

## Talking Points: Money Management 101 for Students

As you take the educational steps towards your future, the Texas Society of CPAs wants to arm you with some financial know-how to keep your personal finances in shape. Your future isn't just about landing the perfect job, putting your skills and experience to good use, and being involved in your community. It's also about having a solid financial foundation.

I'm here to talk to you today about some of the basic tools you'll need to handle your financial obligations while putting yourself in a position to achieve the goals of your financial future. So let's get started!

### **Savings Tips and Strategies**

**YOUR PAYCHECK AND SAVINGS** - Working a full- or part-time job can be an important source of extra income when you are in school. It's easy to just take your paycheck to the bank without even looking at it. If that's your regular routine, stop now and take a couple of seconds to look over it.

- **Were you paid for your hours?**
  - Check to see if you were paid for the number of hours you worked. Employers can make errors and you definitely want to get what's owed to you.
- **Check the withholdings**
  - Your paycheck will show what was withheld from your check. Typically, you'll have federal income, Social Security and Medicare taxes withheld. Be sure those amounts are consistent with your paycheck.
- **Check the address**
  - If your address appears on your paycheck, be sure that's correct. Your employer may mail your tax forms to you at the address on file and you don't want those going to a wrong address.
- **Start saving money**
  - Once you start to receive a steady paycheck, it is important to develop a budget. Establish three categories: essential purchases, savings and discretionary items. Essential items include car insurance, gas and phone bills. After establishing essential expenditures, set a savings goal, but be sure money is left over for fun.

**BE A SAVVY SHOPPER** - Stopping at the store for one or two quick items can easily turn into a spending spree with a basket full of things you may not even really "need."

- **If you feel you may be spending too much money on frivolous things you don't need, create an expense log showing exactly where your money is going.**
  - You may not even realize how much money is being spent on snacks, entertainment and other activities.
- **Various smart phone apps like Mint or Wally, are available to help you track your expenses and make budgeting easy.**
- **Comparison shop by checking prices with different retailers.**
- **You can save money by buying generic brands or shopping at thrift stores.**

## **Taxes**

**UNDERSTANDING TAXES** - If you don't have a paid job and your parents are claiming you as a dependent, there's no need to file an income tax return, unless you have earned investment income. However, if you have a paying job regardless if your parents claim you or not, get to know Uncle Sam.

- **Filing taxes if you attend school outside of your home state**
  - Your federal return should be filed with the IRS based on your permanent address.
  - State returns are a different story.
  - Since Texas has no state income tax, Texas residents don't file tax returns with the state.
  - Out-of-state working students attending Texas colleges and universities must file state income tax returns in their home state.
  - Texas residents who attend school and work in a state with a state income tax, like Oklahoma, must file a return in their school's state.
- **Taxes on scholarships**
  - You don't have to pay taxes if your scholarships are used to cover the cost of tuition and required fees.
  - However, any scholarship money used to pay for room and board, travel, research, books, supplies, and equipment is taxable and should be included with wages even if scholarships aren't reflected on the W-2 form.
  - Scholarships and fellowships received in exchange for teaching or research services are taxable.
- **Tax credits**
  - The American Opportunity Tax Credit is good for four years of college.
  - You must take at least one-half of the courses constituting a normal full-time workload to qualify.
  - The American Opportunity Tax Credit offers up to \$2,500 in tax savings.
  - The Lifetime Learning Credit is a tax credit available to students, but you must choose between taking either the American Opportunity Tax Credit or the Lifetime Learning Credit.
  - Both cannot be taken by the same student in a single tax year.
  - The Lifetime Learning Credit can be claimed indefinitely for the "professional student" and may total up to \$2,000 per year.
  - Forty percent of the American Opportunity Tax Credit is refundable. The Lifetime Learning Credit is not.
- **Recordkeeping**
  - Keep all your receipts for supplies, fees, required equipment, tuition and books, complete information on scholarships and other financial aid, as well as transcripts for proof of enrollment.
- **Due date**
  - Federal returns are due April 15, but state filing deadlines vary by state.
- **Fee to file or Free to File**
  - Millions of eligible taxpayers can use the IRS Free File for no-charge online tax preparation and electronic filing.

- If you plan to complete and file your own return, visit the IRS website for free preparation and electronic filing options, including information on the Volunteer Income Tax Assistance (VITA) program.

