loan payment the first six months out of school before it is due, you are golden. Seriously. Not only will you have created the habit of saving money, but you will also have an actual emergency fund for unexpected costs. There are a lot of upfront costs you are about to face like a security deposit, installation fee for hooking up internet, and all sorts of other expenses. An emergency fund will come in very handy your first few months out of school.

You are going to learn a lot of hard financial lessons in the next few years. And you should — they will make you a better person. But if you can avoid the one big mistake of not being prepared for your student loan payment, you will be way ahead of the curve.

Peter Dunn a.k.a. Pete the Planner is an award-winning comedian and financial mind. He released his first book, What Your Dad Never Taught You About Budgeting, in 2006 and is the host of The Pete the Planner show on 93 WIBC FM. Pete is also the resident Fox59 News personal finance expert, and is the mastermind behind 24 Hour News 8's 60 Days to Change and has appeared regularly on Fox News, Fox Business, CNN Headline News and numerous nationally syndicated radio programs.

Peter was named one of "Indy's Best and Brightest" in finance in 2007 and media in 2009 by KPMG and was declared one of NUVO magazine's "30 under 30 to Watch in the Arts" for comedy (back when he was young and funny). He won an Indiana Broadcaster's Association Award in 2011 for the program he created, 500 Ways To Save. Peter was awarded the Distinguished Alumni Award by Hanover College in 2012.

Six Best Financial Tips for New Grads

By Sophia Bera, Financial Planner, Founder Gen Y Planning

Your post-graduate financial life is about more than your student loans. While it's important to make a plan to repay the money you owe, it's just as crucial that you start thinking about other aspects of your finances as you begin your journey into the post-collegiate "real world."

Yes, this can be overwhelming; it's a lot to think about and to learn how to juggle. But you can do it — and there are lots of resources available to help!

Here's a bit of advice for new grads to start off on the right foot. Get started by putting these six best financial tips to work:

Expect the Unexpected

S#!t happens. That's life. The good news is we can ride out rough patches by being financially prepared for unexpected expenses. Do this by establishing an emergency fund.

You may ask yourself whether this is the best time to save if you have student loans to handle, as well. Don't hesitate, get started by building your emergency fund during the six-month grace period before your loan repayment begins.

Pretend You're Still that Broke College Kid (Even If You're Not)

Were you successful in landing a sweet job with a fat paycheck? Congrats! The next step is to pretend that paycheck doesn't exist and you still have to get by on your college budget.

In other words, embrace being frugal. Be more resourceful, less wasteful, and keep expenses as low as possible. Forget keeping up with anyone else in terms of material goods; make sure your spending is in line with your values.

Try to prioritize savings and debt repayment over any spending at all. You may have been raring to spend all the cash you're now pulling into your bank account, but it's important that you avoid giving in to lifestyle inflation.

Building good savings and spending habits now is going to make it easy to develop great money management skills as you continue to experience new things in life: buying your first home, getting married, starting a family, starting your own business, and more.

Don't Settle for One Income

Feeling like you don't make enough money to save, pay back loans, and have enough left over for a little bit of fun stuff every month? Get out there, hustle, and make more money.

Get yourself a part-time gig or a side hustle. You do have the capability, knowledge, and skills to bring in some extra cash each month. You just have to dedicate yourself to your goal of working hard and earning more to pay off debt or put away for a rainy day.

Look for Money in Not-So-Obvious Places

Let's go back to talking about the job you might have managed to land after graduation. Your compensation doesn't begin and end with your paycheck. That's a good thing!

As an employee, you're likely entitled to a variety of company benefits. Are you making use of them?

Sign up for your 401(k) with your first job and make sure you're contributing enough to get the company match, otherwise, you're leaving free money on the table.

Are you taking *full* advantage of things like employer matches in retirement accounts, health savings accounts, stock options, and health insurance benefits? What about parking discounts, gym memberships or other perks provided by your employer?

Although it may not be obvious, utilizing your company benefits can save you thousands of dollars per year. This is a hugely valuable opportunity to make use of if you can.

Create Your Own Opportunities in Life and Work

But what if your job doesn't offer benefits to employees? Or what if you just flat-out don't like your job for various reasons — the pay, the hours, the work, the level of personal freedom and fulfillment? Don't wait for an opportunity to find you. Create your own and become an entrepreneur who controls their own career, income, and work-life balance. I truly believe that Entrepreneurship is the New Job Security for Gen Y.

Traditionally, entrepreneurship looked like the riskier proposition when compared with working for someone else. But employee benefits aren't as good as they used to be and company loyalty is no longer rewarded as it once was.

Need proof? Consider the fact that pensions, which used to be fairly standard, are now rare, and when a recession hits the first way a company looks to protect itself is by laying off workers. We saw this happen to hundreds of thousands of workers during the Great Recession: talented employees who had been with a company for years were let go.

