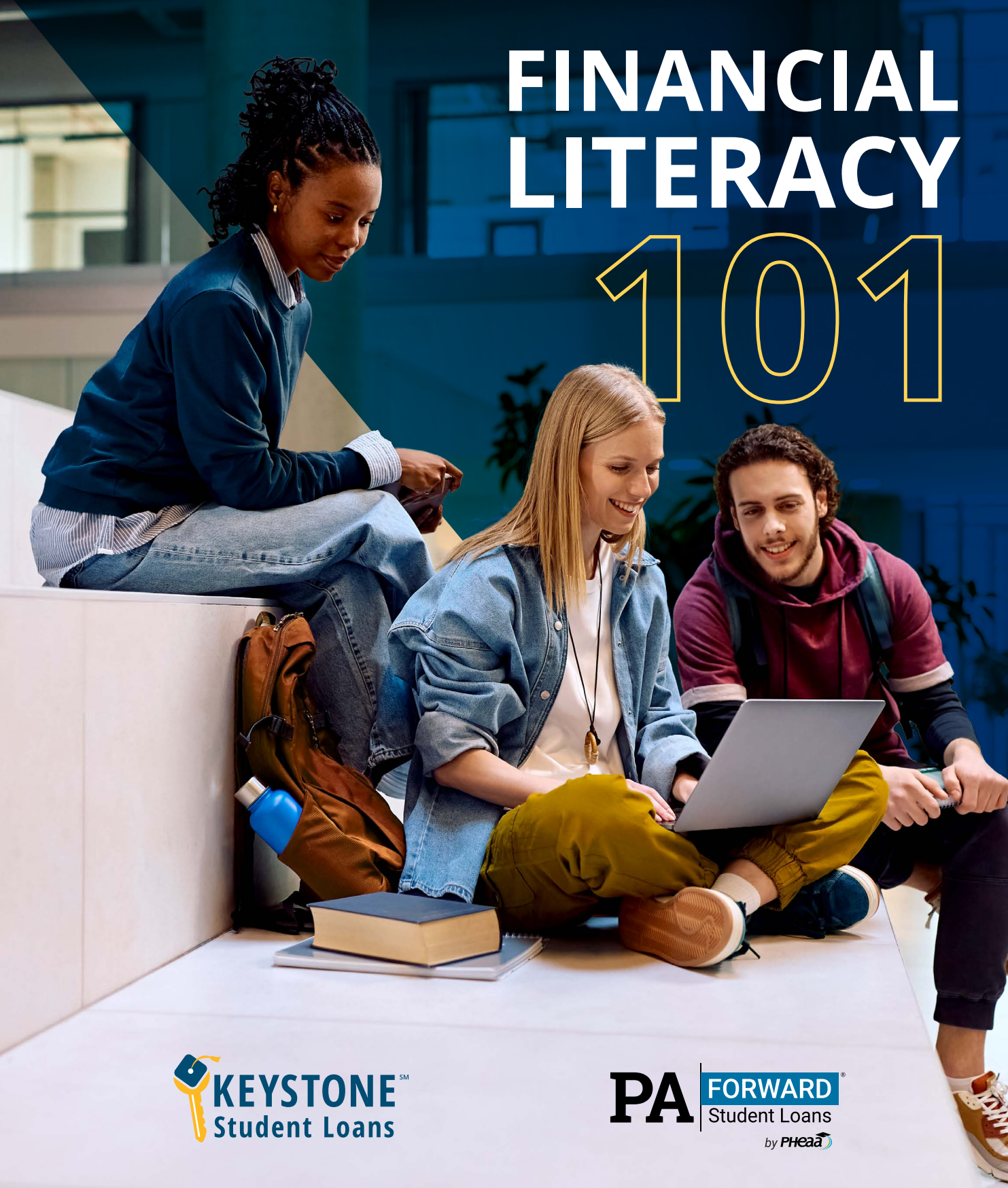
FINANCIAL LITERACY 101



KEYSTONE Student Loans℠

PA FORWARD® Student Loans by PHEAA

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Why This Matters

College may be the first time you are making financial decisions on your own. The choices you make now, from where you go to school to how much you borrow and spend, can affect your finances long after graduation. Choosing a more expensive school, using student loan refund checks for nonessential expenses, or spending beyond your budget can add to your financial burden.

