$mart Money Moves By Isabella Passalacqua

How quickly you can "burn through" money

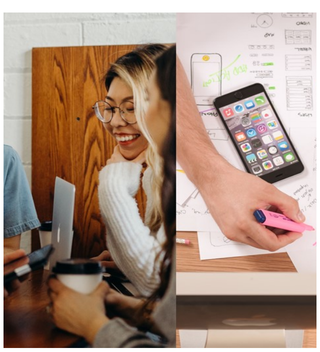
"Oh please, I got it under control." That's what you told your parents when they asked you about how you were going to manage your money on your own in college. At least that was the case for me. You see, I came into my first year of college, to a state I had only been to twice, and was set on rarely ever spending my money, or only spending it on actual essential items. That only lasted, I'd say, maybe a week at best. I quickly realized I didn't have a plan. Almost every student coming to college for their first year is filled with excitement because of the independence and freedom they finally have. I certainly was. Then reality sets in. I had saved up a lot of money from working last year, so I thought I was set for when I left for college. I won't tell you how much was in my account, but you could say the numbers at the beginning and now definitely don't match up, and it's only November!

Unlike in your life at home, a lot of first-year college students might not always have their parents to bail them out if they run out of cash or don't have a lot of money to use on their debit card. Starting college as a new freshman, you face a lot of sudden changes that are pretty dramatic, since our parents aren't around to take care of the adult stuff. It's up to us to take care of everything as we enter the adult world. The excitement and freedom of becoming a college student can become obscured by a financial shock. I'm not trying to scare you, or make you stressed about this—I'm here to help you stay on the right track which will reward you in the future. Think of your first year of college as the beginning of your financial life. Your first year is the starting point that will help you to recognize what money is, how to use it and not use it, and basically stay on the right track.

> "When I was at home I was more diligent with my money. I would always set money aside, but since I've been here, I think I've been worse with it." (Emma O'Hare 2027)

Understanding Money in its Various Forms

First, let's talk money itself. Money comes in various forms that include cash, debit cards and credit cards. There are other payment methods but we're going to keep it simple. These are all great ways to pay, but let's take a look at this chart of the pros and cons of each one.



The balance between college life and budgeting

Forms of Money:	**Pros:**	**Cons:**
Cash	• Tangible/physical • Easy to use—not electronic dependent • Transactions are private • No additional charges/fees (it is its own value) • Psychological benefit to holding cash*	• Less convenient (can be annoying to hold – for example if you have $50 in singles) • Not as secure – can be stolen or lost and can't be replaced (especially risky for carrying big bills • Harder to track/ budget

*There is a proven psychological benefit to physically holding cash since it makes it easier for people to budget and try to not overspend or impulsively spend, by seeing the numbers when handing out or taking the bills ("The Psychological Aspect of Holding Cash: Overcoming Fear and Greed in Investment Decision-Making").

Chart continued:

Debit Cards	• Very convenient • No interest and often no fees • Large sums can be transacted in a small space • Easy to use to with-draw liquid cash	• Requires electronics (no transaction can be done if there's a power outage or the system is down) • Security risks – limited fraud protection and can be easily hacked • Can be lost (can be replaced, but still inconvenient)
Credit Cards	• Very convenient • Build a credit score (important for loans, mortgages, etc.) • Rewards and benefits – can get cashback, points, miles, etc. • Strong security • Interest-free grace period (if balances are paid in full before due date)	• High interest rates • Overspending/using too much credit leads to debt accumulation • Annual fees • Credit score impact – if balances are not paid on time or have high credit balances then credit score will be lowered

There are various types of money that people use every day

Each of these forms of money has its own characteristics that serve specific purposes. Cash is always available and doesn't have any additional fees. It could also be more useful to have for emergencies since it's widely accepted and can be used in situations where electronic payments can't be used and gives immediate access to cover expenses quickly. Debit cards are very convenient, but have their downsides, and credit cards are also very convenient, considerably safer, and therefore have many upsides. It's important to understand money in its various forms so you can get a look at both the negative and positive sides of each one, making it easier when navigating the financial world.

