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.
Who believes budgeting is important?

Who always budgets?
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.
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
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?

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