



Your Bottom Line

Your go-to resource for timely information about personal finance, college planning and student loan management

July 2020

WHAT'S INSIDE

Page 2

- National Ice Cream Day
- Borrow Smart from the Start

Page 3

- F.I.R.E.
- On Our Mind: Christmas in July

Page 4

- Mid-Year Finance Check

Consider Career Assessments

As you or your students research future occupations, completing career assessments can enhance the discovery of many possibilities in the professional world. While assessments can't explicitly tell someone what they should do, these exploration tools can provide anyone with insight for academic and vocational success.

When taking career assessments, it's important to answer questions honestly to receive relevant results, all while remembering that the final decision for picking a career is completely up to the assessment taker. It's best to view assessments as guides offering recommendations rather than as tests providing definitive answers.

Career assessments can help anyone discover possibilities for life after high school. Here are some of the ways career assessments help students plan their next steps.

Learning about interests and skills. Assessments gather

information about students' interests, then use those results to provide information about their talents. From traditional skills, such as critical thinking, to nontraditional skills, such as optimism, assessments identify students' unique abilities. Learning about these abilities allows students to refine their career searches to discover vocations that align with their strengths and values.

Choosing courses and colleges. Besides discovering potential careers, assessments also inform students about academic requirements. This information may not be clearly presented in assessment results, but as students narrow down their career choices, they'll learn about required high school and college courses needed for various academic programs and occupations. From here, students can better prepare for college by researching institutions that offer their preferred majors.

cont. on page 2

Selecting internships and extracurriculars. Understanding what it takes to have a certain career gives students the opportunity to strategically plan extracurricular activities. Some professions have specific requirements for volunteer hours and other resume builders. After further research, students can intentionally pursue internships, part-time jobs and other school organizations that may assist in gaining relevant experience for future careers.

Understanding salary and benefits. One aspect of career exploration is learning about salary ranges for different occupations, as well as different positions (i.e., entry level, intermediate, senior executive). An assessment also informs students of other benefits like travel opportunities, job location and industry growth. All these prospects can motivate students as they continue to gather information about their vocational path.

Saving time. Ultimately, career assessments save students time. Recognizing personal interests, skills and occupational preferences early on allows them to develop career plans that highlight their strengths and prepare them appropriately before their professional lives begin. This helps students select academic programs that fit their goals and graduate with a credential in a timely manner.

Career assessments can't decide what the best career is for you or your students, but they can jump-start the exploration process. To learn more about career planning, find assessments, watch videos on various vocations and help your students prepare for their futures, visit the career planning tab on OKcollegestart.org.

July 19 is National Ice Cream Day

When paying for your higher education think of money for college in terms of an ice cream cone.

The largest part (the cone) should come from free money (scholarships and grants).

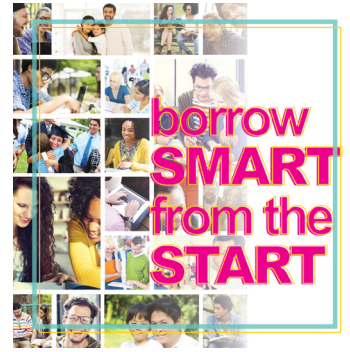
Next, you should pay as much as possible - the double-dip scoops - with equal parts earned money (through a part-time job or work-study) and saved money (funds you or your parents have saved).

If you still don't have enough to cover the cost, student loans should be the "cherry sauce on top" to help you bridge the gap. Borrow only the amount you need to pay college expenses.



Borrow Smart from the Start

When you consider borrowing money for school, there is much more involved than just completing the Free Application for Federal Student Aid (FAFSA) and signing your Master Promissory Note (MPN). To minimize student loan debt after graduation, making smart borrowing choices from the start of your college career is crucial. Ready Set Repay, OCAP's student loan management initiative, offers the [Borrow Smart from the Start](#) guide to help you reach student loan success on your higher education journey.



This resource takes you step-by-step through the entire student loan life cycle. Topics include:

- Completing the FAFSA and applying for grants and scholarships
- Maximizing cost-cutting measures
- Considering your post-college salary
- Borrowing only what you need to pay necessary college expenses
- Monitoring your student loan balance through StudentAid.gov
- Crafting a budget while in college that includes making student loan interest payments
- Exploring repayment options
- Overcoming the consequences of missed student loan payments

Whether you're preparing for college, in your student loan grace period or currently repaying your loan, Borrow Smart from the Start provides the information student loan borrowers need to know. Check out all of our resources at ReadySetRepay.org.





Financial Independence, Retire Early

The concept of Financial Independence, Retire Early, or F.I.R.E., turns the traditional idea of retirement on its head. Instead of retiring later in life, those interested in F.I.R.E. are looking to retire in their 30s or 40s. Hoping to enjoy life on their terms at an early age, these individuals practice saving aggressively. Since traditional retirement funds typically accumulate over a course of many years (usually 30 or more), those seeking to retire early have less time to save up for their financial independence. To account for time, savings must take top priority.