Continue evaluating your college finances throughout your education. If costs become unmanageable, consider options such as transferring to a more affordable school or adjusting your monthly spending. **Small changes can help reduce your financial burden and keep you on track.**

This guide can help you...

better understand your money, make informed financial decisions, and build habits that support your goals in college and beyond.



Understanding Your Money

Understanding your money starts with understanding your habits. Think about how money was handled in your household growing up and how those experiences may influence your choices today. Are you a spender or a saver? Does money make you feel confident, stressed, or somewhere in between? Recognizing your habits and emotions around money can help you make informed financial decisions for the future.

My Money Story Worksheet

Growing up, money was...

- ☐ Always available
- ☐ Sometimes tight
- ☐ Something we didn't discuss
- ☐ A source of stress
- ☐ Something else: _____

When I think about money today, I feel:

- ☐ Confident
- ☐ Nervous
- ☐ Overwhelmed
- ☐ Excited
- ☐ Unsure

Three words that describe my relationship with money:

1. _____
2. _____
3. _____

Reflections



- How have your past experiences shaped the financial decisions you make today?
- How have those experiences shaped what you want your money to achieve in the future?

Sources of Income

Your income can come from many places, including a job, savings, gifts, or side work. Knowing how much money you have coming in makes it easier to decide where it should go. Think about how you want to divide your money among spending, saving, and giving. A simple plan can help you stay in control and work toward your goals.

Needs vs. Wants

Before you spend, ask yourself: **Is this something I need or something I want?**

Needs are essentials such as food, housing, clothing, and other basic living expenses. Wants are the extras that can make life more enjoyable but aren't necessary. Knowing the difference can help you make smarter spending decisions.

Once you understand your needs and wants, look for expenses you can cut back on or eliminate. Comparing what you earn with what you spend can help you stay on track and make more intentional choices with your money.

Understanding Your Money Reflections



- What financial habit would you like to change?
- Who taught you the most about money?
- How do emotions affect your spending?

Money Management

Budgeting

A solid budget can help you feel more confident and in control of your money. Start by adding up your monthly income, then subtract your essential expenses and savings. What's left can go toward other priorities and fun.

NOTE: If your expenses are higher than your income, look for areas to cut back. Your budget should be flexible and adjust as your needs change.

- ✓ Don't overspend
- ✓ Create a savings plan
- ✓ Pay your bills on-time
- ✓ Know your credit score
- ✓ Handle credit cards responsibly
- ✓ Have an emergency fund
- ✓ Comparison shop



Monthly Budget Spending Tracker

Category	Planned	Actual
Income	$	$
Rent or Housing	$	$
Food	$	$
Transportation	$	$
Cell Phone	$	$
Entertainment	$	$
Streaming Services	$	$
Shopping	$	$
Savings	$	$
Other	$	$

Budget Reflections



- Where did you spend more than expected?
- Where could you reduce spending next month?
- If you needed to cut $100 from your budget tomorrow, where would it come from?
- How often can you schedule a “money date” to review your budget and make adjustments?

NOTE: Visit fidelity.com/learning-center/personal-finance/money-dates for more information.

Check out PHEAA’s in-school budget calculator at pheaa.org/BudgetCalculator. Developing good budgeting habits now will help you when you graduate.

College Costs

Understanding the full cost of college can help you plan and make informed financial decisions. Direct costs include tuition, fees, housing, and meal plans. Indirect costs can include books, transportation, technology, supplies, and personal expenses. Focus on essential expenses first, and use additional campus resources such as food pantries, emergency grants, and other support programs when needed.

Consider the return on investment (ROI) of your education, including college costs, your major, and future earning potential. Use resources like **EducationPlanner.org** and **MySmartBorrowing.org** to explore career outlooks, salaries, and job opportunities. Your college career center can also help you plan for what's next.



