

BUDGET WORKSHOP

AGENDA

- What Budgeting Really Means
- Budgeting Basics
- Think About Your College Budget
- Create Your After-College Budget

Things to keep in mind

Taxes, Income before and after tax, bills, benefits you're entitled to (to save money), sales, coupons

Resources

Not many people fully exploit the resources available to them. Ask your parents and relatives, older people that you know well, and (the easiest way) look on the internet.



What Budgeting Really Means

Budgeting is how you manage your income and expenses the short and long term to fulfill your personal goals. To do this you first have to know where you're at financially. Make sure that you know what your income and expenses are. By this, we mean that you should know exactly what money you have going in and out. That means keeping track of your paycheck, and any other money coming in (from assets, tax refunds, etc.) as well as what is being taken out of that pool (taxes, bills, personal expenses, etc.)

To do this you should keep record of ALL your spending on a





Why is it important to budget?

Budgeting will keep you on the right track. Think of having an account of your finances like having a clean room. It's a little work, but it's much more relaxing to have everything in order. You know what's where so you don't have to have it on your mind.

daily/weekly/monthly basis.

What you need to do next is think about where you WANT to be in life. Think about your personal goals in life and think about where you need to be financially to get there.

Once you've got that down create and follow a PLAN to get to that place. Use budget trackers to record your progress. Adjust your spending accordingly. Do what you have to do, to get to where you want to be.

Budgeting Basics

How to Track Income & Expenses

So you must be wondering how you do all this 'tracking' stuff. Well, it's easy enough. One way you could do it is the ol' paper and pen method. Tried and true it's easy enough to just keep a notebook (moleskine or otherwise) filled with your financials. If this isn't to your style, you could always try your hand at using a spreadsheet. You can find a good template at the website (www.squawkfox.com/2011/10/17/track-spending/).



You can also use a variety of apps to help you along with this process. MINT is a very popular one. It automates all of your accounts to which you link it. You personally have to do this, which may seem like a hassle at first, but the long-term ease is worth it. It also provides ‘big picture’ tools and graphs to help you visualize the division of your money. It shows the allotment of each section of your account. Mint also collects account info for you. Most importantly, though, especially for a college student, is that mint is a FREE service.

Another app is WALLY. It is simple to use to track your income and expenses. As opposed to Mint, Wally does not require you to sync the app to your account which is good if that’s of concern to you. Wally is available for both iPhone and Android.

In addition to apps it’s always a good idea to use your bank’s online banking service if one is available. Many banks (even small, local ones) have an online log in so you can access your account information as well as an app that does the same. If you’re not sure, just call up your bank and see if they’ve got one.

Get the BIG Picture

Keep track of your weekly and monthly spending using a student budget planner (www.squawkfox.com/2010/08/18/student-budget-planner/). Also, create an “ideal” monthly budget to compare your actual spending to (www.moneyunder30.com/downloads/really-simple-budget.pdf?f270f9) (sites.williams.edu/finlit/files/2015/10/Monthly-Budget-Worksheet.pdf).

Behavior Modification

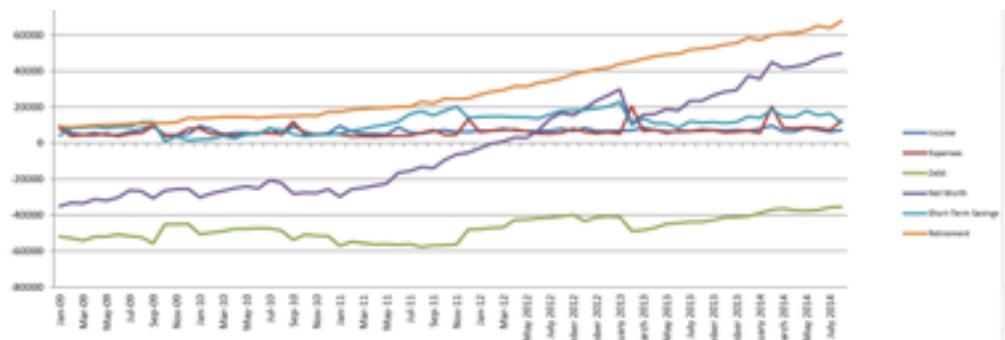
If you find that your ACTUAL budget is DIFFERENT from your IDEAL budget, you should modify your behavior accordingly so that they match up better. Always be aware of your habitual spending habits. That means those expenses that you don’t even think about. Your morning trip to Tunnel City. Lunch at Pappa Charlie’s. Dinner at Spice Root. Those expenses add up in the long run. Keep them in mind and either cut them out altogether or find cheaper options. Find ways to ‘trick’ yourself into spending less money.

Get the even BIGGER picture

One thing that's important to keep note of is your NET WORTH. That's the total of your income and assets minus the quantity of your debts and liabilities. This is especially good to keep track of if you feel like you're getting nowhere. If the number starts slowly creeping upward you're a-ok!

