

# MONEY MATTERS 2023: UL SYSTEM FINANCIAL WELLNESS SERIES

SESSION #3:

## FINANCIAL & TAX PLANNING FOR INTERNATIONAL STUDENTS



**JUNE 8, 2023**



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*<http://business.louisiana.edu/financeispersonal>*



UNIVERSITY *of*  
**LOUISIANA**  
L A F A Y E T T E<sup>®</sup>

**B.I. Moody III College of  
Business Administration**

# OWNING YOUR FINANCIAL FUTURE

ADULTS RETURNING TO  
FINISH A DEGREE:  
FINANCIAL & OTHER  
CONCERNS

JUNE 6, 2023 \*\*\*

FINANCIAL PLANNING  
FOR GRADUATE STUDENTS

JUNE 7, 2023 \*\*\*

FINANCIAL & TAX  
PLANNING FOR  
INTERNATIONAL  
STUDENTS

JUNE 8, 2023 \*\*\*

THE FINANCIAL ASPECTS  
OF YOUR SIDE-  
HUSTLE #1 – PLANNING,  
STRATEGIES, LEGAL,  
RESOURCES

JUNE 20, 2023

FAMILY FINANCIAL  
PLANNING: MAKING  
FINANCES WORK FOR THE  
WHOLE FAMILY

JUNE 23, 2023

FAMILY FINANCIAL  
PLANNING: SENDING  
YOUR LOVED-ONES OFF  
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PROFITABILITY,  
EXPANSION, SUCCESS

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FOR THE FUN STUFF:  
VACATIONS, HOME  
IMPROVEMENTS, NEW  
VEHICLES

JUNE 26, 2023

INVESTING 101

AUGUST 1, 2023

NAVIGATING THE  
IMPACTS OF INFLATION &  
TURBULENT ECONOMIC  
TIMES

AUGUST 2, 2023

FINANCIAL & TAX  
PLANNING FOR  
INTERNATIONAL  
STUDENTS

June 8, 2023

MOST SESSIONS ARE FROM 12:00-1:00PM

\*\*\* SESSIONS ON JUNE 6, 7, 8 AND JULY 18, 19 ARE FROM 3:00-4:00PM.

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FOR YOUR FUTURE. FOR OUR FUTURE.

