



# Money Management

Learning to manage your money is the most important step toward financial independence.



When was the last time the amount of change in your pocket was the deciding factor in what you would have to eat? The last time you swiped your debit card, did you hope the transaction would clear without any overdraft fees? Many college students encounter these financial situations all too often and get caught in a world of debt. Managing your money is the best way to reduce the chance of experiencing this kind of pain. This brochure includes a few tips to help you get started on managing your money.



**MONEY EDUCATION**

# Tip #1

## Break down your Needs and Wants



A **Need** is a required purchase to pay bills for the essentials, items you “must have” each month (rent, utility bill, groceries, etc.).

A **Want** (entertainment, new clothes, going out, etc.) is something you would like to purchase after you have paid for your **Needs**.

To avoid damaging your credit, pay off your **Needs** before planning how to spend for your **Wants**.

Here’s how to find how much you have for **Wants**:

1. First, add up all of your monthly income. Monthly income includes money from work, scholarships, loans, grants, or allowances from family/friends
2. Take your monthly income and subtract your **Needs** throughout the month, both **fixed expenses** and any **variable expenses**.
  - **Fixed expenses** include recurring bills like rent, car payments, or cable and internet bills that don’t generally fluctuate and are constant every month.
  - **Variable expenses** include cell phone bills, utilities, etc. in which the amount is a function of your usage and the monthly rate varies.
3. Once you have subtracted your **Needs** from your monthly income, you have your **Wants** amount of available cash remaining. Your **Wants** should be left over to cover anything you may want once all your needs are addressed. This category should cover trips to the movies, or going out on the weekends, and only allows you to spend a certain amount. This way, you won’t lose control of your money and spend more than you realize.

*“If you want or think you need something, wait a full 24 hours before you buy it. This will help you determine if it is worth your money.”*

# Tip #2

## Create a spending plan

First, estimate your income and expenses for this month. Then, track your actual income and expenses. Use your actual figures for this month to budget your income and expenses for next month. Determine which of your expenses are Needs and which are Wants so that you can realistically determine which expenses must be paid and which expenses you can cut back on.

Income	Estimate	Actual	Budget		
Refund Check					
Work Income					
Parent Contributions					
Other					
Fixed Expenses	Estimate	Actual	Budget	Need	Want
Rent					
Internet/Cable					
Loan Payment					
Car Payment					
Insurance					
Emergency Money/Savings					
Other					
Variable Expenses	Estimate	Actual	Budget	Need	Want
Groceries					
Cell Phone					
Gas/Transportation					
Electricity/Gas					
Water/Sewer/Garbage					
Credit Card					
Books/Supplies					
Entertainment					
Clothing					
Dining Out					
Travel/Vacation					
Bank/ATM Fees					
Doctor/Dentist/Medicines					
Pet Expenses					
Other					
Summary	Estimate	Actual	Budget		
Total Income					
Total Expenses					
Balance					

# Tip #3

## Cut down your expenses

### Get a roommate.

#### Reduce utility costs.

- Disconnect your cable TV service.
- Turn off the lights when not in use.

### Put loose change in a jar; keep it for laundry or unexpected expenses.

#### Reduce your food expenditures.

- Buy house brand items.
- Shop once a week.
- Buy only what is on your list.
- Compare prices.

### Eat out less frequently and less expensively.

- Treat eating out as a luxury.
- Use restaurant coupons.
- Order entrees only, not expensive desserts or appetizers.
- Split or share meals with a friend.
- Learn to cook for yourself.

### Find free or inexpensive ways to entertain yourself.

- Participate in sports.
- Check out local museums and parks.
- See matinee movies and/or seek discount movie tickets.
- Read a book.
- Rent DVDs.

### Take care of yourself, but look for deals.

- Avoid memberships at trendy health clubs; take advantage of the Rec Center.



- Use coupons or specials for hairdressers and barbers.
- Don't spend money on expensive cosmetics.
- Give yourself a manicure/ pedicure rather than paying someone else to do it.

### Find an alternative to driving a car.

- Ride the bus, carpool with friends, ride your bicycle, and walk.

### If you must have a car, try to save money.

- Wash your car yourself.
- Purchase regular unleaded gasoline.
- Use coupons for oil changes.
- To avoid high-dollar expenses, keep your car in good condition.

### Shop for clothes wisely.

- Shop at discount outlet stores, consignment stores and thrift shops.
- Avoid buying and wearing clothes that must be dry-cleaned.

### Shop for special long-distance and/or cell phone rates that meet your needs.

#### Check out the costs of banking.

- avoid ATM fees, checking fees, designer checks, etc.