

Getting More Money Out of Your Live-In Experience: A New Professional's Guide to Financial Freedom

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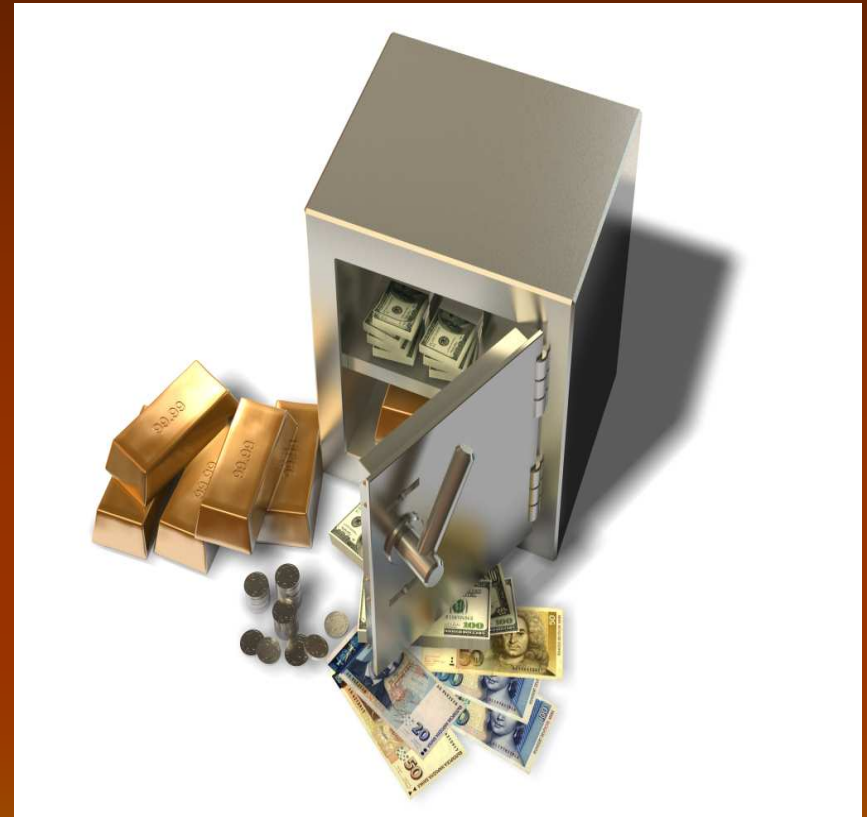
Micheal's Goals of the Program

- Interactive
- Fun
- Challenging
- Active Participation
 - Discussion
 - Sharing of experiences
- New thoughts
- Better understanding/ownership



Micheal's Goals cont.

- Retirement planning
 - Planning for the next step/position
- Making your money work for you
 - Turning a little bit into a lot
- Debt reduction
- Financial freedom!



Why this type of Program?

Why now?

- Personal Responsibility
- Cost of living/economy
- Live-in/Live-on Forever?
- Responsible Planning
- Gross personal debt

Why is it that we are more prone to talk about our sexual proclivities than we are to talk about our finances?

~ Bob Tattershall – Director of Housing, Washington State University

Why are we less inclined to talk about our finances?



All About You...Part I

- Why did you come to this program?
- What knowledge do you want take away from this program?
- What personal financial goals do you have?
- What are your fears about money?
- Where did those fears come from?



Credit Scores

- What are they?
- Why are they important?
- How frequently should it be checked?
- What are some things taken into account in determining your score
 - History
 - Debit:Credit Ratio



Credit Scores cont.

- Ways to check your credit score
 - www.myfico.com
 - You will have to pay to get your scores
 - It will cost you <\$50 for all 3 reports
 - “The Big Three”
 - Experian
 - Equifax
 - Transunion
- Good credit vs. bad credit
 - Homes
 - Cars
 - Credit cards
 - Education



All About You...Part II

- Do you know your Credit Score?
 - What is it?
- When was the last time you got a copy of your credit report?
 - What are some negative factors on your report?
 - What are some positive factors on your report?
- Do you have a plan to increase your Credit Score?

Debt Reduction Calculators

How long will it take you to get out of debt?

