

## Things to Consider When Selecting an Internship

### What experiences will you have during the internship?

Remember the main point of an internship is to gain experience, apply your knowledge and skills, obtain professional growth and learn from other professionals in the field. This is the best way to determine if this is something you can see yourself doing in the future. Check with the company to see if you can arrange an observation day.

### Who will be overseeing your internship?

Your supervisor will have the greatest impact on your internship. Some questions to ask about your potential supervisor are:

- ◆ How long has this person supervised interns?
- ◆ How many interns does the company hire a semester?
- ◆ What types of projects do interns get to work on?
- ◆ What opportunities for future employment are offered to interns?

### What skills will you learn?

Are you able to attend meetings and assist on projects and presentations? You may also consider joining Toastmasters to enhance the skills needed to succeed in your internship. Toastmasters is a nonprofit educational organization that helps members improve their communication and public speaking skills.

### What are the financial benefits?

Some internships are paid like a job while others pay for living expenses or college course costs. Consider what will be the best benefit to you at this point in your life. Can you afford to take a semester and work at an unpaid internship? Will you have any additional living expenses or costs to commute to your internship?



Scholarship Financial News is a Dollar Bank Publication.

This publication is intended for educational use.

All comments or suggestions should be sent to [EducationalBankingProgram@dollarbank.com](mailto:EducationalBankingProgram@dollarbank.com).

The information presented is general in nature and is for information purposes only.

It is not intended to provide specific legal, tax or other advice to individuals.

### In This Edition:

- ◆ Things to Consider When Selecting an Internship
- ◆ What Would the "Future You" Say About Retirement?
- ◆ The Value of Life Insurance Defined
- ◆ Easy Ways to Save Money
- ◆ Choosing the Right Job Offer

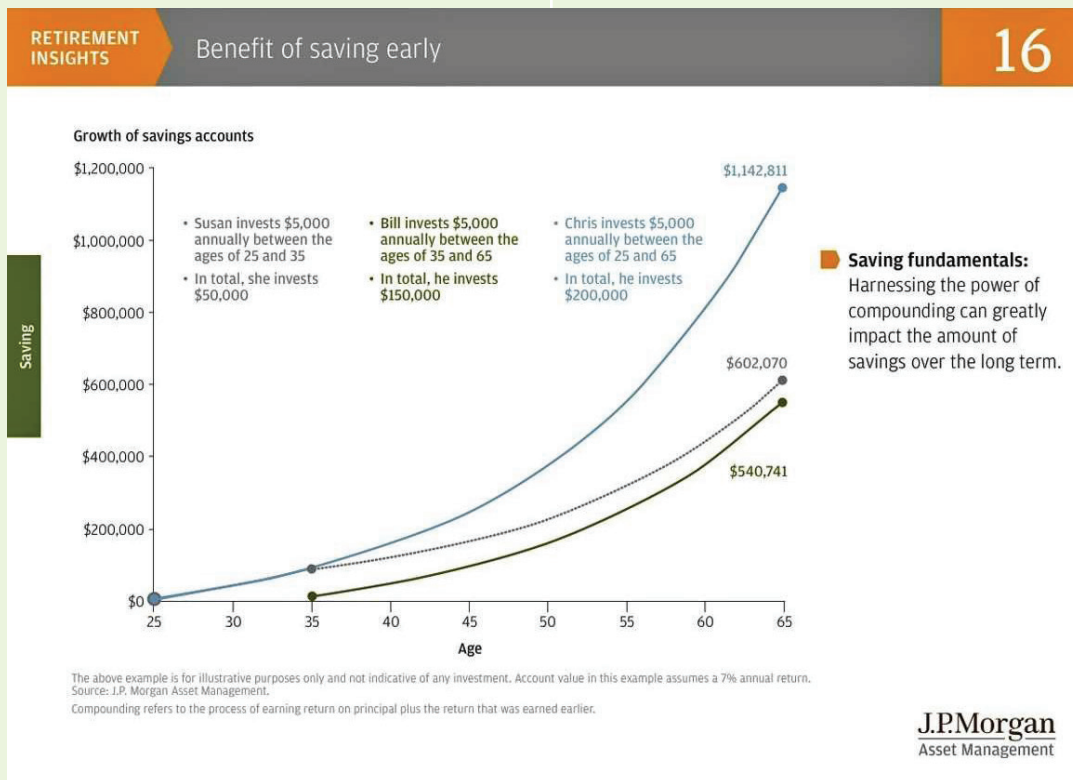
## What Would the “Future You” Say About Retirement?

