

# 2013 New Year's Resolutions for students

 By Joy M

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You've mastered applied chemistry, argued your way through Eastern philosophy and can manipulate encoded data in your sleep; but have you mastered the art between knowing what you *need* and what you *want*? Well, New Year's Day has passed, but it's still not too late to make some resolutions that will make 2013 go better for you *if* you stick to your resolutions.

Today, the average US student owes a whopping \$15,000-\$25,000 or so by the time he or she graduates from university - and this doesn't include money borrowed from Mom and Dad or private lending institutions. This suggests that most college students haven't really learned the basics of personal finance.

This 2013 make sure that you don't just focus on getting good grades and making it to your graduation day; but also to the state of your finances. Here are some financial resolutions (and solutions) that'll help you buck the trend and take charge:

## **Establish a good credit score - even before you leave school!**

You're living in a dorm and you're taking public transport now; and if among the first things you want to do after graduation is to get a car or a house, you'd better start taking note of the word: credit score.

So, [what's a credit score](#) anyway? The amount of loans, credit cards and payments is calculated into what's known as a credit score. This score (in the US ranging from 300-800) is an indicator of whether or not you're a safe credit risk. Having a good credit score will determine if you get good financing *and* the rate of interest that the bank will charge you for a loan.

One simple way to ramp up your credit rating is to get a college credit card. Through this, you can show bank institutions that you can balance your finances while factoring in the cost of interest. Just a reminder though, make sure that you use this credit card wisely - used only for necessary expenses and paid on time - [check your credit scores regularly](#) to ensure that your credit score is where it needs to be.

## **Budget, budget, budget!**

If you think budgeting is a chore, don't. Budgeting doesn't mean you have to deprive yourself; it only means you have to learn how to organise and prioritise.

The first thing you have to do is to list down all your expenses and find out if you have the means to pay for all of them. If you don't, then it's best that you re-evaluate on what you're spending your money. Do your best not to deviate from your

original list, unless circumstances call for it, and no, that pizza party next week isn't part of it.

It's easier to follow a budget when the numbers are in front of you. So if you're planning a beach trip or a buying a new laptop, account for it and start budgeting for it beforehand.

## **Save for a rainy day and have an emergency fund**

It's always a healthy perspective to expect the best but to always prepare for the worst. And with this, it's a good idea to create an emergency fund.

Just like a regular savings account, the easiest way to add or to create an emergency fund is to use automation. If you had to deposit money yourself, you have a higher tendency to spend it; so make it automatic so you won't be tempted to spend it.

## **Be a smart spender**

The first thing you have to do is to know your spending triggers. Is it shoes? Video games? Books? Or maybe fast food?

Once you've identified these then, learn to avoid situations that put you in the mindset where you want or need to purchase something (i.e. going to the mall during a shoe sale). While it's fine to have an occasional "feel-good" purchase, you have to know your limit.

Aside from knowing your spending triggers, you also have to know the right timing for making a big purchase. Think twice before buying something big and if you need to, consult with family and friends to help you weigh the pros and cons.

## **Don't fear your finances!**

You're about to step into adult life and the least you can do is to know the basics of personal finance, investing and budgeting.

Yes, it can be hard to save during college; but it really doesn't matter if you start off with \$20 a month. Experts say that the earlier you start contributing to an account, the more money you'll eventually end up with because of compounding interest. Opting for an auto-deposit savings account is a good strategy to help you save.

Aside from saving, it's also a good idea to start looking for [ways to make your money work for you](#). Doing research about mutual funds, stocks, bonds and the like is a good place to start.

At the end of the day, finance is all about discipline and there's no better time than to start doing it than the New Year. So take these resolutions and look forward to a financially savvy year ahead!

## **ABOUT JOY M**

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