

Transcript Episode 2: Getting Established in a New Place

Alison Crane: You just received your FAFSA refund, you now have several thousand dollars of unexpected money in your bank account before you go on a spending spree, you need to make a plan. Remember, it may seem like money, but actually it's not!

Podcast Opener: Adulting – Thinking of all the things adults have to do can be intimidating. Maybe you are realizing just how much you don't know about living on your own. If this sounds familiar, join us today to learn the skills you need and take some of the stress out of being an adult.

This is Grown Up U, an adulting podcast to help you navigate the twists and turns of adult life. Listen and get life skills you didn't learn in school.

Alison Crane: Hi, I'm Alison Crane with the Garland County Extension Service. Today, we're going to talk about what to do with that FAFSA refund check that you just got. Now, your first impulse might be to go on a spending spree because you have several thousand dollars in your hand.

Well, let's talk about what would be wiser and benefit you the most in the long run.

For one thing, you need to consider that the less you borrow for college and your expenses, the less than that will need to be repaid after graduation.

So, the first thing you could consider doing with that check is just to return the surplus. That way, you aren't going to have to pay it out later when you get out of school.

There are several other things that you really need to consider.

Do you need that money for paying for books or for maybe a campus meal plan or something else that hasn't already been covered as far as your school fees or tuition costs?

Also, do you need to pay for transportation to and from school?

Maybe you're living off campus and you're not going to be able to work as much, so you need to have gas money just to cover that part.

Are you going to pick up an additional class? If you're planning to do summer school, most of the time your student financial aid packets do not cover any of that.

So, you would have to have a lump sum available to pay for it, and that can range from several hundred dollars to several thousand dollars, depending on what you are needing to do.

Also, do you have to purchase extra research material for certain classes?

For instance, if you have a lab class that you are taking and you need to purchase equipment for that lab, then that is something that you can use that refund check for.

Or do you need that money to pay for your living expenses so that you do not have to work full time while you are going to school?

OK, so you probably are realizing there's a lot of things that you need to consider before you just go out and spend it.

So, one of the things you need to do with this to have a plan is to create a budget or a spending plan for your semester or the year depending on what you need.

A budget allows you to organize your finances so that you are in control and then you're not guessing whether or not you'll be able to meet your expenses every month, whether or not you'll be able to afford to even stay in school.

And that can be very stressful. So, again, a budget can actually help you eliminate some of the stress.

School is stressful enough. Let's not make it harder by not knowing how to pay for it.

So, the FAFSA website actually has some really great tips on creating and managing a budget.

And so, looking at some of the steps that they suggest is first, you need to determine a time span for your budget.

Again, since you're a student, you're kind of going on a school year calendar.

So, you might need to plan it for a semester at a time, or it could be, again, the whole school year, or it could be the whole calendar year, depending on what you're doing.

Planning that and figuring out what you need to cover with the money that you have will give you the starting point for your budget.

The next thing to do is to choose a tool on how to help you manage your budget.

Most people cannot just make a budget in their head and stick with it.

Pen and paper is at least your first option. But of course, we're a digital generation,

so, you can also create a simple automated spreadsheet or on your phones you can download a budgeting and there's lots of tools you can even talk with your bank. Because sometimes your banks will even actually have a budgeting tool that you can get.

Plus, FAFSA has a financial awareness counseling tool that is an interactive tool that's free and that you can use to actually help manage your finances and you can go to the FAFSA website for that.

Now, the third thing you need to do is review your monthly income.

First estimate how much money you are going to have coming in each month.

And there's a few things you need to add up with that. Your income can come from several sources.

You know if you have a job, well, you have income from that. Also, if you have any financial contributions coming from family members or again, that financial aid packet that you have, you know, your refunds, things that you get with that.

So, once you've tallied in totaled all that, then you know what you have to start. You might also have some leftover money from the year before,

so, you want to include that in your income.

Next, identify and categorize your expenses. To estimate your monthly expenses. You want to start by recording everything you spend and spend your money on in a month.

This can be a little time consuming, but it really is worthwhile if you take the time to do it.

You need to consider your fixed expenses, which are the things that you pay out each month that will stay the same.

They include things such as rent or mortgage payments, car payments and insurance, depending on where you're at, sometimes even your utilities can be a fixed income, or you can have your utilities put on a levelized billing so that you know what you're expecting each month.

Then, you also need to figure out your variable expenses. And those are the things that are flexible or you can have some control over and they can vary from month to month.

Some of those variable expenses are groceries, clothing, eating out, entertainment.

And so, you're going to want to make sure that you examine all those expenses to keep them under control so that you don't actually bust your budget at the end of the month.

So now you have your total income and then you have your expenses for the month, you need to plan to save for emergencies.

In fact, that needs to be considered one of your fixed expenses. If you go ahead and add that as part of your monthly budget and pay yourself every month, then your savings can be used as an emergency fund because life is full of unexpected tire replacements or fan belt breaks or you name it, it can happen. You know, somebody steals your laptop or whatever.

After you've got that all planned out and you know, then you want to balance your budget.

And to do that, you will compare the two things. And to do that, you'll compare your income and your expenses. And it's really simple. Just subtract your expenses from your income and see what the difference is.

If you're in the positive, then you're doing pretty good and that'll give you a little wiggle room.

If you're in the negative, then you need to go back and see what you can do to either reduce your expenses or add to your income.

Now, once you've done that, you've got your budget created. You need to go and make sure that you maintain and update your budget.

I like the saying, "a budget is a living document," and you need to update it from time to time because things can change.

You know, cost of living changes and even expenses can change from semester to semester.

So, you want to make sure you go back and you review your budget on a monthly basis.

And also, don't forget, sometimes you do get off track on your spending. But once you've realized, hey, I am spending too much this month, I'm going to have to do better next month.

Well, forgive yourself for it and just get back on track and keep going.

There's a lot more to budgeting and managing your finances, but for this episode, we just really wanted to focus on what to do with your financial aid refund.

If you have any questions, you can contact your school financial aid department. They do have people who can give you sound financial advice on how to manage that or even to find new resources for additional financial aid.

Also, you can contact your local county Extension office. Your Family and Consumer Sciences Agent in your county will have many resources and potentially even classes or workshops that you can take.

To find out the contact information for your local county Extension office, just visit our website at www.uaex.uada.edu and under Quick Links you can look up your county.

We'll be sharing more ways to manage your money and improve your finances in future episodes of the Grown Up U podcast series.

Be sure and tune in next week. Got a little stress in your life? Well, we're going to share some really great tips on how to manage it.

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