In the coming years, you’ll probably hear yourself say, “I’ll start saving...when I get a raise; after I get married; after I have a family; when I’m older,” etc. The reality is the only person who will take care of you financially when you retire is you! The little known secret of getting ahead in the retirement game is simply getting started!

There are many benefits to saving for retirement early. Even a short term of 10 years can have dramatic impact on the total net savings you accumulate. 10 years of early saving can more than double the total amount you can save.

You might be wondering why saving earlier makes such a dramatic difference. It’s the magic of compounding interest. Compounding interest is the addition of interest to the principal sum of an investment. So the next time interest is calculated, the amount used is the principal investment amount and the previously earned interest. In other words, compounding is interest earned on interest.

You’re young and free to start making your own financial choices. These choices will have a long term, resonating impact on your financial future. Your future self will thank you for the savvy choices you make today!



Source: <http://www.businessinsider.com/amazing-power-of-compound-interest-2014-7/>

## The Value of Life Insurance Defined

Why would you purchase a life insurance policy? Why would you need to leave money for your beneficiaries to use after your death? In the end, life insurance is not purchased for you, the insured, to benefit from. Rather, it is purchased for those you love and will be leaving behind. After your death, there may be many expenses your family and loved ones have to reconcile, including the cost of your funeral, outstanding debt, replacement of your lost contribution to your family's income and lost wages for your family as they grieve your passing. Life insurance is a gift you give to those you leave behind.

Life insurance is a difficult topic to discuss at any age. There is no right or wrong time to consider life insurance. However, there are many advantages to purchasing a life insurance policy when you are young and healthy. Your age will impact the cost of a life insurance premium. The older you are, the more expensive your premiums will be. After a life insurance company assesses your age, they look to your health. Preexisting conditions which affect your long-term health could potentially impact your premium cost as well.

Secure a life insurance policy while you're young and healthy! Life can sneak up on you and it is not uncommon for individuals in their early 20's and 30's to develop chronic health conditions. There are many other factors that are covered during the application process

for life insurance. What type of life insurance is right for you today, tomorrow and in the future? Consider what policy best helps your family and loved ones in the event of your death.

There are two main "types" of life insurance: temporary (term) and permanent insurance. Term life insurance provides a death benefit at a level annual premium for a stated number of years: 5, 10, 15, 20, etc. After the designated term, the insurance will cancel or increase to a premium based on your then current age. You have the option to convert most term life insurance to a permanent policy. Permanent insurance provides a death benefit until your death at a level annual premium. There are many types of temporary and permanent insurance policies. Some have livable benefits and cash value which accumulates over many years. It is important to consider your short term and long term needs. A licensed life insurance representative can help navigate the many options available to you.

You will benefit from knowing that you have secured insurance to help those you love. The younger and healthier you are, the lower the premiums will be. Your future self will thank you for securing a much needed life insurance policy sooner rather than later!

## What's Next After College Graduation?

### Will you start your career?

In college, you will determine what career path is best for you. Selecting your career is best started by determining your passion. Confucius said, "Choose a job you love and you will never have to work a day in your life." Hopefully in college, you had the opportunity to participate in an internship to get firsthand experience with your chosen career path. Experts predict the average person will change between four to five different careers in their lifespan.

### Will you continue your education?

Think about what would be the best starting position for your career. Does that position require additional education? It will take time, effort and lots of energy to achieve your ultimate dream job. If you do choose to continue your education, consider all the costs. If you take out more loans, remember this will add to your student loan debt and could delay other large purchases in your future.

Some companies offer continuing education financial assistance for their employees.

### Where will you live?

Will you move back home to live with family? If you live at home, how will you

readjust to living with the house rules? Will you move into your own place? If you move into your own place, will you live alone or with roommates? How much will you be able to afford for your living expenses? Remember 50% of your budget will be fixed costs such as rent, utilities and car payments. Your rent should generally not be more than 25% of your gross monthly salary. When you budget for your living arrangements, find out if utilities will be included in your rent or if they will be an additional cost. Utilities should cost between 3-4% of your budget. If you are renting, make sure to get renters insurance to cover your personal property!