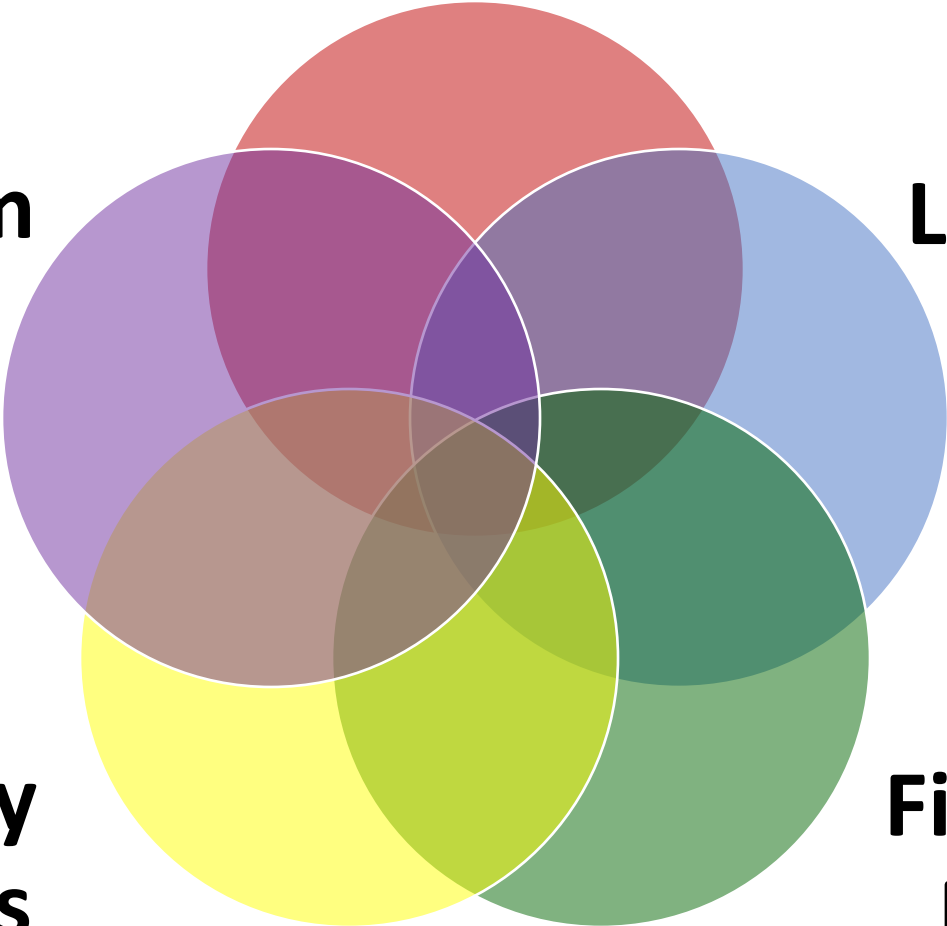
# Happiness

**Short-Term  
Goals**

**Long-Term  
Goals**

**Family  
Needs**

**Financial  
Needs**



# Financial Wellness

*A goal without a  
plan is just a  
dream.*

*Wealth is largely  
the result of  
habit.*

*The most difficult  
thing is the decision  
to act; the rest is  
mere tenacity.*

