

Finance 101: Making the transition to undergrad life

Your first year at college or university is an exciting time filled with new experiences and maybe a little apprehension. Like all of life's firsts, there are some parts you can prepare for — like choosing your courses and planning how you'll budget your money — and some you can't — like sharing a dorm room and experiencing frosh week.

The good news is that when it comes to your finances, having a plan in place before you leave for campus will help you focus on settling in and enjoying everything that undergrad life has to offer. Your RBC advisor can help you review your first-year financial needs, create a budget and set up flexible banking solutions from RBC Royal Bank. It's also possible to arrange an introduction to branch staff near your campus for those times when you'll need in-person advice. For other times, your family's RBC advisor is just a phone call or email away.

BUILDING YOUR BUDGET

The prospect of managing your expenses when you're living away from home for the first time can seem overwhelming. A realistic budget will give you a bird's-eye view of your finances and help you stay on track throughout each term. Follow these steps to create your first undergrad budget:

- 1. Track your spending.** Keep a diary for a month of every penny you spend, from cell phone bills to \$4 lattes to new shoes. Prioritize your expenses into "needs" (transportation expenses, school supplies) and "wants" (the lattes and probably the shoes).
- 2. Research your upcoming school costs.** Will you live on or off campus? If living off campus, will you be buying groceries and paying utilities and phone bills in addition to rent? How will you get to and from school? How much will your textbooks cost? Your college or university's website can be a great resource for some of this information, helping to estimate tuition, books and living expenses. And be sure to talk with other students who've recently completed their first year away.
- 3. List your income and all projected expenses.** Be conservative, under-estimating income and over-estimating expenses.
- 4. Add it up.** Determine whether you'll run short or have a surplus of cash.

- 5. Adjust where necessary.** If you'll be running a deficit, start by looking hard at most of your "wants" column and by determining ways of increasing your income (see www.betterstudentlife.ca/topics/making-money.asp for creative ideas on making money over the summer and during the school year). If you'll have extra money, terrific — this is a great opportunity to contribute to a Tax-Free Savings Account (TFSA), a high-interest savings account or a Registered Retirement Savings Plan (RRSP). Putting away even a little cash now can pay big dividends later because of compound interest. For more on investing, ask your family's RBC investment specialist for more information, or see our additional financial literacy resources for those aged 18 – 23.

Online calculators to help you budget and save

Calculate how much you'll have by the end of the summer — or how much you'll need to earn — with the RBC Savings Calculator at www.rbcroyalbank.com/cgi-bin/products/deposits/es/intro.cgi.

Use the RBC Budget Calculator www.rbcroyalbank.com/student/budgetcalculator to record all of your expenses and income — you supply the numbers, it does the math. When you need to adjust your budget, changes are simple and quick to make. Print a copy and carry it with you to help you stay on track.





Living off campus

Before you sign a rental agreement, make sure you and your roommates read it and understand it. Be crystal clear about what's included in your rent and what isn't (utilities and phone, for example).

It's also smart to sit down with your roommates and draw up a few rules for living together. Who will clean the bathroom? Are you sharing food or will each of you have a shelf in the fridge? Are overnight guests allowed? Sorting this out ahead of time will help all of you adjust to — and enjoy — being roomies.

USING CREDIT WISELY

Part of being away from home for the first time can mean being presented with companies offering tempting “deals” and easy access to credit cards. Beware of anything that sounds too good to be true, stick to your budget and spend only what you can afford to repay.

When used thoughtfully, a credit card can be a good resource in case of emergency (say, your car breaking down) and to help you build a positive credit rating. Your family's RBC Royal Bank representative can discuss specific student credit options with you that will suit your needs and ensure you have access to credit when you need it.

Cool tools

Practice investing for free: Did you know that putting away \$1,000 at age 20 could net you \$31,920 (at an 8 per cent average rate of return) by age 65? Wait until 30 and that same nest egg will be worth only \$14,785. Get started now by talking with your RBC advisor about opening a TFSA. You can also open a cost-free practice account with RBC Direct Investing™ that will help you get your feet wet in the world of investing before putting real money on the line. To learn more, speak to us today, or visit www.rbcdirectinvesting.com and follow the links to open a practice account.

See where your money is going: With RBC online banking you can set up your own financial management tool, called *myFinanceTracker*, to monitor your spending, manage your budget and even put upcoming expenses and payments into a financial calendar. The customized pie charts (you set up the categories) are a great way to visualize your cash flow. Find out more at www.rbcroyalbank.com/online/index.html.

