



## Financial Wellness

Financial issues are a common source of stress for college students. Whether the concern relates to credit card debt, student loans, unpaid bills, or the inability to pay for groceries or gas, financial stress can be overwhelming. Developing skills to promote financial wellness, or the state in which one is able to meet current and future financial needs and feels secure in their financial position, is an important goal for reducing stress and promoting overall well-being.

### Understanding Debt

Debt is money that is owed to another person, company, institution, or the government. Debt is often used to make purchases that a person does not have the ability to pay upfront. Not all forms of debt are equal in how they impact your overall financial well-being and future.

- **Credit card debt.** Credit card debt can be incredibly detrimental to one's financial wellness and can cause significant stress. Credit cards allow a person to charge the cost of something, even if they don't have the money to repay the credit card company. When the credit card bill is not paid in full each month, interest is added to the amount owed and continues to accumulate until the overall balance is paid in full. Interest rates for credit cards can be quite high (average in 2023 is around 23%) which causes the amount owed to increase rapidly if left unpaid. Although credit cards can quickly cause a person to become overwhelmed by debt, if used carefully, they can be a valuable part of a financial wellness plan. A credit card can be useful to have on hand in case of an emergency situation. If paid in full at the end of each month, credit cards can also help to build credit and earn rewards, such as cash back.
- **Student loans.** When careful decisions are made regarding educational expenses, student loans can be an important investment in one's future. Due to the costs of tuition, books, and related expenses while in college, many students do not have the ability to pay for all costs out-of-pocket. Students may have access to federal, state, or private loans. Student loans, particularly federal and state loans, typically have much lower interest rates than an average credit card.
- **Loans for large expenses.** When making a large purchase, such as buying a car or a house (mortgage), a person may take out a loan specifically for that purchase. These types of loans may be necessary and can be a part of a healthy financial plan if carefully selected and budgeted for.

### Banking Basics

Banking is an important part of a financial wellness plan. Banking allows you to deposit, save, and move money. A checking account and a savings account will make it easier to track and manage your income and expenses.

- **Checking account.** A checking account is a primary account in which you can deposit money (put money into) in the form of cash, a check, or direct deposit (a direct payment from a other person or financial institution). Debit cards and checks are linked to checking accounts.
  - **Monthly fees.** When selecting a checking account, find one without monthly fees. If you already have a checking account, check to see if you are being charged monthly fees. If so, contact the bank to discuss your options or switch banks if needed.
  - **Overdraft fees.** A bank can charge hefty fees if you overdraft (spend more money than you have available). To avoid overdraft fees maintain a healthy minimum balance and monitor the amount in your accounts. Most banks also offer the option to set up alerts (text or email) when the amount in your account gets low.
- **Savings accounts.** A savings account is similar to a checking account, but the money in a savings account is usually not as easily accessed because it is not linked with a debit card or checks and may allow for only a certain number of outgoing transfers or withdrawals per month. Savings account are meant as a place to keep money that will not be used in the short-term.
  - **Automatic transfers.** One great way to promote financial wellness is to set up automatic saving transfers. This means sending a specified amount of money from your checking account to your savings account on a pre-planned schedule. If finances are tight, consider an amount you can afford, even if small. This will allow you to slowly build your savings account.

- **Emergency savings.** Saving money for an emergency is a key aspect of a financial wellness plan. This is a fund that is specifically set aside for an unexpected and urgent expense, such as a car repair or a broken water heater. Set a goal for yourself as a place to start and use automatic transfers to build your savings. If saving for more than one goal, open a separate savings account for emergencies.
- **Monthly fees.** As with checking accounts, ensure that you are not paying monthly fees on your savings account.

## Budgeting

Creating and following a budget can be challenging, but it can also be one of the most impactful ways to manage your money. To start a monthly budget, write down your average monthly income and list all expenses, including fixed expenses (expenses that do not vary much each month; for example, the rent payment) and variable expenses (expenses that vary each month; for example, the amount you spend eating out). Note if each expense is truly necessary (electric bill) or unnecessary (premium music streaming subscription). Start developing goals to reduce your spending in specific categories, minimize debt, and start saving (even if a very minimal amount).

- **Subscriptions.** Subscription costs for TV streaming, apps, games, or other services can easily add up. Do an inventory of all subscriptions and consider ending or downgrading services.
- **Cook at home and pack a lunch.** Eating out can be a serious expense for college students. It's tough having to eat on the go, but if you eat out often, consider how much you could save in a month by packing snacks and sandwiches.
- **Budgeting apps.** There are a number of apps that can help with budgeting and money management. Consider using one as a way to actively monitor your spending and saving.
- **Increase your income.** If time allows, consider taking on a flexible, part-time, or work study job to increase your income.

## On Campus Resources

Anoka Technical College students have access to a number of resources on campus.

- **Financial Aid.** Financial aid is how many students pay for tuition and related costs while in college. Financial aid is provided to eligible students who complete a FAFSA (application). A student's financial aid package may include loans (require repayment) and/or

**grants** (do not require repayment). Loans may include **subsidized loans** (which do not accrue interest while a student is enrolled at least parttime in college) and **un-subsidized loans** (which do accrue interest while a student is enrolled in college). To learn more about financial aid visit: <https://www.anokatech.edu/financial-aid-fafsa/>

- **MN Child Care Grant.** This grant provides assistance to students who have children age 12 and under, are not receiving assistance under the Minnesota Family Investment Program (MFIP), and who demonstrate financial need, to help pay for childcare while in college. Funds are limited and awarded on a first-come basis. To learn more visit <https://www.anokatech.edu/financial-aid-fafsa/scholarships-grants-loans/>
- **Counseling services.** Counseling services are available to support you in promoting financial wellness. See the box titled "Counseling Services" for more information.
- **Food pantry.** Students are encouraged to visit the on-campus food pantry to offset the expense of groceries and help reduce food insecurity. Learn more here: <https://www.anokatech.edu/student-services/feed-your-need-food-pantry/>
- **Crisis Grants.** The Anoka Technical College crisis grant program was developed to support students in a financial crisis by providing short-term assistance with essential needs. To learn more visit <https://www.anokatech.edu/financial-aid-fafsa/scholarships-grants-loans/>

## Off Campus Resources

There are many other resources available off campus, including local community and county resources. To view a list of local resources, visit: <https://www.anokatech.edu/student-services/student-basic-needs-resources/>.

### Counseling Services

Counseling services are available to support Anoka Technical College students. A counselor can talk with you about any concerns or difficulties you are facing, provide support, and help in developing strategies and skills to promote wellness and goal achievement. Counseling services are confidential and free. You are encouraged to reach out for support.

To learn more about counseling services, visit: <https://www.anokatech.edu/student-services/counseling-services/>

To schedule an appointment with a counselor, visit the weblink above or call 763-576-7860.