

# FINANCIAL WELLNESS & FINANCIAL AWARENESS

*Helping You Take Control of Your Financial Future*

*Carencro High School  
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<http://business.louisiana.edu/financeispersonal>

## Top Money Issues for Athletes & College Students:

### (1) Name, Image & Likeness (NIL) Money

- Unlike in the past, college athletes – or any college students – are allowed to be paid sponsorship money.
- In general, this money does not come from the college, but comes from local businesses, donors or alumni foundations that support the university.
- **THINGS TO WATCH OUT FOR:**
  - You probably will owe taxes on your NIL money. If someone promises you \$10,000, you will either (a) only receive about \$8,000, after taxes; or, (b) receive \$10,000 but have to send the IRS \$2,000.
  - Read any contracts carefully. Have a lawyer read them. Make sure you know your commitments.
  - Work with your compliance officers. If the deal is not legit, you may not be able to play.

### (2) Scholarship Money

- Colleges like to attract athletes and students with scholarship money. This can be in cash or as a tuition waiver – and can be very helpful to all students.
- **THINGS TO WATCH OUT FOR:**
  - Most scholarships ONLY pay a portion of your total school expenses. “FULL RIDE” is the golden ticket where the college pays everything. If you do not have a Full Ride, you have to pay for the rest.
  - Most scholarships are NOT taxable. But some are. Make sure you know if yours is.
  - “Tuition” is what it costs to attend school. But that’s not the only thing we have to pay for. “Room” is what we call your dorm room or apartment expense. “Board” is food. If you live on campus, you might be required to use the university cafeteria. If you live off campus, you can buy a university cafeteria meal plan or you can take care of your own food.
  - “Room” costs \$5,000-\$7,000 per year at UL Lafayette. This is comparable to other universities.
  - “Board” costs \$4,000-\$5,000 per year at UL Lafayette. This is comparable to other universities.
  - “Tuition” is priced differently whether you live “in-state” or “out-of-state” for public schools.
  - At UL Lafayette, In-State Tuition is about \$11,000 per year. Out-of-State Tuition is about \$25,000.
  - At UT-Austin, out-of-state tuition is over \$40,000. At private schools, tuition is over \$50,000.

### (3) Student Loans

- Many students – both athletes & non-athletes – will borrow money to help pay for college.
- The U.S. Department of Education has historically provided low-interest rate, generous term loans. You might be able to access these loans through the “Free Application for Federal Student Aid” (FAFSA).
- If federal loans are not available for all your costs, you might be able to borrow from private lenders (like a Chase or Bank of America). These loans will have higher interest rates and less flexible terms.
- **THINGS TO WATCH OUT FOR:**
  - Loans have to be repaid. They are not gifts. You do not have to repay federal loans until after you graduate (or drop out), and you will have somewhat flexible repayment terms.
  - Every university has a Financial Aid office that can help you understand your options and your responsibilities with respect to any money you borrow.
  - “Grants,” like the Pell Grant, are gifts. They do not have to be repaid. Scholarships are also gifts.