Budgeting is critical as you figure out life after graduation. Don't be afraid to ask others you trust for assistance in making these big decisions!



## How to Save on Your Food Budget

While at college, you probably will not think about how much your cereal and milk costs you daily—your meal plan will most likely include all the food and drink you need. The first time you go grocery shopping on your own, you will realize how expensive food is. How can you lower your grocery bill?

### Plan your meals ahead of time:

Create a shopping list before you head to the store and stick with it. Small items can add up quickly. Set yourself a weekly budget for your food shopping and stay within your limits. Look for coupons in newspapers, store ads and online. Consider researching store rewards programs or downloading their app to get additional discounts. Apps like Grocery Pal (In-store Weekly Savings) and Krazy Coupon Lady can also help you find sales and coupons. Avoid making impulse purchases—just because the item is on sale doesn't mean you need to buy it. Remember, if it is not on your list, don't buy it!

### Prepare for your weekly meals on Sunday:

Prepping for your meals will help save you time and money. Consider making a big meal such as chicken or turkey and different kinds of vegetables on Sunday. This will give you leftovers to create a few more meals throughout the week. Apps like BigOven, Tasty, Allrecipes and Yum provide recipe options for your desired ingredients.

### Take advantage of frozen meals:

If you are someone who dreads the thought of making a lunch every day for work, stock up on frozen meals, especially when on sale. Sometimes frozen meals can be a healthier option—they can help with portion control and ensure a better balanced meal! Be mindful of preservatives and sodium levels when making your selection. Don't be afraid to try new things.

## Easy Ways to Save Money

At this point, you have learned that saving money is critical for your financial future. How can you save money without feeling like you are missing out? Here are some tips. Don't be shy about asking others how they save money weekly and monthly too.

### **Exercise and eat healthy:**

If you are in good shape, you can save money on life insurance and medical insurance. Plus, you will feel better too!

### **Review your auto insurance:**

Reexamine your auto insurance. Can you afford to increase your deductible, which could save you money monthly? Compare your auto insurance to other insurance companies annually online to see what kind of savings you can get. In general auto insurance companies tend to lower auto insurance rates once you have turned 25.

### **Maintain a good credit score:**

The better your credit score is, the cheaper it will be to borrow money when needed. A good credit score can also lower your insurance costs.

### **Consider bundling your services:**

A common example of bundling services is the "triple play" —bundling your internet, cable and phone all into one bill. Look to see what other bills you can consolidate to save you money and reduce the number of bills you receive. You can also pay your bills online to save money on postage.

### **Shop online:**

Many stores offer discounts for online purchases. Search online to compare different products and find the best price available. Look for coupons and promotions for free shipping. Use apps like Retail Me Not or Groupon to get additional savings.

### **Get cash back:**

If you plan on paying off your credit card bill monthly, get a card that will pay you for using it. Start with your bank to see if they offer a rewards credit card and search online at places like Bank Rate and NerdWallet to find the best credit card for you.



## Choosing the Right Job Offer

You aced your interviews and now have two potential job opportunities in front of you. How do you decide? You need to consider more than just your salary and look at the entire benefit package offered:

### Salary:

Know what your annual salary will be. How often will you be reviewed? With each review, are there options for regular raises or bonuses for exceeding your goals? If the company is held by stock, are there stock options? Do they offer an Employee Stock Ownership Plan (ESOP)? ESOP is designed to invest primarily in the stock of the sponsoring employer. This program offers employees an ownership interest within the company at no upfront cost to the employee.

### Retirement Plans:

Companies can offer a variety of retirement plan options. A defined contribution plan allows employees to make regular contributions to their account through their pre-tax paychecks. An example of a defined contribution plan is a 401(k). The employer manages the investment options and the employee decides what percentage of their pre-tax income they want to invest in their chosen account for retirement. The employee also is responsible for distributions. Some companies offer matching incentives to their employees to invest in a 401(k). For example, for every \$1.00 an employee invests, the company

gives the employee an additional \$0.50, up to the first 3% of the salary.

