



CREDIT SIMPLE'S FINANCIAL SURVIVAL GUIDE FOR STUDENTS

A close-up photograph of a person's hand holding a white pen, poised over a laptop keyboard. In the foreground, a white smartphone lies on a dark surface. To the left, a white cup of coffee sits on a saucer. The background is blurred, showing another person's hands working on a laptop. A teal-colored text box is overlaid on the bottom right of the image.

Leaving school and becoming a student is a huge financial leap. We've broken it down into easy steps to manage your money.



BANKING

If you don't already have them, you may want to get a bank account and EFTPOS card. If you buy online you might also want a Visa or Mastercard debit card. Once you're 18, or earlier if guaranteed by your parents, you can get a credit card and personal/car loans.

Banks tend to love students. They expect that one day you might become a high-earning professional. You may find that the main banks are on campus and have a big presence during orientation week.

As a student, you'll usually qualify for special packages that may include:

- Fee-free bank accounts
- Interest-free overdrafts
- Low-interest rate credit cards.

There are also lesser known banks, building societies and credit unions that offer student accounts. Credit Unions often provide free budgeting advice, which is really valuable.

TIP:

Know where you stand with honour and dishonour fees and other charges such as unarranged overdraft fees. Banks charge these if you spend beyond your overdraft and they can add up to \$10 to \$30 each time.



STUDENT ALLOWANCES AND LOANS

Going to university costs a lot. Most students need to get a student loan to pay for their education. Students from low income families may qualify for a student allowance as well as a loan.

1. Student loan: If you're a New Zealand citizen you can apply online through StudyLink for a student loan to cover fees, course-related costs or living expenses.

Once you begin working you'll need to start repaying your loan. Once you start earning a little over \$19,000 per year, the Inland Revenue Department will deduct 12 cents in every dollar from your pay towards loan repayments.

TIP: Your loan will be interest-free in New Zealand. If you move overseas to live you'll be charged interest.

2. Student allowance: Students whose parents are on low incomes can apply for the student allowance. This allowance doesn't have to be repaid. Your parents' combined incomes and other factors such as whether you have a partner and/or children are taken into account to work out if you qualify.

TIP: Have a play around with [StudyLink's calculator](#) to see what you might be entitled to.



SCHOLARSHIPS

Thousands of young New Zealanders qualify for scholarships and grants from tertiary institutions. The scholarships range from amounts that would be enough to pay for your text books, to tens of thousands of dollars over a three- or four-year degree.

You don't always need an excellence endorsement to qualify. Many scholarships are handed out to good all-around students from low decile schools or are specifically targeted at women, Māori, Pasifika, refugees and others.

There really are a lot of scholarships available and someone has to get them. So why can't that be you?

TIP:

Search the Generosity New Zealand's givME database for free at your school, Uni, public libraries, or the Citizens Advice Bureaux to see what you might qualify for. Another place to look is <http://www.universitiesnz.ac.nz/scholarships>.



DEBT

Debt is money that you owe to a bank, finance company or even family and friends. With most commercial debt, you'll pay a percentage of the money borrowed in interest. Student loans are debt, but they're usually interest-free.

- Interest charges keep you drowning in debt. Whilst your student loan and overdraft might be interest-free, credit cards and personal loans aren't. Watch out for credit card statements that suggest you only need to make the minimum payment each month. If that's what you do you'll end up paying interest on interest and your debt can spiral out of control. Payday loans are the most expensive because they charge astronomically high interest rates.
- Banks want you to be in debt. Banks know that if you get used to buying on credit during your student years, you're more likely to continue to live that way when you graduate. The lenders like customers who pay large amounts of interest. They're profitable customers. Lenders often increase your credit limit to tempt you to spend more. It's worth remembering that credit cards do help you establish a credit history. But use them sparingly and get in the habit of paying the full balance off at the end of each month.
- Not everyone carries a balance. Many Kiwis assume that carrying a balance is the norm. Normal or not, it's an expensive way to live.

