

CREATING A BUDGET

How to come up with a workable budget

You may think that coming up with a budget is a difficult and unnecessary thing to do, but having a realistic budget in hand is absolutely crucial in ensuring that you don't run into money problems in the middle of the term when you have papers and exams you have to start worrying about.

Coming up with a budget is a fairly straightforward process. There are four general principles:

1. Set goals for yourself.
2. Create an accurate picture of where your money is coming from and where it's going.
3. Plan out where your money needs to go first and where you want it to go second.
4. Discipline yourself to stick with your plan.

The following will help you create a budget in four easy steps.

STEP 1: Goal setting

Effective budgeting is best achieved if you have set goals for yourself. Think of your goals as your budget's end destination. Think about career goals, personal goals, and of course financial goals.

Your financial goals should be realistic and focus on both long term and short term targets. Normally, it's best to come up with a realistic amount you want to save by the end of the term. Usually, to figure out what that amount is, you will need to determine how much you can realistically save once all of your fixed and variable costs have been taken into account. What you're aiming for will largely be determined by the following formula:

$$\text{Income} - \text{Expenses} = \text{Potential Savings}$$

STEP 2: Assessing your finances

Assessing where your money is coming from and where it is going is the next step. We recommend that you save all your financial documents like pay stubs and receipts for about a month so that you can make note of your cash inflows and outflows.

Once you've done this, organize the numbers into three categories: your income, your fixed costs and your variable costs. Your fixed costs are basically items that are paid/bought on a regular basis. Your variable costs are items that you do not purchase/pay for on a regular basis. We also recommend you organize your fixed and variable costs by priority. This will allow you to determine where your money should be directed first. Here are some examples of some fixed and variable costs and how you may wish to prioritize them.

Rent – fixed/high priority
Cable bill – fixed/low priority
Groceries – variable/high priority
Clothes – variable/low priority

After you have sorted out the numbers, do a bit of math and figure out if your income is enough to cover all of your costs. If you discover that your income is not enough to cover all of your necessary costs, you may want to look for alternative sources of funding such as scholarships, bursaries, awards and student loans.

Once you find yourself in a situation where all of your total expenses are equal to or less than your income, then you can start planning out a budget to ration out your money. For those of you who are coming to the University of Regina for the first time and are unsure as to what your monthly expenses are going to be we have provided you with a realistic estimate of how much it's going to cost you to come to school each year.

Check out the web site below where you will find the Program and Information Fees.
<http://www.uregina.ca/awards/>

STEP 3: Planning with your available resources

Your budget can be as simple or as complicated as you need it to be. For most students, we recommend you have a fairly simple and flexible budget. This will allow you to use your budget as a guideline on how you should be spending your money. A budget chart should have two general sections: income and costs. In your income sections write down where your money is coming from on either a per term (4 months) or per month basis. Here's an example of what a University of Regina student's income chart might look like for a single student for one term.

INCOME:

- Student Loans (potentially) \$5,440.00
- Parents \$1,500.00
- Part-Time Job \$2,500.00
- Awards, Scholarship, Bursary \$ 500.00

Now that you have noted what funds you have coming in, it's time to figure out where it's going. When it comes to cost, prioritizing is the key to ensuring that your money is being used properly.

COSTS:

- Tuition, Course and Related Fees \$4760.95 (i.e.30 credit hours in an Arts program over two semesters)
- Books and Supplies \$1000 (i.e.30 credit hours in an Arts Program over two semesters) Refer to <http://www.uregina.ca/awards/> for a complete list of costs for each faculty.

