

Budget like a boss in 3 easy steps

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Jessica W., a student at Elmhurst College in Illinois, grew up learning how to watch her spending. “I like to spend my money on things that will keep rewarding me, like my animals,” she says. She means it: She has 25 snakes, two lizards, and a dog.

While she may have some unusual expenses, Jessica’s methods of budgeting to handle them are all time-tested. To keep track of where her cash goes, she uses a good old-fashioned notebook and pen, checking her bank account almost daily, and writing down all expenses. By reviewing her budget, she knows that the monthly care for her dog costs more than taking care of all 27 reptiles combined. Maintaining a budget has been key to helping her meet the financial demands of caring for all of her animals.

Developing and maintaining a budget requires discipline (whether you have a personal pet refuge or not), but once you know where you stand, financial stresses—like running out of money or accumulating debt—can be a whole lot easier to handle.

Why build a budget?

“A lot of my friends only look at their money from a current standpoint,” says Bryant C., a student at Winston-Salem State University in North Carolina. “They don’t realize that budgeting is an essential tool for planning for the future.”

Tracking your spending can, of course, help you avoid running out of cash. But budgeting also helps you figure out where you might be spending unnecessarily so you can put that money toward savings goals—like a dream vacation or a car—instead.

Forty-nine percent of respondents to a recent *Student Health 101* survey said they don’t keep a budget, with 28 percent saying it’s because they’re too busy. Luckily, there are a ton of free tools to help you build a budget without staring at a spreadsheet for hours.

High-tech tools

If tracking your money with a pen and paper feels a little archaic, there are plenty of free apps and tools to help you develop and maintain a budget.

- **Mint**
(<https://mint.com>) Mint merges all your money info into one place so you can see how you’re tracking against every budget category.
- **Fudget**
(<https://fudget.com>) By manually entering your expenses each time you spend, Fudget can help keep you accountable—and thinking about the impacts getting out your wallet will have on your budget.
- **Albert**
(<https://albert.com>) Albert puts financial experts right in your pocket—almost literally. Text Albert your financial questions, and the app can help you figure out the smartest ways to spend.
- **PocketGuard**
(<https://pocketguard.com>) PocketGuard will automatically build a budget for you based on your income and your savings goals.

- **Spendee**
(<https://spendee.com>) With Spendee, you can share wallets with your roommates to make splitting rent and groceries easier.
- **Simple**
(<https://simple.com>) Simple is a helpful budgeting app, plus an actual bank account so you can keep everything in one place.

Building a budget

To get started, first determine your income. “Your cash flow may be supplemented by a part-time job, scholarships or grants, or your parents’ help,” says Kurt Rosentreter, a certified financial planner in Ontario, Canada. Make sure you’re taking *everything* into account (just don’t include uncertain sources of income, such as birthday money or a bonus from your boss).

“If you don’t have a consistent income via paycheck,”—say, if you occasionally pick up work-study shifts at the library but aren’t on a set schedule—“set an average for money earned by looking at past months,” says Amy Conrad, program director of CashCourse, an online money resource designed specifically for students.

Student tip

“Aim on the low side so if you make less than you have in the past, you don’t over budget your finances.”

—Rebekah S., first-year graduate student, Rowan University, New Jersey



Step 1: Categorize your cash

Before you get into the budget breakdown, look at your bank statements to get a feel for how you’re spending. “It’s frustrating to try to stick to a budget that’s completely different from your spending patterns,” Conrad says, who recommends categorizing your spending into chunks like groceries, eating out, or travel.

Step 2: Cut the stuff you don’t need

Most likely, you’ll realize there are some categories you can cut—or at least trim down. For example, if you’re paying for Hulu but only ever watch Netflix, you can probably ditch that subscription.

Reprioritizing can also help you save some cash. Say you’re shelling out a large amount on eating out each month, but you also really love to cook. Start inviting friends over for meals instead, and put some of that cash toward that blender you’ve always wanted rather than a restaurant bill.