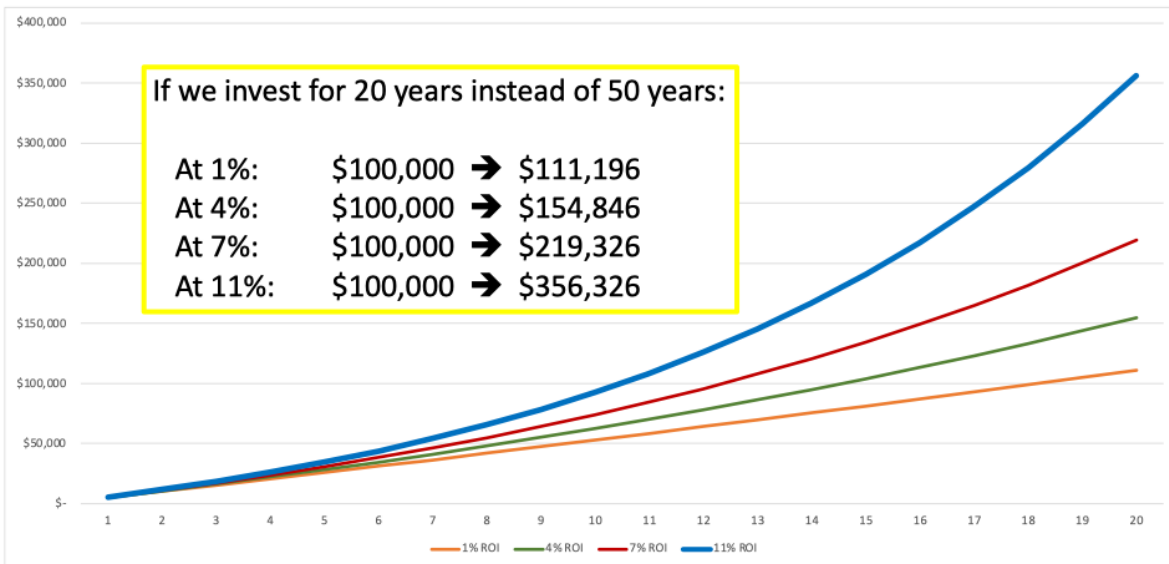
## A Few Rules About INVESTING

- Risk matters. Know your risk tolerance.
- Goals matter. Be intentional about what you are saving for.
  - Maybe create 3-5 different investment accounts for different goals.
  - This is what I do – I'll show you why in a bit.
- Transaction costs matter. You can pay a lot of fees for not much benefit or service. Be careful.
- Experts rarely have tips or secrets. Investing is about predicting the future, and none of us can predict the future (perfectly). Be careful.
  - If there really were sure-things or get-rich-quick schemes, the experts would be using them themselves, not sharing them with you.
- Communicate with your family. Achieving goals is a family affair.

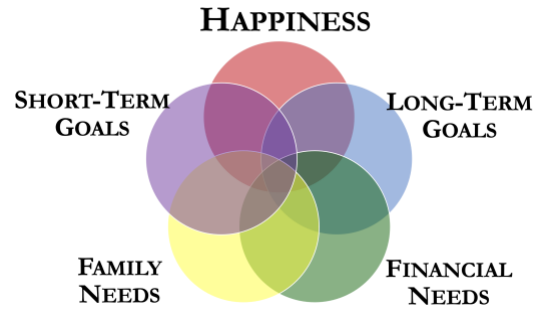


## A Few Rules About INVESTING

- Investing lets **COMPOUND INTEREST** be your friend.
  - With compound interest, your interest earns interest.
  - Without actively making decisions, your money can grow exponentially.
- Yes, there is risk – the exponential growth rate could be negative.
- Such risk is greatest if you 'invest' over very short periods of time.
- Historically, over the past 100+ years, if you invest for 5+ years, you have benefited from positive exponential growth.
- The average return of a common stock over the past 100 years is 12.3%.
  - The word 'average' is very important here. But, the good news, we can all achieve 'average' returns relatively easily (though they may not be 10% in the future)



*A GOAL WITHOUT A PLAN IS JUST A DREAM. MAKE A PLAN TO ACHIEVE YOUR GOALS.*



## TOP 15 PERSONAL FINANCE TIPS FOR ALL COLLEGE STUDENTS

### Budgeting: 5 activities to take better control of your income and expenses

1. For 2 or 3 months a year, track every penny that you spend and that you earn. Analyze your behavior, judge yourself and make sure your actions align with your values and goals.
2. For 1 week a month, commit to not spending a penny dining out. No coffee, no fast food, nothing. Try it.
3. Analyze your insurance policies at least once a year. You can easily save yourself hundreds of dollars a year.
4. Cancel at least 2 subscriptions by the end of the year. You don't use them all – get rid of these tiny money pits.
5. Set financial goals. Set goals for the next 6 months, for the next 2 years and for the next 5 years. Once you identify your financial and personal goals, it's much easier to make a plan to achieve these goals.

### Debt Management: 2 reasons to prioritize good debt vs. bad debt

6. Banks and lenders are extremely profitable – because we pay them interest. And then we pay them interest on our interest. It's your choice: give them your money or invest it in yourself.
7. Identify all of your outstanding debt and rank it from worst (most costly) to best (least costly). Make a plan to eliminate your worst debt as soon as possible.