### Health Insurance:

If you are working full-time for a company that employs over 100 workers, 84% of them offer health insurance coverage according to the Bureau of Labor Statistics. If you have options for health insurance, look at the different coverage options available to you and:

- ◆ Consider your health now.
- ◆ Check to see if your current doctor is in-network.
  - In-network means that your doctor has negotiated a contract rate for services with your insurance company. If you see an out-of-network doctor, you most likely will pay more out of pocket.
  - If your doctor is out-of-network, would you consider changing doctors or paying more?
- ◆ Compare the cost in terms of your monthly paycheck deductions.
- ◆ Compare the cost of deductibles, copayments, and prescriptions.
  - The deductible is the amount you're responsible for paying for covered medical expenses each year before your health insurance plan begins to pay. For example, if you have a \$1,000 deductible, once you pay your medical bills up to \$1,000, then the insurance coverage kicks in

(cont.)

and pays the remaining medical bills for the remaining part of that plan year.

- Coinsurance means shared costs between you and the health insurance plan. For example, you pay 20% of costs and your plan pays 80%.
- A copayment (also known as copay) is the set out-of-pocket amount for given health services. For example, you may have a \$20 copay to see the doctor or \$15 copay for prescriptions.

### Dental and Vision Coverage:

About 60% of Americans get their dental coverage from their employer, according to thebalance.com. Always check to see if your dentist or eye doctor is considered in-network or out-of-network. Find out what your annual or monthly premiums, copays and deductibles would be.

### Disability:

Companies which have over 100 employees most likely offer some type of disability insurance, according to thebalance.com. Short-term disability covers a percentage of your salary if you are out of work for a period of time beyond your vacation or sick time. Long-term disability is insurance that covers months or years of missed work if you become ill or injured outside of work. Long-term disability is offered by less than half of US employers, according to LIMRA. It is estimated that one in five employees miss work due to a disability, according to thebalance.com.

### Life Insurance:

Nearly two-thirds of full-time employees are offered life insurance through work and 97% participate in this benefit, according to thebalance.com. This type of coverage is often referred to as Group Life. Getting life insurance from work is an inexpensive and easy way to gain coverage. The company pays for the coverage policy and sometimes the employee can purchase additional coverage. Be mindful of the type of life insurance coverage you select. If you leave your employer, you might be able to convert your group policy to an individual life insurance policy, but your rates could increase significantly.

### Vacation Time:

Vacation time in the US is not guaranteed. The average full-time worker gets 13 days of paid vacation a year, according to thebalance.com. Make sure to verify if sick days and holidays are considered part of your vacation time. Some companies offer paid time off banks where the company "banks" your time off (sick, personal, holiday and vacation days) into a pool for you to decide how you want to use it.

### Day care:

Some companies offer day care onsite. Studies show that onsite day care increases employee retention, productivity and referrals. This may become important to you in the future.

### Work-Life Balance:

Remember your time has value. If you are going to have an annual salary with the

(cont.)



expectation of working 40 hours and you end up working 60 hours, you are making less per hour. Quality of life is hard to determine from an interview. Ask how many hours you will be expected to work each week. Some companies offer flexible scheduling, such as working four, 10 hour days or working from home.

### Other Things to Consider:

- ◆ How much will your commute cost you in time and money?
- ◆ Are there opportunities for advancement and growth?
- ◆ What's the longevity of your chosen industry?
- ◆ Is there a signing bonus for the job?

## Dollar Bank's 2020-2021 Tuition Scholarship Contest Newsletter #3 Review Questions:

Name: \_\_\_\_\_

Directions: Print this page. Answer the following questions based on the articles read in this Scholarship Financial News Newsletter. Save this review because it must be submitted with your essay to be eligible for the Tuition Scholarship Contest.

1. True or False - Some jobs will assist you in paying for continuing education.

2. What is compounding interest?

---

---

---

3. How do temporary (term) and permanent insurance differ?

---

---

---

4. Experts predict that the average person will have \_\_\_\_\_ different careers in their lifetime.

5. What can you do on Sundays to reduce your food costs?

---

---

---

**These answers must be e-mailed to [EducationalBankingProgram@dollarbank.com](mailto:EducationalBankingProgram@dollarbank.com).**