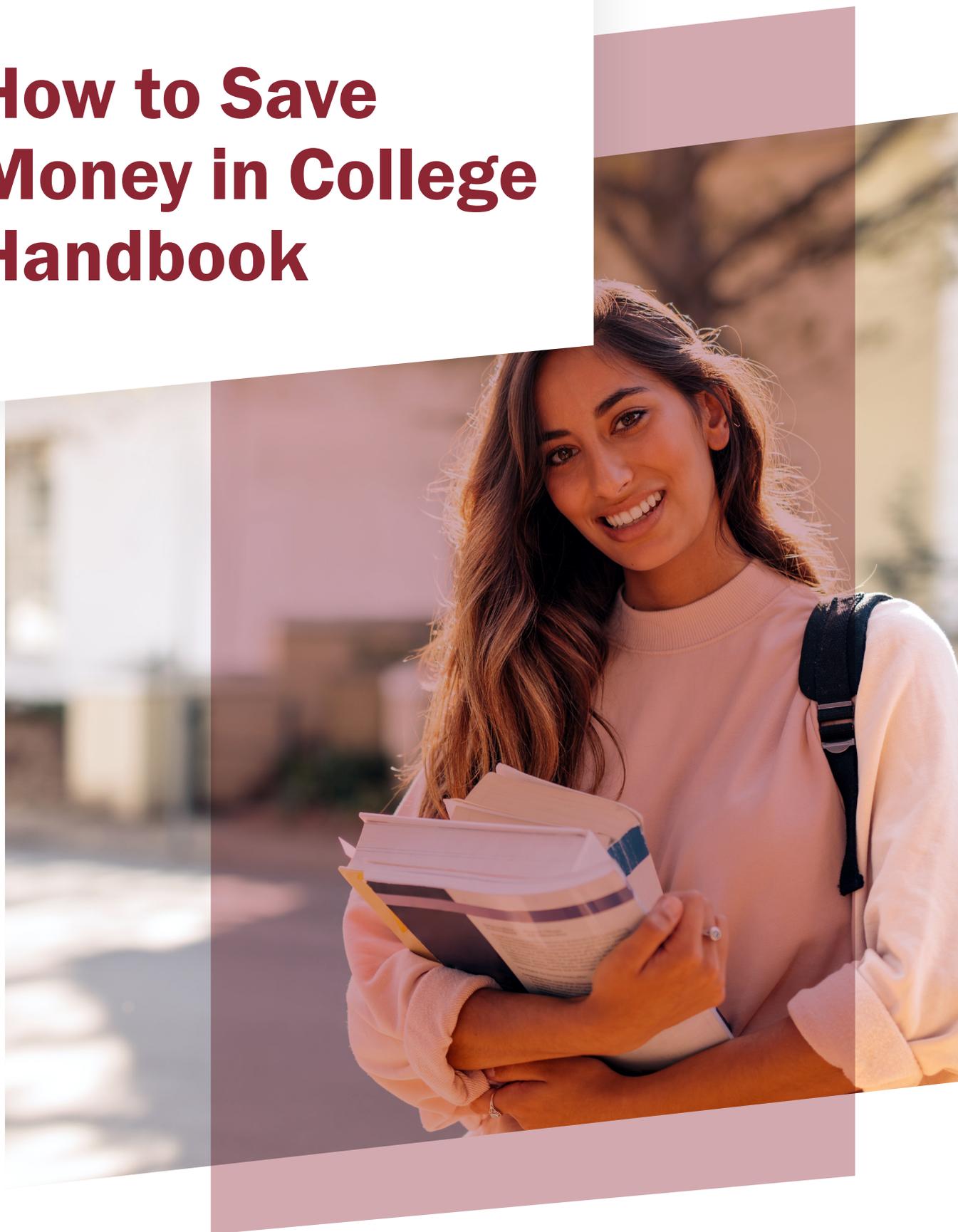


How to Save Money in College Handbook



Success Starts Here.



First State
Community Bank

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Introduction

Attending college or university opens up all sorts of new doors for young adults. Unbridled independence, newfound connections, and vast knowledge are at your fingertips. These possibilities and more make higher education an exhilarating opportunity.

College brings lots of positive potential, but one inevitable disadvantage of this opportunity is securing funding. We all know degrees and diplomas don't come cheap, and the price tag for continuing education continues to climb. And although tuition constitutes the majority of college costs, there are additional expenses, including housing, books, supplies, and other necessities.

To cover these costs, many choose to take out federal or private student loans. This process forces students to brush up on their [financial literacy](#) so they can reliably fund their future. With the right educational resources, you can set yourself up for financial success by learning how to spend and save money in college.

