

Budgeting and planning

Budgeting is a great way to assess your income and manage your costs, especially when you're studying and managing a small income. Check out the following tips for creating a budget that is realistic and useful for managing your finances while you are at uni.

Keep track of your money

Before you budget, it is important to know where your money is going. It is easy to spend more than you earn or receive. The first step is to know your income (e.g. work, Centrelink, allowances from family, interest from bank accounts etc.) and your expenses (e.g. bills, rent, clothes, food, transport costs).

Try a spending diary. Use a notebook or download a budget app for your mobile phone to note exactly what you are spending over a period (for example, a month). Then you will be able to realistically look at what you are spending. At the end of the month, divide up all of your expenses into categories and see where your money is going. This will help you see what your real expenses are and where you might be overspending. It will highlight what items might be luxuries rather than needs. Check for spending leaks (expenses that can sap money from your weekly budget without you really noticing) and see what you can do about them. For example, if you buy a coffee each day, maybe consider reducing it to once per week.

3 coffees per week \$3.20

each week \$9.60

each year \$499.20

1 coffee per week at \$3.20

each week \$3.20

each year \$166.40

Spending diary for a week

Date	Item	Amount
17/8	Train - weekly	\$24
17/8	Board	\$110
18/8	Coffee	\$3.20
18/8	Dinner	\$14.80
19/8	Groceries	\$36.20
20/8	Macas	\$9
22/8	Phone bill	\$49
21/8	Photocopying	\$15
21/8	Stationary	\$8
22/8	Petrol	\$45.90
22/8	Concert tickets	\$90
23/8	Alcohol	\$48
23/8	Groceries	\$10.10

At the end of the week

Items	Total amount spent
Transport - petrol, public transport	\$69.90
Bills - phone, electricity	\$49
Rent/ board	\$110
Groceries	\$46.30
Takeaway	\$23.80
Entertainment	\$138
Uni expenses	\$23
Total	\$460

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Be realistic about debt

Another important component about your budget is identifying if you have any debt and working to manage it. Ask yourself:

- Do I know exactly how much I owe?
- Have I put off visiting the dentist, buying a prescription, an important book or an essential item because I can't afford it?
- Do I usually pay my bills late?
- Am I constantly borrowing money from friends or relatives?
- Am I using more and more of my income to pay debts?
- Is my income running out by the end of each week or fortnight?
- Am I paying only the minimum amount on my loans or credit cards each month?
- Am I at or over the limit on my credit cards?

*Adapted from <http://cms.unimelb.edu.au/studentsservices/finaid/managing/keepingtrack>

Are you answering yes to any of the above? Then it is time to get organised, make sure that your budget is realistic and perhaps get some assistance.

You want to make sure that your budget is balanced and that you are not in deficit. It will also help you to realise what sacrifices or changes you might need to make (e.g. a part time job, going out less etc). Remember to include savings for larger goals like car rego, holidays and medical expenses. You also need to plan for bills by putting money aside each week. It may be helpful to set up a direct debit system so that bills, living expenses and savings are taken out of your pay immediately. Centrelink offer a service called Centrepay which is a free direct bill-paying service offered to customers receiving their payments. www.centrelink.gov.au.

Savings

To assist you to save, consider using a no-fee online savings account to put money away before you can spend it via direct debit. You may want to have another account to put money away for bills and larger expenses. Putting a little away each week can make a big difference!

Savings example

\$25 added to a savings/emergency account per week
= \$100 per month
= \$1300 per year

Preparing a budget

Once you know what you spend and exactly what your financial situation is, you can then create a budget. A budget involves writing up a realistic table of what you will spend your money on each week/fortnight that is proportionate with your income and then working to stick to it. There are many online spreadsheets that can assist you with this (see the getting help section).

EXAMPLE BUDGET

Income per week	
Centrelink and work	\$330
Expenses per week	
Rent or board	\$150
Food	\$40
Emergency savings	\$33
Petrol	\$50
Entertainment	\$25
Bills	\$16
Savings - holiday fund	\$16
Balance (income minus expenses)	0

Getting help

For great tips, budgeting tools and calculators see www.moneysmart.gov.au

For budgeting assistance visit a Welfare Officer www.uws.edu.au/welfareservice

For financial counselling www.fcan.com.au