TIP:

Never think of your credit card limit or overdraft as your own money. It's not. Think of debt as future earnings. You're spending now the money you're going to earn in the future. Ask yourself what your future self would think about the borrowing you're doing now?

TIP:

Refuse credit. If you've made it to uni or other tertiary study, then you're likely to be smarter than the average Kiwi. Use that intelligence wisely and avoid interest-bearing debt such as credit cards and hire purchase. Interest buys you nothing.



BUDGETING

Plan your spending. It's easy to create a spending plan (in other words, a budget). It apportions your student loan and other income to different categories of spending.

Get started by listing your expenses. If you know, for example, that your rent is \$170 a week, then allocate that first. If utilities average \$40 a week, enter that in a category. Then food and other essentials. Put needs before wants and be honest with yourself.

If your bank lets you, open separate sub accounts for rent, bills, and spending and have fixed sums of money transferred to those accounts at the beginning of the week or month. When these accounts are empty, you should stop spending.

Entertainment and alcoholic drinks are wants, not needs. A study of Waikato University students who consumed alcohol found that 38 percent reported drinking six or more drinks in succession at least weekly. That's an expensive way to fritter away your money.

If you nail budgeting while you're at uni, it'll pay off financially for the rest of your life. Give it a go.

The University of Auckland has a basic student budget worksheet [here](#).

TIP: To make this work you must track your spending each week. Some banks have spending tracker software in their apps. Head to Credit Simple to try our new spending tracker – it's free!

If you get lump sums from the student loan or other sources, make sure you divvy them up between bills and spending before the year starts.



GOING FLATTING

Flatting can be expensive. It's usually cheapest to live at home with mum and dad. You may prefer to move into halls of residence for the first year.

Before you go flatting learn about the Residential Tenancies Act. It's there to protect you. There is also a Tenancy Tribunal if things go wrong. The Tribunal offers mediation between tenants and landlords, and if necessary can hear cases and make binding decisions.

As a tenant you have responsibilities such as keeping the property clean and tidy. Landlords have rules to follow as well. They can't:

- turn up unannounced
- charge more than four weeks' rent as bond for any reason
- enforce clauses in your tenancy agreement that conflict with the Act such as requiring carpets to be professionally cleaned at the end of the tenancy, or
- raise the rent without proper notice.

If you're only a flatmate and not named on the tenancy agreement with the landlord you have fewer protections and can't complain to the Tenancy Tribunal. If this is the case make sure you sign a flatting agreement with the lead tenant. The University of Canterbury has one online at tinyurl.com/flattingagreement.



GOING FLATTING

- **Team up with others.** It's almost always cheaper to share the rent, utilities and other costs. Or move into an existing flat. That's a great way to learn the ropes.
- **Understand the costs.** You'll need to pay in advance: four weeks' rent as bond as well as the first two weeks' accommodation before you move in. Sometimes there is a letting fee as well if you rent through a property manager rather than directly with the landlord. Consider public transport, car and parking costs.
- **Pay your rent.** You should look to pay your rent and bills before non-essentials (as non-essentials should be less costly). You'll also need to work out a system to pay the utility bills on time. Perhaps put a regular amount each week into a kitty to cover these.
- **Get insurance.** You may not own much. But a phone, a laptop, a bicycle a few clothes, bed, bedding and text books probably cost more than you can afford to replace. Make sure your contents insurance policy covers:
 1. your belongings away from home,
 2. damage to your landlords' home in case you're held liable and
 3. emergency accommodation if your flat becomes uninhabitable thanks to an earthquake, fire, flood or other unexpected event.



BUYING A CAR

Driving a car can create a hole in your pocket. If you can get by without owning a car, your bank account will thank you.

