

THE MANY BENEFITS TO BEING FRUGAL

Welcome to the July 2017 edition of FAB Gab!

The Financial Awareness Basics (FAB) Team is excited to share content with you to assist in your outreach efforts this month. In addition to our articles and FAB bits, check out our social media pages on Facebook and Twitter for a post each day from our friends at www.financialliteracymonth.com.

How my \$120 jeans are a frugal buy

I've had this pair of Lucky Brand jeans for six years now. After a while, a hole appeared above the left knee. A while later, the crotch blew out. Now, I know this is when most people would throw the jeans out. But, they still fit perfectly and were really soft and comfy. So I didn't throw them out, I patched them instead!

When I bought them six years ago they cost \$120. To most people, \$120 sounds like an insane amount of money to spend on a single pair of jeans. People will ask: "Why not get \$20 jeans from Old Navy?" They're just not the same. I've tried them all, from Old Navy to Levis, to Rag & Bone. Now, I don't automatically assume they will fit better just because their more expensive. It's all about the FIT. And fit is different for everybody. Being frugal means discerning exactly what you want and need, and then prioritizing those needs. You've got to know what you're looking for so you can shop with a purpose

Being frugal means using what you have. I wear jeans 95% of the time, so they're the workhorse of my wardrobe. How many people have jeans in their closet that they don't wear? Buying things that don't get used, no matter how cheap, is always a waste of money.

At one point, these were the only pair of jeans I had for five years. Just that one pair. On first thought, \$120 is a lot to pay for a single item of clothing, but considering I've worn them for 6 years, they've cost me a little under \$20 a year. \$20 a year for the perfect jeans? To me, that's a great deal. Being frugal doesn't always mean going for the cheapest option.

We live in a disposable culture where clothes are cheap impulse buys, and when they bore us or show the slightest amount of wear we throw them away. As I mentioned before, when the jeans developed holes, I repaired them instead of throwing them out. I wash them in cold water. I don't put them in the dryer. I take care of them, because I respect them for how they've made my life easier.

Frugality is about appreciating what you have. And part of appreciating what you have is not settling for what's "good enough," but buying the right things in the first place, even if the price is a little higher. I've never regretted a perfect purchase, no matter the price.

What's something you buy that most people think is a splurge but you think is a ctually frugal?

Infographic of the Month

HOW TO SAVE NEARLY \$5,000 WITHOUT REALLY TRYING

With gadgets, apps, and programs galore, keeping track of finances has never been easier. Still, most Americans seem to burn through their paycheck without even realizing where their hard-earned dollars went. Experts say that without careful preparation and keeping track of your spending, you're bound to overspend. Here we show you how to recover from careless spending and save \$5,000 this year!

BECOMING THE SAVVY SPENDER

SAVE WITH GROCERIES According to the U.S. Bureau of Labor Statistics, the average American household spends \$312.75 a month on groceries, while an average family using grocery coupons can save as much as \$38.40 a month on groceries. This means a potential savings of \$460.80 a year, thanks to couponing.

- Groceries cost American households **\$312.75** a month.
- An average family using grocery coupons can save **\$38.40** a month.
- That's a potential savings of **\$460.80** a year.

SAVOR DATE NIGHT U.S. adults spend an average of \$232 a month on dining out, which averages out to \$58 a week. This means foregoing just one week's happy hour can save you \$696 a year.

- Dining out costs U.S. adults an average of **\$232** a month.
- This averages out to **\$58** a week.
- Skipping one happy hour each month can save **\$696** a year.

RETHINK THE COFFEE BREAK A 2012 Accounting Principals Workonomix Survey calculated that half of the American workforce buys coffee regularly at work, spending roughly \$80 dollars a month. Signing up for a rewards card at your favorite coffee shop, that gives you a freebie for every 10 you buy can save you about \$95 dollars, but brewing at home can save you nearly \$960 a year.

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- Signing up for a rewards card can save about **\$95** a year.
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PAPER BAG IT 66 percent of American workers also splurge on lunch daily, spending \$148 a month. Using a dollar-off coupon for your midday restaurant outing of choice could save you as much as \$240 a year, but packing and bringing your lunch to work can potentially save around \$1,776 a year.

- 66 percent of American workers dine out, totaling **\$148** a month.
- Using a dollar-off coupon could save **\$240** a year.
- Packing and bringing your lunch to work can save **\$1,776** a year.

RESIST IMPULSE BUYS Bundle.com reports that an average American spends \$736 on monthly shopping splurges. By finding either a manufacturer's coupon or a store coupon online, you can easily shave off at least 10 percent, which would equal a whopping \$960 in savings at the end of the year.

- Shopping costs the average American **\$736** a month.
- Coupons can easily shave off 10 percent, which will save **\$883.20** a year.

TOTAL YEARLY SAVINGS WITHOUT TIPS: \$4,776.00

BECOMING AN EXPERT SAVER

FREE IS THE WAY TO BE Always sign up for a free sample. In most cases, your freebie will also come with coupons for significant savings and discounts on other related products. What do you have to lose? Oh wait, nothing.

GO SOCIAL Like your favorite brands on Facebook and follow merchants on Twitter. Many brands reward their loyal customers with exclusive offers, so you'll stay up-to-date on contests and giveaways.

DO YOUR HOMEWORK Hard work pays off when it comes to couponing and saving money. Do online searches for the best price and search for coupons from stores as well as manufacturers.

Taking the time to research online before purchasing a large item or taking time to brew your own cup of Joe in the morning can make a colossal change in your finances at the end of the year. Track your savings so you can see just how successful and savvy you've become.