<http://cgi.money.cnn.com/pf/101/lessons/9/index.html>



Your thoughts on credit cards...

- Good?
- Bad?
- Why the focus all the time on it?
- How many is too many?



All About You...Part III

- How much debt do you have?
- How much of that debt is credit card debt?
- What one thing has brought you the most amount of debt?
- Since you started your live-in position, how much of your debt have you attempted to pay down?



So how much do we really make?

- Washington State University
 - 25K salary (10 month)
 - 12 month apt (approx. 6500)
 - 10 month meal plan (approx 2000)
 - 5% contribution to TIAA-CREF retirement (matching)
 - Fully vested
 - Medical/Dental/Vision
 - 6 credit tuition remission
 - Total value = approx 42K
- Oregon State University
 - 23k salary
 - Room and Board (approx 6500)
 - 9 credit tuition remission
 - 3% contribution (matching until fully vested)
 - Full vestment after 5 years
 - Dental/Medical/Vision
 - Total value = approx 40K
- University of Alaska-Anchorage
 - 31K Salary (10 month)
 - 8% contribution (12% matching)
 - Vested after 3 years
 - Medical/Dental/Vision
 - Housing and Board (approx 8500)
 - Total value = approx 42K
- University of British Columbia
 - 42K Salary (12 month)
 - Housing and Board (approx 8000)
 - I am unable to solidify or estimate some benefits from the UBC HR website
 - Minimum Total value = approx 55K CAD

Institutional Retirement Plans: How do they work?

- % deducted
- % matched
- Allocations
- Growth
- Withdrawals*
- Moving jobs

Employee Earnings Statement for Employees on Direct Deposit Employee Name:
MICHAEL SERAPHIN **Check Date:** 10/08/04 **Period Ending:** 09/30/04 **Tax Status:**
SINGLE-01 **Advice No/Distribution:** 260586/000 **Gross Pay:** 1,100.00 **Net Pay:** 708.12

STATEMENT OF EARNINGS, DEDUCTIONS, AND CONTRIBUTIONS
CONTACT YOUR DEPARTMENT IF YOU HAVE QUESTIONS ABOUT YOUR EARNINGS

EARNINGS DESCRIPTION MONTHS HOURS GROSS REG CYCLIC 092 88.00
1,100.00

REDUCTS & DEDUCTS DESCRIPTION AMOUNT TIAA CREF 73.64 UNIFORM HLTH
14.50

TOTAL RED >> 88.14 OASI 6.20% 67.31 F INCOME TAX 101.20 MEDICAL AID
5.14 SRC2 14.35 WA ST EMP CU 100.00 MEDICARE 1.45% 15.74

TOTAL DED >> 303.74 YEAR TO DATE DESCRIPTION AMOUNT YTD GROSS
5,700.00 FIT GROSS 5,553.86 FED INC TX 552.34 OASI GROSS 5,627.50 OASI
TAX 348.91 MED GROSS 5,627.50 MED TAX 81.60

THE FOLLOWING CONTRIBUTIONS HAVE BEEN MADE ON YOUR BEHALF
DESCRIPTION AMOUNT DESCRIPTION AMOUNT DESCRIPTION AMOUNT TIAA
CREF 73.64 OASI 6.20% 67.31 MEDICAL
AID 11.67 MEDICARE 1.45% 15.74

TOTAL CONTRIBUTIONS >> 168.36



A little becomes a lot...

- My \$73.64 + WSU's \$73.64 = \$147.28
- My TIAA-CREF Allocations
 - 10% Traditional = 14.72
 - 25% Mid Cap = 36.80
 - 40% S&P 500 Index = 58.88
 - 25% Money Market = 36.80
- My money grows with the market/indexes
- As of the close of business on Friday, February 23, 2006, the value of my TIAA-CREF account was \$9,279.23 – This is in about 2.5 years time!

- * Why doesn't this add up?



“But I can’t afford it!”