*It takes as much  
energy to plan as  
it does to wish.*

*You cannot escape  
the responsibility of  
tomorrow by  
avoiding it today.*



# What Are Your Values, Dreams & Goals?

Education

Career

Family

# What Is Your Current Situation?

Education

Career

Family

Financial

# Create a Personal Financial Plan for You:

Investing

Budgeting

Debt Management

Taxes

Insurance

Retirement

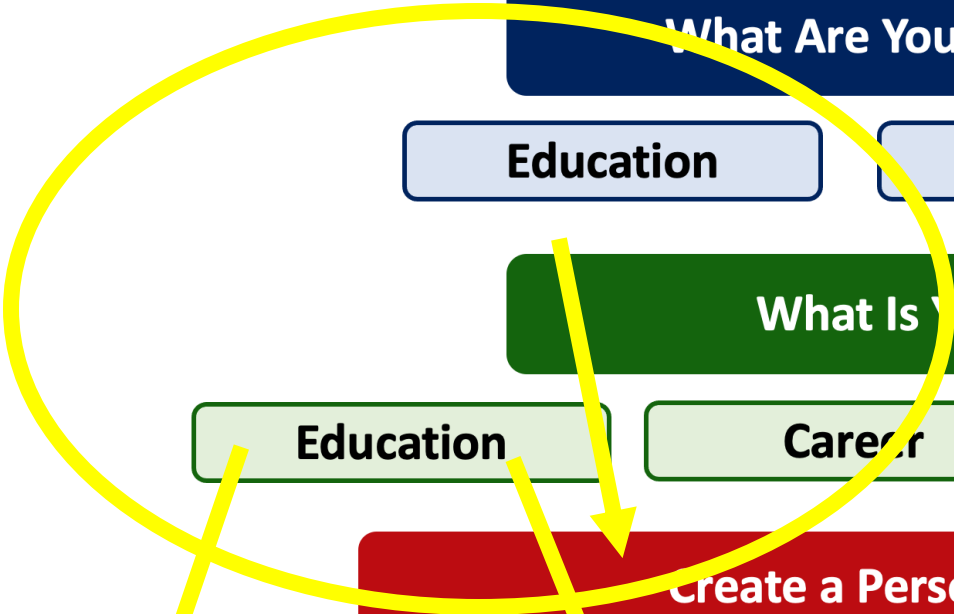
Education

Family

Business Planning

Philanthropy

Estate Planning

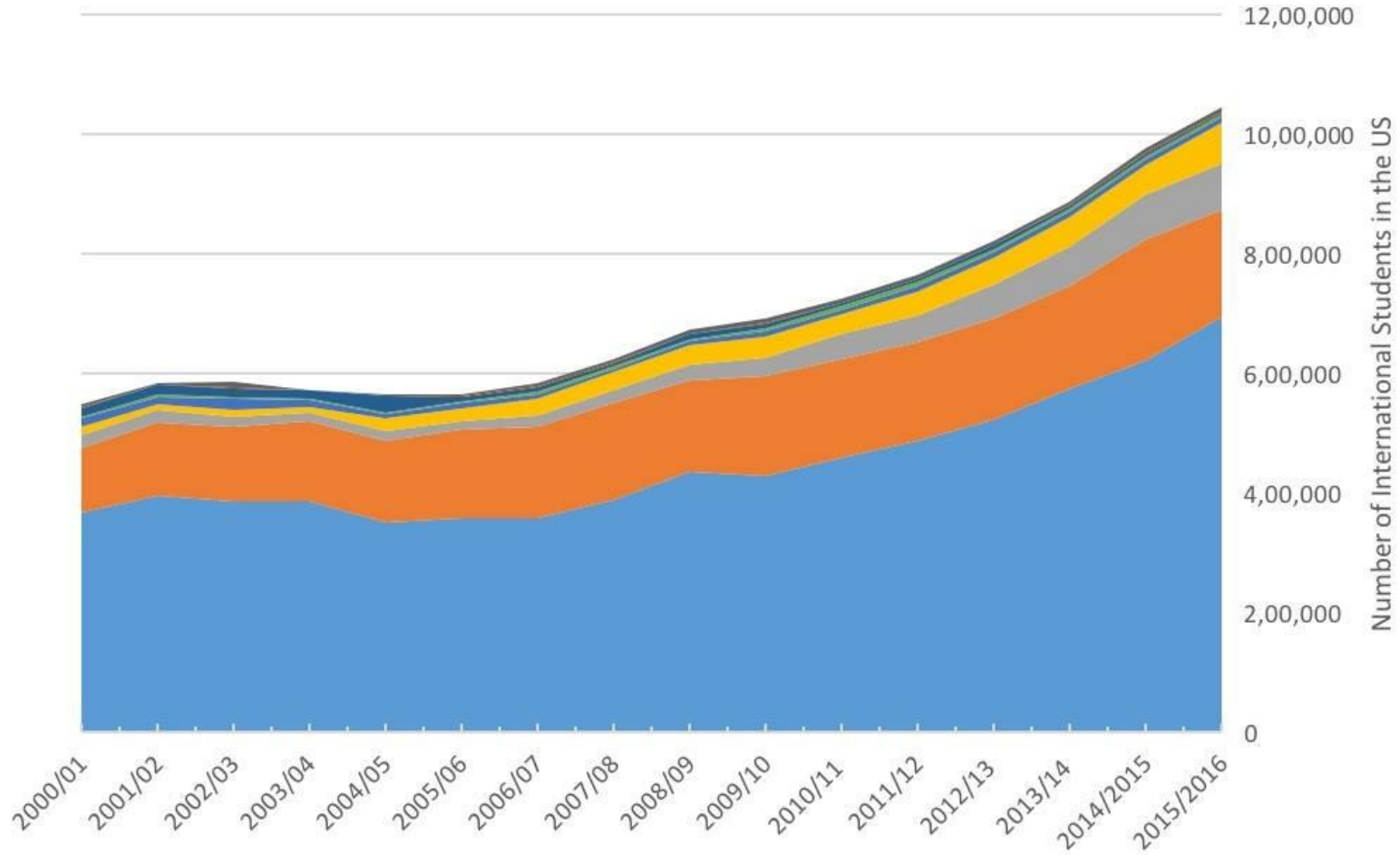


# 5 KEY ISSUES FOR INTERNATIONAL STUDENTS

1. You must file a tax return, each year, whether you earn income or not.
2. You may be limited in what income you can earn in the U.S. This makes it all the more important that you (a) control your expenses, and (b) finish your degree.
3. OPT (Optional Practical Training) is a bridge from being a student in the U.S. to being a professional. If you want to stay in the U.S. long-term, begin looking for OPT opportunities early (and budget for the \$410 fee).
4. CPT (Curricular Practical Training) is an opportunity to have a paying job or internship while you are still in school.
5. Yes, you are *(probably)* allowed to engage in all the financial activities that any permanent resident can – investing in stocks, bonds, crypto, real estate, anything.



## Primary Source of Funding for International Students



- Personal and Family
- U.S. College or University\*
- Foreign Government or University
- Current Employment
- Foreign Private Sponsor
- U.S. Government
- U.S. Private Sponsor
- International Organization
- Other Source

Source: Russell, K. (2018). *The Next Financial Calamity Is Coming.*



FINANCIAL & TAX  
PLANNING FOR  
INTERNATIONAL  
STUDENTS

June 8, 2023

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# Frequently Asked Question #1

- How do I manage my time and finances to become financially comfortable upon graduation?
  - There's no easy way. It's all about budgeting and planning.
  - Sit down and analyze your situation: amount of debt, income, expenses, impulse spending.
  - Analyze your bad habits and make plans to change them.
- You may not really become financial comfortable until you get the job you want and your income increases. But having a plan and knowing your numbers is the best place to start.



## Frequently Asked Question #2

- Are international students allowed to invest in stocks, bonds and financial products with our social security number?
  - Yes.
  - With a social security number, international students have all the investing and financial privileges as anyone else.



