

Managing Your Finances

What is a Budget?

A budget is an itemized summary of probable expenses and income for a given period. Or, you may prefer to think of it as a way to keep from running out of money before you run out of month! No matter how you refer to it, it's a tool to help you prioritize your spending and manage your money – no matter how much or how little you have.

How to Begin?

If you're like most people, you don't know exactly where all your money goes. You've more than likely discovered, at a most inconvenient time, that yours is gone!

So, for the next few weeks, jot down every amount you spend. Include snacks, meals, gas, bills, laundry, clothes, toiletries, postage and entertainment. Beside each item, write down whether you paid for it by cash, check or credit card. You'll be surprised to see how much you spend on some items – and how much impulse spending you do. It's likely you'll spot some areas where you can cut down without big sacrifices.

Then, you have to know two things: how much money you have and how much money you need. The attached worksheet will help you get started. Here are some first steps:

- **Identify your income sources.** Your income can include savings, gifts, grants, financial aid and money from home, even part-time job. If you have a scholarship or get financial aid, it should be used for academic expenses. You should list all sources of money, even if you don't consider them to be significant.
- **List fixed and variable expenses.** It's usually easy to list the fixed expenses. You know what they are. If you have a car payment, you know how much it is and when it's due. You know how much your tuition is and when it's due. The same is true if you have rent, car insurance and other fixed bills. It's wise to have a savings account and deposit a regular amount on a monthly basis. Even a small amount can add up to a sizable sum over time, when you add to it consistently.

The variable expenses are harder to gauge. That's why it's a good idea to write down everything for a few weeks. Utilities, gas and clothing are some of the larger variable expenses. Vending machines, copiers, books, film processing, and toiletries are just a few variable expenses that add up quickly. And, they subtract quickly from your available money.

The Balancing Act

Review and modify your budget. You'll only frustrate yourself if you try to stick to a budget that just won't work. Try it out. If you need to make changes, make only a few at a time.

To help bring your expenses in line with your income, consider eating on campus a couple of extra times a week – it might save you a little money. Organizing your errands should make a

tank of gas last longer. If you plan to pay off a credit card, pay off the one with the highest interest rate first. With some creative thinking, you can find other ways to reduce your expenses. By making some adjustments, you can improve your 'bottom line.' It won't take long before you'll have a budget you can live with – and stick to!

Money Management Tips

Learning how to manage your finances now becomes the early chapters of your credit history. Here are a few suggestions that can help you start out right:

- ✓ Don't overload on credit now, thinking you'll have a good job later.
- ✓ Available credit lines should not be treated as extra income. In fact, creditors often consider them as potential debt.
- ✓ Don't exceed the credit limit on your credit cards.
- ✓ Yes, it does matter if you pay later 'every now and then'.
- ✓ Make sure you have the most economical checking account for your needs. For instance, if you write a lot of checks, you should avoid a checking account that charges you by the check.
- ✓ Learn to establish a budget, and stick to it. Financial surprises are usually not good news.

Additional Credit Information

Your rights as a credit user have been established through the Equal Credit Opportunity Act and Fair Credit Billing Act. For more detailed information on your credit rights, contact the Federal Trade Commission at (202) 326-2222 (www.ftc.gov) or the National Consumers League at (202) 835-3323 or a consumer credit counseling service near you.

- National Foundation for Consumer Credit
 - (800) 388-2227 www.nfcc.org