Financial Tips for Incoming Rotary Peace Fellows

This paper is intended as a guide for incoming Rotary Peace Fellows, many of whom will be dealing with the realities of America's financial practices for the first time. Please remember that your time spent on pre-planning will be well spent. Also know that your Rotary Host Counselor is available to help you through this budgeting process and to help you get organized with a bank account.

Rotary International will be making one payment to you that you will have to use carefully to see you through your first academic year.

Budget planning can begin before you leave your home country. Many countries have several EducationUSA advising centers. They keep track of everything from the cost of hamburgers to movie prices near U.S. universities. Pre-departure orientations are also offered to prepare students—and their budgets—for studying and living in the Unites States.

1. **Calculate expenses for family members:** If family members are moving with the student to the United States—such as a spouse or child—the cost of living will be higher. Calculate costs of housing, food, healthcare, and other expenses for the whole family when budgeting.

2. **Learn about the U.S. healthcare system:** Most international students aren't prepared for American healthcare, which is excellent but also extremely expensive. We do not have a national healthcare system! Please read the information we have provided on health insurance options very carefully.

   Prospective students should ask questions about copay charges—a set fee a patient is charged per visit that often depends on the type of doctor being seen—as well as the amount the student must pay for emergency hospital visits. Other services could have a deductible, an amount the student must pay before the insurance company pays the balance. Another unexpected source of additional charges can occur if you choose a doctor who is outside of the insurance company's "network". While a student may not need medical services beyond general checkups, it's best to prepare for medical costs in case they arise. Using each campus's student health clinic may help reduce costs.

Fellows should also purchase health insurance for any family members who accompany them.

3. **Reduce academic expenses to boost personal funds:** Smart textbook shopping and saving leftover change from purchases add extra money for international students to distribute to other areas of their budgets. With textbooks, often the money used to estimate costs on your I-20 is based on purchasing new books.

   Students can save hundreds of dollars by a combination of renting textbooks, shopping on websites such as Half.com and Amazon.com, using electronic textbooks, and checking out available textbooks from public or university libraries. Students who took the course the previous year may also be selling their books (although make sure you are purchasing the correct edition as indicated on course syllabi). Here is additional information on how to purchase or rent books cheaply: https://www.bookfinder.com/textbooks/

   Budget and shop wisely for clothing: To develop a clothing budget, a student must first consider the amount and type of clothing needed and then subtract already owned items. You may want to shop for new items based on what you don't have from this list: casual clothing for classes and one nice suit or a couple of business professional separates that can be mixed for Rotary events, university functions, religious services, or even a party. Dress in the US, especially for students, tends to be very casual. However, Rotary events require business attire (for men, a necktie) or "business-casual". Frequently, a fellow's national costume will substitute for business attire.

   Fellows coming from tropical climates will need to purchase a winter coat once NC temperatures begin to drop (you will start to notice a difference in October, hopefully, although freezing temperatures don't usually occur before late November).

   To save money on clothing, you can also shop for gently worn clothing or accessories at thrift stores, consignment stores, and local garage sales. Discount stores such as Target and Walmart can also save you money.

4. **Housing:** Be sensible in choosing your living arrangements. It is much cheaper to rent a room in a house or to have a roommate than to live in a one-bedroom apartment by yourself. You can often save as much as $300 to $500 per month by sharing your living expenses.

5. **Prepare for Initial Expenses:** The Rotary stipend includes $1,100 per year for incidentals and "settling in" money. Expenses you are likely to have when you arrive include:

- First month's rent plus security deposit (often the same as monthly rent)

- Apartment set-up costs, including furniture, supplies and groceries. Rotary District 7710 has been able to build up a store of furniture, kitchen wares etc. which are available for borrowing by fellows while they are in NC. Your Host Rotarian, in conjunction with the Host Area Coordinator, will make these items available. Often Rotary clubs will provide additional items when asked by your host Rotarian.
- Mobile phone
- You may be charged a security deposit for utilities (electricity, gas, water) as well as for a mobile phone. You may be able to avoid these specific deposits if you already have a US Social Security Number.
- Books and school supplies
- Laptop computer and printer (if you don't already have them)

6. **Budgeting your Money:** Expenses usually include rent and utilities, food, transportation, health insurance and personal expenses (clothing, laundry, dry cleaning, haircuts, entertainment, etc.). If you purchase a car, this would be an additional expense (purchase price, automobile insurance, potential repairs, gasoline and parking fees).

   Expenses can be categorized into two types:

   Fixed
   These expenses normally include the necessities of life and do not change over time. Most fixed expenses occur monthly, like rent. Others occur periodically, like insurance, and some are a one-time expense, like a fee for a test.

   Discretionary
   These are items you can afford when your fixed expenses have already been paid. Normally, these things are not necessities. Cable TV, club memberships, and entertainment are all considered discretionary expenses. You should know within $25, how much discretionary money you have to spend per month, so you will always know when you have reached your limit.

- Keep your budget written down. Review it each month, to determine if it is accurate. A budget is of no use if it does not reflect accurate expenditures. As your Rotarian Host Counselor or the Host Area Coordinator for assistance in creating a detailed budget.
- Develop a habit of keeping records and paying bills on time. Online checking accounts and personal finance software can be helpful tools in managing your budget.
- Keep accurate records to prevent expensive bank overdraft fees which can derail any budget.

