



RESOURCE MANAGEMENT GUIDE

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The **Resource Management Guide** was designed to help you and your family plan ways to finance your education. The guide explores various strategies to help reduce college costs. This information will be helpful when choosing a school, while you are in school and after you graduate.

COLLEGE COSTS AND COMPARISONS

Some of the best things in life may be free, but unfortunately, college is not one of them. One of the steps in planning for college is to learn what it costs. Each school calculates its cost of education based on a standard list of living expenses (outlined below), which will vary per institution. These standard costs are useful when comparing different colleges but will vary depending on each student's personal budget (refer to "Budgeting," section on page 4 of this guide.)

The Components of College Costs

Regardless of where you enroll, your expenses include both direct educational expenses and living expenses. Comparing these expenses is an important part of choosing a college.

Tuition and Fees. Tuition is the charge for instruction. Fees may be charged for services such as the library, student activities, computer access, or the health center. Because public institutions receive funds from taxes, tuition and fees at these institutions are generally the lowest, particularly if students are legal residents of the state in which they are located. Most two- and four-year public colleges charge higher tuition for non-residents. This "out-of-state" tuition can make the cost of attending a public institution as high as the cost of attending many private institutions.

Books and Supplies. Every student must buy books, pencils, paper and other supplies. The amount you spend for books may vary only slightly by type of institution but is related to the courses you select. The cost of books can be lowered by buying used texts.

Room and Board. These are the basic living expenses for food and housing. Regardless of the kind of institution you choose, you will have to consider these expenses. Generally, living with family will be the least expensive option. Living on campus will be more expensive than living in an off-campus apartment. Room and board costs can be diminished by sharing an apartment with a roommate, locating an apartment in a rent-controlled area, or living at home.

Personal Expenses. These include expenses such as clothing, laundry, toiletries and recreation. This is an area in which you can economize, but colleges usually estimate personal expenses at \$1,000 to \$2,500 per academic year.

Transportation. All students spend some money for travel. Usually, the closer you live to the campus the lower your travel costs will be. All commuting students will have travel costs associated with getting to and from school. You should also consider the costs of going home during holidays.

The total expense budget for a particular college is determined by adding up the five categories above.

How Will I Pay For College?

The Federal Government regards you and your family as the first and primary source of funds for education. All colleges will expect you to pay something toward college costs, according to your and your parents' abilities. The Federal Methodology is the standard formula used to determine the level of your Expected Family Contribution (EFC). In calculating the EFC, this formula takes into account (but is not limited to) your and your parents' income and assets, the number of people in the household, and the number of college students in the household. The difference between a school's budget and the EFC is the amount that you can expect to receive from the school in the form of financial aid, including federal, state and institutional grants, loans and work-study.

How to Apply for Financial Aid

You must apply for financial aid every year. You can submit your application on the web at www.fafsa.ed.gov. If you prefer to file a paper application, you can obtain a Free Application for Federal Student Aid (FAFSA) from any high school guidance office, community college or university. For maximum aid consideration, make sure that you submit your FAFSA by the priority filing deadline.

Please refer to the *Financial Aid Handbook*, available at the UCLA Financial Aid Office's web site (www.fao.ucla.edu), for a more detailed description of the application process.

In your overall search for school funding, do not overlook the scholarships offered by your college as well as by corporations, smaller companies, labor unions, churches, fraternal organizations, PTAs, foundations, civic groups and professional societies. You may be able to qualify for a scholarship regardless of your family's financial situation, and, for many agencies, your grades are secondary to your special abilities, talents, extracurricular activities and other considerations. No student who receives financial aid funds can receive an award that exceeds the cost of attendance. Scholarships must be included and the general policy is to reduce loan eligibility to accommodate them. Therefore, ***it is essential that all scholarships be reported to your financial aid office*** in order to ensure that you are not overawarded, and hence billed.

The FAFSA
priority deadline
is March 2 for the
upcoming academic
year. It must be
filed annually.

BUDGETING

Once you decide on the institution you want to attend, and receive financial aid assistance from that institution, it becomes imperative that you monitor your spending in order to ensure that all your expenses are met. To this end it is important that you budget your funds carefully.

