Successful Start and the Office of Student Services Present:

BUDGETING
SESSION OBJECTIVE

- Put you in position to begin budgeting and saving money even while you are in school.
QUICK POLL

- Who believes budgeting is important?
- Who always budgets?
BUDGETING

How to Budget in Three Easy Steps:

1. Identify how dollars are spent today.

2. Identify all sources of income and amounts.

3. Set goals that reflect your true financial picture.
**BUDGETING CONSIDERATIONS**

- Know where your money goes.
- Start saving for anticipated big expenses and emergencies.
- Make savings habitual, start small.
- Plan your shopping, and stick to the list.
- Needs vs. wants: know the difference.
BUDGETING CONSIDERATIONS

- Common mistake: Fitting your spending into somebody else’s categories.

- Successful budgeting includes categories that reflect the way you spend money.
IDENTIFY INCOME

- Review all sources and amounts of income (after-tax) for past 3 months to determine monthly income.

- Examples:
  + Employment
  + Student loans
  + Checking account
  + Savings account
IDENTIFY EXPENSES

- Review all bills and expenses for the last 3 months to determine monthly expenses.

- Examples:
  - Recurring expenses
  - Variable expenses
  - Yearly expenses
FIXED VS. DISCRETIONARY EXPENSES

- Rent
- Groceries
- Utilities
- Car insurance
- Haircuts
- Laundry
- Cell phones
- Restaurants
- Cable TV
- Spring break
- Takeout
- Designer clothes
Determine budget amounts for each category.

- Consider the fine line between realistic/actual expenses and targeted spending levels that will save money.
Set goals that reflect your true financial picture.

Two types of financial goals:
- Managing your money
- Spending your money

Monitor budgeting process for 2 months to identify areas where you can save.
Emergency funds are an absolute necessity!!

Emergency funds = 3–6 months of basic living expenses.

Emergency funds should be kept separate from a savings account, which is used primarily for large, planned purchases.
Dinner out every Saturday night:
  $1664 per year

One tall Starbucks® coffee per weekday:
  $910 per year

Wendy’s ® #2 Combo + tax twice a week:
  #2 Classic Double® with Cheese Combo
  $587 per year
YOUR TIPS ON SAVING MONEY

- Housing?
- Groceries?
- Phone?
- Transportation?
- Banking and taxes?
Loan Example: Minimize Borrowing

- Loan Balance: $80,000.00
- Monthly Loan Payment: $928.87
- Cumulative Payments: $111,464.03
- Total Interest Paid: $31,464.03

- Loan Balance: $70,000.00
- Monthly Loan Payment: $812.76
- Cumulative Payments: $97,531.09
- Total Interest Paid: $27,531.09
You can deduct up to $2,500 per year in interest paid on educational loans.

Deduction is phased out as annual income moves over $60,000 ($120,000 for married taxpayers filing jointly).

The deduction is completely eliminated when you earn more than $75,000 annually ($150,000 for married taxpayers filing jointly).
QUESTIONS?

- www.bc.edu/successfulstart
- successfulstart@bc.edu