- Allow for savings in your budget. Unplanned expenses are a fact of life; if you can cover some of these out of your savings, you may be able to avoid credit card usage.
- Keep only one credit card and use it primarily for unplanned expenditures. (Most credit card companies are reluctant to issue cards to international students.)
- Keep track of all credit card purchases and pay them in full at the end of each month, if possible.

7. **Automobile Expenses:** A car is not absolutely necessary while attending Duke or UNC. Some apartments and houses are within walking distance of the universities and the shopping areas. There is public transport in Chapel Hill, Carrboro and Durham, although it is limited at weekends and late at night. Not having a car can save you hundreds of dollars per month. However, if you are planning to purchase a car, please thoroughly inform yourself – you can also seek advice from the Host Area Coordinator, your Rotary Host Counselor and other Rotary fellows to see what second-hand cars may be available and to learn more about how to get a driver's license in North Carolina.

8. **Bank Accounts:** Within the first few days of your arrival, you may want to open a checking account with a bank on or near campus. You may directly deposit traveler's checks for free in most cases, or arrange for a wire transfer from your home bank for a fee of about $35. Typically, you may make an unlimited number of additional deposits or withdrawals thereafter. Be sure to always have sufficient funds in your account to cover all outstanding checks; if you "overdraw," the bank may impose expensive fees. Also be aware that there is usually a waiting period of a few days before you may withdraw the money you deposit, as a way for the bank to protect itself from fraud.

   You will most likely need some form of identification to open a checking account. The bank representative may ask you for your Social Security Number. If you do not have one, fill out an IRS Form W-8, which the bank can supply. Also be sure to take your passport with you when you go to open a new account.

   Most banks offer a number of different types of checking accounts. One might earn interest if you maintain a minimum balance; another might provide a limited number of free checks. Learn about all options before deciding which type of account is best for you.

   You should consider opening a savings account as well as a checking account. Once you have prepared a budget it would be wise to transfer the equivalent of, say, six month's budget into this savings account. Then take 10% of the balance and also put that into your savings account to cover "contingent expenses" i.e. unplanned expenses.

Many students appreciate the convenience of an ATM (Automatic Teller Machine) card. The card allows account holders to make deposits, withdrawals and other transactions at any time—24 hours a day—through machines located throughout campus and shopping districts. If you have an ATM card from a bank in your home country, ask whether the U.S. bank will honor it; some Personal Identification Numbers (PINs) cross national borders, while others do not. As a safety precaution, most ATMs limit the daily withdrawal amount to $300. If you happen to lose your ATM, report it immediately to your local bank office.

Writing a check is simple. The dollar amount is written twice: once using numerals ($67.32 for example) and once using words (sixty-seven dollars and 32/100). Draw one horizontal line through any unused space after the words, to prevent someone from adding extra digits.

Once a month, the bank typically mails (or emails) the account holder a statement of all transactions. It is important to make sure that their records match your records to ensure that no errors were made by them or by you. If you have a question about your account, contact your local bank office. Reconciling your records with those shown on the monthly statement is a sound financial practice that will go a long way to avoiding budgeting worries.

Generally, retail stores accept checks only if they are drawn on an in-state bank. Be prepared to show some form of photo identification, such as a driver's license, student I.D., or passport (though you may not want to carry such an important document with you all the time).

9. **Debit and Credit Cards:** Debit Cards (also referred to as "bank cards") are another option. When you open an account, you will most likely get a bank card which you can use to withdraw money from an ATM. You can also use it like a credit card to make purchases. Unlike credit cards, the money is instantly taken from your account, so if the money is not there it will be rejected. However, even if your bank allows you to overdraw your checking account, it will charge you interest on theamount you have "borrowed" and these fees can be punitive – so avoid overdrawing your account!

   One payment option accepted nationwide is the credit card. As a matter of fact, you may find it difficult to make certain purchases without a credit card. You need one to place an order by phone, to rent a car, or buy airline tickets in most instances. A credit card is also a good idea if you wantto maintain good financial records, as your monthly statement will serve as a reminder of how you are spending money.

   A credit card may turn into a very expensive payment option if you are not able to pay the balance on the account within the specified grace period—typically between 20 and 30 days. Be careful to read all of the details of the credit card offer before committing to it; some companies offer a special low introductory interest rate (perhaps 2.9%), but then increase it dramatically (to about 18.9%) after that introductory period. Also know the structure of the credit card

company's annual fees, such as how much and when they charge it to your card. As always, learn all you can so that you can make an informed decision.

Some companies are reluctant to issue credit cards to international students, as they do not have an established credit history in the United States. If you already have a major credit card from your home country (like Eurocard, Access, Chargex, Barclaycard, Carte Bleue, American Express, Visa or MasterCard), bring it with you; after the U.S. bank reviews your credit limit on the foreign card, they may be more likely to offer you a credit card. Banks with which youhave accounts are also more likely to accept your request for a credit card.

Some Basic Budget Templates

https://templates.office.com/en-us/College-budget-TM00000012

https://templates.office.com/en-au/Simple-budget-TM00000050