

REAL



Massachusetts Council on
Compulsive Gambling
We understand the problem. We can help.

LIFE

Financial Tips for Graduating Students

101:

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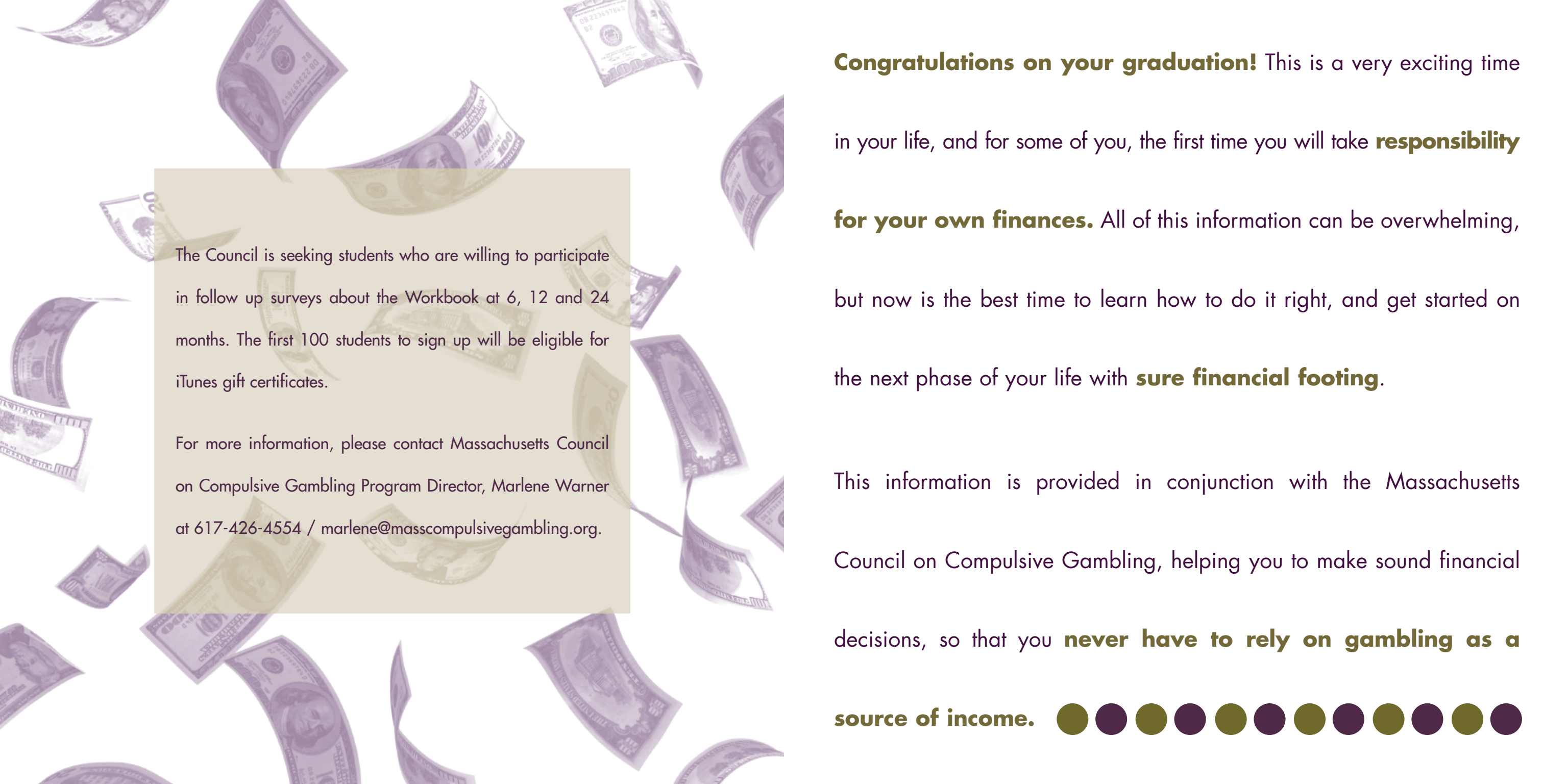
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The Council is seeking students who are willing to participate in follow up surveys about the Workbook at 6, 12 and 24 months. The first 100 students to sign up will be eligible for iTunes gift certificates.

