

C.R.F.A.M.

CASH RULES EVERYTHING AROUND ME

We all want it, but none of us seem to have it. Yeah that's right, money. For some reason African-Americans don't invest, or even save for that matter. But that needs to change. We need to get in the investment game, and it is easier than it seems. The book "High Finance on a Low Budget" by Mark and Jo Ann Skousen outlines some easy steps that can help students secure a hefty retirement fund. Here are the seven golden rules for financial success.

1. Put saving first- Okay, I know this rule is the hardest for us all, but we need to put our saving first. After all expenses are taken care of, don't run to the mall. Those Jordans are looking HOT right now aren't they? Resist temptation, stop at Wachovia and deposit that money!

2. Save at least 10 percent of your income- This theory is called the "10 percent solution." Ten percent is easy to figure. If you make \$300 a month, put \$30 in the bank. It's also affordable. As college students, we may make \$50 a week. Saving 10 percent may mean forgoing a movie or Wendy's for a day. The key to building wealth is to have a consistent savings program, so pay yourself 10 percent every time you get paid. You'll be surprised how 10 percent of your income can build up. (The average American makes over one million dollars in a lifetime.) By saving just 10 percent, a minimum of \$100,000 will accrue. Can you imagine what that can yield if this is invested properly?

3. Make it easy to deposit your savings- I'm sure you're tired of reading rules on savings, but it's the most important part of investing. So make it easy to save. You can write a check every time you get paid to either deposit or invest, or even have a certain amount (yes, it can be done) automatically deducted from your paycheck. This way you never see the money you could have had, and it's either saved or invested. Most banks even offer "automatic purchase plans" in which money is automatically withdrawn from your checking account and placed into a variety of investments. You can also take advantage of Automatic Investment Plans offered by brokerage firms. Charles Schwab One Source (1-800-435-4000) or Fidelity Funds Network (1-800-544-9697) each offer hundreds of no-load funds you can automatically buy at no commission each month.

4. Make it difficult to withdraw your savings- This is the last savings rule but it's very important. If you want to build up a considerable savings program, make it hard to get your money out of the bank or investment. Some ways to do that are to get involved in programs that charge for withdrawals, tax investment profits, make them hard to sell, or simply cause severe inconveniences on withdrawals. For short-term investments, these are the types of things to avoid, but if you're really trying to make money, they may help you avoid wasting your money on something that has

no lasting value.

5. Invest our savings wisely- What can we invest our newly saved money in? Well first of all, we have to use common sense. Sure, those stocks may yield a greater profit than anything, but they also come with a greater risk. Invest in variety for the least loss. Money Funds are a good way to start and they require a very small minimum investment of about \$100, while stocks require about \$500. Call Security Cash Fund (1-800-888-2461). Also, use bank money market accounts for short-term cash. When investing in the stock market, choose a stock for safety, growth and profit. There are so many stocks to suit our particulars.

Blue Chip Stocks- Stocks of major multi-million dollar corporations. They are the most safe and stable. They've been around and are likely to stay.

Penny Stocks- Sell in pennies rather than dollars. They are very risky because some triple in value, others never go anywhere.

Utility Stocks- These are stocks of utilities companies. These have a guaranteed profit. But they can be deregulated, so diversify and buy several stocks.

Mutual Funds- These companies take your money and invest it in a variety of companies. This means less risk, but also less return.

6. Control your spending- A simple concept that's hard to do. Put down those jeans, even if they are on sale, unless you really need them. Don't buy what isn't necessary.

7. Control your debt- Cut up those credit cards and use your Visa check card. Sure, those credit cards are for emergencies, but unless you pay your full bill at the end of each month, they shouldn't be used. And also, consolidate the debt that you have. Call your creditors and tell them about your plans to pay off all your debt. They'll work with you!

It's never too early or too late to start. Actually, as college students, we have an advantage when starting early. We can all become financially secure while still having the freedom to spend our money and enjoy life.

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