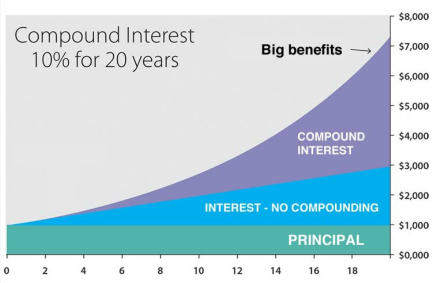
College Finances Cheat Sheet

by Apple Crider via cheatography.com/50409/cs/13914/

Compound Interest



Compound interest is the process by which your interest accrues interest. It is the reason that investing in appreciating assets can make you rich, and failing to pay off high-interest debts can drive you deeper in debt very quickly.

Budgeting

Step 1:	Determine your goals. What does a life where money is not a concern look like?
Step 2:	Determine your income. What is your cash flow each month? Are all of your eggs in one basket?
Step 3:	Determine your fixed expenses. These are necessities for you to live each month. Includes: housing, utilities, food, etc. Think any recurring monthly payments.
Step 4:	Pay yourself. Set aside 10%-20% of your income for you. This is to be used for investing and saving and will be used to purchase income-generating assets.
Step 5:	Determine your variable expenses. These are not necessities and include: entertainment, clothing, and other discretionary spending.

Note: As you increase your income and decrease your variable expenses, give yourself a raise. Do not fall into the trap of lifestyle inflation.

Credit Card Basics

1. **Get One!**	If you do not have a credit card, get one. You need to start building credit at a young age to allow you to purchase assets (house, car, etc.) in the future.
2. **Use It** (Responsibly)	If you cannot afford something, you cannot afford something. Never buy something on a credit card you don't have the money for.