For more information, please contact Massachusetts Council on Compulsive Gambling Program Director, Marlene Warner at 617-426-4554 / marlene@masscompulsivegambling.org.

Congratulations on your graduation! This is a very exciting time in your life, and for some of you, the first time you will take **responsibility for your own finances.** All of this information can be overwhelming, but now is the best time to learn how to do it right, and get started on the next phase of your life with **sure financial footing.**

This information is provided in conjunction with the Massachusetts Council on Compulsive Gambling, helping you to make sound financial decisions, so that you **never have to rely on gambling as a source of income.**



dealing with debt

If you can't pay for it in cash, don't buy it because you really can't afford it.

Many of you may have probably graduated with debt, and have concerns about how to pay it off. You should view debt in two categories: good debt and bad debt.

Good Debt vs. Bad Debt

Good Debt

An example of good debt that most of you have is student loans. Generally, student loans offer the cheapest interest rates available, with the most reasonable monthly payments. Depending on your income, you may also be able to deduct the interest payments on student loans when you file your taxes. Carrying student loan debt is also better for your credit report than other forms of debt. Watch for consolidation opportunities, which are usually offered in July, just before the student loan interest rates increase.

Bad Debt

The most common example of bad debt is credit cards. Many students graduate with credit card debt, and some end up paying it back for years. Credit card debt is a problem nationwide. If you have credit card debt, following are some steps you may want to take:

tip:

Check your credit report on www.annualcreditreport.com each year. It is free to do, and it helps you keep an eye out for identity theft.

- 1) List all of the cards you have, with the total balance, minimum monthly payment and interest rate on each. The Credit Card Worksheet on page 7 can help.
- 2) Your goal is to pay off the credit cards with the highest rates first, and as quickly as possible, since the longer you carry the debt, the more interest the credit card companies earn from you.
- 3) If you have a good credit score, you may be able to negotiate lower rates by calling the credit card companies directly.

Gambling debt is another example of bad debt. People may take personal loans to pay off gambling debt, usually at very high interest rates. Non-payment or missed payments of these debts will negatively impact your credit score. This means you will have to pay even higher interest rates for any loans you take out in the future!

tip:

If you have gambling debt, the Massachusetts Council on Compulsive Gambling understands the problem, and can help by offering both referrals for problem gambling treatment and financial planning resources. Please call our confidential, toll-free Helpline at 800-426-1234 or visit our website at www.masscompulsivegambling.org

getting a job

For most graduates, salary is one of the most important considerations when looking at job opportunities.

Expenses:

Start by totaling up your monthly expenses on the Income Management Worksheet (page 5). Include any debt payments you are making regularly to see what you need to earn in order to cover your expenses. Don't forget to include taxes! Your salary after taxes needs to cover your living expenses; if it does not, you may need to cut back on some things to avoid going into debt.

Some expenses can be more easily reduced, especially categories such as eating out and entertainment. Did you know that a cup of coffee is only 23 cents to make at home? If you enjoy gambling as a recreational activity, be sure to include that in your budget, and set a limit each month or each week as to how much you can afford to lose. If you find that you are spending more money or time on gambling than you budgeted, you may have a gambling problem.

The Big Picture: Benefits

Your first salary may not sound like a lot of money, but some companies will cover expenses such as transportation or education, so be sure to figure that into the big picture.

You will also want to consider benefits that are offered with the job. Many companies offer benefits at reduced costs for employees, which are usually less expensive than you could buy on your own. Other companies will pay for the benefits in full.

List which benefits you will receive by using the Benefits Summary Worksheet (page 6)

Health Insurance

Health insurance is a major consideration. Be sure you know what your deductibles and co-pays are so you aren't shocked at your first doctor's visit. And, don't forget to include these expenses in your monthly budget.

Life Insurance

You may receive life insurance, which is not as important for a young and single person, but a great benefit later in life.

Disability Insurance

Ask about disability insurance. You want to make sure you know about short and long-term coverage. You may be able to buy long-term disability through work if it is not offered automatically. This is a good investment and its usually not very expensive.

Other Benefits!

