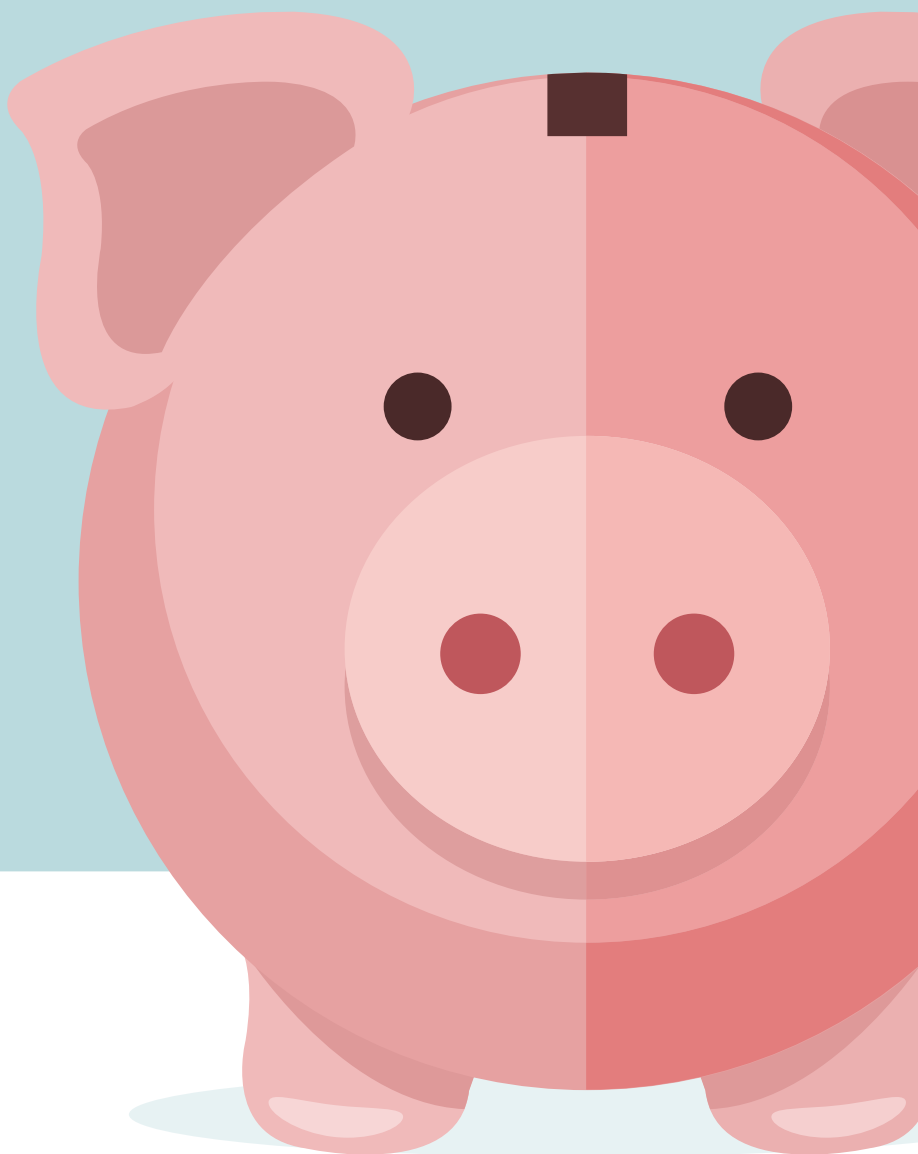


Educators' Guide

10 Money-Saving Tips New Teachers Want to Know



TOP 10 WAYS

Young Educators Are Saving Money

As a recent grad and young educator, you may be feeling overwhelmed by new responsibilities and financial obligations. It's understandable. Financially, it can be difficult to juggle rent, utilities, transportation, food, student loan payments, and every once in a while...a night out with friends.

On top of that, there is pressure to set money aside for retirement and the all-important emergency fund. So, what can a young professional do to help find a little wiggle room in the budget and start adding some additional funds to savings?

Here are a few great tips other 20-somethings have shared:

1. Set a budget.

First things first. Having a budget is a key component of any financial plan. You can't have a plan without having a clear understanding of what money is coming in, what is going out, and where it's going. It requires an investment of time up front, and it requires you to face the good and the bad of your financial situation. But the pay off and benefits are long lasting.

The basics of making a budget are relatively simple. The process includes:

- Gathering all your financial information.
- Determining where all your money is going.
- Comparing your total expenses to your total income.
- Setting priorities and making decisions about how to best distribute your money in order to meet your obligations and goals.



Not sure where to start? Use our online

Budget Worksheet at www.weabenefits.com/budget.

Creating a budget helps you set and achieve goals by:

- Setting priorities.
- Keeping you from spending more than you earn.
- Giving you permission to spend.
- Giving you a plan to eliminate debt.
- Helping you save money for long- and short-term needs.
- Preparing you for financial emergencies.