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What You Need to Know Before Taking Out Loans

There are two main types of student loans: private and federal. Like most conventional loans, private student loans require a credit history to apply. This limitation typically means the borrower needs a cosigner. On the other hand, to take out federal loans, you don't need a credit score. Federal student loans also provide financial assistance opportunities not offered with private loans.

Federal loans, which you apply for with the Free Application for Federal Student Aid, are either subsidized or unsubsidized. Those with specific financial needs are eligible for a subsidized loan, which doesn't accrue interest while you're enrolled. Conversely, unsubsidized loans start accruing interest immediately.

Students may need to take out private loans if they've already borrowed the maximum amount of federal loans and still need additional funding for school. Essentially all private loans (99.9 percent¹) require school certification, a process where the school confirms the borrower's student status and cost of attendance.

Independent undergraduate students may borrow up to \$57,500 total in federal student loans, while the cap for dependent undergraduate students is \$31,000.² Those with private loans may borrow up to the cost of attendance minus financial aid that doesn't require repayment.

Sources

1. <https://www.enterval.com/media/files/enterval/psl/psl-report-enterval-private-student-loan-report-q3-2022.pdf>
2. <https://www.nerdwallet.com/article/loans/student-loans/much-borrow-college>

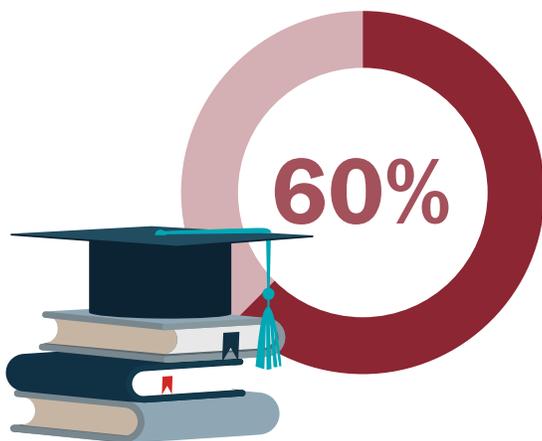




Student Loan Debt Trends

Inflation has caused the cost of virtually everything to increase, and student loan debt is no exception. Total student debt in the U.S. has nearly tripled in the past 15 years, with today's borrowers racking up an estimated \$1.77 trillion.³ Interest rates continue to rise, with the rate for direct undergraduate federal student loans increasing to 5.5 percent from 4.99 percent for loans disbursed on or after July 1, 2023.⁴

Not to mention, as of July 2021, 40.4 million student loan borrowers left school without graduating.⁵ In fact, only 41 percent of first-time, full-time college students finish their degree in four years.⁶ This means that, despite having a partial college education, these students don't benefit from the future financial earnings associated with a higher degree.



Sixty percent of all college graduates leave school with student loan debt.⁷

Sources

3. <https://www.usatoday.com/money/blueprint/student-loans/average-student-loan-debt-statistics/>

4. <https://www.cnbc.com/2023/05/12/interest-rates-rise-on-new-federal-student-loans.html#>

5. <https://nscresearchcenter.org/some-college-no-credential/>

6. https://nces.ed.gov/programs/raceindicators/indicator_red.asp#

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How to Save Money in College

When thinking about how to save money as a college student, it's important to find small but effective methods for cutting costs. These seemingly small reductions cumulate, helping you effectively build wealth over time. Here are a few ways to lower expenses while you're in school that may even help you figure out how to pay for college without loans.



Try to avoid buying new textbooks.

Textbooks are expensive in general, but new textbooks are sold at absurdly inflated prices. Make sure to ask students who have already taken the course how often they actually needed the textbook. Those who won't need the book very often can possibly split the cost and share it with other students in their class. If you need certain books for class, find out whether or not they're available to rent anywhere. And sometimes, someone who already took the class will sell you their book from the previous semester at a discounted price.



Always have your student ID.

Numerous businesses, particularly local businesses in close proximity to campus, offer student discounts on their products and services. And even more of them don't advertise these potential savings. Always have your student ID on hand for proof of enrollment, and never be afraid to politely ask the business if they participate in this type of promotion.



Explore all housing options.

Research costs for rooms both on and off campus to figure out the most affordable and comfortable living option. Compare and contrast the cost of rent, the surrounding neighborhoods, included amenities, and other crucial considerations to find the right housing.



Chip away at student loan interest.