## **BUDGET**

**WHAT IS BUDGETING?** - A budget is a saving and spending plan that can help you reach your financial goals like buying a new car or getting your first apartment.

- **Know your goals and plan for them**

- Ask yourself, how important is it for me to achieve this goal? How much will I need to save?
- Armed with a clear picture of your goals, you can work toward establishing a budget that can help you reach them.
- A budgeting app or a spreadsheet can make the task easier and enhance your ability to analyze the results.

**CREATING A BUDGET** - Does it ever seem like your money just disappears? Putting together a simple budget will show you exactly where your money is going. A budget is a plan for coordinating income and expenses. There is no average budget to follow – the type of budget that will work for you depends on the savings and spending priorities you set.

- **Gather your financial paperwork**

- Before you begin, gather up all your financial statements, including:
  - Bank statements
  - Investment accounts
  - Recent bills
  - W-2s and paystubs
  - 1099s
  - Credit card bills
  - Receipts from the last three months
  - Mortgage, rent or auto loan statements
- You want to have access to any information about your income and expenses.

- **Calculate your income**

- How much income can you expect each month? If your income is in the form of a regular paycheck where taxes are automatically deducted, then using the net income (or take-home pay) amount is fine. If you are self-employed or have outside sources of income, include these as well.
- Record this total income as a monthly amount.

- **Create a list of monthly expenses**

- Write down a list of all the expenses you expect to have during a month. This list could include:
  - Mortgage payments or rent, car payments, insurance, groceries, utilities, entertainment, personal care, student loans and savings.
- Use your bank statements, receipts, and credit card statements from the last three months to identify all your spending.

- **Determine fixed and variable expenses**

- Fixed expenses are those mandatory expenses that you pay the same amount for each time.

- Include items like mortgage or rent payments, car payments and internet service.
- If you plan to save a fixed amount or pay off a certain amount of debt each month, also include savings and debt repayment as fixed expenses.
- Variable expenses are the type that will change from month to month, such as: groceries, gasoline, entertainment, eating out and gifts.
- Start assigning a spending value to each category, beginning with your fixed expenses. Then, estimate how much you'll need to spend per month on variable expenses.
- If you're not sure how much you spend in each category, review your last two or three months of credit card or bank transactions to make an estimate.
- **Total your monthly income and expenses**
  - If your income is higher than your expenses, you are off to a good start. This extra money means you can put funds towards areas of your budget, such as retirement savings or paying off debt.
  - If your expenses are more than your income, that means you are overspending and need to make changes.
- **Make adjustments to expenses**
  - If you're in a situation where expenses are higher than income, find areas in your variable expenses you can cut.
  - Look for places you can reduce your spending—like eating out less—or eliminate a category—like canceling your gym membership.

### **KEEPING YOUR BUDGET ON TRACK**

- Stay disciplined: Try to make budgeting a part of your daily routine.
- Start your new budget at a time when it will be easy to follow and stick with the plan (e.g., the beginning of the year, as opposed to right before the holidays)
- Find a budgeting system that fits your needs (e.g., budgeting app)
- Distinguish between expenses that are "wants" (e.g., designer shoes) and expenses that are "needs" (e.g., groceries)
- Build rewards into your budget (e.g., eat out every other week)
- Avoid using credit cards to pay for everyday expenses: It may seem like you're spending less, but your credit card debt will continue to increase.

### **CREDIT ISSUES**

**CREDIT CARD ADVICE** - Not all credit cards are alike and using credit cards the wrong way can have effects on your credit history that take years to undo.

- **Be aware of teaser rates**
  - Credit card companies sometimes offer low introductory interest rates to attract new customers.
  - These rates typically last for only a few months and then jump as high as 20 percent.
  - It's important that you carefully compare offers from several different issuers before selecting a card.
- **Stick with one card**

- This is especially tempting when department stores offer discounts on purchases if you apply for a credit card and pay off only one bill at the end of the month.
- Applying for multiple credit cards can hurt your credit rating.
- Using one credit card to pay off another is a dangerous practice that should be avoided.
- **Pay in full every month**
  - Get in the habit of paying the balance in full each month, which means don't charge more than you can pay off at the end of the month!
- **Pay on time**
  - Send the credit card payment several days in advance of the due date to allow for mailing time.
  - Late penalties are costly. Some companies will increase interest rates after one or two late payments.
  - Consider paying online if you have trouble keeping up with due dates.
- **Avoid cash advances**
  - Be aware that the interest rate on cash advances can be much higher than the rates charged on purchases.
- **Don't exceed the credit limit**
  - This helps avoid penalties and ensures that you will have credit available in the event of a true emergency.
- **Review statements carefully**
  - Immediately inform the credit card company of any discrepancies or errors on your monthly statement.
- **Report a lost or stolen card immediately**
  - Keep a copy of your credit card account number and the financial institution's name and customer service telephone number in case your card is lost or stolen.