In order to assist our students with smart financial management, EdFund® (the California guarantor) and UCLA have developed the EDWISE™ Online Financial Planning Guide. Students and their parents gain clear, concise budgeting information that enables them to figure the most efficient way to manage finances. With EDWISE, students can determine a budget, develop strategies to manage finances, and find helpful tips on how to cut expenses.

■ **Access EDWISE at:** www.edwise.org

Understanding and Creating a Budget

A budget is a written plan for managing money during a certain period of time. To write a plan, know your income and expenses. Since you will receive your financial aid quarterly at UCLA, you may want to do a separate budget for each quarter. Your budget will include:

- All money earned or received from financial aid, gifts or allowance. Remember to count only net (take-home) pay, not gross (pre-tax) pay.
- All the things on which the money is spent. They include fees, housing or household expenses, food, books, clothing, entertainment and recreation, loan and credit card payments, transportation, gifts, medical and dental insurance, and miscellaneous items.

Stick to Your Budget

A budget won't do any good unless it's used. So make sure you:

- Write down your income and expenses.
- Balance the bottom line. Decreasing flexible expenses is a way to balance the bottom line. You can also refer to Strategies for Cutting Costs on page 8 for other helpful hints on making your budget easier to live with.
- Monitor your budget and keep it flexible. Make adjustments as your income and expenses change.

SEARCHING FOR SCHOLARSHIPS

Your local school or public library is an excellent place to start your scholarship search.

And, you can search the Web. To start your free search on the Web, access one or all of the following addresses:

www.collegeanswer.com

www.fastweb.com

www.nextstudentloans.com/sse1

Use the Sample Budget on page 5 to help plan your own budget, or do it on the web at www.edwise.org

SAMPLE BUDGET	Date _____		
INCOME Financial Aid	Fall Quarter	Winter Quarter	Spring Quarter
Loans ¹			
Grants and Scholarships			
Work-Study Earnings			
Non-Work-Study Earnings (Job #1) ²			
Non-Work-Study Earnings (Job #2) ²			
Allowance			
Gifts			
TOTAL INCOME			
EXPENSES School Tuition/Fees			
Books and Supplies			
Housing			
Utilities			
Food			
Clothing			
Entertainment/Recreation			
Loan/Credit Card Payments			
Insurance			
Health Care			
Vacations			
Car Maintenance			
Gifts/Donations			
Miscellaneous			
TOTAL EXPENSES			
TOTAL INCOME			
MINUS TOTAL EXPENSES			
BALANCE³			

This budget form can be adapted for weekly or monthly entries if you wish to refine your financial control. The more clearly you can see where every dollar goes, the better your chances for curbing non-essential spending.

¹When budgeting loans, remember to subtract any origination and guarantee fees.

²Take-home pay (after taxes).

³If you have any money left over, it is prudent to put it in your savings account for a rainy day.

MANAGING YOUR **RESOURCES**

Checking Account

A checking account is often the cornerstone of personal finance. It offers a convenient way to make payments without using cash; it provides some security since only authorized individuals can withdraw money; and it is a convenient way to track spending habits and help you adhere to your budget.

TO OPEN A CHECKING ACCOUNT

You will need:

- A driver's license or state picture ID.
- A Social Security Number to keep track of the account and report any interest earned to the government.
- Minimum deposit required to open your account. Make sure you bring enough money to cover your first order of checks.

Choosing an Account

Banks offer several kinds of checking accounts, each with special features designed to meet specific needs. To determine which account may be right for you, consider the following features:

Minimum Balance Requirements. What is the least amount of money that must be kept in the account to avoid paying a service charge? When looking for an account, try to find one with no minimum balance requirements.

Fees. Are there per check charges, monthly fees or other charges?

Interest. How much money does the bank pay you to keep your account? Not all accounts pay interest, institutions pay different rates of interest on the different types of accounts.

Check-Writing Limits. How many checks can be written each month before you start to incur per-check charges?

Canceled (Cashed) Checks. Are your checks returned to you, or held by the bank?

Account Access. Can the account be accessed through ATMs, phone or PC? Are there charges for using these systems? Are the bank's ATMs located conveniently on or close to campus and/or your home? Remember the safest time to withdraw funds is during daylight.