The Mint app that we mentioned before calculates net worth for you (just another reason to get it!). You can also track yourself using online helpers (www.moneyunder30.com/net-worth-spreadsheet).

Here's an example of someone's net worth:



Budgeting Concepts & Theories

There are several ways to allot your money to get the biggest bang out of your buck. Some popular methods are the “50/30/20” Rule, the Envelope System, having a “Big Stuff” vs. “Small Stuff” vs. Balance distribution, or just spending money on what you value most.

What's most important when choosing a method is to remember that personal finance is PERSONAL. You have to do what's best for you and your situation. What works perfectly for someone else may not work for you. It's up to you to find out what system works the best for you.

The 50/30/20 rule says that you should allot your money via that ratio. 50% goes to “needs,”- basic necessities like bills, rent, and health care. 30% goes to “wants”- that new shirt, a hoverboard, the new Jordans. 20% goes to “debts/savings”- paying off loans and setting some money aside to make a cushion for yourself.

The Envelope system entails you actually putting money for predicted expenditures in actual envelopes. This is especially helpful so that you

have a visual of how much money you actually have. This makes it harder for you to overspend in one area as well.

Some people prefer to portion via a Big Stuff/Small Stuff ratio or having a good balance of the two. This means that if you pay attention to the big stuff (bills, etc.) then you won't have to stress the small stuff. Some prefer a balanced allotment to the two.

One thing to take away from this system is the "latte effect" which is when all of your small habitual purchases add up. Buying a hot cup o' joe every morning may seem like nothing at the time, but it sure does bite back at your wallet in the long run.

Another way is to just send money on what you value the most. Whether that be bills or a nice new purse it's up to you.

Your College Budget

As a college student, you may be thinking this is all great but is there anything specific for ME? Well there is, so you're in luck! Use this!

YOUR PERSONAL COLLEGE BUDGET (Per Month)

1) KNOW YOUR MONTHLY INCOME

Paycheck/s _____		_____
Family Help (outside of tuition payment) _____	+	_____
Other (describe) _____	+	_____
TOTAL _____	=	_____

2) KNOW WHAT YOU OWE WILLIAMS (Use [PeopleSoft](#) & your Student Account Center)

Total Parent Contribution: _____	Total Student Contribution: _____
Talk to you family about the total contribution, and talk to the Bursar's office about what you owe!	
Estimated monthly payment directly to Williams: _____	

3) KNOW WHAT YOU SPEND

	ACTUAL	GOAL
Food/coffee (outside your meal plan) _____	-	_____
Phone _____	-	_____
Clothing _____	-	_____
Monthly subscriptions _____	-	_____
Personal Upkeep _____	-	_____
Transportation _____	-	_____
Entertainment (music, movies, going out with friends) _____	-	_____
Local Transportation _____	-	_____
Loan/Debt repayment _____	-	_____
OTHER (describe): _____	-	_____
Short-Term Savings (Travel, Gifts for others, Gadgets) _____	-	_____
Long-Term Savings (First apartment, car, etc.) _____	-	_____

After College Budget

Once you have your college budget all squared away it's time to start thinking about your *after* college budget (remember that *planning* we talked about).

Take a look at average starting salaries (naceweb.org/ST1182015/starting-salary-class-2015.aspx). If you've got a job all set for after graduation see what you're headed for.

Keep in mind the area you're moving to (or want to move to) and contemplate the budget necessary to live there. Factor your projected earnings into a 50/30/20 scheme maybe! Just look ahead and see what is set up for you and see what you can set up financially for yourself.

How Will I Spend My Salary?			
	\$1200	\$600	\$425
Housing:	My own apartment	Share a 2-bedroom	Share a 3-bedroom
Utilities: <small>(heat, electric, water)</small>	\$125 I can't stand to be too cold or too hot	\$75 I don't need to adjust the thermostat all the time	\$50 I almost never turn on the heat or use A/C
Food:	\$350 I want takeout/fast food almost all the time	\$250 I cook some and eat out some	\$150 I shop carefully and cook almost all meals
Phone:	\$125 I want the coolest phone with the best plan	\$75 I'd like a decent phone with a reasonable plan	\$30 Pay-as-you-go with a basic phone that I won't use much
Clothing:	\$200 I LOVE CLOTHES	\$100 I need a quality wardrobe for my job and life but can bargain shop	\$25 My wardrobe doesn't matter to me OR my job – thrift store it is!
Cable:	\$65 I want all channels, DVR, On Demand, etc.	\$40 I'd like most channels	\$0 I don't watch TV
Internet:	\$45 I need the best high speed internet	\$25 I'll use basic internet service	\$0 I'll use the internet at the library
Transportation:	\$350 I want my own nice car (includes insurance, gas, etc)	\$225 I'll use a combination of car & public transpo	\$100 Bus/Train almost all the time & rent car occasionally