# Frequently Asked Question #3

- What are our responsibilities with taxes in bank accounts?
  - You owe ordinary income taxes on interest earned in a bank account. You do not pay taxes on just the balance.
    - If you have \$250 in a savings account and you get \$15 in interest during the year, you will owe ordinary income taxes on that \$15 only.
  - If you move beyond a bank account and do some investing, you will owe taxes on any investment **gains** or **income** you earn, as with the bank account.
    - You may owe ordinary income taxes if your gains are short-term, you may owe capital gains taxes (which are lower) if your gains are long-term.



# Frequently Asked Question #4

- What about Individual Retirement Accounts (IRA) and Roth IRA - which one is better for international students please?
  - I suspect for 95% of international students, a Roth IRA is better for you (now).
  - Roth IRAs are best when your income is low and your tax rate is low. Traditional IRAs are best when your income is higher and your tax rate is lower.
  - The catch: with a Roth IRA, you pay taxes on income today, so you may have less after-tax cash flow from your salary...which may not be ideal for many cash-strapped graduate students.



# Frequently Asked Question #5

- How does an international graduate student that does not earn during summer pay for his/her rent?
  - CPT – Curricular Practical Training – allows you to have a paying internship while in school.
    - The job must be related to your degree.
    - The job must be coordinated by your school.
    - If you have the job for more than 12 months, you cannot get OPT.
  - Beyond that, here's no easy way. It's all about budgeting and planning.
  - Sit down and analyze your situation: amount of debt, income, expenses, impulse spending.
  - Analyze your bad habits and make plans to change them.



# Budgeting

1. Create a budget on how you will spend your money each month
  - Fixed expenses (rent, tuition, books, utilities, food, insurance, car payments, phone bill)
  - Discretionary expenses (clothing, entertainment, travel, emergencies)
  - Unexpected expenses (medical bills, taxes)
2. Learn to live within your means (avoid going into debt to maintain your lifestyle). Unpaid debt will follow you everywhere you go.
3. You have limited opportunities to increase your income, which makes controlling your expenses even more important.



# Preparing & Investing for YOUR Future

Prepare and invest in your future.

If you're about to graduate, plan to save \$410 USD for your OPT (Optional Practical Training) application fees.

- OPT is an off-campus employment benefit for F-1 students that have completed their education at an American university.
- Employment has to be related to field of study:  
<https://internationalaffairs.louisiana.edu/current-students/working-usa/optional-practical-training-opt>



# Income Taxes in the U.S.

## Filing for income tax:

- It's important to be aware that, as a nonresident student in the US, you're legally required to file a tax return if you received US income during each year.
- And even if you didn't work or receive income in the US, you're still obliged to file a Form 8843 with the IRS.
- University of Louisiana at Lafayette has arranged discounted access to Sprintax Tax Preparation for you. Check to see if your institution has similar programs. Sprintax will guide you through the tax preparation process, arrange the necessary documents and check if you're due a tax refund.
- Sprintax was used by over 225,000 international students and scholars last year, and the average Federal refund received by eligible students was over \$1,185.





# Other Common Financial Challenges for International Students

- Health insurance while in school
- Costs of Living & Standards of Living
- Establishing a Financial Presence in the U.S.
- Career Planning
- Uncertainty...The enemy of all planning



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You are <sup>(probably)</sup> required to have health insurance while in school. And the University does not provide this insurance. Shop around, plan ahead.

The U.S. hospital bills and insurance practices may be different from what you're used to. Ask lots of questions. Never pay before you absolutely have to or before you are absolutely sure of what you owe.



# Other Common Financial Challenges for International Students

- Health insurance while in school
- **Costs of Living & Standards of Living**
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Rent, food, insurance and other costs of living may be very different in the U.S.

When you prepare your short- and long-term budgets, make sure you are using U.S. costs and not home costs. Ask for help when in doubt.

Always avoid pressure to live a U.S. standard of living. You are here to get a degree – you can worry about your standard of living once you graduate.



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- **Establishing a Financial Presence in the U.S.**
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Get a bank account – with checking and savings accounts.

Get a credit card – it will help you build your U.S. credit history.

If you plan to borrow in the U.S., you may have to have someone co-sign on your loans.

Set aside \$410 for your OPT as you get closer to graduating.



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Filing for your OPT should be Step #1, if you plan to stay in the U.S. beyond graduation.

