

Transcript

## The Nine Things Every College Student Should Know About Money – Part 2

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### Transcript

English (Automatic Captions)

0:00

credit card bill with 7200 right

0:03

actually seventy-two hundred dollars 6 can

0:07

so I'm looking at this bill gone

0:10

me and I don't want to pay interest on 7200 I'll

0:14

so I came up with the plane and I scrape the money together so that I was able to

0:19

pay this bill

0:20

but this was back in the days when you roll paper checks there was no online

0:24

bank

0:24

so I write this check I write the check a

0:27

I write it out for seventy two hundred dollars and 68

0:32

like kinda sloppy in my writing in my six ended up looking like

0:36

0 so they cash the check for seventy two hundred dollars even

0:40

and the female the checks bhakti in those days

0:44

I got the check back in a look that I saw that they'd cash tipper 7280

0:48

don't worry about it I was 6 ensures

0:52

UK years in the chart me

0:55

interest her I got my next month's statement in the mail

1:00

and they had charged almost two hundred dollars

1:05

in interest in finance charges and I was shocked

1:09

and I call them up on the phone and said how in the world can you charge me

1:13

almost two hundred dollars

1:15

interest and penalties on a balance 6

1:18

Saints she said you don't understand a credit card

1:22

to me that she said when you signed the terms and conditions it said in there

1:28

that if you don't pay your balance in

1:30

for we don't care we don't care if you're seventy-two hundred dollars

1:36

or if you only owe a sick sense you can keep up your end of the deal

1:40

and if you don't keep appearing in the deal we go back in time

1:44

this was the part I didn't understand they go back to the beginning in the

1:47

billing period and they charge you interest on every purchase any

1:50

outstanding balance from the beginning in the billing period

1:53

billion she's looking at my account she says you know I can see church

1:58

thousand-dollar plane ticket on the first day month we charge you 20 percent

2:01

interest on that plane ticket from the first month the last

2:03

I said lady I say you seventy-two hundred dollars take a thousand pay off

2:09

the plane ticket she said I will

2:11

not it's not have credit cards work

2:15

that's not how revolving credit works that's why if you make the decision that

2:19

you need something I

2:21

say the next generation iPad comes out and you just have to have

2:24

you need but you don't have any money

2:28

season make the giant leap that you're gonna put it on credit

2:31

you take the iPad is five hundred dollars

2:34

you get a five hundred dollar charge on a credit card you have your iPad you're

2:38

very cool

2:39

everything's great till 30 days later when you get

2:42

a letter in the mail from the credit card company that says balance due five

2:47

hundred dollars okay you didn't have five hundred dollars thirty days ago

2:52

chances are you're not gonna have net what are you gonna do

2:56

well there's gonna be another box on their

3:00

that's gonna say minimum payment due

3:04

10 ten dollars

3:08

ass i'm talking about. I can 410 ap here at a check for ten up

3:13

right they get your check get you ten dollar check

3:18

and a smile the biggest smile they could ever smile because they just made more

3:24

money off for you

3:25

and if you to send him the full 500 actually view 7 for 500 they would have

3:31

made any money

3:32

but at 18 percent interest

3:36

that comes to about seven dollars and fifty cents

3:39

on a five hundred dollar now so seven dollars and fifty cents you know where

3:44

that goes

3:45

it's their money is gone I

3:48

CEO Tim 500 he said I'm 10

3:51

they take a 750 cut they apply your 250

3:55

and the next month you get another statement in the mail

3:58

and it says balance due for \$97.50

4:01

man to them well I'm

4:06

don't have the money what the heck minimum payment due 10 doubt write

4:08

another check turned out

4:10

they get you checked they smile again they take their 750

4:14

the next month you know statement in the mail balance due

4:17

for ninety five dollars you like women I got some twenty dollars and I still on

4:21

495

4:22

if you keep this up if you keep making only the minimum payment

4:28

at an interest rate of 20 percent on a five hundred dollar purchase

4:33

that iPad that five hundred dollar iPad is going to end up costing you

4:37

over 1100 I'll

4:40

now it's not a good financial move to pay more than twice what something is

4:44

worth

4:45

which one know what bothers me even more than that

4:49

you know how long it'll take you to pay it off

4:52

9 years you'll be paying for that iPad

4:57

that five hundred dollar purchase for 9 years

5:01

okay the iPad will be in a dumpster and you'll still be sending them a minimum

5:06

payment due

5:07

and credit cards and themselves are not evil

5:13

but they're one of the single riskiest financial vehicles that you can have in

5:17

your possession

5:18

be careful okay

5:22

number four number four is called they are watching

5:26

spooky part they're watching they know who you are

5:30

they know what your social security number is you know how much money you

5:33

have in the bank

5:35



they know how you manage that money you know everything about

5:40

solely go they are the credit bureaus

5:44

actually what they're doing scoring called credit score of I go score

5:49

typically that scores between 30 and 50 an 850

5:53

higher your score is the more willing people are going to be to loan you money

5:56

in later life

5:58

the lower your score the worst terms they're gonna give you and if you score

6:02

gets too low

6:03

then they are going to refusal on you the money

6:08

this hit me in the face two years ago I

6:11

I had this impression when I went to college the College was sorta this

6:14

bubble and while you're inside that bubble everything was okay