Debit Cards

Instead of using checks, use a debit card provided by your banking institution. A debit card looks like a credit card but works like a check. When you make a purchase, you give the sales clerk your debit card. The purchase amount is then deducted from your checking account. Debit cards are safer than carrying cash, more convenient than writing checks, and there is no worry about building up credit card debt. You can also use your debit card as an ATM card to withdraw cash from your account. Be sure to keep all debit card receipts and enter the amount spent in your checkbook register.

Keep Track of Your Account

When you open a checking account, your bank will provide you with a check register for recording all transactions. Be sure to:

- Record the opening deposit.
- Subtract the cost of checks or any other costs associated with opening the account.

- Keep track of every check written. To make this easy, you can order checks with carbon copies that provide you with a duplicate of every check written.
- Keep track of your current balance by adding in all deposits and subtracting every check written and every debit transaction from the balance (the current amount in the account).
- Record any service charges, fees, interest earned, or cash withdrawn from ATMs.

Never write a check for more money than is in your account because the check will “bounce” or be returned because of insufficient funds. Bouncing checks results in additional charges to your account. A merchant who is unable to collect on a bounced check may also charge you for a returned check. To avoid having checks bounce, see if you qualify for overdraft protection. Overdraft protection is a line of credit extended by the bank which will automatically cover a check if there is not enough money in your account. You must remember, however, that interest will be charged on any overdraft advances.

Credit Cards

As a student, you will be inundated by credit card offers. Credit cards are easy and convenient and, if used wisely, can demonstrate your financial maturity. If you pay promptly, you are on your way to establishing a positive credit history. The safest way to avoid excessive debt and the accumulation of interest is to pay your balance in full by each month's due date. Keep track of your charges. Protect your credit card number. (One credit card is usually sufficient to meet your needs.) Credit cards are good for short-term borrowing that is paid in full on a timely basis; however, if you need to finance your education, keep in mind that the federal loans obtained through your financial aid office have lower interest rates and better repayment terms than do credit cards. *Refer to the Student Loans section on page 10 for more information.*

Bruin Card

UCLA Bruin card serves as your school ID but it is also much more. Funds can be deposited to your Bruin Card account in order to make purchases at the UCLA Store, campus restaurants and eateries, and other locations on and off campus. Many vendors offer discounts for purchases made with your Bruin Card. The card also serves as a Big Blue Bus pass (with a discounted co-pay), recreation center card, UCLA library card and much more. To find out more information about UCLA Bruin Card, please visit their web site at www.bruincard.ucla.edu.

Bruin Direct

At UCLA, financial aid funds can be electronically deposited directly into your checking account via Bruin Direct. Once your financial aid becomes available for a given quarter, the funds are transferred by Student Financial Services directly into your bank account. Contact the Main Cashier to sign up for this convenient and time-saving Bruin Direct option.

MANAGING YOUR EXPENSES

Strategies for Cutting Costs

If your personal resources are insufficient, but you wish to limit your reliance on financial aid, you need to reduce your overall expenses. There are many different ways to cut costs, and your personal situation will determine which of these approaches can work for you.

Reduce the Time Involved in Earning a Degree

Take advantage of advanced placement and/or academic credit options. By demonstrating proficiency in college-level studies, through examinations such as those sponsored by the Advanced Placement (AP) Program, you will reduce the number of college courses you will need to take in order to obtain a degree.

- Compress the time required to earn your degree by taking more than the minimum courses required per term and/or attending summer school. If you attend a four-year university, summer school in a community college can be a particularly viable option because you can take courses at a much lower cost, and then transfer the units. Seek the advice of an academic counselor when considering this option. UCLA offers summer classes, and financial aid is available to continuing and new students.
- Consult with your academic counselor to map the most efficient path to graduation. This will ensure that you don't pay for unnecessary classes. It is possible to explore various majors while taking your General Education classes. But, to minimize your time (and cost), it is best to declare your major by the end of your second year before you take any major-specific upper division classes.

Two Years Then Transfer

Many students opt to attend a two-year community college for basic-level courses and then transfer to a four-year school for their final two or three years. When selecting this option, make sure that the community college courses are transferable and will be credited by the four-year school; otherwise, you will be required to retake courses — at even greater expense.