**ESTABLISHING AND PROTECTING YOUR CREDIT** - If you are trying to establish credit for the first time, you're likely to find yourself in a Catch 22 situation: you need credit to establish a credit history, but you can't get credit without a credit history. While this may seem challenging, it's not impossible.

- **Open a bank account**
  - Opening a savings and/or checking account is the first step in establishing a financial history.
  - Follow the bank's rules and be sure you don't overdraw your account.
  - While bank accounts don't create a credit file, their very existence demonstrates that you have money and shows you can handle it responsibly.
- **Put your apartment and utilities in your name**
  - Putting your apartment and utilities in your name allows you to establish a regular payment history under your own name and Social Security number.
  - Recurring bills paid in a timely manner can indicate that you are a good credit risk.
  - Keep copies of the bills and your canceled checks. You might also ask your landlord, utility company, or insurance agent to write letters on your behalf stating that you have consistently paid your bills on time.
- **Apply for a charge card**
  - Consider applying for a department store or gas credit card.
  - These cards usually carry low credit lines and are typically easier to obtain.

- The interest rate may be high, but if you pay the entire balance each month, the rate won't matter.
- Before opening one, ask if the lender reports repayment information to a recognized credit-reporting agency. Not all do.
- Think twice before going with one that doesn't, because you don't want your efforts to establish a credit rating to be wasted.
- **Consider a secured credit card**
  - With this method, you deposit a specific amount into a special account, and you receive a card with a credit limit that equals your deposit.
  - For example, if you deposit \$1,000, your credit limit will be \$1,000. In effect, you are borrowing against your own money and paying interest to do so.
  - Although this is not a good financial deal, it's a viable way to establish credit.
- **Shop carefully for the right card**
  - When you feel you have established a record of responsible payments, search for cards with low fees and interest rates.
  - Read the fine print regarding terms and conditions and take note of the late payment penalties.
  - Beware of cards that offer low intro rates and then increase after the introductory period.
- **Once you have credit, protect it!**
  - Once you have a credit card, establish a good history by using it responsibly and making timely payments.
  - Be sure to allow several business days for payments made by mail.
  - Also, protect your credit history by safeguarding your credit cards. Carry only the credit card you expect to use and keep others in a safe place.
  - Be sure to check your credit report at least once a year to verify its accuracy. You can do this for Free through the websites of the three largest credit reporting agencies: Experian, Equifax and Trans Union.

## **BANKING**

**TYPES OF ACCOUNTS** - Having a bank account often means having a safe place to store your money. There are several types of bank accounts. Understanding them all can be difficult. However, most bank accounts fall into one of five categories. By learning the different categories, you can make deciphering the choices easier.

- **Checking**
  - A checking account is a bank account that uses checks as the primary instrument for withdrawing money.
  - You can make purchases, pay bills and give or loan money to anyone you choose.
  - You can also use a check to transfer money from your checking account to a bank account at a different financial institution.
  - Usually, financial institutions allow account holders to make as many deposits and withdrawals as they wish.
- **Savings**
  - A savings account is another type of bank account that allows the holder to make deposits and withdrawals. However, savings accounts are not as flexible as checking accounts.

- Holders of this type of bank account are limited in the number of withdrawals and deposits they can make each month.
- Savings account holders are not able to access their money with checks.
- Many financial institutions allow savings account holders to make deposits and withdraw funds through an ATM, however.
- **Money market**
  - A money market account combines the benefits of a checking account and a savings account.
  - This type of bank account pays interest at a higher rate than the rate paid on interest-bearing savings and checking accounts.
  - Often, money market accounts impose a minimum balance for the account to start earning interest.
  - Some banks limit the number of transfers you can make with a money market account.
- **Certificate of Deposit**
  - A certificate of deposit (CD) is a bank account that requires the account holder to make a deposit and agree to leave the funds in the account for a specific amount of time.
  - In return for this agreement, the financial institution pays interest to the account.
  - Often, the interest paid on a CD is higher than the rate paid on other types of bank accounts.
  - The account holder is required to keep their money in the account until the specified term is over.
- **Basic accounts**
  - Some financial institutions also offer basic, no-frills bank accounts.
  - A no-frills account may allow you to pay bills and cash checks without paying the high fees associated with completing such transactions without an account.
  - An account of this type will likely allow for only a limited number of checks, deposits and withdrawals to be processed in any given month.
  - In most cases, interest is not paid on a no-frills account.