2. Get a roommate or move back home (eek!).

According to Rent.com, 51% of renters pay more than the suggested 30% of their gross income on rent. **Additionally, one out of five renters state that over half of their income goes to rent each month.** Finding a roommate or moving back home certainly isn't a glamorous solution, but it is a way to save a large portion of your income in the early years of your career while building your salary and paying down debt.

3. Choose a low-interest credit card.

If you have not used credit cards to this point, good for you. However, obtaining a credit card can help you build credit that you will need in the future for various financial transactions like getting a loan. In addition, many cards offer perks like redeemable points for travel, gift cards, or cash back.

For your first card, choose a low interest card that offers a 0% APR, no annual fee and free credit score services. Watch out for low introductory rates that go up substantially after the introductory period and use your credit card cautiously. **Pay off your balance every month and on time and you will earn yourself a high credit score, which will pay off later with lower interest rates and easier access to loans.**



If you already have a balance on an existing card, look into a balance transfer card that can help you start saving on the credit card debt you already have—use the 0% APR introductory period to make faster progress on debt repayment.

4. Make your own.

You can get a quality cup of coffee for pennies on the dollar by brewing your own. A pound of quality beans runs \$12–\$14 and yields 30–40 cups depending on strength. Cost: about 46¢ a cup. **A tall cup o’ jo at the typical coffee shop can easily run \$4 or \$20/week, \$80/month.** Double that if you get the double-mocha frappe. It’s easy math. Stop making the daily run and brew at home. Throw a snack in your bag so you aren’t tempted to hit the vending machine. Small changes like these can add up quickly.

PAY WITH CASH. IT’S SIMPLE.

People who shop with cash spend 20% less than those who shop with a debit/credit card.



5. Turn down your heat.

Living in the Midwest means a heating bill for a good portion of the year. The rule of thumb is that you can save about 3% on your heating bill for every degree that you set back your thermostat.

So take your dad’s advice and throw on a sweater.



6. Find good money-management resources and apps.

You've set your budget and everything falls perfectly into place, right? Probably not so much. Managing—and more importantly, sticking to—a budget can be really difficult.

There are a number of online resources and automation tools that can help:

[Accelerated Debt Pay-off Calculator](#)

This calculator can show you how to accelerate your debt pay off and potentially save hundreds, even thousands, in interest off of your loan.

[Credit Card Pay-off Calculator](#)

This calculator will help you see what it will take to payoff your credit card balance, and what you can change to meet your repayment goals.

[Mint.com](#)

Available both online and as an app, Mint helps you keep track of all your finances and create customized budgets based on your income and spending habits. Mint also provides you with a free credit score as well as tips for improving your credit.

[Financial Consultations](#)

Wisconsin public school employees have a variety of financial planning services available to them from Member Benefits. [Get started with a financial consultation.](#)

All advisory services are offered through WEA Financial Advisors, Inc., a registered investment advisor.



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7. Be aware of the Facebook & Instagram effect.

It's no secret that young educators are frequent users of social media for both personal and professional reasons. When scanning your Facebook and Instagram feeds, it's impossible to steer clear of your friends' many photos of life accomplishments, vacations, and more.

Be careful not to compare how you are living your own life.

Smart financial planning is important, so if you want to take a trip, purchase a new car, etc., set a budget and save for it—the result will be so much more gratifying later on.

8. Make your meals.

A recent study found that for the first time ever, young people are spending more on dining out than on groceries. Packing your lunch instead runs about one-third the cost of eating out. Depending on your household habits, reducing how often you eat lunch out could mean significant savings.

For instance, someone who eats lunch out three times per week at an average cost of \$12 **spends \$1,872 a year.**

For both convenience factors and socialization, young professionals are easily dropping \$20 or more a day on eating out at restaurants. Over the course of a month, this amount adds up significantly.

Save going out for special occasions and start preparing meals at home more often. If you'd like to make it a social event, invite friends to bring over ingredients and help contribute with the cooking and meal preparation.



9. Don't spend more than you need to on financial services or products.

Do you know how much you're paying your financial institution for services or penalties like overdrafts? What's your savings account interest rate? Find out and then compare.

Consider the local credit union as they are more likely to have lower fees and pay higher interest. Credit unions are not-for-profit institutions, unlike banks that are in the business to make money for their shareholders.

Other tips to reduce fees on financial services/products:

- When you take out a loan to buy a car, make sure to shop around for the lowest rate.
- Never use a payday loan type of service.
- Keep more of your money working for you. Compare fees when looking at investments or 403(b)/IRA retirement savings providers.

Not all providers charge the same fee.



10. Start saving (even small amounts) now.

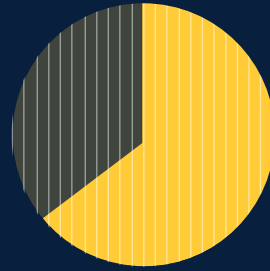
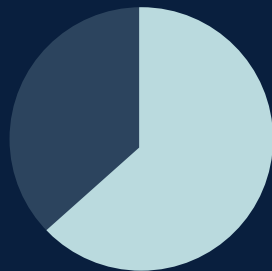
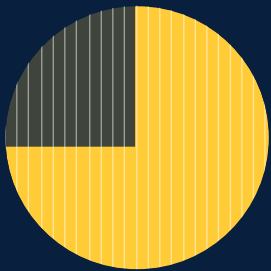
Making regular contributions to a 403(b) or IRA through payroll deduction or monthly automatic withdrawals from a checking or savings account can help you prepare for a solid financial future. Putting your contributions on autopilot makes it easy to save and builds savings into your budget.