As an entrepreneur the only business decisions that affect you are your own, not someone else's. Take advantage of the fact that you're young and have time to make a few mistakes to learn from as you go. If you're looking for a new opportunity, create your own. One of the best ways to start is to do something part time that can later become your full time gig. Or as I like to call say: start your side-hustle.

It's Never Too Early to Think about Retirement

Earning an income? Then it's not too early to start saving for retirement. The earlier you start saving, the more you'll have for your future — and the sooner you won't have to rely on earning a paycheck to provide for you.

Compound interest is a ridiculously powerful thing. Compound earnings are what will enable you to have more the sooner you save. Sign up for your 401(k) with your first job and make sure you're contributing enough to get the company match, otherwise, you're leaving free money on the table. We all like free money!

Roth IRAs can also be a great way to save for retirement, and you can set one up at any discount brokerage firm. Not sure if you should start saving for retirement in a Roth IRA or 401(k)? Read on for more advice, I've got a blog post on that.

By taking some of these tips and making them your own, you'll be well on your way to finding financial success off campus and out in the field. Don't wait, choose a few of your favorites and get motivated to start today.

Sophia Bera, CFP is a financial planner for millennials and the Founder of Gen Y Planning. She provides Fee-Only financial planning advice to people in their 20s and 30s across the country. Sophia has been quoted on various websites and publications including Forbes, Business Insider, AOL, Yahoo, Money Magazine, InvestmentNews, and The Huffington Post. She was named one of the "Top Financial Advisors for Millennials" by the website: MoneyUnder30.com. In her free time, Sophia enjoys singing, dancing, and traveling the world while she builds a location independent practice.

Advice for Grads: Traveling the Road Ahead

By Sara Stein Koch, Institute Fellow, John N. Gardner Institute for Excellence in Undergraduate Education

As a new graduate, you are ready to cross the threshold to start a new voyage. There are many things I could tell you about my own journey, but I'll share just a few trinkets of knowledge I've packed in my bags since stepping into life beyond college.

Travel when you can

The freedom you have when you are young in your career doesn't last. Before you become "settled," don't be afraid to take that international assignment, accept that job offer in another part of the country, or join an organization that takes you out of your hometown to teach or help others in a land far away. I have watched friends work insane hours and rake in the money, only to declare in exasperation that they "have no life." Start your voyage by crafting your life now. Create connections with interesting and different people. Pack your toothbrush, your sense of adventure, your curiosity, and find out what's out there.

Your ethics travel with you

They guide you whether you are in your first job or you've moved well into your career. Every day you have a chance to demonstrate your ethics; in interviews, on expense reports, when you succeed, when you fail. This also encompasses the way you treat colleagues, your bosses and especially the way you treat those who eventually work for you. Pack your kindness, your grit, your sense of fairness, and don't forget what's inside you.

Your finances travel with you, too

If you are already in debt, don't get in further; if you have no debt, keep it that way. So many students tell me that the first thing they are getting after graduation is a car. Not just any car, but a new, expensive, luxury vehicle. I envision them relishing the new car smell, practically drooling as their hands caress the smooth interior leather. Then I imagine these students still eating mac and cheese or ramen noodles every evening for dinner, well into their thirties.

Explore this world, stay true to who you are, and be your own fiscal steward.

Post-graduation, you are about to have a job and thus suddenly you will have — drum roll please — MONEY. Arm yourself with some impulse control and figure out what you are going to do with it. Nothing sucks the joy from your life like financial trouble. Spend wisely, save well and give when you can. Pack your budgets, your willpower, and keep in mind that money should never define you.

As you journey towards your future, you will find your own souvenirs along your path, but for me these are keepers: explore this world, stay true to who you are, and be your own fiscal steward.

Dr. Sara Stein Koch is an Institute Fellow with the John N. Gardner Institute for Excellence in Undergraduate Education. She has spent the past two decades in administration, training, coaching, facilitation, and teaching in higher education.

Her current work with the Institute involves advising institutions on the Foundations of Excellence First-Year, Transfer, and Implement processes, coordinating the Gateways to Completion Conference, working on the development of the Gateways to Completion process, development and administration of the two year National Survey on Student Success practices, and strategic planning for the Institute.

Realize that this is the beginning of your education, not the end.

The Inception Of A Movement.

Inceptia, a division of National Student Loan Program (NSLP), is a nonprofit organization providing premier expertise in higher education access, student loan repayment, analytics, default prevention and financial education. Our mission is to support schools as they arm students with the knowledge needed to become financially responsible adults. Since 1986, we have helped more than two million students achieve their higher education dreams at 5,500 schools nationwide. Annually, Inceptia helps more than 150,000 students borrow wisely, resolve their delinquency issues and successfully repay their student loan obligations. Inceptia educates students on how to pay for college, guides borrowers through loan repayment counseling, and provides default prevention strategies and services to schools.