YOUR KEY PRIORITIES

At this stage of life, you may be focused on a number of financial priorities. Your RBC advisor can provide personal assistance and resource materials to help in any or all of the following areas:

- Creating and understanding your budget or “balance sheet” (assets/liabilities)
- Managing your bills and accounts through online banking
- Investing any additional funds (in a TFSA, for example)
- Funding the campus lifestyle you want, for this year and the remainder of your post-secondary education

HOW YOUR RBC ADVISOR CAN HELP

When you're leaving home for the first time, having great support behind you can make all the difference. Meeting with your RBC advisor before you leave for campus will ensure that you're covered on the financial front. Your RBC team can work with you to create a financial plan you can live with, and can help you manage most of your financial needs online or over the phone while you're away. When things must be dealt with in person, a meeting will be arranged with an RBC representative near your school.

Want a Better Student Life?

Get online and get your questions about student life answered. At www.betterstudentlife.ca you'll also find great articles about university life, calculators to help with your financial picture, and tons of helpful tips. You can apply for scholarships and enter contests to win cash, too!

Surviving the first year: Tips for families on easing the transition

For students:

- Meet with your parents and RBC advisor to create a first-year budget and set up online banking and access to financial accounts. It's also a good idea to arrange a meeting with an RBC advisor on or near campus to deal with on-the-ground issues during the school year.
- Get involved in campus life. The changes that come with this new phase will be exciting at times and overwhelming at others. Sharing your experiences with new friends who are in the same boat will help to decrease your stress and increase your enjoyment.
- Avoid the shock of roaming charges by researching cell phone plans ahead of time. Find out what your current provider can offer in terms of mobile service, and compare with offers from phone companies close to your new campus. Some schools even offer advice and links to local providers on their websites.
- Squeeze in an occasional text or phone call to Mom and Dad — remember, this is new for them, too!
- Plan a family visit at Thanksgiving. Whether you're heading home or your family visits you on campus, knowing it's just a few weeks until you'll see each other will help you and your parents adjust to your new life.

For parents:

- Before your child leaves for school, discuss how she will handle her increased freedom and responsibilities. Talk about time management and help her to create a budget. Your RBC advisor can meet with you and your child to review his financial needs, open any necessary accounts and ensure that your child is comfortable with online banking and bill payments.
- Many parents establish a joint credit card with their child for the first year of school, so they can keep an eye on how well their child manages in terms of charges and timely payments. If all goes well, your child can shift to a solo card in second year. RBC Royal Bank can help you assess credit card options and then set up the right card and limits for your child.

GOING TO SCHOOL OUTSIDE CANADA?

If you'll be attending college or university in the U.S. or abroad, consider these tips:

- 1 Most U.S. schools will require a letter of financial support from your parents before you arrive on campus. Your RBC advisor can help you determine what is required and assist with the appropriate financial documentation.
- 2 Meet with your RBC advisor or banker to ensure your credit and debit cards will work in the U.S. and elsewhere, to learn more about banking fees and exchange rates and to arrange introductions to local RBC affiliates.
- 3 Check out the Canadian Bureau for International Education's DestinEducation site (www.destineducation.ca) for info on studying opportunities abroad, managing culture shock and re-entry to Canada.
- 4 If you plan to return to Canada to pursue your career, verify that the credentials you'll be earning will be recognized here. Log on to the Canadian Information Centre for International Credentials at www.cicic.ca/415/credential-assessment-services.canada.





RBC Wealth Management®

This publication has been prepared for use by Royal Mutual Funds Inc., Royal Trust Corporation of Canada, The Royal Trust Company, RBC Dominion Securities Inc.*, RBC Wealth Management Financial Services Inc., RBC Phillips, Hager & North Investment Counsel Inc., and the private client division of RBC Global Asset Management Inc. (collectively, the "Companies"). The Companies and Royal Bank of Canada are separate corporate entities which are affiliated. *Member-Canadian Investor Protection Fund.

Products and services such as GICs, personal and business banking, loans, and credit are products provided by Royal Bank of Canada. In Quebec, financial planning services are provided by Royal Mutual Funds Inc. or RBC Wealth Management Financial Services Inc. and each is licensed as a financial services firm in that province. In the rest of Canada, financial planning services are available through Royal Mutual Funds Inc., Royal Trust Corporation of Canada, The Royal Trust Company, or RBC Dominion Securities Inc.

RBC Dominion Securities Inc., RBC Phillips, Hager & North Investment Counsel Inc., RBC Global Asset Management Inc., Royal Trust Company and Royal Trust Corporation of Canada carry on business collectively under RBC Wealth Management.

©Registered trademarks of Royal Bank of Canada. Used under licence. © Royal Bank of Canada 2011. All rights reserved.