Also consider benefits such as travel reimbursement, or free parking. If you are interested in furthering your education, ask if the company will pay for classes.

tax tip:

You may want to consider claiming 1 instead of 0 on your W-4 allowances. You will have a smaller refund later but a larger check now. Go to www.irs.gov to check out the withholding calculator to see if this is the best option for you. As your life changes (home purchase, marriage, children) you will want to increase the number of W-4 allowances accordingly.

saving

One of the greatest benefits a company may offer is the opportunity to save for retirement. You may be offered a 401(k), 403(b), 457, TSA, SEP or SIMPLE, which are all types of retirement plans.

In addition to what your company offers, you can invest in a Traditional IRA, which may give you a tax deduction, or a Roth IRA, which allows your money to grow tax-free for retirement. Some companies offer a "match," meaning they will match your contributions into the company retirement plan. This is free money, so take advantage of this if you are offered it. Even if your company does not offer a match, these company plans offer you the chance to reduce your salary by the amount you contribute, and to shelter the growth from taxes.

tip:

Time is on your side if you start early. Aim to contribute 10% of your salary for your entire career and you will be happy you did when you get to retirement!

Little amounts add up over time. Let's say you spend \$5 per week on scratch tickets. You may win some money, but you will also lose some money. Now consider investing it. If you put that \$5 a week into a retirement account earning 6% starting at age 21, by age 65 that amount will have grown to over \$50,000. It's not the timing of your investment, it's your time in the investment, and when you start young, you have a huge advantage over those who wait until later in life to save.

tip:

Ideally you should have 3-6 months of living expenses in a money market account, which offers safety and liquidity, and usually a higher interest rate than your checking account. Go to www.bankrate.com to compare money market rates. A money market account is also a great place to save for short-term goals.

Emergency Fund

It is also a good idea to set up an Emergency Fund, so you do not have to rely on credit cards for those emergencies life has a way of handing out.

RESOURCES:

For more information on financial planning for recent college graduates and/or if you feel that gambling may be a problem for you, please contact the Massachusetts Council on Compulsive Gambling at 800-426-1234 or visit www.masscompulsivegambling.org.

This project has been funded through a grant from the Certified Financial Planner Board of Standards, Inc. (CFP Board). The mission of Certified Financial Planner Board of Standards Inc. is to help people benefit from competent, professional and ethical financial planning. For more about CFP Board, please visit www.CFP.net.

Income Management

I. MONTHLY INCOME

Salary _____
 Commissions _____
 Other _____
 Other _____
TOTAL INCOME _____

MONTHLY WITHHOLDING

Federal _____
 State _____
 FICA _____
TOTAL WITHHOLDING _____

NET SPENDABLE INCOME

II. MONTHLY FIXED EXPENSES:

GIVING

SAVINGS

Emergency _____
 Retirement _____
 Education _____
 Other _____
TOTAL SAVINGS _____

HOUSING

Mortgage/Rent _____
 Property Taxes _____
 Insurance _____
 Electric/Gas _____
 Water/Sewer _____
 Sanitation _____
 Telephone _____
 Cable TV _____
 Maint/Repairs _____
 Other _____
TOTAL HOUSING _____

AUTOMOBILE

Loan Payments _____
 Insurance _____
 Gas/Oil _____
 Maint/Repairs _____
 Other _____
TOTAL AUTO _____

DEBTS

Other Real Est. _____
 Credit Cards _____
 Other _____
TOTAL DEBTS _____

MEDICAL

Insurance _____
 Doctor/Dentist _____
 Prescriptions _____
 Other _____
TOTAL MEDICAL _____

INSURANCE

Life _____
 Disability _____
 Liability _____
 Other _____
TOTAL INSURANCE _____
TOTAL FIXED EXPENSES _____

III. MONTHLY VARIABLE EXPENSES:

Food/Groceries _____
CLOTHING
 Purchases _____
 Cleaners _____
TOTAL CLOTHING _____

ENTERTAINMENT/RECREATION

Eating Out _____
 Baby-sitting _____
 Vacation _____
 Lessons _____
 Clubs _____
 Other _____

TOTAL ENTERTAINMENT

MISCELLANEOUS

Child Care _____
 Personal Care _____
 Allowances _____
 Gifts _____
 Christmas _____
 Other _____

TOTAL MISCELLANEOUS

TOTAL VARIABLE EXPENSES

TOTAL FIXED AND VARIABLE EXPENSES

IV. SUMMARY:

NET SPENDABLE INCOME _____
 LESS MONTHLY EXPENSES _____
 SURPLUS/(DEFICIT) _____