**SETTING UP AN ACCOUNT** - Now that you know what type of accounts work best for you, it's time to open an account and get started.

- **Choose an institution**
  - Be sure to choose a bank or credit union where you have easy access to and that offers a variety of free ATM access in different locations.
- **Go to the bank or their website**
  - The easiest way to get this done is find the institution's website. Try searching on Google.
  - The advantage of opening a bank account online is that you can do it at any hour, anywhere.
  - You can also open a bank account in person.
- **Pick the product you want**
  - Any financial institution will have a variety of account types and services that you can mix and match. Pick the one that has the right mix for you!
  - If you open bank accounts in person, you can just chat with a banker who will help you open the best account for your needs.
- **Provide your information**
  - In order to open an account, you must provide some information to the bank. They do not open bank accounts without certain details about you.

- This is to protect them against risk and comply with a variety of regulations.
- You'll need to provide details like your name and birthday, as well as identification numbers (most likely your Social Security Number). You may also need to provide an ID or driver's license number.
- **Agree to terms**
  - You'll have to agree to abide by certain rules and accept responsibility for certain actions.
  - When you open bank accounts, you form a relationship based on a very touchy subject – your money. Therefore, you should know what you're getting into.
- **Print, sign and mail (if applicable)**
  - If you open bank accounts in person, this step does not apply.
  - If you are opening an account online, you'll probably have to print, sign and mail a document to the bank before the account is opened.
  - Some banks may use electronic disclosure and consent that is legally binding.
  - You'll need to wait a few days or weeks for the bank to process your paperwork.
  - They will mail you anything you need for the account such as checkbooks and debit cards.

**BALANCING YOUR CHECKBOOK** – This is a great way to know the exact balance of your account at all times, and to spot errors or identify fraud as early as possible. Here are the steps for balancing a checkbook:

- **Record your transactions**
  - This includes each check you write and any deposits you make, as well as all debit card swipes, ATM withdrawals and assessed bank fees.
  - Always keep a running balance by subtracting the withdrawals and adding the credits.
- **Review your monthly statement**
  - When you receive your monthly bank statement, set aside a few minutes to reconcile the statement to your checkbook register.
  - Start at the top of the bank statement and work your way to the bottom one transaction at a time. As you spot that transaction in your register, place a checkmark in the provided column.
  - Once you reach the bottom of the bank statement, you'll be able to look back through your register and spot any missed information.
- **Verify balances match**
  - Before you can check to see if your register balance matches the bank statement ending balance, you'll need to take into consideration the transactions that have not yet posted.
  - To do this, start with the ending balance listed on your bank statement and add in any deposits you made since the statement was issued.
  - Next, subtract from that balance any outstanding checks or withdrawals.
  - The total from the bank statement should now equal the total from your check register.
- **Address error or fraudulent activity**
  - If your balances don't match, go back through each transaction and use a calculator to spot any arithmetic errors.
  - If you still can't locate the discrepancy, ask a bank representative to review the statement with you.
  - Should you come across any charges that you did not make, notify your financial institution immediately to reduce your liability and to get the company's fraud department on the case.



- **Draw a line in your register**
  - Now that you've finished balancing your checkbook register, draw a line under the last transaction.
  - You can label the space in front of the line with the date so you'll quickly be able to locate the starting point for your next bank statement when you receive it.
- **File your bank statement**
  - The IRS recommends saving important documents, like your bank statement, for up to seven years.

