

## **Budgeting Advice for Students**

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It can be a particularly difficult challenge for students - especially those in college - to create a budget and stick to it. Part of the reason is because, unlike those who work full-time, students' income resources may be less stable than a fixed paycheck. Many students work all summer for money which has to stretch over the school year. Others might have some summer savings, plus a part-time job to help with expenses, or also receive financial support from home. Budgeting can be tough when going away to college as it is the first time some students have lived on their own with the freedom to make every day financial decisions. Making the commitment to live within a budget is the hardest part. After that, spending and saving wisely will start to come naturally.

The best advice is to create a personal spending budget, which excludes tuition, room and board. Those costs are out of your control, and you don't pay those on a monthly basis. It's easiest to consider income and expenses in terms of months; if you are using one lump sum from your summer earnings, divide it by the number of months that money has to last. Same goes for excess financial aid you might receive. Split it up so you can count on a portion of it each month. If your parents are willing to send you some money now and then, ask them to send it to you monthly.

### **Getting Started**

A good time to establish your personal spending plan is shortly after the beginning of the semester. At that point, as you've settled into your dorm or apartment, you'll have a good idea of what your expenses will be. If you plan to work, you'll hopefully get a job early on and know what your monthly earnings are. One of the first steps is to create a budget worksheet. There are many ready-made worksheets available online but you can also do a simple one yourself. Write down your monthly income in one column, your expenses in another and then add up each one and compare the two.

Need help thinking of all the expenses? Calculate things like food not covered by a meal plan, laundry, entertainment, toiletries, transportation, and your cell phone bill. If you live off campus, your expenses will include rent and utilities and if you decline the meal plan, factor in groceries too.

### **Crunching the Numbers**

The real key to budgeting is making sure the numbers work in your favor - do you have enough income to cover your expenses? If you do, that's great, but don't skip budgeting altogether. It just means you might have an easier time than others sticking to your budget, and maybe even manage to put a few extra bucks into a savings account. If you can't cover your expenses, then it's time to take a look at how you spend your money and figure out how to cut back. Get in the habit of tracking how much you spend on things like snacks, meals out, and other non-essential

items, like buying coffee every morning and late-night pizza. For an entire week, write down what you spend and where you spend it. You can save a lot of money by taking a brown bag lunch to work, using your meal plan and making your own coffee. By getting on track with your budget, you'll be able to judge when you can splurge on non-necessities or a night out on the town.

Once you decide how to save money on the extras, there are things you can do to make sure you keep from falling back into old spending habits:

- Get in the habit of monitoring your checking and savings balances online if your bank offers this service.
- Plan to use the ATM once or twice a week - and withdraw a set amount - Try to avoid spontaneous withdrawals.
- Check and see if your credit card company allows you to set alerts to email or text you if you go over your budgeted limit.
- If you work and the option is available, have your paycheck automatically deposited into your bank account to avoid the temptation to pocket more of the money when you cash your check.
- Have just one credit card and only charge what you can afford to pay for or use the card strictly for emergencies.
- Take advantage of student discounts that are often available for computers, entertainment and other items.

Make sure to do your due diligence and comparison shop for bank services, including free checking and limited or no ATM fees. Remember that today's options for electronic banking might mean your best choice is your current hometown bank, not necessarily the bank near campus.

You'll no doubt find other creative ways to save money here and there, but wise budgeting comes down to responsible spending so you don't leave yourself short at the end of a month. Since your schedule and income sources may change, it's a good idea to set a new spending plan each semester.

### **The Payoff**

It might sound like a boring inconvenience, but budgeting your money is just like any other act of self-discipline that, in the end, offers positive results. If you manage your money consistently and carefully, it will become less of a chore and give you a sense of accomplishment and independence when you achieve your goals. The real payoff is being financially prepared for the future by practicing good money sense now.