Financial Planning for the Bar Exam
Why Talk About This Now?

• Federal Loans are only available for cost of attendance

• Not having adequate finances for bar study-related expenses creates a risk factor

• The bar exam is expensive

• Private loans are not really an option

• The time to save is **NOW** – Every little bit helps
How Much Does the Bar Exam Cost?

• Bar Review Course

• Bar Application Fees

• Housing

• Living Expenses

• Bar Exam Costs (Hotel, Transportation, Meals, Etc.)
How Much Money Will You Need for Bar Exam?

• Let’s use Virginia as an example:

• Bar Review Course – If purchasing as a 3L, price generally ranges from $1,600 to $3,800, depending upon provider

• Bar Application Expenses - $850 to $1,000 (depending upon laptop/no laptop)
  • Application - $375
  • Character & Fitness Questionnaire - $400
  • Fingerprints - $10
    www.vsp.va.us/Fingerprints-NonCriminal.shtm
  • Driving Record - $8 (plus $5 if it needs to be certified)
  • MPRE Score Report - $25 per transaction (each score report, score release or score verification is considered as a separate transaction)
  • Birth Certificate/Immigration and Naturalization Materials - $12-$60
    • Examples: VA ($12-$21)/NC ($39-$59)
  • Laptop Fee - $125
  • Credit Report – Three options – Experian, Equifax, TransUnion
    $14.95/$10.50/$0 (but after seven days $16.95 a month)
How Much Money Will You Need for the Bar Exam?

- Housing and Living Expenses – Two options when projecting cost of living on a per month basis

- These projections assume you have a twelve-month lease (i.e. through August 2014) and will therefore remain in Lexington where costs of living are known and relatively low

  - Cost of Living as projected for Cost of Attendance - $1,647/$1,220

  - Cost of Living as projected based on anecdotal sense - $1,100
    - Rent - $500
    - Bills - $200
    - Food/Miscellaneous - $400

- **NOTE** - You should plan for at least four (4) months of expenses – Even if you have a job lined up after graduation, your start date is likely not until September (or later). Not to mention other expenses associated with relocating to a new area (moving, housing search, furnishings, etc.)
How Much Money Will You Need for the Bar Exam?

Let’s check in with what we have spent so far:

- Bar Review Course – If purchasing as a 3L, price generally ranges from $1,600 to $3,800, depending upon provider

- Bar Application Expenses - $850 to $1,000

- Cost of Living - $1,100 to $1,647 (per month)
  - Cost for four months using these calculations - $4,400 - $6,588

- Total Cost (so far) - $6,850 to $11,388
How Much Money Will You Need for the Bar Exam?

- Bar Exam Costs – What are these?
  - Hotel room for the days of the exam
  - Transportation to/from the bar exam
  - Meals/Snacks during the bar exam

- Hotel Room in Roanoke, VA - $130 to $220 (per night)
- Transportation Costs - $50 to $850
  - Mileage – 110 miles round-trip - $40 (per day)
  - Flight? $450 to $600 (round-trip)
  - Car Rental? - $145 to $185 (three days)
- Meals/Snacks During the Bar Exam - $10 (per meal)
  - W&L provides a free boxed lunch
  - Meal Options Nearby – Sheetz, McDonald’s, Chick-fil-a on-site
  - Timing Challenges

- Total Costs? $100 to $2,650
How Much Money Will You Need for the Bar Exam?

• How much money will you need for the bar exam?

  • Bar Review Course – If purchasing as a 3L, price generally ranges from $1,600 to $3,800, depending upon provider

  • Bar Application Expenses - $850 to $1,000

  • Cost of Living - $1,100 to $1,647 (Note: This is per month)
    • Cost for four months using these calculations - $4,400 - $6,588

  • Bar Exam Costs - $100 to $2,650

  • Total Cost? $6,700 to $14,000
How Much Money Will You Need for the Bar Exam?

- Total Cost? $6,700 to $14,000

- Highly Individualized – Most students will be somewhere between these two figures depending upon choices (bar review course, choice of bar review location, hotel room during bar exam, for example)

- As part of bar preparation, every student should reflect upon/account for expenses during bar exam/bar review period

- How can you save now? Every little bit saved now will help you
How Can You Save Money Now?

• There are a number of easy things you can do to save money now – A simple Google search along the lines of “money saving tips” will likely produce any of these suggestions

• Establish a monthly budget

  • How do you do this? This is really a two-step process

  • You must first determine what you are spending and THEN determine what you are spending
    • Beginning at the first day of a new month, get a receipt for everything you purchase
    • At the end of the month, stack and review the receipts. This will give you a sense of what you are spending. Once you have a sense of this, you can then determine what you SHOULD be spending each month.