### Saving: 2 strategies related to saving more

8. Build an emergency fund with enough savings to cover 3-6 months of discretionary expenses. As artists, your income may be unpredictable at times; having this cushion can help you get from paycheck to paycheck.
9. As soon as you get any income, whether it's a recurring paycheck or a one-time gig, move at least 10% of the money into a dedicated savings account.

### Investing: 3 reasons why it's the key to creating wealth

10. Compound growth – growth on growth – lets your money make money for you. Start using it early.
11. If you start investing a little in your 20s, once compound growth kicks in your money will go to work for you.
12. It's fun. And getting personally engaged in investing – whether that's in stocks or real estate ownership – gives you a personal connection to building wealth.

### Taxes: 2 things to get better prepared for April 15

13. Get rid of your tax refund. It's your money, talk to HR and reduce your withholding so you get your money sooner and don't have to wait for a tax refund to get your money back.
14. Spend 1 hour reviewing tax policy to find 5-8 key deductions and credits that specifically apply to you and can save you hundreds or thousands in tax payments. We all have different situations that we can benefit from.

### Retirement: 1 thing you can do tomorrow

15. Open an Individual Retirement Account (IRA) or Roth IRA and begin putting money aside for future-you. IRAs combine the benefits of investing and tax planning and will make your future much more comfortable.

**Personal Finance is...personal.**

**It's about you and not about anyone else.  
You have to make it about you and your goals.**

**There is no judgment in personal finance.**

**There is no ego in personal finance.  
There is no shame in personal finance.**

**It's about you and not about anyone else.**

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How Much Will You Have By Saving or Investing Annually for 20 Years?					What is the Full, True Cost of Using a Credit Card				
Interest Rate on Savings or Rate of Return on Investments	Savings or Investment Amount per Year				Assume You Pay Off Your Credit Card in: <b>10</b> years				
	\$1,000	\$3,000	\$5,000	\$10,000	Annual Interest Rate that the Bank Charges You	Amount You Put on Your Credit Card			
	\$100	\$1,000	\$5,000	\$10,000					
	1%	\$22,019	\$66,057	\$110,095		\$220,190			
	4%	\$29,778	\$89,334	\$148,890		\$297,781			
	5%	\$33,066	\$99,198	\$165,330		\$330,660			
	6%	\$36,786	\$110,357	\$183,928		\$367,856			
	7%	\$40,995	\$122,986	\$204,977		\$409,955			
	8%	\$45,762	\$137,286	\$228,810		\$457,620			
	9%	\$51,160	\$153,480	\$255,801		\$511,601			
	10%	\$57,275	\$171,825	\$286,375		\$572,750			
	11%	\$64,203	\$192,608	\$321,014		\$642,028			
	12%	\$72,052	\$216,157	\$360,262		\$720,524			
	15%	\$102,444	\$307,331	\$512,218		\$1,024,436			

The Moral: See point (10) above. Compound interest (investment growth) can be the key to creating wealth by earning passive income. However, if you have credit card debt, the bank is the one getting that compound interest – and you are the one paying it. Investing can create wealth, putting impulse purchases on your credit card can destroy your wealth.

### 10 CHALLENGES & ACTIVITIES FOR YOUR FINANCIAL WELLNESS

- For one month every semester, track every penny that you spend, knowing what you spend and why.
  - Bonus: Keep a “Financial Journal” for each month to really understand your values and behavior.
- Every Sunday, make a plan for the money that you can spend in the coming week. And stick to that plan.
- Whenever you get a paycheck, immediately transfer \$20 into a savings account.
  - Option: If you have credit card debt, use that \$20 to pay down your debt first. Then save.
- Open an investment account (through Robinhood, Fidelity, Schwab or other). Begin investing when you can.
  - Option: Open an Individual Retirement Account as soon as possible. Invest a little when you can.
- Check your credit score. If it's less than 650, make a plan to improve it.
- Go an entire month without going out to eat. Or a week. Or a day. Do what you can to improve your behavior.
- Cancel at least 2 subscriptions this year.
- Know what you are paying for auto insurance. And then contact 3 companies and ask to pay less. It works.
- Set 5 financial goals for the next 12 months. Then set 5 financial goals for the next 3 years and the next 5 years.
- Create your personal biography. Write the life you want to live. And then make a plan to begin living that life.