6:18

I kinda what happens in college days in college right

6:21

I was wrong here i met this girl

6:25

and this girl when I can I hit it off and we decided to get me

6:29

and once you get that point your life for the first thing you do is go where

6:32

we gonna live

6:34

and so we went via arm look at houses made an offer on a house

6:39

and they accepted our offer use storybooks

6:42

so here we go everything is just perfect we get to the Mac

6:45

the bank guys all excited happy CES we're gonna get this loan this is what

6:50

it's all about

6:50

right up until the point where the banker dude got up and walked to the

6:53

back

6:55

and he came back with this completely different look on his face

6:59

he looked me straight in the eye and said mister Burnett

7:02

we're not going to be able to loan you the money to buy that house

7:07

you have bad credit

7:10

and I was shocked and I looked at him and I said what are you talking about

7:16

and he said to me six years ago

7:20

when he said that it kinda newest market he said six years ago

7:26

you were late on an electric bill payment for over a hundred and twenty

7:30

days

7:32

and you were late on a student loan payment

7:36

and it was all true I mean electric bill payment

7:39

I mean I can explain it was with for was living in a house in

7:43

and and someone came in the electricity have to be in my name cuz you know I had

7:48

a free period someone put my name

7:50

but then we r stuff going on that summer so we want very responsibly is left

7:53

and I forgot to get the electricity change names all summer long

7:56

bills come to me and I'm not there to pay it reported on my credit

8:01

ll student loan thing I was consolidating my student loans may take

8:04

you got it

8:05

keep your payments up well you know i was thinkin surely there will flexible

8:08

with that so I didn't keep current with my payment

8:11

and their report me to the credit

8:15

and I look at that may forget and I said is there anything I can do

8:19

and he said well there's an appeal process and I wrote this long appeal

8:23

and it was accepted and my wife and I were able to buy that house I tell you

8:28

what that changed our lives

8:30

because we went in we fixed up that house and I got a better job six months

8:34

later we sold that house that we bought six months early for ten thousand

8:38

dollars more than we had made my wife and I were poor

8:40

mean this wedding ring cost \$75 dollars in urs cost

8:43

45 I think which never the end anyway

8:47

I on so we were able to buy a house we figured out that we could flip houses

8:53

that we had a talented

8:54

but had we put our heads down walk to that bank in just gone back to reading

8:58

it never would have happened if you take a hit on your credit

9:01

hit me see you go more than a certain number of days late on a payment

9:05

you going to collections you go into default then your score will drop

9:09

and that will stay on your credit report your record for seven years

9:15

seven years you're gonna have to explain the somebody

9:18

why you couldn't manage your money be careful okay

9:22

protect your credit score there will be a point life will be important

9:27

number five number five is if it sounds too good to be true

9:30

what probably is

9:34

college students are targets or people running schemes

9:38

part of it is because college students are still at a point in their lives when

9:41

they want to believe

9:43

they want to believe that somebody tell you the truth

9:46

but if somebody's is yelling at you on the TV at three o'clock in the morning

9:49

go on

9:50

just send me your money and I'll teach you how to get rich in real estate

9:54

too skinny okay the only person get rich is the guy you're sending your money to

9:58

you'll get richer real estate buy low sell high there

10:01

no cost no charge you know make fifty thousand dollars a year stuffing

10:06

envelopes

10:08

E it's not true there you're not gonna make fifty thousand

10:12

your stuff problems are all the people out there making less than 50,000 a year

10:15

would go stuff envelopes

10:17

II if it sounds too good to be true

10:21

it is and I've got a long story that

10:24

I won't get is into as much detail with about

10:27

this situation but

10:32

I want to bring it up just because I think it's important because the ways

10:35

things have changed in society

10:38

so dramatically over the last few years and that is this

10:43

if you gamble long

10:46

you will lose okay

10:50

the odds are not in your favor there in the favor the house

10:53

and I used a game used to camelot

10:57

and some things happen to me with my gambling to where I woke up one day and

11:00

way

11:00

you know what IQ

11:03

the odds are against me and I'm not smart enough

11:07

to figure out every time which force gonna come in first

11:11

if you gamble on you will lose I hope you don't game

11:15

but if you do you gotta promise me that at least a gamble from your financial

11:17

plan

11:19



you put it in the plan over here you see I got fifty dollars for

11:23

you know entertainment if that's what you wanna call it and when that fifty

11:26

dollars is gone you quit

11:29

you stop you walk away and if you do that

11:33

then you'll never get in trouble the problem is when you get like I got where

11:37

I thought you know I'm down fifty I got news double down on a Mac

11:41

you double lose Justin twice as big hole

11:44

if it sounds too good to be true it probably is work of art

11:48

earn your money grow your business make things happen for yourself

11:52

don't look for get-rich-quick okay numbers

11:55

a number six appearances can be deceiving

11:59

one other thing is gonna happen right after you graduate you're gonna be

12:02

excited and deservedly so

12:04

because you work hard to get this college degree you're gonna get your

12:06

first job

12:08

and you're gonna have a revenue for the first time in your life income