  • Another benefit? Will help you when projecting expenses for the bar exam
How Can You Save Money Now?

• Try to live on 80% of per month allocation

• Pay yourself first – Don’t wait until the end of the month to set money aside.

• Let’s consider this:
  
  • Cost of living allowance when divided into nine month increments: $1,627
  • If you lived on 80% of this? $1,300
  • Total Savings? $327 (per month)/$2,289*

*Seven (7) months between now and the start of bar review
How Can You Save Money Now?

• Let’s look at purchases. The greatest cost reduction opportunity for most people is in discretionary spending:

  • Write a list before you go shopping and stick to it

  • Thirty day rule – Whenever considering an “unnecessary” purchase, wait thirty days and ask yourself if you still want the item

  • Entertain at home instead of going out

  • Hide your credit cards/Switch to cash

  • Buy generic/Use Coupons

  • Bring your lunch

  • Cancel your subscriptions (magazines, Netflix, cable, satellite, internet, etc.)

  • Use the library – both University and Local – for books and DVDs

  • Consider a “staycation” for Fall/Spring Break
How Can You Save Money Now?

• Let’s think about how much I could save if I made some very basic changes to my purchasing habits

  • Latte at a Local Coffee Shop – $4

Let’s imagine I start every day with a latte.
Total cost? $28.
Total cost over a month? $112
Total cost over seven months? $784

What if instead, I brewed my own coffee?
  • 1 Pound of Coffee - $10
    • Produces approximately forty (40) cups/Price per cup - .25

  • Total Savings? $28 - $1.75 = $27.25
  • Over Seven Months? $763
    • Even if you had to buy a coffee maker, your savings are only reduced by about $40 (cost of most popular coffee maker on Amazon)
How Can You Save Money Now?

• Let’s see where I am so far...

• Living on 80% of expenses – Total savings of $327 per month/$2,289 over seven months

• Brewing my own coffee – Total savings of $109 per month/$763 over seven months

How much money have I saved so far? $3,052
How Can You Save Money Now?

• A quick note about using student loan money for discretionary spending

• Obviously, when compounded with interest that purchase will cost you much more than the initial price of the item

• You are paying for the use of money now that will be repaid with future earnings, but this comes with a cost

• Consider the following table addressing the overall cost of the $4 latte presented earlier
How Can You Save Money Now?

<table>
<thead>
<tr>
<th>Daily Latte’s Real Cost</th>
<th>3 Years in School</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily Cost</td>
<td>$4</td>
</tr>
<tr>
<td>Number Purchased/Week</td>
<td>7</td>
</tr>
<tr>
<td>Total Cost/Week</td>
<td>$28</td>
</tr>
<tr>
<td>Number of Weeks/Year</td>
<td>52</td>
</tr>
<tr>
<td>Total Cost (Principal)/Year</td>
<td>$1,456</td>
</tr>
<tr>
<td>Total Cost (Principal) For ALL Years</td>
<td>$4,368</td>
</tr>
<tr>
<td>Annual Interest Rate</td>
<td>6.41%</td>
</tr>
<tr>
<td>Repayment Term (# of months)</td>
<td>120</td>
</tr>
<tr>
<td>Estimated Monthly Payment</td>
<td>$59.73</td>
</tr>
<tr>
<td>Total Interest You Will Pay</td>
<td>$2,799.89</td>
</tr>
<tr>
<td>Real Cost – Total Principal and Interest</td>
<td>$7,167.89</td>
</tr>
<tr>
<td>Cost Per Latte</td>
<td>$7.11</td>
</tr>
<tr>
<td>Amount of Cost That Is Interest</td>
<td>$3.11</td>
</tr>
</tbody>
</table>
How Can You Save Money Now?

• Bring My Lunch
  
  • Lunch at a local restaurant - $10 per meal
  • Lunch on campus - $8 per meal

• What if I brought my lunch instead?
  
  • Cost of preparing lunch lunch? $4 per day

• So, if I am currently eating at a restaurant/campus eatery for every lunch, what will I save?
  
  • Total savings per week? $42
  • Total savings per month? $168
  • Total savings over seven months? $1,176

• Even if I simply brought my lunch only one day a week, I would save $6 per week, $24 per month and $168 over seven months \((\text{that would pay for at least one night’s stay at a hotel in Roanoke...})\)
How Can You Save Money Now?