### 10 TIPS TO THINK LIKE AN ENTREPRENEUR

- Cash is Queen. Cash drives decisions. Treat your cash flow as if it's precious.
- Save as much as you can. Your cash flow might be unpredictable. You never know how long your cash flow is going to last. Hope for the best and prepare for the worst.
- Separate your personal and business activities. Get business bank accounts and credit cards.
- Track every dollar you spend and every dollar you earn...both for your own goals and for tax planning.
- Set up an Individual Retirement Account as soon as possible. Invest a little when you can – and watch it grow.
- Think about the type of legal entity you run. Sole proprietorships and partnerships are the default – but creating an LLC or corporation might protect you from liability.
- Learn what tax issues are important to you. You have many obligations and responsibilities to pay taxes on your income; but there are also many opportunities to reduce your tax burden as an entrepreneur. Learning a little can save you a lot.
- Be clear about your mission. What are you trying to achieve through your work? Make a plan that clearly communicates your mission to both yourself and to others.
- Develop your team. Who can help you achieve your mission? What advisors can make your life easier.
- Create your personal biography. People want to know who you are and how you can make their life better.

#### One Rule About BUDGETING

Budgeting is philosophically very easy but practically very difficult because there is just one basic rule that applies to Budgeting:

**Spend less than you earn.**

- Of course, this is much easier said than done...Especially for students with limited income and fixed expenses.
- If you spend more than you earn, you have to make up the difference somehow - student loans, credit cards, savings.
  - And this borrowing will set your goals back when it comes time to repay this borrowing. You are borrowing from your future.



#### How Do You Succeed at Budgeting

- Be intentional. Know what you're spending. Know what your income is.
- Look in the mirror. Analyze yourself.
  - This can be painful. You may see some habits you do not like. But recognizing those habits is the first step to correcting them.
- Think both short-term and long-term.
  - At its core, budgeting is about balancing monthly income and expenses.
  - But, be sure to connect your income and expenses to your long-term goals.
- When I was in college, my priority was my degree. I ate more Top Ramen than any human should ever eat (including every night for a month, as part of a bet). To me, this was a choice and a habit that was critical to fulfilling my goal – my degree.



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## STUDENTS LOANS & FINANCIAL – FINANCING YOUR EDUCATION & BEYOND

Financial Aid & Student Loans can be one of the greatest tools to help you invest in your education.

- But never think of that money as “free money.” Always have a plan to repay what you borrow.

There are several different types of student loans. Know the key differences.

- Federal student loans are loans provided by the federal government, to help you invest in yourself as a public good. This means you will probably have a lower interest rate to pay. And most of these are subsidized – that’s good.
- Private student loans are provided by private companies so they can increase profits.

The average student loan borrower graduates with \$30,000 of debt. Current interest rates are about 5% for federal, subsidized loans (and much higher for private loans).

- With a 5% interest rate, if you repay that \$30,000 over 10 years, you will incur \$8,850 of interest charges, making your total repayments equal to \$38,850.
- With a 5% interest rate, if you repay that \$30,000 over 30 years, you will incur \$28,550 of interest charges, making your total repayments equal to \$58,550.
- If you have a private loan with a 10% interest rate and you repay a \$30,000 over 30 years, you will incur \$95,500 of interest charges, making your total repayments equal to \$65,500.

As with most debt, the sooner you repay it the less you will pay in interest. That’s good.