As we mentioned, unsubsidized federal loans start accumulating interest right away, meaning your loan amount will continuously increase while you're enrolled in school. Although you may not be able to pay down the principal, covering the cost of interest can set you up for a more manageable total loan amount after you graduate. Those with unsubsidized loans should try to pay as much of the principal as possible while they're in school to gradually reduce what they will owe after graduation.



Monitor eligibility for scholarships and grants.

Many students are under the impression that [financial aid](#) programs such as scholarships are only available to first-time undergraduates. Although many assistance programs exist for first-year students, upperclassmen and students enrolling in school again are also eligible for certain types of aid. Eligibility for a handful of these programs relies on factors other than when you started school, such as academic performance, athletic achievements, or specialized project submissions.

92%



About 92 percent of all student debt is federal student loans.⁸

Sources

8. <https://www.forbes.com/advisor/student-loans/average-student-loan-debt-statistics/>



How to Manage Your Finances Responsibly

Although smart spending is important, the best way to save for college is by consistently monitoring your spending to help you manage your finances responsibly. This insight allows you to closely assess and address your spending habits for maximum growth. Check out a few budgeting tips for college students.



Automate financial obligations.

Automatically distribute savings, direct deposit, and bill pay to make these dealings less daunting. By automating regular transfers, you avoid forgetting to manually process the payment, and you know exactly when the money will leave your account, making budgeting easier.



Use credit cards and afterpay sparingly.

Debt is inevitable in a capitalist society. However, reckless accumulation of debt will cause a considerable negative impact on the future of your finances. Even minuscule credit payments and small loans eventually add up, possibly resulting in more debt than you can handle. For this reason, be sure to keep credited expenses to a minimum.





A 2023 high school graduate can expect to borrow around \$37,300 for their bachelor's degree, according to one analysis.⁹



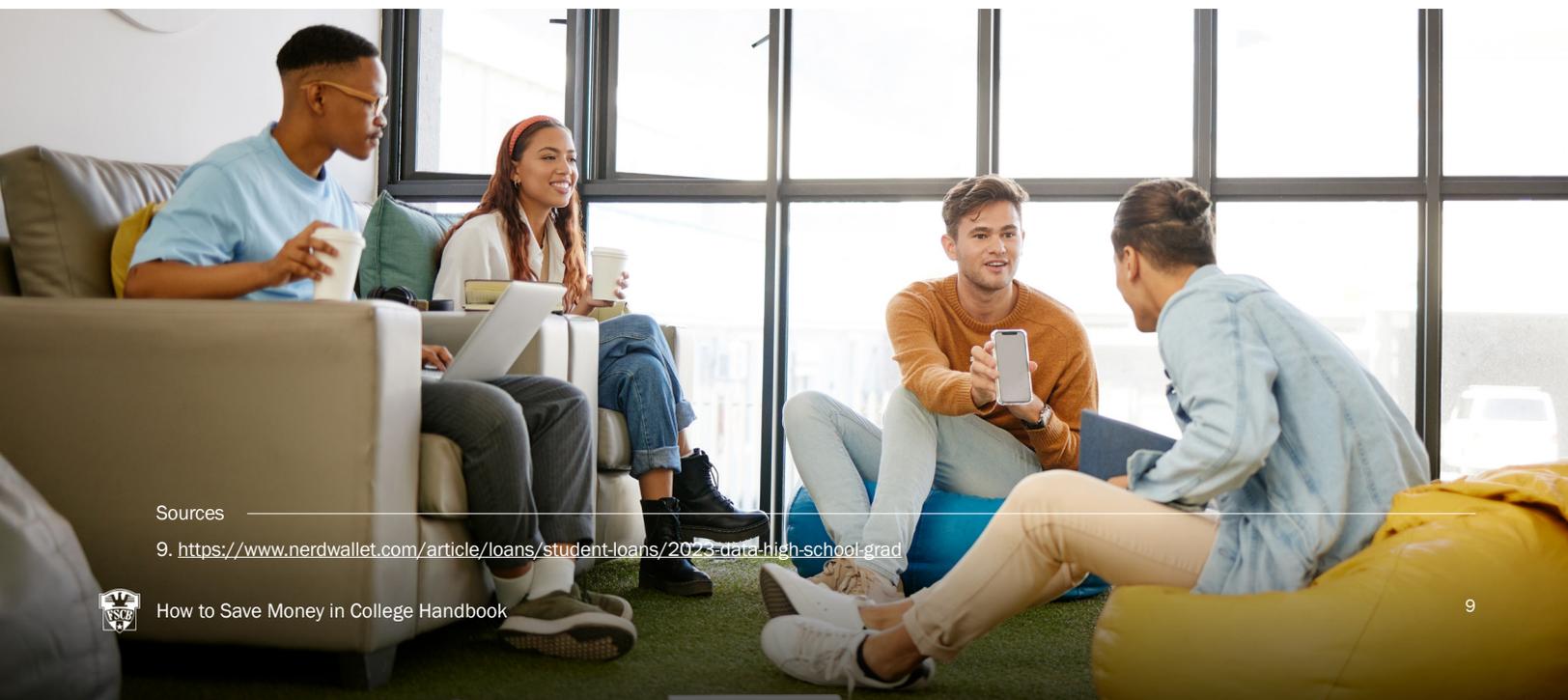
Revisit your budget regularly.