Financial Aid

Complete the Free Application for Federal Student Aid (FAFSA®) each year to explore your financial aid options. Start with scholarships and grants since they typically don't need to be repaid. If you need student loans, compare your options, ask questions, and borrow only what you need.

Financial Aid Checklist

- ☐ FAFSA completed
- ☐ Any additional paperwork from my school completed
- ☐ Applied for scholarship opportunities
- ☐ Accepted grants first
- ☐ Accepted work-study (if applicable)
- ☐ Borrowed federal loans first
  - ✓ Completed my Master Promissory Note (MPN)
  - ✓ Completed entrance counseling
- ☐ Researched private education loans
- ☐ Borrowed only what I need and am keeping track each year
  - ✓ Check StudentAid.gov to review what you've borrowed federally each year or your servicer's website for your private education loans (if applicable).
- ☐ Know my loan's interest rate
- ☐ Know when repayment begins
- ☐ Know who services my loans

Repayment options can vary by loan type. For **federal student loans**, visit StudentAid.gov or contact your loan servicer for current information about repayment plans, deferment and forbearance, etc. For **private education loans**, contact your servicer to review available repayment options.

Financial Aid Reflections



- If someone paid your tuition tomorrow, what financial goal would you pursue instead?
- How much student loan debt do you expect to graduate with?
- What plan do you have for repayment?

Credit Basics

Credit lets you borrow money or access goods and services now and pay for them later, often with interest. Common types include:

- Revolving credit
- Installment loans
- Mortgage loans

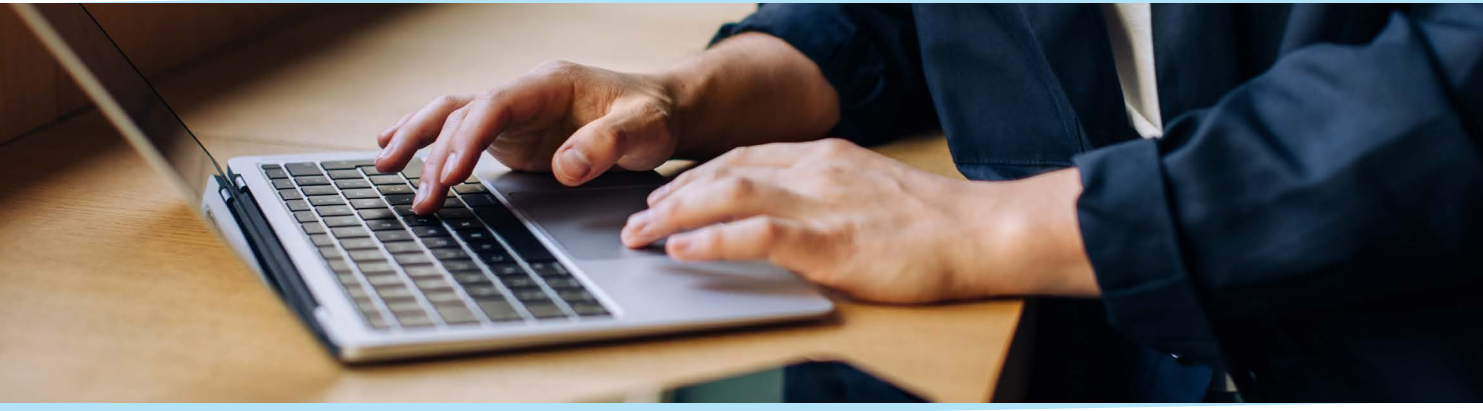
Your credit score reflects how you manage borrowed money and can affect future interest rates and terms. Build strong credit by paying bills on time, keeping credit card balances manageable, and reviewing your credit report regularly.

You can view your credit report for free at AnnualCreditReport.com. Many banks and credit card companies also provide free access to your credit score.

Before using a credit card, ask yourself:

- Can I pay this off this month?
- Is this a need or a want?
- Will I still want this next week?
- If I put this on a credit card, how much will it actually cost with interest?