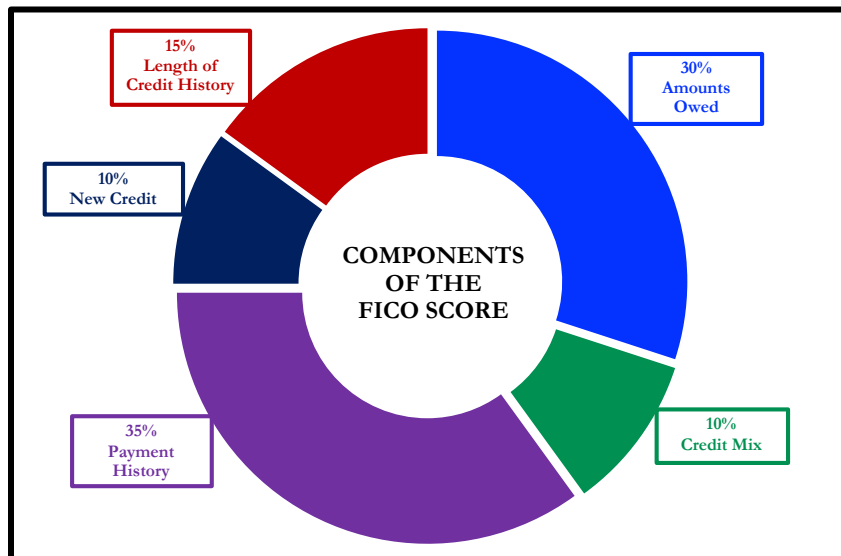
- But student loan debt is one of the better types of debt you can have; it can help your credit score, some of the interest you pay is tax-deductible and there are flexible repayment options.

Federal student loan borrowers have many options as to how to repay their loans.

- Income Contingent and Pay As You Earn repayment plans tie your future payments to your future earnings.
  - If you make regular payments for 25 years, your remaining balance may be forgiven.
- If you choose a career in Public Service or Education, you may be eligible for Public Service Loan Forgiveness; if you make regular payments and stay in a service career for 10 years, your remaining balance may be forgiven.
- For all other borrowers, who do not have income-based plans or public service careers, you will have to repay your debt eventually.

Student Loan debt is one of the best kinds of debt you can have – but it is still debt. Be careful.

- Do not let your dream of a college degree or a better career cloud the fact that borrowing can be very expensive. Do not let student loan debt become an anchor on your future.



Your credit score is – and will be – one of the most important numbers in your financial life. The higher your credit score, the lower your debt payments will be. As a student, your score might be lower than you want it. That will change as you get older, as you get a job and as your financial life becomes more complex and sophisticated.

Until then, focus on making payments on time and keeping your balances as low as possible, check your credit report annually and track your score regularly. And then your credit score will take care of itself over time.

## HOW TO SUCCEED IN COLLEGE: YOUR EDUCATION, YOUR MONEY & YOUR FUTURE

**Treat college like a job: Do not treat it like a side-hustle or as something extra**

- At work, you know what you have to do to succeed, to get a raise, to avoid getting fired. Identify the same factors that will determine what you need to do to achieve your college goals.

**Treat college like the most important thing in your life.**

- We know that, in reality, your college work may be the 3<sup>rd</sup> or 4<sup>th</sup> priority in your life. But remember that you are being graded and evaluated against thousands of other students who only have one priority.

**Time management is often the most difficult aspect of college; create a system to track all of your assignments, to plan ahead, to complete everything on time.**

- For most classes, your syllabus will have specific due dates for all major assignments. You should be able to plan out your entire term within the first 1 or 2 weeks.
- Identify the most important dates in each term, then make a plan to get to complete everything

**Make sure you complete every single assignment – yes, every single one.**

- At the end of the term, when instructors are determining grades, one question they will ask is “did the student do everything in their power?” The answer to this question may determine whether you pass or fail.

**Connect with your faculty early in the term: visit office hours, chat before or after class, send an email.**

- Some faculty will be robots who do not care about your situation – or the class size or format may make it difficult to do so. But most faculty will be humans who do care about your situation and circumstances.
- It is always better to connect with your faculty before an issue arises than after. Let them help you.

**Recognize that you are not alone in this experience.**

- Lean on your family and friends to help with both school and non-school issues.
- Connect with other students through clubs, organizations, group projects and other means.
- Many other students will be in a similar situation to you – or have already been through it – and you can learn a lot from them. The University is like a small city, with amazing people and resources – use them all.

**Focus on both the forest and the trees. Always keep the big picture in mind and know why you’re here.**

- Do not let relatively small hurdles and setbacks prevent you from achieving your goals.
- Take care of your personal and mental health first. All other success will follow.



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