Contributing even a small amount early on is better than waiting, but look for opportunities to increase your contributions.

For instance, when you eliminate an expense, pay off a debt, or get a pay increase, **redirect that amount to your savings** before it works its way into your everyday spending.

The 403(b) retirement program is offered by the WEA TSA Trust. TSA and IRA program registered representatives are licensed through WEA Investment Services, Inc., member FINRA. The Trustee Custodian for the WEA Member Benefits IRA accounts is Newport Trust Company.

Are you among those who track their expenses and stick to a budget?



75% vs. **64%**
Track Expenses

67% vs. **55%**
Stick to a budget



YOUNG PROFESSIONALS



BABY BOOMERS

More young professionals than baby boomers track expenses carefully and stick to a budget.

Kim, Age 27

Teacher for five years



What is your top money challenge?

My top money challenge is figuring out how to balance it all: the mortgage, groceries, bills, etc. After figuring out how much I need to spend on the necessities, I try to calculate how much I have left for extra spending money—which unfortunately ends up not being a lot. I also struggle to find enough room in the budget to put money into savings for retirement.

Have your budgeting challenges changed from the time you graduated?

Absolutely, because now I have adult priorities and obligations to manage such as marriage and buying a home.

How have you changed your lifestyle since college in order to juggle all of your financial responsibilities?

My lifestyle is more low key than it was in the past. Instead of going out with friends often, we now get together at each other's houses. My husband and I also do not eat out as often in order to save money.

If you could give one piece of advice to other teachers, what would it be?

It is important to live within your means, but don't get so caught up in budgeting every aspect of your life that you miss out on living. Remember that you need to have a life outside of work to continue to be successful professionally and emotionally.

Dalinda, Age 25

Teacher for three years



What is your top money challenge?

Budgeting for summer is my biggest challenge. Because I only get paid 10 months out of the year, I need to set aside money through the year to cover my expenses for the two summer months when I don't get a check.

Have your budgeting challenges changed from the time you graduated?

Definitely. I now have student loan payments. I went from living on campus and paying really cheap rent to owning a house with my fiancé. I also bought a car, which means monthly vehicle payments and insurance. That's a lot of additional expenses to manage.

"There really weren't any services to cut; in fact, it seems like more items have been added to my budget now that I am out of college. It really adds up."

How have you changed your lifestyle since college in order to juggle all of your financial responsibilities? Have you had to cut any specific items or services?

I used to spend money on buying clothes and going out. Now, I'm more careful and I don't spend as much money on unnecessary items.

What has been your biggest budgeting success in the past year?

Managing my budget so I am able to pay for part of my graduate school as well as save for a wedding, and unexpected purchases without taking on debt.

If you could give one piece of advice to other Millennial teachers, what would it be?

Start saving right away for both retirement and your emergency fund. Stay away from large credit card balances!

Own your future!

Action items:

- 1** [Fill out the budget sheet.](#) Learn where your money is going and identify ways to change your spending to improve your bottom line.
- 2** [Schedule a financial consultation](#) with WEA Member Benefits. We know Wisconsin educators and can help you evaluate your situation and develop a plan to improve your finances.
- 3** [Receive a free subscription of your\\$ magazine,](#) a financial magazine exclusively for Wisconsin public school employees like you. [View or subscribe online.](#)
- 4** [Fill your financial tool box...check out our online learning center.](#) Use financial calculators, read helpful articles, register for a seminar.

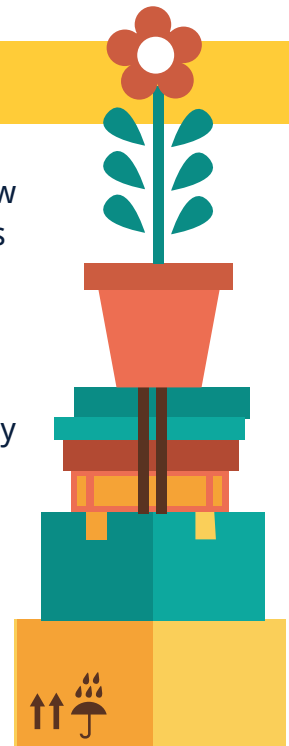
Bonus tip: Protect your stuff

Are you renting a home or apartment from someone else? Did you know that you could suffer a significant financial loss if you don't have renters insurance? This is because your landlord's policy does not cover your personal property.

Even if you feel your possessions are fairly modest, losing even one big ticket item or lots of smaller possessions at one time could be financially overwhelming. Unless you have enough money saved to replace everything you own—clothes, furniture, computer, entertainment system, etc.—renters insurance is definitely worth considering.

Plus, it's affordable.

[Learn more about the renters insurance.](#)



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