Pending graduates counseled on dealing with finances

When St. Ursula, Parkville, parishioner Susan Livingston graduates from College of Notre Dame of Maryland, Baltimore, in May and enters the workforce, she will suddenly be responsible for her own finances.

The 22-year-old Parkville resident has had a few job interviews, but no concrete offers for when she earns her bachelor's degree in history with a concentration in pre-museum studies, but is hopeful she will secure an entry-level position in a museum before the end of the summer.

"I'm starting to get a little anxious just because I don't have a job lined up yet," Ms. Livingston said. "I know my parents will be there for me if I need them, so that takes some of the stress out of it."

Though her parents have pledged their financial support if she absolutely needs it, the 2003 Institute of Notre Dame, Baltimore, graduate is looking forward to becoming economically independent.

With an anticipated annual entry-level salary in the $28,000 to $32,000 range, she realizes she will need to economize to pay for rent, food, student loan repayment and a host of other bills.

"It's a rite of passage after students graduate and start their careers, and it can be overwhelming," said Maureen Marshall, associate director of career development at Goucher College in Towson. "They will be faced with the same financial struggles the rest of us have, but for many of these students, it will be first time they've had to deal with it."

Like many area colleges and universities, Goucher holds seminars throughout the year aimed at graduating seniors, with topics that include personal finance, money-saving tips, salary negotiations, advice on credit cards and debt, and living on an entry-level salary, Ms. Marshall said.

All students who have taken out student loans are required to participate in exit counseling to remind them the debt has to be paid back and how the process works, said Mark Lindenmeyer, director of financial aid at Loyola College in Maryland, Baltimore.
A basic guide for graduating seniors given by Calvin Gladden, director of business and auxiliary services at Goucher College, is to commit 70 percent of their take-home pay to personal and family living expenses, a maximum 20 percent to debt payments and a minimum 10 percent to savings.

Living expenses include rent or mortgage – which should be no more than one-third of one’s monthly income – food, gasoline, automobile insurance and entertainment, Mr. Gladden said.

Debt payments include credit cards, car payments and student loan payments, he said.

“Young people get themselves in trouble with credit card debt very easily, and they should be very careful with them,” Mr. Gladden said. “I encourage graduating seniors to use cash whenever possible to limit impulse buying. Credit cards are OK to use for concert tickets or big ticket items, but inappropriate for clothing, furniture and daily living expenses.”

To further caution people about credit-card debt, he explains that if someone charges $500 and only pays the monthly 2 percent minimum payment with a 24-percent interest rate, it will take 30 years to pay that debt off.