## **STUDENT LOANS**

**UNDERSTANDING STUDENT LOANS** – Million of students take our student loans to pay for college. The average American student owes about \$37,172 after graduation. Here's what you need to know about these loans:

- **You have to pay them back!**
  - Some college grads operate under the delusion that they won't pay back their student loans.
  - Student loan lenders report to the credit bureaus, just like other lenders, and you don't want to screw up your credit with missed or late payments.
- **Know who you're paying**
  - It's sometimes tricky to figure out who you owe and how much you're supposed to pay.
  - Generally, your lender and/or your school's financial aid office will send you notices that tell you the type of loan, how much you owe and the name of your lender.
- **Calculate your total debt**
  - It's important to know how much you borrowed over the past few years.
  - Look at lender notices and add up how much you borrowed and how much you're expected to pay back.
- **After graduation**
  - You'll have about six months after graduation before you have to begin making payments on your student loans.
  - After that, you'll generally have to pay at least \$50 per month until you've paid off your loan and your interest.
  - There is no penalty for paying your loan off early, so you can pay more than the minimum payment each month and pay them off faster.

**STRATEGIES TO PAY OFF STUDENT LOANS** - Lenders offer various repayment plans that reflect the borrower's ability to manage his or her financial responsibility.

- **Graduated repayment plan**
  - Start out with low payments that gradually increase throughout the life of the loan.
- **Extended repayment option**
  - The time granted to pay off the loan could be extended to 30 years.
- **Income sensitive repayment plan**
  - A small number of lenders offer an income-sensitive repayment plan where your payments are directly proportional to increases or decreases in your annual income.
- **Loan consolidation**

- Although technically not a repayment option, this allows you to combine several student loans into one loan.
- In addition to the convenience of only writing one check each month, you sometimes have the luxury of receiving a lower interest rate.
- **Inquire with your lender**
  - Some lenders may offer a slightly lower interest rate if you allow them to automatically deduct your payment from a checking account.
- **Avoid monthly minimum payments**
  - Accelerating your repayment plan can save you hundreds if not thousands of dollars in interest.
- **Budget to make highest payment you can afford**
  - You should start your repayment decision process by determining the amount of discretionary income that you have to put toward your student loan each month.
  - Any money you save through careful budgeting can be applied toward the principal of the loan, shortening the overall repayment term in addition to reducing interest charges.

## **BUYING A CAR**

**THE PROCESS** - Buying your first car is probably the first big financial commitment most young people make. It's easy to get carried away in the moment and purchase a car that won't fit your long-term needs or is too expensive for your current budget. Here's some tips for making the right decision.

- **Make a list of things that are important to you.**
  - Do you need a two-door or a four-door? If you have to drive 100 miles round-trip to work every day, you don't want to buy a gas-guzzler.
- **Look at your budget.**
  - How much can you spend on a car payment each month? You don't want to overlook the automobile maintenance costs either. How much will it cost you to change the oil and make repairs?
- **Research the cost of insurance before you make your final decision.**
  - It's going to cost more to insure a sports car than a compact. Ask your insurance company to give you an estimate for the cost of insurance for your top choices.
- **Understand your financing options.**
  - You can finance your car through your bank, credit union, the dealership, or other lenders.
  - Check the interest rate on any financing options. Credit unions often have lower interest rates than banks. Take a look at any special financing options offered by the dealership.
- **Negotiate and shop around**
  - Try and negotiate a reduced price on the car you're purchasing as well as an increase in the value of your trade-in.
  - Know the value of your trade-in before you begin negotiating by looking it up in the Kelly Blue Book or at Edmunds.com.
  - Don't be afraid to shop around. Visit several dealerships and see where you can get the best deal.
- **Finally, stop and think before you buy.**
  - It's a big decision, and you want to be sure you're making the right one.

- The car probably isn't going anywhere, so it's okay to take a night and think things over.
- Make sure the car you're trying to buy is really the right one for you.

