

Financial expert discusses planning for after college

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Today's sour economy is proof that America is "financially illiterate," in the words of a personal finance guru.

A lack of financial understanding in a debt-ridden, buy-now-pay-later culture is a perilous situation, said Ken Kamen, who spoke at Pitt Thursday night.

The president of a New Jersey-based financial consulting firm offered simple explanations and practical advice on the fiscal challenges college students face before and after graduation.

"Just because someone is willing to lend you money does not mean you should necessarily borrow it. This is the credit card crisis," said Kamen.

Credit card companies target college students, as Kamen observed when taking his daughter to college a few years ago.

It's a trap that could potentially create a lot of debt for someone, but a credit card can be a lifeline in an emergency and, if used responsibly, can help build a good credit score, he said.

On a person's credit score, 100 points can make a difference between thousands of dollars in interest rates, which is why establishing good credit should be a priority for young people, said Kamen.

"Everything costs more with a bad credit score," said Kamen.

The difference in what you'll pay back on a \$300,000 loan for a house could be hundreds of thousands of dollars, he said.

Saving money, no matter how small the amount, as opposed to spending future income on credit, is an example of how to make money work for you, he said.

"In this economy especially, the value of everything must be challenged," he said. "Is a \$3 latte a necessity or luxury? Do you need to go to an elite private school or can you go to Pitt and still get a good education?"

With sympathy to the Pitt basketball game, he kept his word and ended his presentation at 7:15 p.m. After half of the approximately 80 students in attendance left for the game, Kamen answered questions about stocks, bonds, money markets and even the logic of college funds for children not yet conceived. He repeated the theme of personal financing, saying that college students can always take out loans, but parents who pay for their children's tuition cannot take out loans for retirement.

In response to a question about renting vs. buying an apartment or house post-graduation, Kamen looked backed at his young self, just out of Hofstra University, and said that renting for a few years after college has a lot of benefits.

"It offers flexibility, you can move at any time to take up a job offer. A mortgage is a big commitment," he said. "I might not have accomplished half of what I did if I had not been able to end my lease and take a job offer in Princeton [New Jersey] when I was 28."

Kamen manages \$150 million annually for "high-net-worth" individuals and non-profit organizations. His presentation was part two of a three-part series on personal finance sponsored by the co-ed professional business fraternity Delta Sigma Pi and Pitt's Career Services

department.

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