

Financial Literacy for College Students

Improve your financial literacy while in college. Learn how to budget, pick up the basics of credit, saving and investing.

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At U.S. News & World Report, we understand that college life is hectic. You might feel that studying financial literacy – while also keeping up with your coursework – is just too much to handle. Well, you can stop worrying right now because our goal is to make this super easy for you.

If you pay attention to managing your money properly, you'll be able to graduate with zero credit card debt and a good credit score. And what will that great score do for you? It will help you get approved for an apartment or an auto loan, if needed. Depending on where you want to work, it might even help you land the job that you want.

The experts at U.S. News are passionate about financial literacy for college students. We've put together a guide that covers the hot topics in your life, such as living on your own and setting up a college budget.

You're at the beginning of an exciting life! This is the perfect time to become money-savvy. Grab a cup of coffee or a soda and dive in.

Living on Your Own

Once you've been on your own for a while, you'll start to realize this annoying fact: Life is expensive.

But that doesn't mean you have to go into debt to survive or live on ramen noodles to pay for your books. With a tiny bit of research, you can save anywhere from a little to a lot of money on everyday expenses.

Here at U.S. News, we know you're busy, so we've done the legwork for you. And just so you know, there's an art to being frugal and still getting what you need. Just relax and explore these topics so you'll be prepared for life on your own.

Stretching your grocery dollars: It's a great feeling of freedom to know you're in charge of choosing groceries. But, of course, you're also in charge of paying for them. You can get a few treats, but you need to make sure you don't overdo it.

Deciding how much you can spend on rent: OK, this requires a lot of honesty. Figure out your rent limit before you shop for a place. Don't risk getting mesmerized by an apartment you can't pay for. A common way to determine how much rent you can pay is to calculate 30% of your monthly gross income. But there are also other factors and expenses to consider before you sign a lease.

Cutting costs on utilities: And what about the cost of utilities? We've got your back. Check out these simple ways to decrease utility costs.

Paying your taxes: This is an obligation that we all must bear. Try to think of it as a way to give back to society. Know that tax laws and filing dates aren't guidelines; they're strict rules and dates to comply with. Read the tax advice here carefully, and you'll be all set.

Avoiding common money mistakes: When you're new to money management, you don't know what you don't know. There's a lot more to personal finance than limiting your lattes. That's why we've collected the most common money mistakes students make and offered advice on how to avoid them.

Working while going to college: If you need the extra money, which applies to almost every college student, then check out this federal financial aid opportunity.

Traveling on breaks: OK, maybe spring break is in your future, too, when it's safe to travel again. Or maybe you're a senior and you need to fly to the city where you plan to live. Whatever the reason, there are many ways to save on travel expenses.

Saving and Investing Basics

Now that you're on your own, it's important to build your financial foundation. But it's not as intense as it sounds.

Your foundation consists of a budget and a way to track spending. Fortunately, there are many free options for you to choose from. And many apps are multifunctional, so you can budget and track in one place.

We're going to talk about credit cards in the next section, but before you ever think about getting a credit card, you need to have your financial foundation in place. It's that important! So let's get right to it.

Be a budget boss. Having a budget in place and actually following it will keep you from getting into debt or having an overdrawn checking account. If you don't have a way to control your money, it will control you.

Since your phone is with you all the time, a budgeting app might make a lot of sense. But there are also free options online, if you prefer that.

Credit 101

This is an area that trips up a lot of people. Not just college students, either, but people of all ages. The reason? Credit isn't intuitive. It really is something that takes a little effort to understand.

To make it easier, let's break this topic down into three specific areas: credit reports, credit scores and credit cards.

Credit report basics: Your credit report contains personal information, credit accounts and any negative items, such as a collection account. The report is basically your credit history. Your credit score is calculated using the information in your credit report.

Credit score basics: There are some who believe that you don't need a credit score, but that's a bit shortsighted. Having a great credit score saves you money in many areas of your life, including car insurance and mortgage rates. And graduating with good credit helps you get approved for your first apartment.

Credit card basics: Pay attention because if you don't use credit cards responsibly, something bad will happen. You could end up graduating with not only student loans to pay off but also with credit card debt. But if you have self-discipline and your financial foundation is in place, you can use credit cards to build a good credit score.

How to Buy a House

It's not crazy to think about buying a house or a condo after you start a new job. If you've been responsibly building credit while in college, you're way ahead of the pack.