Source: Design Infographics
<http://www.designinfographics.com/business-infographics/how-to-save-money-easily#>.

Grace Period Guidance

Most students are focused on their education, studying, exams and just enjoying their college experience. Their loans and the fact they have to repay them are placed on the back burner until they come closer to graduation. For students who withdraw from school, understanding their loans and options early on is especially important. Many students are so focused on finding their perfect job after graduation that they wait even longer and scramble right before their grace ends to understand the options available.

To that end, ECMC has created a Top Ten list for you to use when counseling students.

- It helps to establish a connection right from the beginning. Introduce students to the fact that they have LOANS THAT WILL HAVE TO BE REPAYED. Explain how your office will support them while they are attending school and beyond. Encourage students to plan for repayment by setting aside funds in their budget now. IT'S NEVER TOO EARLY. In addition to having information on the financial aid page of your school's website, have print materials available in your office or lobby, wherever it's easy for students to access on their schedule. Simple, yet effective.
- A fun and effective way to reach students is FOOD! Set up a table in the cafeteria, commons, or any high-traffic area and give away low-cost food items (bags of chips, small boxes of "encourage-mints," etc.) to students who come up and ask one question about their student loans, repayment or financial literacy.
- Partner with your registrar to capture students who withdraw. Work with them to ensure that students who withdraw must check in with the financial aid office or are flagged for some type of exit counseling. Students who withdraw are more likely to not repay on student loans. They may be angry with the school or feel overwhelmed. This leads to missed payments. By capturing these students before they leave campus, you have one more opportunity to talk to them about their responsibility to pay even though they have not completed their education. This, in turn, will hopefully help steer students away from delinquency and default!
- Develop a system that gets information on grace period and repayment options into students' hands. At the very minimum, students should be made aware of their rights and responsibilities, repayment options, grace period and service contact information. As an added bonus, offer exit counseling workshops and connect them with career services. You can also provide a simple budget worksheet to get them started thinking about their future finances.
- The grace period is a planning period, a time to prepare for repayment of your federal student loans. The six-month timeframe is intended for students to get their affairs in order after graduation, find a job, get settled, etc.
- A grace period for students/graduates gives them the time needed to know:
 - How many student loans they have and the amount of each loan.
 - What is their monthly payment amount.
 - Who is their loan servicer.
 - When to start paying back the loans.
- Some things to keep in mind:
 - Students may work with one or more loan servicers.
 - If they don't choose a payment plan, they will automatically be placed on the Standard Repayment Plan.
 - Students can CHANGE their payment plan at any time, if they qualify, to better fit their budget.
 - They can log onto www.studentloans.gov now to update their contact information, see payment due dates, payment amounts and monitor their loans from the start!
 - If they don't think they'll be able to start repaying their loans, students should discuss deferment or forbearance options with their loan servicer.
- After students have left school, it can prove very beneficial to continue contact with them by sending quarterly updates. Create a simple HTML email explaining how to identify and contact their servicer, list current repayment options, provide information on deferment and forbearance, and most importantly, the consequences of default.
- You can also host regular "Life after School Budget Workshops" that help students understand budgeting after graduation, repayment options and how they can stay on track with loan payments. Finally, reach out to borrowers again at nine months. Remind them of payment and postponement options, provide information on Career Services or other departments.
- Create a student loan "Hot Sheet," a quick reference chart and a final reminder of their responsibilities. These small steps are really pretty simple, don't take up too much of your time, and the benefits are recognizable and pretty immediate.

Stuff that's FAB!

Four Must-Watch YouTube Channels for Saving Money

Pretty Frugal Living, hosted by the effervescent Amrita Singh, features a ton of videos on frugal living that are cleverly divided into sensible categories, such as food tips and home decoration ideas. Most of the videos are short and to the point, focusing on one specific tip, but the channel offers a number of playlists so you can watch many back-to-back.

Ramit Sethi's YouTube channel offers career-oriented personal finance advice with an action-oriented bent. Rather than just relating an idea, the videos tend to push the viewer to take action in his/her life, which is great for people who need a little motivation.

Great Depression Cooking is entertaining regardless of whether you're seeking frugal food advice. The host of these videos, Clara, is a sparkling woman in her 90s who mixes some interesting techniques for inexpensive food preparation with her memories of growing up in the Great Depression when she was a teenager.

The Frugal Chef is a great resource for those who want to learn how to prepare low-cost meals at home. The recipes and techniques are approachable and the host, Mary Ann Allen, makes it all seem easy. Many of the videos take the form of a cooking show and the recipes have a strong focus on low cost.

FAB Bits

Webinars

Did you know that Outreach and Financial Literacy hosts a FREE weekly national webinar? It's TRUE! These are turnkey presentations delivered in a "Train the Trainer" format. Once completed, we share the presentation with you, including all speakers' notes.

Upcoming topics in 2017

- 7/19 Bankruptcy facts vs. myths
- 7/26 Paying down debts
- 8/9 10 Tips to graduate with less debt
- 8/16 Identity theft
- 8/23 The show must go on

Check out a sample of our upcoming topics and register at ecmc.org/schools/training.html.

We also share important money management tips on social media. To stay up to date, Like our Facebook page and follow us on Twitter.

Looking ahead

In our fourth quarter newsletter for 2017, we'll focus on tips for stretching your financial aid refund through the semester, and how to conquer those holiday shopping blues.

Article suggestions, feedback, or other ideas? Send them to financialliteracy@ecmc.org!