For F.I.R.E, financial independence is defined as the moment when personal contributions to various accounts – personal savings, retirement funds and stock market investments – accrue enough earnings to cover yearly expenses, thus allowing for independence from the traditional workforce. As with conventional retirement planning, one must determine the amount they'll need annually to live as they desire. Personal accounts must continue to accrue earnings to sustain a F.I.R.E. life. Therefore, individuals are encouraged to only withdraw 3-4% of their savings each year once they're retired.

F.I.R.E. hopes to give people more time to do what they love. That could mean more time with family, for a hobby, or to travel. It's not about renouncing traditional careers; F.I.R.E. offers the option to work as one chooses without worrying about income. For more information about retirement planning and prioritizing savings, visit OklahomaMoneyMatters.org.



On Our MIND

What's on the mind of OCAP staff? This month, OKMM outreach specialist Sara Lorenzen talks about preparing financially for the holidays.



One of my new year's resolutions for 2020 was being more intentional with my spending. This is especially important when planning my gift-giving for the upcoming holiday season. In the past I've used credit, scrambled to find money in my budget and then spent much more than I intended to, which caused financial strain in the months that followed. Practicing these tips helps me stay mindful of my spending and still make the most of the holiday season.

List your expenses. First, determine exactly what you need to spend money on this holiday season. This will vary depending on your personal situation. Do you plan to travel? Are you buying presents for everyone or will your family be limiting who gets tangible gifts? For example, will you only be buying gifts for the children or will your family be pulling names out of a hat? Additionally, it's important to ask yourself if you'll need to purchase food for special gatherings or any special holiday clothing.

Set priorities. With any budgeting endeavor, it's important to prioritize your needs versus wants. If you have to travel to see your loved ones, you may need to put more priority on travel expenses and less emphasis on more expensive gifts. If gift-giving is your priority you may choose to drive instead of fly so you can utilize that extra money toward presents. Whatever is most important, make sure to set a spending limit to prevent debt.

Consider cash. Consider using a cash-only budget for your holiday shopping. Start now and save a set amount each month so you'll have the money you need without having to stretch your budget during the holidays. If you want to spend \$500 on gifts, you'll need to save \$84 per month from now through December to have that amount you need. Cut out any unnecessary spending in your budget for a few months, pull that amount out in cash, and stash it in one of [OKMM's free cash envelopes](#) so you're ready for holiday shopping.

Shop sales and secondhand. You don't have to buy your holiday gifts during the holiday season or even buy something brand-new. Start now and shop sales. Keep an eye out for sales on the items you'd like to give, then you'll only have to find a good hiding spot until it's time to wrap presents. Also, don't forget that many people sell gently-used items after upgrades. Check out secondhand apps and websites for gifts at a fraction of the original retail price.



Mid-Year Finance Check

July brings a “new year” for many businesses and organizations. This is when many companies begin a new fiscal year. July is also a good time to take your personal finances into account for a mid-year wellness check. In the middle of a busy summer, checking your annual financial progress can have lasting positive effects on your future. In order to successfully re-evaluate your finances, you need to know your money goals and be ready to act to improve your progress.

Monitor Spending

Budgets can be thrown off with the smallest spending leaks. Re-evaluate your spending to find any unnecessary purchases, payments or fees. Consider monitoring your weekly spending, which can be a quick way to uncover extra costs and adjust financial habits.

Review Tax Withholding

You may need to adjust your income tax withholding if you’ve had any changes in your income or expenses this year. Check if you’re on track to pay what you owe and nothing more. When you overpay, you may receive a refund when you file; however, you effectively gave the government an interest-free loan. If you have questions about your recommended tax withholding, visit [IRS.gov](https://www.irs.gov) to use the Tax Withholding Estimator.

Tackle Debt

Student loans and home mortgages are common types of debt, but when they’re paired with high interest rates and credit card balances, budgets can take a hit. When creating a plan to pay-off debt, start with the highest interest rates first (or, for faster satisfaction, start with the lowest balances. Check out our [Debt Snowball Tool](#)). Avoid any additional purchases with credit cards while paying down current debt. Give yourself a future safety net by contributing to savings.

Maximize Savings

There are many different ways to save and prepare for the future. Start by double-checking your emergency fund. Experts recommend having at least 3-4 months’ worth of living expenses set aside. Calculate your monthly expenses and set a long-term goal for reaching that level of savings. It’s also important to check your retirement accounts, health savings accounts and college savings plans. Can you adjust your contributions to maximize your savings? Health benefits, retirement higher education are all important investments. Even a small reallocation of your funds can have a great impact on your future.

When you’re ready to evaluate your financial well-being, be sure to check out the information and tools available at OklahomaMoneyMatters.org.



The Oklahoma College Assistance Program, an operating division of the Oklahoma State Regents for Higher Education, provides college access, financial aid awareness, financial literacy and student loan management programs and services that benefit students, parents, schools and community partners.



OklahomaMoneyMatters.org



UCanGo2.org



OKcollegestart.org



ReadySetRepay.org



OKhighered.org