Facing and Building Confidence In Our Consumerist World

In our consumerist society, money is spent in the blink of an eye – especially with things like Apple Pay. It lets people buy anything and all they have to do is tap their phone. It's that easy, *too* easy. I mean seriously, one tap and it's gone. For us college students here at Loyola, if we want to go somewhere, we can't always do so since we all don't have our cars on campus. If we want to go to Target or the mall, since they aren't not close by, we have to pay for an Uber. If we want to go out with friends on the weekends or to the city, since we have to pay for Ubers, "that's what usually takes all of our money" (Dillon Hylton, 2027). My roommate and I were talking about exploring Baltimore, working in the community and being able to do things, but without a car or anything being

> "Always look out for sales and student discounts that are available to you." Abby Kiewe, 2024

close by, she mentioned, "If you want to do anything off campus, you have to Uber" (Emma O'Hare, 2027). It can be difficult at times, considering most activities outside of campus require taking an Uber, but here's a tip. My Evergreen, Abby Kiewe '24, who is an accounting major, gave me some advice when it comes to spending a lot of money on transportation in your first year of college: "Cut back where you can, especially with traveling. If you're planning to Uber somewhere, be aware of what time you want to go at because, of course, there are times in the day – like 12:00, 6:30 – when a lot of people will be going somewhere, and it's going to be expensive. So, going earlier than expected will help you save some money." It's always best to keep in mind that time plays a role in the price of Ubers, and it's good to keep an eye out to see how much you can save when it comes to using Uber for traveling. On the other hand, there's also the case where maybe you're getting bored with the food at school and "you just want to get some good food from Grubhub" (Stuart Spinelli, 2027). Grubhub is an easy way to have the food you want delivered to your dorm building, but all those fees add up quick. You might have ordered three tacos for $12, but then you go to look at the total, and it ends up being almost $30! Or maybe you're shopping online and found so many tempting things, and the more you click, the more money disappears. It's so easy to spend money because sometimes we don't even realize the amount we're spending until it's actually gone; it doesn't feel real. Then we're like, "Oh shoot."

"Money goes by quick when you're buying food, especially on Grubhub or Ubereats." Stuart Spinelli, 2027

Recently, prices have been going up substantially due to inflation, which is making it more challenging to save money, especially if essential items are getting more expensive. Although, a bigger factor also plays into this idea of money being spent in the blink of an eye: the psychological fact of people wanting certain things to compete with those around them, being envious of others, going along with new trends, or even having FOMO (fear of missing out). We've all bought something because of one of these reasons. For girls, maybe they saw their friend wearing a dress and thought it looked so cute, so they had to buy it. Or for boys, maybe they saw their friend wearing these new shoes and thought they were so cool, so they had to buy them, too. A lot of people in this world of consumerism tend to spend money on items they may not need, simply because they don't want to feel left out or miss out on the chance of having that item. An important part of managing your finances is clearly understanding the difference between wants and needs. Something you want is a desire for something influenced by your peers or society that would not affect your life negatively if left unpurchased, whereas something you need is a basic necessity that is essential for life, like food, shelter and health. It's important to keep the difference in mind. The constant desire for something new or trendy will lead to excessive buying, and this cycle will keep going unless something is done. A "want" is those new UGGS mini-platform boots, whereas a "need" is your toiletries. It might seem hard since there are so many things that you might want – but obviously can't have—because it's either too expensive, you don't actually need it, or it would just be an impulsive purchase. Learning to control your urges and understanding the difference between a want and a need will help you to overcome this challenge.

TIP: If you 're planning to go to Washington D.C., you can use the MARC Train to get there—it's only $9!

