

Money Management for Young Adults

If you are not already you will soon be managing your own money. Some high school students are more prepared for this and may have even been managing their own money for awhile. For some students this could be a whole new experience. It is a good idea to start managing your own money before you go to college so you can get the hang of it. For now we will focus on how to manage it during college, but you can use the basics given here to start now.

Step One: Identify Monthly Income

First of all, you need to identify what your monthly income is going to be. You can do this by listing the sources of income you will have. It is a good idea to find out from your parents if they will be able to help you money wise and if so, how much and how often. Some parents will give you a little money when they send you and maybe at Christmas break and spring break. Others will help monthly, some just whenever they can and some are unable to help at all. You need to know in what way they can or can't help. Also, will you need to have a job? If you have worked and saved up money how much can you give yourself monthly in order to make it last the whole year? You can use the Monthly Income Worksheet to help you determine how much you have each month. It may also help you determine if you will need to work and if you will live at home and commute, on campus, or get an apartment.

<u>Sources of Income</u>	<u>Per Month</u>
Financial aid (grants, loans, scholarships) paid directly to you	\$ _____
After tax wages from job	\$ _____
Financial help from family	\$ _____
Withdrawals from savings	\$ _____
Total Monthly Income	\$ _____

Step Two: Identify Monthly Expenses

Once you have determined how much money you have coming in each month you must figure out how much money you have going out. This will vary depending on if you are a commuter or residential, live with family, have an apartment with friends or by yourself, or live on campus. Which meal plan you get (yes commuter students can get meal plans) if you go to a college that offers one, you pack a lunch or eat out can make a huge difference in how much money is going out. In fact, food and drinks are the main items that rack up money. Also, if you do laundry for free or have to pay for laundry (and how much you rack up) can make a difference as well as you cell phone plan or if you have a car and have to pay insurance and upkeep.

It is a good idea to estimate how much money you think you will spend the first month and keep track of how much you actually spend to get a realistic figure. To do this you must write down EVERYTHING you spend money on no matter how small (yes the 50 cent soda counts..... if you buy two a day it could account for \$30 a month). It is a good idea to put some back for saving (even if it is just \$10 a month because in a year you would've saved \$120).

Below are the most common expenses a student might have. It will be split into two (one with expenses for students renting and one with everything else- if you will be renting then just add all of it together). Also notice that it includes things like textbooks and supplies which will be twice a year- once in fall and once in spring. Occasionally, some classes may have supplies throughout such as art.

Also, some students have a payment plan to pay off what financial aid or loans didn't cover (or to prevent getting a loan) so this was included but many not apply to everyone. Loan payments could be a previous loan or any student loans. Even if you get a Stafford loan, which has a low interest rate (or none at all until you graduate) you can still pay some on it every month and cut down on the debt you have when you graduate. Any insurance you have to pay (car insurance or student health insurance for example) has been added because some students pay these costs- others are covered under their parent's plans. For food, clothes and entertainment you may start the year out estimating but by the end of you first semester you should have a good idea of how much you spend on average.

Other has been added at the bottom to cover any expense that is not listed or is unique to you. If you are working with a lump sum (you've save a certain amount of money to use for school- keep in mind how long it must last) or you know you can not get additional money to supplement overspending try to go easy on items such as eating out, entertainment and clothes early in the year to ensure that you are not going to run out early. This happens to a lot of students; they have a great time the first semester only to find they are out of money by February. Don't count birthday or holiday money until you have actually received it.

<u>Expenses</u>	<u>Per Month</u>
Savings	\$ _____
Tuition and fees you are responsible for (if you are on a payment plan for example)	\$ _____
Textbooks	\$ _____
School supplies	\$ _____
Cell phone	\$ _____
Insurance (car, renters or health)	\$ _____
Loan/credit card payments	\$ _____
Snacks/dining out	\$ _____
Clothes	\$ _____
Entertainment (movies dates, concerts etc.)	\$ _____
Transportations (gas money/upkeep, \$\$ paid to Others for driving you around/take your to/from school)	\$ _____
Other _____	\$ _____
Total General Expenses:	\$ _____

For students with apartments or payment obligations to live with family:

<u>Expenses</u>	<u>Per Month</u>
Rent	\$ _____
Electric	\$ _____
Gas	\$ _____
Water	\$ _____
Phone/Internet	\$ _____

Cable/Satellite \$ _____

Groceries \$ _____

Other _____ \$ _____

Total Renting Expenses: \$ _____

Total General Expenses: \$ _____

Total of above two added together: \$ _____

Step Three: Compare income and expenses:

Your total Monthly Income (from step 1) \$ _____

Your total Monthly Expenses (from step 2) \$ _____

Subtract Expenses from income \$ _____

It is a good idea to do this monthly for at least the first semester and preferably the first year to track your spending habits and give you a good idea of how much money you will use next year. If you do this remember to take into account any additional fees for classes or internships/field hours etc. that may crop up (especially your senior year). Also, if you will be working different hours (or unable to at all) this will make a difference in your income.

Step Four: See if changes need to be made

Often, students find that they will need to cut down on discretionary spending. On the other hand if you find that you have money left over each month and are comfortable with your lifestyle SAVE that money. There are always unexpected expenses that crop up (co pay for doctor, car messes up, books cost more than expected, family can't help out one month etc). If you have some savings it will make things easier.