



5 Money Mistakes to Avoid in College

By Emily Driscoll Published August 19, 2010 FOXBusiness

Growing up is tough enough without the worries of your financial future, so Money101 is here for you. E-mail your questions to Money101@FOXBusiness.com, and let us take off some of the pressure.

College often brings about a lot of “firsts” for young adults: first time living sans parents, first all-nighter and sometimes, the first empty bank account.

“It’s really important, especially today, that young adults avoid big mistakes to ensure that they have a great start,” says **Princess Clark-Wendel**, author of *A Pocketbook for Hope in Tough Economic Times*. “You can come out of college good or you can come out of college great. It’s better to come out great and that’s by taking control of money, understanding a budget and sticking to it.”

Here are five common money mistakes to avoid during college to keep yourself on the right financial track.

Underestimating Your Student Loan Needs

As an incoming freshman, calculate how much money you will need in student loans. Make sure you have enough to cover expenses, but only take what you need so you aren’t stuck paying interest on money you didn’t need.

“Have a budget of what books cost, tuition costs, room and board--all of it should be budgeted out,” says **Clark-Wendel**, who is also the founder of **Princess Clark Consulting** (www.livelifeworryfree.com). “Only use the money by sticking to your budget like there’s nothing else coming.”

If you need financial aid, make sure you fill out the Free Application for Student Aid [FAFSA] form. A recent national study conducted by Sallie Mae and Gallup showed, one out of four undergraduate families did not complete the FAFSA form.

“That’s potentially leaving financial aid on the table,” says Patricia Nash Christel, a spokesperson for Sallie Mae. “The good news is that it’s getting easier and anyone can join at anytime in the school year. Obviously, you want to do it as early as you can before your state deadline. If you have not completed it by now for the fall semester, you can still do so.”

Only Planning Semester to Semester

Map out a plan of how long it will take you to get your desired degree and stick to it.

If you anticipate taking longer than four years, you may want to consider taking your core, or general-education classes at a community college over the summer. Community college classes are cheaper



and basic-level classes tend to transfer easily.

Once you've outlined how long you plan to stay in school, stick to it.

"Some students take four, five, six or even seven years [to graduate]," says Jeremy Hyman, co-author of *The Secrets of College Success*. "Not keeping your eye on the clock is going to add up. If you're paying the full price, you're buying a Lexus each year. There's a big difference between buying four years worth of Lexus' and six."

Studying Abroad With no Direction

Studying abroad can be a great learning experience for a college student, but it doesn't come cheap. If you are looking to voyage beyond campus lines, compare programs or study abroad organizations, as they vary in price depending on the country and what is included.

"Really investigate the country--what opportunities there are," suggests Clark-Wendel. "Find out about living arrangements and opportunities to work while learning."

If the cost of the specific program you want is too much, look into scholarship opportunities.

"For many schools, there are special scholarships for study abroad," explains Hyman. "The mistake students make is not looking for departmental funds especially set aside for traveling abroad."

Before you jet off, make sure you have your courses approved by the head of your major's department. You don't want to return to find the classes you took overseas don't count toward your diploma.

Overworking at a Minimum-Wage Job

As a college student, your main "job" is school and students need to find a balance between work and studying.

"Certain parents think [students] should work just so that they work in college—that there's a positive moral value in working," says Hyman. "It certainly can be a positive moral value. However, if you have a choice between flipping burgers at \$8 an hour just for the sake of working versus the chance to study harder and make it out in a certain number of years, it might make better economic sense to work 15 or 20 hours and to take an extra course."

Missing Out on Eligible Tax Credits and Deductions

Tax credits for college tend to be overlooked, the experts say, and depending on your situation, you may be eligible for deductions, which can benefit you as tuition costs rise.

"To some degree, the pain of out-of-control tuition increases has been lessened by a slew of recently-introduced tax advantages, including the Hope Credit, the Lifetime Learning Credit, the student loan interest deduction, and the tuition and fees deduction," says Hyman.

Christel points out that if you are paying interest on student loans, "whether it's in school or after-school repayment, you can often deduct the interest payments from your taxes as well."

To find more information about tax credits, you can view Sallie Mae's page or the IRS' tax breaks for education costs.