NOTE: Use this calculator to help: bankrate.com/credit-cards/tools/credit-card-payoff-calculator.



Credit Reflections

- Have you ever bought something you later regretted?
- How do you define "good credit?"
- What would good credit allow you to do in the future?

Saving & Investing

The earlier you start saving, the more time your money has to grow. Even small contributions add up over time. Start with an emergency fund, then explore retirement accounts, and long-term investing options.

- ✓ Start saving smaller amounts each month to make saving a habit
- ✓ Aim to build 3-6 months of essential expenses in emergency savings
- ✓ Take advantage of employer-sponsored retirement plans, especially if your employer offers a match
- ✓ Explore options such as Roth IRAs or other long-term savings accounts

TIP: Use a compound interest calculator to see how saving today can help grow your money over time: bankrate.com/banking/savings/compound-savings-calculator.

Saving Reflections



- What motivates you to save?
- What purchase are you willing to delay because your future self will thank you?

Common Mistakes

Many students overspend, rely on credit cards, or use student loan refunds for nonessential purchases. Before making a large purchase, wait 24 hours and ask yourself whether it is a need or a want.

Some common mistakes in college include:

- Spending more than you make
- Running up a credit card
- Paying only the minimums on your cards
- Eating out instead of packing or using your meal plan
- Impulse purchases
- Using financial aid refunds to go on a trip or buy something you don't need

Avoiding Scams

Scammers often create a sense of urgency or ask for personal or financial information. Slow down, verify the request, and protect your information before you respond.

- ✓ Be cautious of unexpected emails, texts, and calls
- ✓ Avoid selecting suspicious links
- ✓ Be skeptical of offers that sound too good to be true
- ✓ Never pay money to receive money
- ✓ Be wary of companies charging for services you may be able to access for free
- ✓ Never share bank account information unless you know and trust the recipient

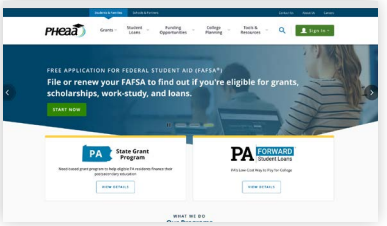
Action Steps

1. Create a monthly budget
2. Track your spending
3. Borrow only what you need
4. Pay every bill on time
5. Start saving
6. Build an emergency fund
7. Ask for help from your financial aid or financial wellness offices on campus if you have questions

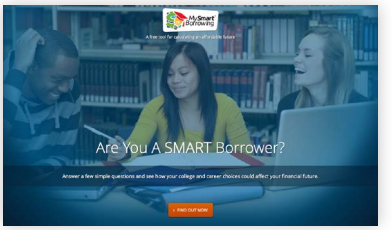


Build smart money habits now to give your future self more flexibility later.

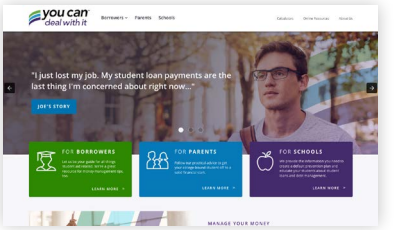
Resources



pheaa.org: Information about borrowing, grants, and budgeting resources.



MySmartBorrowing.org: Create budgets based on what you expect to make in your career when you graduate and see how much loan debt can affect your budget.



YouCanDealWithIt.com: Includes repayment calculators and other tools and resources to make student loan repayment easy and manageable.

- StudentAid.gov: FAFSA, federal student aid, loan repayment tools, and budgeting guidance
- ConsumerFinance.gov/consumer-tools/educator-tools/adult-financial-education/tools-and-resources: Budget worksheets, credit education, fraud prevention, and student loan resources
- AnnualCreditReport.com: Free credit reports
- MyMoney.gov: Government personal finance education
- consumer.ftc.gov/scams: Current scam warnings and consumer protection
- bankrate.com/personal-finance/cost-of-living-calculator: Cost of living calculator to compare costs in areas where you might want to live

NOTES



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