



## Ten Personal Finance Tips for New College Grads Looking for Work

By Bill Druliner, *GreenPath/Accel Manager and Counselor*



Many 2014 college graduates are basking in the glory of wrapping up their bachelors or masters degrees this month. However, they now face adult financial responsibilities, ranging from landing that first job to preparing to start paying off their student loans.

Graduates need to realize how much their credit history can impact their future. As more hiring departments take personal finances into consideration, recent college graduates need to make sure their credit and debts are in order.

To help make the transition from college to the work world go smoothly, here are ten tips for recent college graduates:

1. If you do not already have a job lined up, **contact your student loan servicer(s) immediately** to ask for a six-month deferment. Most loans will do this for you right after you graduate without much difficulty.
2. **Pull a free copy of your credit report** at [www.annualcreditreport.com](http://www.annualcreditreport.com) and review it to make sure you are aware of all your existing creditors and debts.
3. Look for credit cards that you may have opened while in college and **consider closing accounts that you do not plan on using**, to help limit your exposure to identity theft. However, keep in mind that it is good to maintain at least one active credit card account, which you use and pay in full every month, to build your credit score.
4. If a prospective employer requests a copy of your credit as part of the application process, be prepared in your job interview to **be up-front about any negative marks on your credit**. Employers will want to know that you are aware of the negative marks and that you have a plan for dealing with your current credit situation.
5. Check with the registrar's office at your school to **make sure you do not owe anything to the school** (library fines, parking tickets, etc.). Sometimes these debts can cause the school to withhold your diploma, until they are paid.
6. If you are moving after graduation, be sure to **let the post office and your creditors know of your new address**. Otherwise, you may miss important statements or letters regarding your student loan, credit cards, or other debt, and that can lead to missing payments and negative marks on your credit report.
7. **Keep your expenses as low as possible while you are getting started**. Don't rush out and buy a new car within two weeks of your first job offer. Don't feel the need to take on larger expenses in your budget right away. Staying with your old roommates or parents for a period of time to build some savings can really pay off.
8. **Develop a budget** – your spending plan – early on. Decide how much you'll spend in different areas including groceries, dining out, and clothing. Once you begin receiving a paycheck, it is likely that you'll have more income than you've ever had before. But it can be very easy to see your cash slipping away.
9. Once you land that first job, **start to develop good saving habits**. Start a direct deposit into savings. Sign up for your employer's retirement plan – especially if there's a match. In addition, if you're carrying credit card debt, begin aggressively reducing those balances to minimize the amount of interest you're paying.
10. **Ask for help!** If you are paying high interest rates on your credit cards; if you're struggling with the amount of your minimum payments on credit cards, or if you need help in developing a game-plan for your finances, speak with a non-profit credit counseling agency, like GreenPath.

## Father Knows Best – Accel staff share money tips from Dad for Father's Day

Dads often recite famous quotes for inspiration, such as “A stitch in time saves nine” or “Measure twice, cut once.” Other times they just cut to the chase – “You’re doing it wrong, let me show you the right way!” Regardless of their motivational style, dad was usually a go-to guy when it came to personal finance advice.

In honor of Father's Day, some of our staff shared personal finance advice they received from their dad over the years.

*When I hit 13 years of age, my dad told me “You want it? You buy it.” It didn't matter if it was a bike, stereo or baseball glove. I had to get a paper route and have been paying for all that stuff ever since. – Kurt M.*

*My Dad's advice was to try and put half of any raise that you get into a regular investment/savings account. His thoughts were that these investments will grow over time and help towards retirement and other financial goals that you'd want to achieve. – Rus H.*

*The value of hard work and fairness, along with being willing to do jobs that others turn their nose up at, are both really important things that I learned from my dad. – Bill D.*

*Invest for the long haul. Don't sweat the stock markets ups and downs. It's a marathon, not a sprint, when it comes to investing. – Andrew J.*



## Pay down credit card bill or keep cash on hand?

Jane McNamara, GreenPath/Accel president and CEO, discusses auto loans in her latest “Let's Talk Credit” column on CreditCards.com.

### Dear Jane:

I have a credit card with a \$4,000 limit. I'm a few hundred dollars away from maxing that card out. I have about \$1,500 cash in my account. Should I put my cash

on the card to lower the balance and only use it when I need to and continue to pay the monthly payments or should I just leave the cash in my account? – Jay

### Dear Jay:

You need to think about your goals. If you want to improve your credit score, then paying down the balance would help towards that goal. The ratio between the amount of credit you have available, and the amount you have used, is considered when calculating your credit score. The lower the ratio, the better it is for your score.

Your current credit-available-to-credit-used ratio on this account is close to 100 percent. Paying down the balance by \$1,500 would bring the ratio down to approximately 63 percent. To optimize your credit score, your goal should be to bring the ratio to less than 30 percent.

However, paying down the balance with your cash on hand could put you in a situation where you won't have money for financial emergencies or unexpected expenses.

If possible, bring down the balance by lowering your monthly spending and paying as much as possible each month on your credit card balance. It may help you to use a debt calculator to see how long it would take to pay off the card with a particular payment each month. – Jane

## What do credit union members think about Accel?

Credit union members have the opportunity to let us know the most important benefit they received from completing a financial assessment with an Accel counselor. Here is a comment from a member who spoke with an Accel counselor:

*My counselor was incredible! I was so nervous about calling and it's not an easy thing to do. She made me feel very calm and good about the new choices I was making. She also didn't pass judgment on me. Amazing!*

As a member of Catholic Federal Credit Union, you can take advantage of the **Accel**, a program of GreenPath, Inc. Accel is a **free** financial education and counseling service. For more information, call 1-877-33ACCEL (332-2235) or visit us on the web at [www.accelservices.org](http://www.accelservices.org).