**ALL ABOUT AUTO INSURANCE** - Here's what you need to know when it comes to buying insurance for your ride.

- **Make sure you understand the coverage you're buying!**
  - An auto insurance policy actually includes a number of different types of coverage, such as liability, comprehensive and collision insurance.
  - Liability insurance covers injuries to other people, including medical bills related to bodily injury and lost wages. It also pays for the repair or replacement of property, other than your own, damaged in an accident. Comprehensive and collision insurance cover damage to your car due to fire, flood, theft, or collision.
  - The medical insurance component pays all or a portion of the medical expenses for injuries to you and other riders in the car.
- **A higher deductible can mean lower premiums but more risk**
  - Your auto insurance deductible represents the amount of the loss you must absorb before the insurer makes a payout.
  - If you are willing to accept a higher deductible, you will pay lower premiums since you are able to absorb the cost of small losses and rely on the insurance company only to cover the larger losses.
- **Drop collision and comprehensive coverage on older cars**
  - It may not be cost effective to have collision or comprehensive coverage on older cars.
  - The amount the insurer would pay for the car's repair or replacement would be relatively small even if the vehicle were severely damaged in an accident.
- **Choose your car wisely**
  - The cost of your car and its make and model will affect your insurance premiums.
  - Cars that are expensive to buy and to repair, or that are favorite targets for thieves, are more costly to insure.
- **Each company evaluates risk differently.**
  - "Risk factors" include age, gender, lifestyle and credit history.
  - If you've previously caused an accident, an insurance company might reasonably assume that you could cause another accident in the future.
  - Statistics show that young, inexperienced drivers are more likely to cause accidents. As a result, younger drivers, especially teenagers, pay higher rates for auto insurance.
  - At younger ages, male drivers are statistically more likely to be involved in an auto accident than female drivers are. Therefore, younger male drivers tend to pay higher rates. After age 30, the accident risk of male and female drivers is generally considered equal.

## **RENTING**

**UNDERSTANDING THE LEASE** –Never sign a lease without reading it carefully and understanding the terms. Signing a lease without taking the time to read or understand the terms can jeopardize your rights and responsibilities with your future landlord and can get you into financial trouble.

- **Landlord information**

- The lease should specifically identify the landlord and how to contact them.
- **Tennent names**
  - Include the names of all roommates on the lease. Failing to list a roommate leaves you responsible for everything.
- **Apartment address**
  - Your lease should include both the street address and the exact number of the apartment you agree to rent. Do not sign unless the correct apartment number is included; otherwise, you could be held responsible for someone else's apartment.
- **Rent**
  - The lease should indicate the exact amount of rent and how often it is paid. Be sure it includes information on late fees, how fees are assessed, how rent must be paid and any other conditions for paying your rent.
- **Additional fees**
  - Landlords may charge additional fees for certain services, such as replacing a key, allowing pets, carports and so forth.
- **Services paid by landlord**
  - If the landlord is paying for water or any other utilities, be sure it is clearly stated in the lease.
- **Security deposit**
  - A security deposit represents money the landlord can use for cleaning fees or repairs to the apartment when you move out. The amount of the security deposit should be stated in the lease, along with any possible deductions subtracted and how the balance will be returned to you.
- **Policies**
  - Potential stipulations include policies about pets, painting walls, hanging pictures, or making any other changes to the apartment.
  - You have the right to ask the landlord to put anything in writing that is not included in your lease.
  - Many landlords will ask you to inspect your apartment before you move in and make note of any needed damages or repairs. Be sure you do a thorough inspection and report any repairs or damages, otherwise you might be responsible.
- **Lease start and end date**
  - If you sign a month-to-month rental agreement, it should indicate when the lease begins and how much notice you must give before terminating the agreement and moving out.
  - Be sure you understand the terms for terminating a lease before the end date. Early termination generally requires a penalty.
- **Landlord's right of entry**
  - This should state the conditions under which a landlord may legally enter your apartment, whether your permission is required, how much notice you must be given and any other specific details.
- **Everyone's signatures**
  - Everyone named in the lease must sign the lease for it to be legally binding.

**IMPORTANCE OF RENTER'S INSURANCE – You worked hard to buy your big screen TV and surround sound system and you don't want to have to pay to replace them if someone breaks into your apartment. That's why you need renter's insurance.**

- **What it covers**
  - Renter's insurance covers your personal property in case of fire, lightning, windstorm, hail, explosion, theft, vandalism and a host of other perils.
  - Generally, renter's insurance does not cover floods and earthquakes.
- **Replacement cost coverage vs. actual cash value**
  - Make sure your policy is for replacement cost coverage, not actual cash value.
  - Replacement cost insurance pays for the full replacement cost of your items, whereas actual cash value insurance only pays for the depreciated value.
  - The premiums for replacement cost coverage will cost more than actual cash value coverage, but the additional money will be well worth it if you actually suffer a loss.
- **Riders for big stuff**
  - If you have a lot of electronics or other expensive items, you'll probably want to take out a separate rider.
  - Check with your agent before purchasing the policy to be sure that it covers all of your belongings.
- **What you'll have to pay**
  - How much you have to pay for renter's insurance depends on where you live, the deductible amount, the individual insurance company and whether you need any additional coverage.
  - Typically runs between \$150 and \$300 a year.