

Office for Financial Success – Financial Tip of the Week

A service of the Personal Financial Planning Department
College of Human Environmental Sciences
University of Missouri-Columbia

*(The OFS Tip of the Week is available in PDF format at:
<http://financialsuccess.missouri.edu/tipoftheweek/mymoney.pdf>)*

The student loan consolidation bombardment has peaked – **read below** for more information on what steps you should be taking [immediately!]. I recently compiled a “what you need to know” fact sheet. I have also included information about different State student loan consolidation options and the benefits they provide ... the June 30th deadline is fast approaching!

WWW.MYMONEY.GOV ...

The federal government has taken several stabs at helping Americans better understand their money. It makes sense these efforts would be made; we are doing something every day with money – balancing checkbooks, shopping for loans, reviewing credit card statements, saving, investing, viewing a credit report, or simply deciding whether to use cash or to charge a purchase. To aid consumers in this daily battle, 20 government agencies formed a Financial Literacy & Education Commission (in response to Title V of FACTA (Fair & Accurate Credit Transactions Act) Legislation) and created a very easy to use website with links to resources that can benefit anyone at any stage of life to better manage money:

- Budgeting & Taxes
- Credit
- Financial Planning
- Home Ownership
- Kids
- Paying for Education
- Privacy, Fraud, & Scams
- Responding to Life Events
- Retirement Planning
- Saving & Investing
- Starting a Small Business

In addition to the online resources, consumers are provided an opportunity to order a free “My Money” tool kit containing information to help you choose and use credit cards, get out of debt, protect your credit record, understand Social Security benefits, insure bank deposits, and start a savings and investment plan. Simply complete the online form and they’ll send the tool kit materials at no cost. You can also order the kit by calling toll free (888-mymoney).

The site: <http://www.mymoney.gov>

MIZZOU Personal Finance Course Offerings – fall/summer ...

The Personal Financial Planning Department has agreed to offer the 1-credit Financial Survival course this coming summer and fall terms!

SUMMER:

Financial Survival (FINPLN 4318, ref# 23455); MWF 12-1; 1st 4 week session (1 cr).
Other PFP summer course offerings (<https://sis.iats.missouri.edu/soc/select.cfm>)

FALL:

Financial Survival (FINPLN 1183, ref# 44250); W 3-3:50 (1 credit).
Other PFP fall course offerings (<https://sis.iats.missouri.edu/soc/select.cfm>)

Student Loan Consolidation ... Consolidating your federal student loans during the current semester appears smarter and smarter every day (***WHETHER YOU ARE GRADUATING OR NOT***). If you're in-school, simplify things and do it over the phone (if all you're consolidating is Direct Loans) – (888-758-9730). The phone is a fast (2 minute average), easy way to do it – doing it online is more time consuming, and is not the most intuitive method for doing it either.

If you're out of school/graduating this semester:

- If you're planning an extended repayment, review North Carolina info below ...
- If you don't owe a lot and/or plan to repay it over a short period of time (5 years or less), consider a program like the "Educational Loan Company" (<http://www.educationalloancompany.com> – click on "consolidation") – a colleague forwarded their info to me recently. They offer a better than average rate reduction incentive (1.75%), but unlike most programs that require 3-4 years of on-time repayment to receive the full benefit, ELC offers .5% reduction for on-time payment and 1.25% reduction after only 24 on-time benefits. Something worth considering if you're in that situation ...

Currently, three programs (North Carolina, South Carolina, and Iowa) are open to students [don't have to call them 'home' to use them] where their consolidation benefits exceed those of the "average private program." **North Carolina** is the only one that requires a connection (they also offer the largest rate reduction benefits – *2% total reduction after on-time payment*), but creating that 'connection' is not difficult (5 minutes and \$5) – read more about **STATE CONSOLIDATION INFO** at: (<http://financialsuccess.missouri.edu/stateprograms.pdf>). I will continue to update this state info as more information becomes available.

MONITORING THE UPCOMING STUDENT LOAN RATE CHANGE

- The interest rate is scheduled to change on July 1st.
- Lock your unconsolidated loans at **4.7%** by consolidating before June 30th.

Based upon current information, your variable loan interest rate would rise to **6.41%** on July 1st if you don't consolidate prior (6.44% is the highest this rate has been since January 1st when I started monitoring this 'hypothetical rate'). This rate is "officially" calculated the last business day in May. I will continue to update this information weekly ...

More information is available on the student loan consolidation section of our site (<http://financialsuccess.missouri.edu/consolidationhome.htm>) to gather information about calculating your weighted loan rate (if you consolidated last year at 2.77%), consolidating while in school, estimating your monthly student loan payment, etc.

Tip Archive.

Free access to recent weekly financial tips ...
<http://financialsuccess.missouri.edu/archive.htm>

A primary objective of the MU Office for Financial Success is to provide sound, non-biased information related to your financial life. Financial products are neither sold nor promoted. Our service is free to MU students and an inexpensive educational option for non-students. Visit (<http://financialsuccess.missouri.edu>) to learn more.

The Financial Tip of the Week is a service of the Office for Financial Success

Dr. Mark Oleson - Clinic Director

Department of Personal Financial Planning
College of Human Environmental Sciences
University of Missouri-Columbia

Interested in a career in Financial Counseling/Planning? (<http://pfp.missouri.edu>)
Contact me: olesonm@missouri.edu

SUBSCRIBE/UNSUBSCRIBE:

- Have friends that would like to receive the weekly financial tips?
SUBSCRIBE TO: financialsuccess@missouri.edu
- You may unsubscribe at any time by sending an e-mail (see contact info below) with "unsubscribe" in the subject line.

CONTACT INFO:

- WEBSITE: <http://financialsuccess.missouri.edu>
- E-MAIL: financialsuccess@missouri.edu