Learning and Using The Tools To Manage Money

It's crucial to learn how to manage money and know some ways to do that, so here we go. The absolute best way is to create a budget. It might sound daunting, but it will actually help. A budget is a financial plan to keep track of income and expenses. You can use a spreadsheet to create this budget, here's an example:

	Monthly Financial Budget for First-years		
	Income:	$300	
	Expenses:		
	Transportation:	$50	
	Personal expenses (toiletries, clothing, food):	$50	
	Discretionary expenses:	$50	
	Total expenses:	$150	
	Savings:		
	Emergency savings:	$50	
	Long-term savings:	$50	
	Total savings:	$100	

It's also important to set realistic and achievable goals for spending and saving. You start by understanding your current financial state including income. For instance, I have money saved up from working and a weekly stipend, but no other form of income. Identify any income sources, such as a part-time job, allowances, or savings. Next, determine your essential expenses: food, transportation, cleaning products, etc. You can also set aside some money for discretionary spending, maybe a night out or dinner at a restaurant. Part of your budget should include a savings portion. Money put aside for larger items, wants or needs. Ultimately you should also have an emergency savings account that is absolutely untouchable except in case of an emergency.

The final important part needed is keeping track of expenses. Make sure to be consistent, but don't obsess over it either – if you obsess over it, it will just stress you out and ruin your budgeting effort and be counterproductive. You shouldn't let this stop you from experiencing and enjoying life, because hey, sometimes we're going to want to spend that money on something cool even if it's not essential. It's meant to help keep track of how much money is being spent in certain areas on certain items. A simple way to keep track of these expenses is by having a daily "check-in" of your budget which should take about a minute, but also a weekly and monthly "check-in" which should take about 15-30 minutes. Doing these "check-ins" can also help analyze your spending patterns so you can adjust your spending to fit into your standards in your budget.

The last thing to do is stay committed to it, and this will help you in the long run. I created my own budget after the first few weeks of college because I realized how much I was spending in such a short amount of time. The example of the financial budget is similar to mine and has come really handy when managing my money.

A person creating their own financial budget

"It's our first time being on our own financially, so we're not used to being able to budget on our own, we usually have our parents do that for us." (Dillon Hylton, 2027)

Someone tracking their expenses to adjust their budget

A budget provides a sort of framework for managing my money so I can track my income and expenses, set budget limits, and put aside some money for emergencies or future funds. This budget has helped me to stop spending money when I don't need to, avoid overspending, save more money that can be used when necessary and encourages me to make better decisions when it comes to money.

EMERGENCY SAVINGS

I do want to emphasize the importance of having a savings account. As a college student, now is a perfect time to open one up if you haven't already. It's great to have emergency funds, in case you have any unexpected expenses – maybe an emergency medical bill or paying for car repairs – the money is here to help pay for those expenses. This account will be the "non-negotiable do not touch zone," so you can only use this account in case of any actual emergency that might take you by surprise. If something crazy happens, instead of it being a horrible disaster, the money saved in this account could help ease the situation. Also, saving for long-term goals is also good to have for after college; it's reassuring to know you have money set aside for the future. You can build this savings account by creating an automatic transfer of a certain amount of money every week to this savings account.

Setting aside money for any emergencies can be very useful in the case of an actual emergency, since you are prepared

In this new chapter we've all encountered, it is beneficial to start setting a solid foundation for your future. With financial independence comes a lot of responsibility, but don't let that stop you. Creating a budget, tracking where your money goes and cutting down on overspending are just some simple tasks you can do to keep yourself on the right track. It's not all about being a financial genius, but rather making smart choices. Financial independence is empowering, and you should start now—trust me, it will pay off in the end (pun intended)!

"MANAGING MONEY HAS TO DO WITH HOW YOU SPEND IT, AND IT IS NOT SPENDING MORE THAN WHAT YOU HAVE. IT'S IMPORTANT TO SPEND WHAT YOU CAN PAY AND MAKE SURE YOU DON'T SPEND TOO MUCH."

DR. SOROOSH, ACCOUNTING PROFESSOR