Questions to ask yourself

- **What recurring purchases aren’t really necessary?** For example, can you make your morning coffee at home instead of going out for an expensive latte?
- **Are you paying for subscriptions you don’t use?** Even seemingly inexpensive subscriptions can add up (look out for online purchases that turn into monthly subscription services).
- **Are you making a lot of unplanned purchases?** “I tend to buy a lot of electronic items,” says Mitchell W., a student at St. Cloud State University in Minnesota. “Some things were an impulse purchase, and now I’m looking at myself saying, ‘Why did I ever buy that? I didn’t need it.’”
- **Are you asking about student discounts and prices?** “Amazon has a special discounted Prime membership. Microsoft has a student version of Office and it’s very well worth the effort! Cell phone companies and many others—my gym for example—also have student pricing. Check these out and save,” says Jeani K., a first-year online student at Shasta College in California.

Step 3: Set your goals

Once you have an idea of what you’re spending and what you can cut, you can budget for the things you need and value the most. Your budget should be divided into “fixed expenses”—the things you pay for every month, such as rent and your phone—and “discretionary expenses”—the remaining money you use for things like food, travel, clothes, and hobbies.

Questions to ask yourself:

- Are you earning more than you're spending? If so, what savings goals can you set?
- If you're spending more than you're earning, where can you make cuts to get your budget in balance?

To make all these things no-brainers, **try a budgeting wizard** (<https://www.cashcourse.org/>).



Savings

The other element of budgeting is saving, which can feel challenging when you don't have a lot of cash to work with. "Saving even small amounts as early as possible is important," says Conrad. It helps to think about saving for short-, medium-, and long-term goals, says Rosentreter.

For example, if you want to go on a spring break trip with your friends this year, figure out how much you need to save each month until then. In the long-term, you might want to buy a car when you graduate. "Working backwards makes big purchases feel bite-size," Rosentreter says.

To make saving clearer, set up different savings accounts for different goals—you might have one as an emergency fund and another for that big vacation. "This gets you thinking in silos—different pools of money for different purposes," says Rosentreter.

▼ How much should I save?

It's OK to set your initial savings goals relatively small, says Conrad. The important thing is that you get into the habit. How you save is up to you and your goals, but the earlier and more regularly you save, the better off you'll be when you hit a big milestone, like graduating and wanting to move to a new city. Try one of these methods:

- Save \$10 per week.
- Save 10 percent of every monthly paycheck.
- Save half of every financial gift you receive (say, for birthdays or graduations). "It's good to put [bonuses, raises, or monetary gifts from family] into savings or an emergency fund," says Andrew M., a student at the College of William & Mary in Virginia. "If you don't plan on having them, you won't need them."

▼ Budget-conscious fun

Just because you're living within a budget doesn't mean you can't do anything fun. "[Keeping a budget] helps me know that I'll always have money set aside for bills and then I can still save while setting aside a little spending money for fun outings," says Natasha K., a fourth-year student at the University of Hawaii at Manoa.

To keep the latter in check:

- Look for free events on campus.
- Always ask if there's a student discount before you pay—you'd be surprised how many stores offer savings with your student ID.
- Break your "fun stuff" budget into weekly increments instead of monthly. "This will help limit the tendency to spend more at the beginning of the month and then feel deprived by the time the month is over," says Conrad.

Budgeting can feel a bit overwhelming, but it helps to remember that budgets aren't written in stone. Be realistic when evaluating your spending habits and revise your budget as needed. Keep detailed records of your earnings and expenses, and review your budget every few months to gauge whether your spending and saving goals make sense. With time, sticking with a budget will feel like a healthy habit that helps you do what you need to do while also saving for those things you want and need.

GET HELP OR FIND OUT MORE

Getting Finances Done (<https://www.gettingfinancesdone.com>)

Money Under 30 (<https://www.moneyunder30.com>)

Free From Broke (<https://freefrombroke.com>)

Mint (<https://www.mint.com/>)

Quicken® (<https://quicken.intuit.com/>)

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