TIPS:

- Older cars tend to be cheaper to buy, but sometimes cost you more in repairs. Pay for the AA or a mechanic to do a pre-purchase check. It will cost around \$100.
- Get insurance. Third party insurance is cheap. It doesn't cover damage to your car but will pay to repair that Ferrari or person's house you just crashed into.
- Finance is expensive. You could easily pay half the cost of the car in interest over five years and will be forced to buy full insurance if you use a car loan. Try to borrow from family or your bank in preference to a car yard's finance.
- Expect to pay from \$76 annually for car registration and ACC levies and around \$40 plus repairs if necessary every six months for a Warrant of Fitness (WOF). A new set of tyres to pass the WOF could cost hundreds of dollars alone.
- Even \$30 petrol a week adds up to \$1560 a year, which will eat into your budget.

TIP: Could you walk, cycle, take public transport or car pool? Not owning a car will take a lot of pressure off your finances.



FINANCIAL FACTS OF LIFE

Making ends meet at uni is tough. That means being honest with yourself about money. Don't fall into the spending trap of thinking: 'I need this'.

Many things we think we need are wants. You don't need an iPhone or a coffee, fashion items or a lot of the other stuff we buy. Even half of what's in your supermarket trolley will be wants, not needs. Your real needs are basic food, a roof over your head, course costs, bus fares, and a change or two of clothes and shoes. Treats are fine if you budget for them.

TIP: It's human nature to think: 'my situation is different' or 'I REALLY do need this'. The reality is that if you can stop rationalising this behaviour you'll likely find it easier to survive financially at uni.

Spend less by using the following approaches:

- If you don't need it, don't buy it.
- Buy it second-hand. Trade Me, op shops, and SaveMart are cheaper than new.
- Learn to cook. You'll save bucket loads of money by cooking dinners and bringing lunches to uni.
- Skip the drinks. Buying coffee and soft drinks (not to mention alcohol) costs a small fortune.



MAKE MONEY

Working can help to ease the financial pressure as a student. No student studies 24/7 and universities say it's good for students to work and develop both soft and hard skills.

You can find jobs by visiting businesses in your area, checking online job sites or even advertising your services on local Facebook groups or Neighbourly. Search for the words 'part-time' and keep your mind open. You could work at everything from events to a part time foreign exchange teller. If you're clever, you can earn more than minimum wage.

- Create your own job: Are you a spreadsheet ninja? Can you weed gardens, clean windows, type, thread eyebrows, or import goods to sell? There's nothing stopping you getting your own work using these skills. Put a notice in the local supermarket or spread the word on social media.
- Check out peer-to-peer apps. Apps such as Uber, Kwota and Tutorly.co are the new face of student jobs. Kwota, for example, connects you with homeowners and businesses looking for one-off tasks to be done. Tutor NCEA, International Baccalaureate (IB) or Cambridge students. It's not uncommon to earn \$30 per hour by tutoring.

TIP:

Do a weekend course. Plenty of part-time jobs such as a Zumba trainer, barista, ESOL teachers, or even forklift driving only need a short course, which will pay for itself.

TIP:

Be ambitious: you can get a promotion even while you're at uni. Whether you work at a fast food joint, a call centre or anywhere, ask what you need to do to be promoted to supervisor. Someone has to get those jobs.



MAKE MONEY

Don't forget that you have employment rights that employers are required to observe. These include:

- you must be paid the minimum wage
- you're entitled to an employment contract
- your employer must keep accurate records of your hours and pay
- employees, even part time ones, have rights to breaks, public holidays (or time and a half pay), bereavement and parental leave
- your employer must consider flexible working arrangements
- employers cannot harass or discriminate against you.
- you can say "no" to work and the employer can't fire or disadvantage you unless you have an "availability" clause in your contract.

TIP: Some low-paid workers may be mistreated. Consider joining the union for protection.

TIP: If you can't solve a problem at work contact your union, or Employment NZ on 0800 20 90 20.

Keep the relationship professional with your employer and be assertive.

Please note that this guideline does not constitute professional financial advice. Individuals seeking financial advice should contact a suitably qualified professional.