Reduce Indirect Costs

In addition to the Managing Your Resources strategies listed on pages 6-7, consider the following cost-cutting tips:

- Live at home instead of on campus. Some students live at home during their first year in college, moving out once they gain experience budgeting and managing their resources. Students living in an off-campus apartment can reduce costs by sharing expenses with a roommate or finding an apartment in a rent-controlled area.
- If you live in a dormitory, compare college-sponsored meal plans before making a selection. The Housing Office can provide you with the breakdown of the meal plans and their costs.

- Bring your lunch to school.
- Buy used textbooks, available at the book store. After classes end, books can be resold to the vendor.
- Use your school ID card at local shops to receive discounts.
- Join clubs and organizations or look for entertainment on campus, generally free or offered at a nominal fee.
- Decrease flexible expenses. Try cutting back on clothes or entertainment by waiting to buy. Shop smarter: Buy on sale, buy used, buy in bulk or borrow.
- Limit the amount of cash and the number of credit cards you carry to prohibit unnecessary spending.
- Opt for basic, no-frill packages for travel, phone, and utility services. Eliminate extras and luxury options.
- Pay bills on time to avoid late fees.

Working While in College

Part-Time Employment

A part-time job can be of great help in meeting the cost of your education. Many students work part-time while enrolled in school, and then work full-time during the summer to assist with educational expenses for the following academic year.

Federal Work-Study Program

Federal Work-Study is offered to all qualified students at the time their financial aid award is determined. It provides an opportunity to work in a specific on- or off-campus work-study position. If offered work-study, you should take advantage of it because these positions usually pay more and are more flexible when it comes to scheduling than non-work-study jobs. Another major benefit of work-study is that earnings are not considered in determining your student contribution for financial aid the following academic year. A percentage of non-work-study earnings are expected to be saved to use toward your future education costs.

OTHER CREATIVE FINANCING SOLUTIONS

Military Assistance

If you are willing to trade a few years of your life in the military for an education, the armed forces may give you money toward tuition. Here are three choices:

Military School. Service academies are four-year colleges that serve the various branches of the armed forces. Their purpose is to educate and train students for careers as military officers. They offer the standard courses found at other colleges, plus courses in military training. You graduate with a four-year degree. Other

Need A Job? The Daily Bruin, a free UCLA publication, is extremely useful in helping you locate a job close to campus.

RESEARCHING MILITARY OPTIONS

You can research your military options on the following Web sites:

www.goarmy.com

www.marines.com

www.navyjobs.com

www.airforce.com

DETERMINE YOUR AFFORDABLE MONTHLY DEBT PAYMENT

1. Estimate your annual salary after graduation. Refer to the "Occupational Outlook Handbook," which can be found at your library or use "Career Browser" made available by the College Board at: www.collegeboard.com/apps/careers/index
2. Subtract 20% for taxes, Social Security, and insurance premiums. The resulting amount is your approximate net annual income.
3. Divide your net annual income by 12 to estimate your net monthly income.
4. Calculate 8% of your net monthly income (multiply by .08) to determine the maximum monthly payment you can comfortably afford. Conventional wisdom suggests no more than 8% of your net monthly income should go to pay personal/educational debt.
5. Consult the Loan Repayment Schedule in Appendix A page 12, to determine the maximum loan amount you can repay with the monthly repayment amount calculated in step 3.

than a one-time fee for a uniform, computer, and books, your education is free — and you earn a salary each year you are in school. Once you graduate, you must serve a minimum of five years in active duty.

GI Bill. This program is designed for people who enlist in one of the branches of the armed forces before pursuing a college degree. The money goes into the GI Bill fund, and can be used for your education either during or after your military service. To qualify, you must serve at least three continuous years of active duty or two years of active duty followed by four years in the reserves.

Reserve Officer Training Corps (ROTC). ROTC offers a scholarship program that lets you go to college full time and participate in a part-time or summer officer training program. ROTC scholarships offer recipients free tuition, fees and books for up to four years of school, in exchange for up to four years of active duty following graduation.

Tax Deductible Loans

If your parents own a home, they may be able to borrow money based on its equity. The interest paid on home equity loans may be tax deductible.

Federal Tax Credits for Educational Expenses

There are two federal tax credits that may benefit you or your parents. Both are tied to college tuition and fees. The Hope Scholarship credit is only available for the first two years of at least half-time enrollment in post-secondary education. The Lifetime Learning Credit is available for post-secondary enrollment at any level. If you receive grants and scholarships to cover your fees, you will not be able to claim the credit. Consult your tax advisor if you and your parents are interested in learning whether these tax credits apply to your financial situation.