Think ahead and plan ahead for lots of future decisions:

- Should you get another degree?
- Where will you live?
- Should you take a good job with uncertain visa options or a mediocre job with the promise of a visa?
- Should you go back home?



# Other Common Financial Challenges for International Students

- Health insurance while in school
- Costs of Living & Standards of Living
- Establishing a Financial Presence in the U.S.
- Career Planning
- **Uncertainty...The enemy of all planning**

We can never control uncertainty.

But we can create plans with different scenarios that will make uncertainty less of a surprise when it happens.

- What if there's another pandemic?
- What if your advisor retires?
- What if the U.S. dollar strengthens?
- What if you start a family?
- What if you win the lottery?



# Some Concluding Tips

- Ask for help!
  - In many cases, your best source of information will be international faculty, either in your department or elsewhere
- Plan ahead.
  - Uncertainty will be a fact of life. Try to avoid major surprises.
- Communicate with family, both in the U.S. and at home.
  - In many cases, they are (directly or emotionally) going through this experience with you. Let them help. Share your issues with them.
- Finish your degree.
  - Given the constraints many of you will have, such as with limits on having a job, completing what you came here for should be your #1 priority.



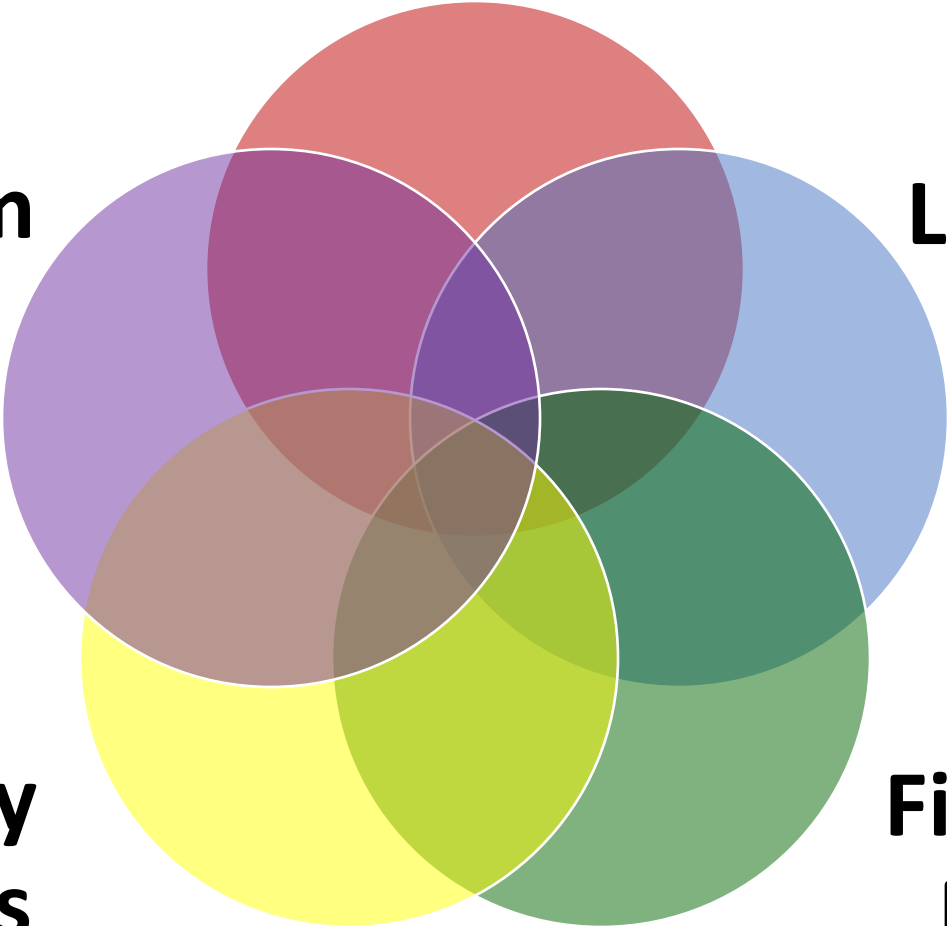
# Happiness

**Short-Term  
Goals**

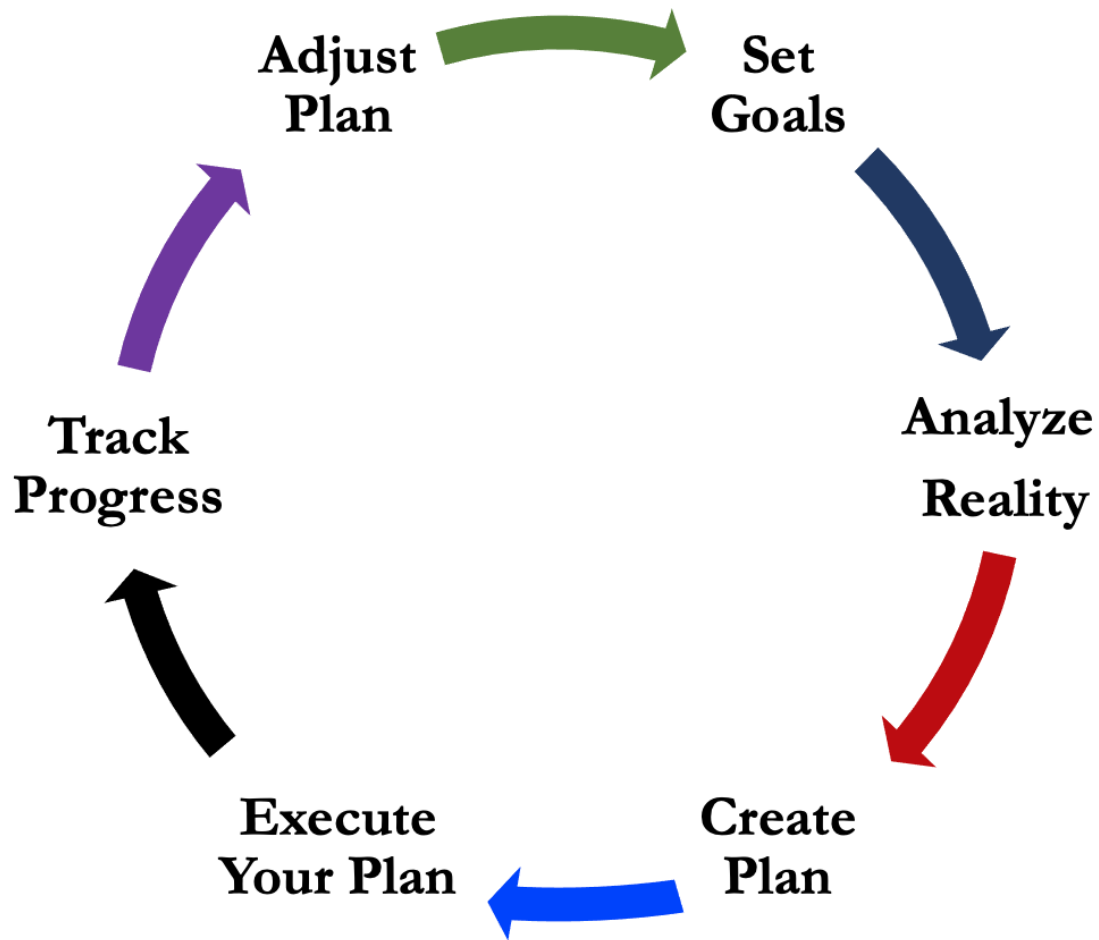