- Fact vs. Reality
 - Real costs
 - Debt reduction
 - Spending habits
 - Free money
 - Time

Employee Earnings Statement for Employees on Direct Deposit Employee Name:

MICHAEL SERAPHIN Check Date: 08/25/04 Period Ending: 08/15/04

Tax Status: SINGLE-01 Advice No/Distribution: 235447/000

Gross Pay: 1,100.00

Net Pay: 756.77

STATEMENT OF EARNINGS, DEDUCTIONS, AND CONTRIBUTIONS

CONTACT YOUR DEPARTMENT IF YOU HAVE QUESTIONS ABOUT YOUR EARNINGS

**EARNINGS DESCRIPTION MONTHS HOURS GROSS REG CYCLIC 081 80.00
1,100.00**

REDUCTS & DEDUCTS DESCRIPTION AMOUNT UNIFORM HLTH 29.00

**TOTAL RED >> 29.00 OASI 6.20% 66.40 F INCOME TAX 112.24 MEDICAL AID
5.71 SRC2 14.35 WA ST EMP CU 100.00 MEDICARE 1.45% 15.53**

TOTAL DED >> 314.23

YEAR TO DATE DESCRIPTION AMOUNT YTD GROSS 2,400.00 FIT GROSS

**2,371.00 FED INC TX 226.66 OASI GROSS 2,371.00 OASI TAX 147.00 MED
GROSS 2,371.00 MED TAX 34.38**

THE FOLLOWING CONTRIBUTIONS HAVE BEEN MADE ON YOUR BEHALF

**DESCRIPTION AMOUNT DESCRIPTION AMOUNT DESCRIPTION AMOUNT OASI
6.20% 66.40 MEDICAL
AID 12.97 HCA 584.58 MEDICARE 1.45% 15.53**

TOTAL CONTRIBUTIONS >> 679.48

All About You...Part IV

- Do you participate in your institutions retirement plan?
 - When did you start
- Do you have money saved?
 - How much do you have in an emergency fund?
- In what ways have you set money aside?
- What's your goal for retirement?



Ways to Save Money

- Savings Accounts
- IRAs
- CDs
- Mutual Funds

The Rule of 72

- The "Rule of 72" is a rule of thumb that can help you compute when your money will double at a given interest rate. It's called the rule of 72 because at 10%, money will double every 7.2 years.
- To use this simple rule, you just divide the annual interest into 72. For example, if you get 6% on an investment and that rate stays constant, your money will double in $72 / 6 = 12$ years. Of course you can also compute an interest rate if you are told that your money will double in so-and-so many years. For example, if your money has to double in two years so that you can buy your significant other that Mazda Miata, you'll need $72 / 2 = 36\%$ rate of return on your stash.
- Like any rule of thumb, this rule is only good for approximations.

Exercise

How much do you want to have saved by the time you are 50 years old?

Using the “Rule of 72”, and assuming a 6% return rate, what is the MINIMUM amount of money you can put aside in 2007 to achieve that goal?



SHHH...Here is a secret about
student loans if you don't know this
already.....



Ways To Increase Wealth

- Quit or reduce the amount of cigarettes you smoke
- Quit or reduce your purchasing of coffee from places like Starbucks
- Walk (it reduces the amount of gas you use)
- Reward yourself (within reason) for meeting your monthly goals
- Reduce the amount of times you eat out...or...GASP, use that board plan you get
- Pay down your credit cards
- When grocery shopping, use a list!
- Take advantage of your institution's retirement plan
- Save!

Some things to remember...



- Pay yourself first
- Pay more than just the minimum payments
 - If you cannot do this every month on all your cards, at least pay the minimum on some and more on others
- Participate in your institutions retirement plan – it's less expensive than you think
- Don't spend more than you can pay off each month
- Watch out for interest !
- Plan ahead
- Have an emergency fund
- "People first, then money, then things"

All About You...Part V

- What are you taking away from this program?
- How will you achieve the goals you set for yourself today?
- What is one thing you learned today that you will share with someone else?



Questions?



Thank you very much for your time.
Please remember to take the time
to complete your evaluations.

Enjoy the rest of the conference!



Resources

- Bierman, Todd and Nathaniel Wice. The Guerrilla Guide to Credit Repair: How to find out what's wrong with your credit rating – and how to fix it
- Draut, Tamara. Streapped: Why America's 20- and 30-Somethings Can't Get Ahead
- Orman, Suze. The 9 Steps to Financial Freedom
- www.cnnmoney.com
- www.tiaa-cref.org

