

# STUDENT FINANCES: BUDGETING BASICS



Reflect on your spending habits and learn how to balance your budget and manage your spending.

## How do you budget?

Think about the last \$500 that you spent. Where did it go? Do you even remember where you spent your last \$500? How much of it went towards impulse purchases? Did it stretch as far as you thought it would?

## What did you buy today?

The little things can make a difference. For example, buying one regular latte each day, Monday to Friday adds up to over \$600 over the course of a school year. Managing your finances without a budget is like driving blindfolded.

## What does budgeting mean?

Think about a car. What happens when your gas gauge hits empty? The same principle applies to your budget. The higher you are above zero, the more places you can go.

Put simply, a budget is a list of your total income compared to your total expenses over a fixed period of time (e.g. a school term, a month, a year).

## Sample student budget

INCOME	September	October	November	December	January	February	March	April
Awards	\$3000							
Student loans	\$5700				\$3100			
Savings	\$3000	\$6945	\$6490	\$6085	\$5730	\$5325	\$4920	\$4565
Part-time work	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
COSTS								
Tuition	\$2700				\$2600			
Books	\$500				\$400			
Computer	\$1000							
Supplies	\$200	\$100	\$50		\$150	\$50		
Housing/rent	\$650	\$650	\$650	\$650	\$650	\$650	\$650	\$650
Groceries/meal plan								
Personal	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Utilities	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75
Health	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30
SAVINGS LEFT OVER	\$6945	\$6490	\$6085	\$5730	\$5325	\$4920	\$4565	\$4210

# Build yourself a budget

## Step 1: Determine your income

Include all sources of income both repayable and non-repayable. Be as accurate as you can (i.e. deduct taxes from your payroll figures, etc.)

### Repayable:

- Student loans
- Line of credit or bank loan
- Money borrowed from friends

### Non-repayable:

- Job earnings and tax refunds
- Family contributions and savings
- Grants, bursaries, and awards

## Step 2: List all your fixed expenses

Fixed expenses are all the expenses that can be expected on a regular schedule. Fixed expenses are things like:

- Rent/mortgage payments
- Car payments & insurance
- Tuition and student fees
- Utilities and bills (e.g. internet, cell phone, etc.)
- Gym or other membership fees
- Student loan payments

## Step 3: List all your variable expenses

Variable expenses are all those other things you buy, the expenses that do not occur on a regular schedule (unless you buy your latte at the exact same time every day). Variable expenses include things like:

- Groceries and snacks
- Entertainment and going out
- Traveling
- Clothes, shopping, and personal care

## Step 4: Compare all of your income to all of your expenses

If you have more income than expenses congrats! Your budget is balanced and you can think about putting some of the extra money into savings.

If your income and your expenses are the same you should try to find some ways to give yourself a little breathing room. This can be done by either lowering your expenses or increasing your income (or both).

If your income is less than your expenses you could be in trouble. You should try to find some ways to reduce your expenses or increase your income (or both). Ask for help and make a plan to improve things.

## Step 5: Balance your budget

Whenever possible your expenses should not exceed your income. There are two ways to balance your budget:

### Increase your income:

- Get a part-time job
- Apply for grants or awards
- Start a savings account and earn interest

### Decrease your expenses:

- Cut out unnecessary spending
- Consolidate loans and reduce interest rates on debt
- Purchase things on sale, buy used items

Even small changes can have a big impact, especially over time. Keep track of all of your spending and review your budget and your spending plan often. Plan for emergencies and any unexpected fees or expenses.

## Plan for success!

1. Create your own personal budget and keep track of your budget for one week to see where you can improve.
2. Set three goals for balancing your budget and include specific actions to achieve those goals.
3. Review your monthly budget and identify your top three spending weaknesses.
4. For the next two weeks set out and give yourself a specific amount of cash for variable expenses and try to stick to it.