**Long-Term  
Goals**

**Family  
Needs**

**Financial  
Needs**







1. **Set your goals.** What do you want to achieve in life? What financial goals will make this happen?
2. **Analyze your reality.** What is your situation? What is your income? What are your expenses? When can you achieve your goals?
3. **Create your plan.** Focus on the short-term – the next 3-6 months – and the long-term – the next 1, 2, 5 and 10 years.
4. **Execute your plan.** Work to decrease your expenses. and to pay off debt. Work to increase your income and your savings.
5. **Track your progress.** How are you doing? Are you ahead of your goals? Are you behind your goals?
6. **Adjust your plan** to reflect your progress, your new reality and any new goals.
7. **Repeat. Revise. Enjoy.**

Isn't this a lot like what you do with your education planning?

# Making Financial Planning a Priority

**FINANCIAL  
STRATEGIES**

**BUDGETING  
STRATEGIES**

**Identify Your  
Income & Expenses**

**Identify Your  
Priorities & Goals**

**Do Your Planning**

**Monitor & Modify  
Budgeting Activities**

**EDUCATION  
STRATEGIES**

**GRAD SCHOOL  
STRATEGIES**

**Identify Your  
Resources**

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**YOU,**  
are better wired  
and equipped to  
make long-term  
plans – education,  
career, financial &  
otherwise – than  
99% of humanity.

**Be confident.  
Be intentional.  
Be diligent.  
Be awesome.**

**EDUCATION  
STRATEGIES**

**GRAD SCHOOL  
STRATEGIES**

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