

Are You in Charge of Your Money?

By Brian A. Armstrong

College, an expense within itself...but often we do not stop to consider the cost of college beyond tuition, books, room and board. During college, every student has a life beyond the classroom. Take, for instance, the now-standard cup of coffee. Buying a cup of coffee before classes each morning can equal \$63 a month, or nearly \$250 a semester. The small expenses add-up quickly; expenses which can be better accounted for in an established budget.

Mindset and Attitude

Usually being “put on a budget” means focusing on your limitations. A budget does limit spending, but in a meaningful way. It is not a financial diet; and approaching a budget as if it were a diet or some other controlling force is doomed to failure. Rather, by setting a budget you are establishing control of your own spending habits, purchasing power, and financial resources. A budget should be viewed as a plan which allows you to set goals, track progress toward those goals, and enjoy in their accomplishment.

Anecdote/Facts

The average undergraduate carries about \$2,200 in consumer debt, according to the nation’s largest student loan provider Nellie Mae. Usually student credit cards have high annual percentage rates meaning that the longer it takes to pay them off, the more is owed. For example, by sticking to minimum payments it would take a student more than 12 years and \$1,115 in interest to pay off a \$1,000 bill on a card with an 18 percent annual rate.

Recommendations

Develop a clear sense of how much savings you have on hand, as well as how much income you generate in a given timeframe. Month-to-month usually works best, but in a tight situation week-to-week allows you to have more control. Next, account for all sources of expense. *(An income and expense chart is located on the right.)*

The best budgets include a cashflow analysis. This provides a clear view of the planned income and expenses, and allows you to see if there is enough money to afford everything *over time*. The chart below is an example of what a personal cashflow analysis looks like. Similar charts and tools can be found online or through your local bank.

Student Income	Student Expenses
Allowance	Books
Gifts	Clothes
Personal Savings	College Fees
Scholarships & Grants	College tuition
Student Loans	Computer Equipment or Class Tools
Wages & Tips	Entertainment
	Food
	Insurance
	Personal care and Laundry
	Rent or Residential Housing
	School Supplies
	Transportation or Gas Money

NAME	JAN		FEB		MAR
	Planned	Actual	Planned	Actual	Planned
Revenue Streams <i>List all sources of income for each month</i>					
	0		0		0
Total Monthly Revenue	0	0	0	0	0
Monthly Expenses <i>List all expenses for each month</i>					
	0		0		0
	0		0		0
	0		0		0
Total Monthly Expenses	0	0	0	0	0
Balance <i>This is left over money; if it is positive, great...what else can you afford to do? If it is negative....you are over budget and must control your spending.</i>					
	0	0	0	0	0

Balancing It All Out

Budgets are tools for us to be in charge of our money, not for our money to be in charge of us. You want to plan a special trip? Put it in the budget. When the time comes, you’ll have the money. A budget is a plan, and plans work best when followed with some self-discipline and commitment. It comes down to you. Do you want to be in control of what, when and how you spend your money, or do you want to try and get by paycheck to paycheck?

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