

MAKING IT ON A COLLEGE BUDGET

Budget / Spending Plan: FAQs

How do I start a budget?

Since budgeting is a plan for spending and saving your money, the best way to start is to figure out where your money goes now. You should track all of your purchases daily by keeping your receipts or writing the amount down if you don't get a receipt. You can then write all your expenses in a notebook or put them in a spreadsheet or other software. You can use the Personal Expense Sheet we have provided in this packet.

How do I make a budget if I don't have any income?

Income is not just what you get from a job. Sam, our example student, cut some grass for a neighbor for \$40 but really did not have a regular job. There are also other sources of money from scholarships, grants, loans, and parents that he should count as income. Even things that were paid for directly by his parents can be considered income. College is expensive; there is money coming from somewhere to pay for your expenses.

What do I do with the expenses my parents paid?

Budgeting is about information as much as it is about controlling spending. Knowing details about what is spent on your behalf and making the attempt to save money in these areas will help build your image as a responsible young adult. You may see a way to save on expenses that your parents are paying that they don't see (such as getting a smaller room, or buying used books). So, including these income and expense items in your budget is a good idea.

Sam Sample, our example (See Handout 4 – HO #4)

Sam has decided to use 6 categories in his budget--one income category and five expense categories. You can use as many as you want as long as you have a category to fit all of your income and expense items. He used an Excel worksheet to set up three columns--the budgeted amount which is the amount he intended to spend, the actual amount that he spent, and the difference. Sam had 5 sources of income and 28 different types of expenditures. You may have more or less. Sam wanted information that showed him how much he over or under spent on each line item during the period (which he chose as a semester). Sam can see where he overspent and where he can make some changes to save money. He set up his budget putting savings first. Although he didn't overspend too much, he didn't save any at all.

Aren't there online tools to help with budgeting?

Various websites are extremely popular and make budgeting easier. You can set financial goals and spending limits. You can even receive texts when you're approaching the spending limits you've set for yourself.

- The most popular website is Mint.com.
- Other online budget tools come and go but seven were listed in the article at <http://collegethrive.com/7-free-online-budget-planning-apps>.

Or, you could use the Excel worksheet we used to prepare Handout 5 (HO #5).