• Again, let’s see where I am so far…

• Living on 80% of expenses – Total savings of $327 per month/$2,289 over seven months

• Brewing my own coffee – Total savings of $109 per month/$763 over seven months

• Bringing my lunch – Total savings of $168 per month/$1,176 over seven months

How much money have I saved so far? $4,228
How Can You Save Money Now?

• Dinner at a Local Restaurant - $30 (plus a drink and gratuity)

• What if I ate this meal at home?
  • $8 per meal
  • Total savings per week (assuming only one meal at such a restaurant per week)? $22
  • Total savings per month? $88
  • Total savings over seven months? $616

• Obviously, as I replace additional meals with eating at home, the savings multiply:
  • Replace two meals out? $1,232
  • Replace three meals out? $1,848
How Can You Save Money Now?

- Again, let’s see where I am so far...

- Living on 80% of expenses – Total savings of $327 per month/$2,289 over seven months

- Brewing my own coffee – Total savings of $109 per month/$763 over seven months

- Bringing my lunch – Total savings of $168 per month/$1,176 over seven months

- Eliminating one “nice” meal out per week? Total savings of $88 per month/$616 over seven months

How much money have I saved so far? $4,844
How Can You Save Money Now?

• What if I walked to school instead of driving?

• For every tank of gas I do NOT buy, I save at least $40
  • If you include wear and tear and eventual servicing of my vehicle, I save much more than this, but for our purposes, let’s just consider gas savings

• Let’s imagine because of my walking efforts, I now buy one less tank of gas per month than I previously did
  • Total savings per month? $40
  • Total savings over seven months? $280
How Can You Save Money Now?

• Again, let’s see where I am so far...

• Living on 80% of expenses – Total savings of $327 per month/$2,289 over seven months

• Brewing my own coffee – Total savings of $109 per month/$763 over seven months

• Bringing my lunch – Total savings of $168 per month/$1,176 over seven months

• Eliminating one “nice” meal out per week - Total savings of $88 per month/$616 over seven months

• Buying one less tank of gas per week – Total savings of $40 per month/$280 over seven months

How much money have I saved so far? $5,124
How Can You Save Money Now?

• Let’s imagine I decide to cancel my cable. My cable bill is currently $85.
  
  • Total savings per month? $85
  • Total savings over seven months? $595

• Other things to consider?
  • Cancel just premium channels?
  • Cancel Netflix?
  • Internet only?
  • Other subscriptions?
How Can You Save Money Now?

• Again, let’s see where I am so far...

• Living on 80% of expenses – Total savings of $327 per month/$2,289 over seven months

• Brewing my own coffee – Total savings of $109 per month/$763 over seven months

• Bringing my lunch – Total savings of $168 per month/$1,176 over seven months

• Eliminating one “nice” meal out per week - Total savings of $88 per month/$616 over seven months

• Buying one less tank of gas per week – Total savings of $40 per month/$280 over seven months

• Canceling my cable subscription - Total savings of $85 per month/$595 over seven months

How much money have I saved so far? $5,719
How Can You Save Money Now?

• Now, let’s compare the total value of my savings ($5,719) to my bar exam expenses

• Total Cost? $6,700 to $14,000

• Let’s assume my bar exam costs will be somewhere between these two figures - $10,350

• Simply by instituting these basic behavioral changes, I will have saved over 55% of my total expenses for the bar exam

• There are likely additional savings to be realized – Developing a monthly budget will help me identify additional sources
How Can You Save Money Now?

Let’s look at purchases. The greatest cost reduction opportunity for most people is in discretionary spending:

- Write a list before you go shopping and stick to it
- Thirty day rule – Whenever considering an “unnecessary” purchase, wait thirty days and ask yourself if you still want the item
- Entertain at home instead of going out
- Hide your credit cards/Switch to cash
- Buy generic/Use Coupons
- Bring your lunch
- Cancel your subscriptions (magazines, Netflix, cable, satellite, internet, etc.)
- Use the library – both University and Local – for books and DVDs
- Consider a “staycation” for Fall/Spring Break
How You Can Save Money Now?

• For those of you with loans, the next financial question for you to consider is your loan repayment options

• Student Loan Expert, Heather Jarvis will be on campus Thursday, October 24. Stay tuned for details.

• Upcoming bar programming:

  10/9 – Bar Review Day

  **10/16 – Succeeding on the MBE Pt. 1**

  10/23 – Effective Essay Writing for the Bar Exam Pt. 1

  10/29 – Understanding the Multistate Performance Test

  11/5 – Character and Fitness Q&A

  **11/13 – Succeeding on the MBE Pt. 2**

  11/20 – Effective Essay Writing for the Bar Exam Pt. 2