Assess and reassess your spending and saving activity on a regular basis. Some financial experts recommend revisiting your budget as often as every week, but vigilant monthly budgeting is also effective for keeping costs under control.



Take advantage of school amenities.

Of course each school is different, but every college offers certain amenities that are included in the cost of your tuition. These amenities range from basic services, such as [meal plans](#) and gym memberships, to luxuries, such as pool access and free social events. Find out what accommodations your school provides and leverage them for free.



Sources

9. <https://www.nerdwallet.com/article/loans/student-loans/2023-grad-high-school-grad>





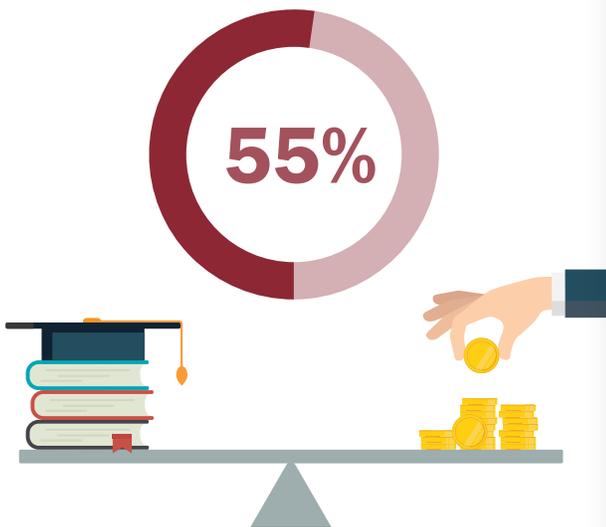
Find the right bank account.

Opening a [checking account](#) is an excellent way to keep tabs on your spending and saving habits. Most banks offer an account specifically for college students to fit their unique financial needs. For example, FSCB's student checking account boasts several benefits, including no monthly service fee, instant access, and exclusive programs such as Pocket Change, which allow for easy banking without lifting a finger.



Visit your local advisor.

When you find yourself in over your head with financial obligations, your best resource is a trusted banking expert. FSCB's financial advisors are always available to answer any questions and address any concerns regarding money management. Don't hesitate to [reach out](#) or stop by a local branch if you need additional help or guidance.



Fifty-five percent of the class of 2020 graduated with student debt. Among these graduates, the average student loan debt was \$28,400.¹⁰

Sources

10. <https://research.collegeboard.org/media/pdf/trends-college-pricing-student-aid-2021.pdf>



What the Future Holds for Your Finances

Here are the key takeaways for college students trying to save and spend smarter while they're in school:

- ✓ Start small but start early; even minuscule amounts add up gradually.
- ✓ Do your best to avoid going into significant debt or accumulating too much interest.
- ✓ Always factor all expenses into your [budget](#), and reassess it regularly.
- ✓ Leverage what you're already paying for at college, including wellness services and other amenities.
- ✓ Partner with a bank that has your best interests in mind to stay on track toward a successful financial future.



Exploring your financial opportunities after high school can be intimidating if you're not backed by the right resources.

FSCB supports you through every step of your college journey. Start saving today with a student checking account from FSCB.

[Start Now](#)

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About First State Community Bank

Whether you're seeking a line of credit, a personal loan, credit card transfer options, or financial counseling services to improve your money management, we're committed to helping you set and reach your financial goals.

Since 1954, First State Community Bank has been a leading financial resource to residents and businesses across the state of Missouri. First State Community Bank has built its reputation on an unyielding commitment to delivering the best possible service to customers and partners, from the Junior Savers who open an account with \$1 to those applying for multimillion-dollar commercial loans. Our mission is to help our customers achieve financial success on their terms, whether that means buying a new home, starting a business, or planning for retirement. We are here to help you reach your financial goals today and into the future.

**Learn more by connecting with the FSCB team
to see how you can get started today.**

[Get in Touch at FSCB.com](https://www.fscb.com)