STUDENT LOANS

Establishing A Personal Debt Limit

It is very likely that you will take out some type of student loan while you are completing your education. The question is, how much to borrow? A wise borrower understands that debt must be approached very cautiously, and that you need to consider how much you can expect to earn after graduation before you borrow. Excessive debt can diminish the benefits of any degree.

Example: Josephine Bruin expects to make \$25,000 annually as a financial analyst. After subtracting 20% ($\$25,000 \times .20 = \$5,000$), Josephine's net annual income will be \$20,000, which equates to \$1,666.67 per month. Calculated at 8% ($\$1,666.67 \times .08$), Josephine should be able to afford loan payments of \$133.33 per month. By locating the amount closest to \$133.33 on the Loan Repayment Schedule on page 12, Josephine knows she can afford a total loan amount between \$10,000 and \$12,000.

MANAGING INDEBTEDNESS

Consider the following strategies for borrowing both while in school and in repayment.

Debt Management

The school will offer you a loan amount based on its standard budget calculation. Make sure that you compare your personal budget to the school's award. Borrow only as much as you need — not the maximum initially offered. You can always request the non-utilized portion should your circumstances change. Responsible lenders and institutions will always encourage conservative borrowing.

Early/Accelerated Repayment

Consider making small payments on a regular basis while you are still in school. Small sacrifices now will lead to a substantial reduction in your total loan costs. Additionally, paying more than the minimum required when you are in repayment status decreases the overall interest accrued on the loan. If you have any loans that accrue interest while you are in school, making interest-only payments as you go will result in substantial savings.

Lender Incentives

To help keep total loan costs as low as possible, some lenders offer special incentives to encourage successful loan repayment. For example, many lenders reduce the interest rate for borrowers who make their first 33 scheduled payments on time. Another incentive automatically reduces interest rates for borrowers who make their payments through automatic transfer from their bank account. Compare the options offered by different lenders before selecting the institution from which you plan to borrow.

UCLA Financial Aid Office will provide you with a list of lenders to choose from if/when you decide to borrow a student or parent loan.

Calculate your own Repayment Strategy on the Web — forecast college costs and estimate loan payments at:

www.salliemae.com

[www.finaid.org/
finaid/calculators](http://www.finaid.org/finaid/calculators)

Appendix A

FEDERAL STAFFORD LOAN REPAYMENT SCHEDULE

Based on a Fixed Interest Rate of 6.8%

Loan Amount	# of Monthly Payments	Payment Amount	Total Interest
\$3,000	74	\$50	\$677
\$3,500	90	\$50	\$971
\$5,000	120	\$58	\$1,905
\$10,000	120	\$115	\$3,810
\$12,000	120	\$138	\$4,571
\$15,000	120	\$173	\$5,715
\$20,000	120	\$230	\$7,619
\$30,000	120	\$345	\$11,429
\$40,000	120	\$460	\$15,239
\$50,000	120	\$575	\$19,048
\$60,000	120	\$690	\$22,858
\$100,000	120	\$1,151	\$38,097

FEDERAL PARENT PLUS LOAN REPAYMENT SCHEDULE

Based on a Fixed Interest Rate of 8.5%

Loan Amount	# of Monthly Payments	Payment Amount	Total Interest
\$2,000	49	\$50	\$440
\$3,000	82	\$50	\$1,070
\$5,000	120	\$64	\$2,650
\$10,000	120	\$128	\$5,300
\$12,000	120	\$153	\$6,360
\$15,000	120	\$191	\$7,950
\$20,000	120	\$255	\$10,600
\$30,000	120	\$383	\$15,899
\$40,000	120	\$510	\$21,200
\$50,000	120	\$637	\$26,500
\$60,000	120	\$765	\$31,800
\$100,000	120	\$1,275	\$52,998

Monthly payment amounts listed above are based on a fixed rate of 6.8% for Stafford loans and 8.5% for Parent PLUS Loans; no borrower benefits; a 10-year repayment term with a standard repayment account. Amounts are rounded to the nearest dollar.

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Education Financial Services

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