

Best Financial Practices for College Students



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Learn the basics of managing your finances so you are set up to succeed after graduation.

For young adults, heading off to college often represents a major transition into adulthood and independence. One aspect of this transition is understanding the importance of financial well-being. By knowing the basics of personal finances and creating clear goals, students can set themselves up to succeed during and after their college years. Below are some tips for college students to consider.

Open Student-Specific Banking Accounts

Many banks offer checking accounts specifically tailored to students, making the process of opening a bank account easier for potential first-timers. Perks such as special points, rewards, and no overdraft fees are commonly offered. Student-specific accounts may have unlimited ATM transactions on any machine, allowing you to use different banks' ATMs. Checking accounts can help you learn how to manage a debit card responsibly and better understand how a bank operates.

Opening a student savings account can be a great decision, too. Explore a high-yield student savings account to earn interest on your deposits. Some banks offer incentives for students, like cash bonuses for opening accounts. A savings account can help you set aside funds for both future goals, like a car or down payment, or more immediate needs, like groceries or concert tickets.

Start Building Credit History by Opening a Credit Card

How you use credit can significantly impact your financial future. Opening a credit card is an excellent opportunity for students to start building their credit score. A credit score is a report of your credit history expressed as a number. Different factors like payment history, outstanding debt, and length of your credit history are combined to create your credit score. For those with newly established credit, it takes time to build your credit score. Over time, a strong credit score will be essential—it determines your access to credit and the interest rate you will pay on large purchases, such as a car or home.

Refrain from using credit cards for purchases you cannot afford and avoid taking on excessive debt. It's critical that you make your payments on time each month. Interest will accumulate if you don't pay off the full monthly balance. Furthermore, if the payment is late, there will be late fees, negatively impacting your credit rating.

If you don't qualify yet for a traditional credit card, you can explore secured credit cards at your bank, as they allow users to charge only up to a predetermined limit backed by cash in a linked bank account. If approved, you'll have to put



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a certain amount of money down, which is kept in a savings account that can't be accessed until the card is closed or, in some circumstances, if you upgrade to the unsecured card. This setup functions similarly to a debit card while still contributing to your credit history.

Using a debit card for online transactions is less secure than using a credit card. Since debit cards provide direct access to your checking account, funds can be quickly drained if your account is compromised. Resolving these disputes with your bank can be complex. Remain cautious with online transactions and help protect your financial and personal information.

Download a Banking App

Many banks have mobile apps that allow you to check account activity, monitor balances, deposit checks, and pay your bills anytime and anywhere, making them ideal for busy students. Visit a local branch or call customer service if you need any additional assistance.

Automate Payments

Remembering to pay bills on time can be difficult when balancing a busy class schedule with extracurricular activities. Sign up for text, email, or app alerts through your bank to remind you when your credit card payment is due. Failing to make a payment on time can lead to late fees, lower credit scores, or higher interest rates. Automating bill payments for recurring bills, such as credit card payments or utility bills, can make managing your finances more seamless. Many companies also offer discounts for setting up autopay.

To help build your savings account, consider establishing a direct deposit that transfers a set amount each month from your checking account to your savings account. This practice helps ensure that some of your income is saved before paying off expenses or discretionary purchases. Regularly adding a small amount to your savings account can help create a cushion for financial emergencies or future goals.

Keep Personal Information Private

As the world becomes more digitally connected, it's easier than ever for fraud or identity theft to occur. Lock down your phone or laptop when you're not using them. Activate features like multi-factor authentication and Face, Touch, or

Voice ID. Keep your passwords unique, and don't save card information to websites or apps.

If you use payment apps (Venmo, Apple Pay, Zelle, PayPal), it's critical to verify that you are sending money to the correct recipient before you transfer money. It is very difficult—if not impossible—to retrieve the money if you have sent funds to the wrong person.

Act quickly and report any suspicious activity or unfamiliar purchases on your bank accounts and credit cards. If fraud has occurred, contact the account issuer immediately. You may also need to report it to credit reporting agencies, such as Equifax, Experian, and TransUnion, as well as to the police so you can have an official record.

Organize Estate Planning and Other Essential Documents

Once you turn age 18, you are legally recognized as an adult. It's essential to have basic legal documents in place so that someone (typically a family member) can assist in emergencies. You may wish to discuss these documents with your family and an estate planning attorney:

- Health Insurance Portability and Accountability Act (HIPAA) release form
- Living will
- Healthcare and Financial Power of Attorney

Below are additional documents that all students should have readily available:

- Driver's license, passport, or other state ID
- Insurance policies (health, renters, auto)
- Pay stubs, tax returns, or W-2s
- Social Security card

Some colleges require students to obtain renters insurance for their dorm room or other college-affiliated housing to cover personal belongings. Review your school's guidelines to determine if renters insurance is required.

Budget and Track Expenses

Often, college may be the first time students are learning to balance rent, utilities, groceries, and activities. Creating a budget is a solid way to make wise spending decisions and help set financial goals. Write out a list of regularly occurring fixed costs that need to be paid and record incidentals. It's

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important to track your income and expenses, especially small, recurring ones, as they can add up over time. Tracking what you are spending—and where you are spending it—will help you understand how to stay within your budget.

An often-overlooked expense is subscription services. Be mindful of those you have signed up for and no longer use. Avoid unnecessary costs by regularly reviewing your subscriptions and memberships to catch any recurring charges. When using new services, carefully read the terms and conditions to avoid any unexpected charges later on.

Utilize Student Discounts

One way to cut down on costs is to use student discounts. Many companies offer special deals, lowered rates for good grades, or bundled packages. Look into staying on family plans for things like health or auto insurance and cell phone contracts. Take a few minutes to find out

where you can utilize these perks. Call customer service to see if there are any promotions and confirm that you're receiving the lowest rate possible.

Explore the Possibility of Working

Working a part-time job while pursuing your degree can provide a reliable source of income, allowing you to manage expenses and build your savings while still in school. Additionally, you can gain valuable work experience that continues throughout your career, like communication and time management skills. You may even be able to find a job related to your studies and apply what you learn on the job to your future profession.

About William Blair

To learn more about managing money, contact a William Blair wealth advisor. William Blair is dedicated to providing high-quality financial services to help individuals and families meet their long-term financial goals.

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