12:11

okay be careful when that point happens to you what happened to me was

12:17

I went through my needs I was makin my first job was twenty four thousand

12:21

dollars Youngstown State University so I did this I did a budget two thousand

12:24

dollars a month right

12:27

and I had to buy a car which is four dollars a month to get an apartment for

12:31

six hundred dollars a month

12:32

I knew my bills were gonna be about two hundred dollars a month I i went

12:36

boat tour furniture on credit

12:40

on the cost to our montana my student loan payment was two hundred dollars a

12:43

month

12:44

so at that was my plan I had

12:47

I had two thousand dollars company in an income

12:51

and I had sixteen hundred dollars going out bills that ok im good

12:54

I got four hours left that I can use to put towards gas in spending incidental

12:59

expenses

13:01

but I messed up from my place because when I got my first paycheck

13:05

it was for 1600 I'll it taken out federal taxes

13:09

state taxes social security taxes medicare taxes

13:13

retirement benefits some 20 some years old that they can retirement benefits at

13:16

my check

13:18

me used at so the first the month

13:22

I've got sixteen dollars my bills come in I pay off all my bills

13:26

I'm broke it's a second then up

13:29

alright when that happens to you what's called upside down

13:33

when you get upside down that means you have more money going out

13:36

that you have company you've got to fix it there's only two ways to fix it

13:41

you either what bring in more income

13:45

to get back in balance take a second job do what you gotta do

13:49

or the one that some probably most practical

13:52

you cut expenses you know I should have bought a new car should have bought a

13:56

used car I did not need a six hundred dollar-a-month apartment

13:59

but I was excited had my first job I wanted all these things

14:03

right now when you get your first paycheck when they offer you they're

14:07

gonna say

14:08

we will offer you this salary that cell Res the gross

14:13

you need to take that number times about 65 to 70 percent

14:16

that's the net and then that's what you do your financial plan to

14:21

and art 789

14:24

all go together the first one number seven is called the most important bill

14:29

you need to pace yourself

14:31

this is the one thing I wish that I really somebody with a top me

14:34

when I was first starting college the most important bill you need to pace

14:38

yourself

14:38

you need to get in the habit anytime you make money I mean it dull

14:43

anytime you make money you take a portion of that money

14:46

and you put it away you say

14:49

seitz 10 percent so you make a dollar you put away to

14:53

you make ten dollars you put away dollar you get into the habit of doing that for

14:57

your entire life

14:59

what you find is your lifestyle has not changed one bit limit of 90 percent

15:02

money than it does on

15:04

I know that sounds weird but it's true if you never see if you ever taken right

15:08

out

15:09

you will not notice any difference in your life that

15:12

did you know that every everyone you sitting in this room has going for you

15:16

the single greatest factor in the creation

15:19

well and I don't care you know

15:23

who your mommy and daddy is I don't care how much money you have in your bank

15:26

account I don't care if you drive fancy car

15:28

your money step everybody sitting in this room

15:32

has going for you the single greatest factor in the creation well

15:37

know it is time

15:42

fact that you're young the fact that you're young put you in a position to

15:46

create tremendous amounts well

15:49

it's called the rule 72 the rule 72 is this you take money

15:55

you then put that money somewhere where its earning interest

15:59

you then take the amount interest being earned divided into the number 72

16:03

I like to use 10 percent easier would

16:07

so if your money is running 10 percent that means that every seven point two

16:11

years

16:12

your money's gonna DUP every little math game we double the number 24 8 16 32 64

16:18

128

16:18

next thing you know you got a really big number on your hands that's what this is

16:22

all about

16:24

it's called the miracle of compound interest

16:27

let's say for example you remember you remember this session

16:31

and you say you know the minute I get outta skool I'm gonna start Savin four

16:35

hundred dollars a month

16:36

at the CH 24 and so you put start putting four hundred dollars in the bank

16:42

and you never raise in your careers are gonna be wonderful you're gonna make a

16:45

whole lot more money than when you first get outta college

16:48

let's just say you know we remember what Brad said so we put away for dollars

16:52

on right your image echo

16:56

all these years go by and you turn 16 you start thinking about retiring

17:00



you think gosh what am I gonna retire

17:04

you remember about this account you just put four hundred dollars and

17:08

overall with all these years between the age 24 and sixty

17:11

that's only what for dollars a month forty eight hundred dollars a year

17:15

you put forty eight hundred dollars you I'll 118

17:19

what could have added up to buy now you look in that account

17:23

and in that account if that account was running

17:28

8 percent interest which is doable there will be over

17:31

million dollars

17:35

okay it's called get rich logo

17:39

and really does work you take money

17:42

you invest that money into whatever investment vehicle

17:45

that has the amount risk you can tolerate and then you start as young as

17:50

you can

17:50

and you give yourself enough flips where the miracle of compound interest

17:55

can take effect you can become

17:58

incredibly well okay

18:02

that is the nine things every college student should know about money and

**18:06**

**remember**

18:06

you can never say now nobody ever told