



MONEY MATTERS

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It's Financial Literacy Month!

April is Financial Literacy Month, but money management is a year-round endeavor. The phrase "financial literacy" can seem daunting, but it just means having an awareness of your own financial health and how to maintain it. The scariest part of money management is getting started, so why not take the opportunity this spring to learn a little about different financial literacy terms?

Asset The value of what you own, including cash, real estate, machinery, collectibles, and investments- knowing what your assets are is the first step to effective money management

Yield The rate of return on an investment. This can be from interest, stock dividends, or an increase in value of whatever you are investing in.

Certificate of Deposit A type of account in which the owner cannot access the funds for a set amount of time in exchange for a fixed interest rate.

Interest Money paid for the use of money and expressed as a percentage rate per unit of time. For, example - 10 % per year paid for the use of \$1000 is \$100 per year interest. This money is paid to you by the bank if you are saving money and to the bank by you if you are borrowing money.

Overdraft When a person or business is allowed to take out more money than they have in their account. If the overdraft is not agreed prior to taking out money not in your account you are likely to be subject to charges.

Loan Forgiveness Under certain circumstances, the federal government will cancel or "forgive" all or part of an educational loan. A student may qualify if he or she performs volunteer work, performs military service, teaches or practices medicine in selected communities, or meets other criteria.

Accrued interest Accumulating interest to be paid in installments at a

later time rather than being paid at the time the loan is made.

Cost of attendance The total amount it will cost a student to attend school. The cost of attendance usually includes tuition, fees, books and supplies, and housing and living expenses. Cost of attendance is determined by each institution. This is used to determine financial aid as well as to assist with financial planning

Default Failure to repay a loan according to the repayment terms agreed to when the student signed a promissory note. The consequences of default are severe. The holder of the loan may report the student to a credit agency, wages may be garnished, and the student may be liable for expenses incurred in collecting the loan. Defaults are recorded on the student's permanent credit record and may result in prosecution and/or loss of future borrowing possibilities.

HOW TO BUY BIGGER ITEMS WITH FRIENDS

In the spring, many students are getting ready to move into next year's or summer housing. Often this is the first time you'll need to furnish a house or apartment yourself. Many times you or your roommates may have necessary items, but you may need to buy some things. It can be awkward to buy things like furniture with someone you are only planning on living with for a year or two, so a few key things will make the process easier. Communication is key. If you're buying things with roommates, sit down early to discuss what each of you want, how you will pay for it, and who will get it later. After you do this, be sure to write down the agreement so that everyone remembers what you decided. A little planning ahead will save a lot of hassle down the road.

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If you have any questions or comments about this newsletter or suggestions for future newsletter topics, please email Diana Mallon, Grant Coordinator at: dmallon@gonzaga.edu



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