LIVING ALLOWANCES (estimates per month based on Canada Student Loans student living allowances for Saskatchewan):

SINGLE STUDENT AWAY FROM HOME

Shelter (2 bedroom apt. inc. utilities shared by two) \$430.00
Food (Purchased from Stores) \$220.00
Miscellaneous (Personal & health care, clothing, H/H cleaning, communications) \$265.00
Local Public Transportation \$55.00
Total Monthly Allowance \$970.00

SINGLE PARENT (without dependent)

Shelter (1 bedroom apartment including utilities) \$742.00

Food (Purchased from Stores) \$220.00

Miscellaneous (Personal & health care, clothing, H/H cleaning, communications) \$265.00

Local Public Transportation \$55.00

Total Monthly Allowance \$1282.00

MARRIED STUDENT & SPOUSE (no dependent)

Shelter (2 bedroom apartment including utilities) \$860.00

Food (Purchased from Stores) \$400.00

Miscellaneous (Personal & health care, clothing, H/H cleaning, communications) \$504.00

Local Public Transportation \$123.00

Total Monthly Allowance \$1887.00

EACH DEPENDENT PERSON

Shelter \$118.00

Food (Purchased from Stores) \$171.00

Miscellaneous (Personal & health care, clothing) \$120.00

Local Public Transportation \$55.00

Total Monthly Allowance \$464.00

SINGLE STUDENT LIVING AT HOME

Shelter

Food (Purchased from Stores) \$171.00

Miscellaneous (Personal & health care, clothing, H/H cleaning, communications) \$210.00

Local Public Transportation \$55.00

Total Monthly Allowance \$436.00

STEP 4: Motivation and discipline

The last step in the budgeting process is probably the most difficult. Stopping yourself from making unnecessary purchases can be tough when you're dealing with the stresses of being a student. This is where goal setting becomes crucial. Keeping your eye on where you want to be financially at the end of the term is a great motivational tool to ensure that you stick with your budget. As noted earlier, it's best to come up with both long term and short term savings targets. Try to remind yourself of your goals whenever you're teetering on the verge of deviating from your budget. Why not write it down somewhere so you're always reminded of what you're striving for?

However, if you find that goal-setting is not enough to keep you motivated, how about creating a reward system instead? Why not use the potential savings that will come from sticking to your budget to buy yourself a new CD or that little piece of jewelry you've had your eye on?

Giving yourself a reward for achieving your savings/budgeting goals gives you something tangible to look forward to at the end of the term. So, instead of just striving for a number, you're now aiming to buy something for yourself.

1. It's always better to overestimate your costs rather than underestimate them. You never know when prices for necessities will increase or when unexpected costs may arise.
2. Grocery shop with a list and stick with it so you don't buy expensive impulse items that may throw off your budget. Whenever possible try to buy in bulk.
3. Remember it's usually cheaper in the long run if you buy more in the short term.

4. Get your bus pass as early as possible so you can take full advantage of the savings involved. Every registered student is entitled to a discounted bus pass, which gives you a discount on the cost of using the public transit system.
5. The University of Regina Photo I.D. card may entitle you to small discounts (usually 10%) at some advertised locations.
6. Join a club! There are a wide range of clubs covering a variety of interests. Clubs are usually a fairly inexpensive way for you to find things to do when you're not studying and a great way to make new friends.
7. If you need a long distance telephone plan, definitely shop around to compare rates and if you're unhappy with your current provider's service/rates don't be afraid to let them know about it. You may get a better deal that way.
8. Instead of buying an agenda or an organizer, get a free student agenda from University of Regina Students' Union. Get yours while they last and save a few dollars. Usually published for the beginning of the Fall semester and available at the Students' Union office.
9. If you are planning on driving your car to school, why not consider getting a carpool together and purchasing one parking spot. If you have three people in the carpool the cost of the parking spot is significantly cheaper. However, it is still much cheaper to purchase a bus pass.
10. Don't forget the gym is free to those students registered. The University of Regina has one of the most up-to-date gyms in the country.
11. Buying lunches can become very expensive very quickly. Try to brown bag your lunch as much as possible. If you're always rushed in the morning try preparing your lunches the night before.
12. Try to buy used textbooks. Both Student's Union and the University of Regina Bookstore will have a certain amount of used books for resale. These are available at the start of each semester.
13. Finally, don't play around when it comes to your studies. Pass your course the first time around. Repeating a course is not only an academic burden, but a financial one. Remember how much your class costs per credit hour?

See the CanLearn website for an educational savings calculator which is located on our Home Page: <http://www.uregina.ca/awards/loans/index.shtml>.

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