

Keep life **in balance.** Budgeting

101

LOOK INSIDE FOR:

- How to keep your budget “positive.”
- How to be smart about spending on what you want and need the most.
- How to plan for what’s next and save what you can.

Keeping up with all the **INS and OUTS**

Things happen fast in college. New classes. New friends. New interests, experiences and ways to spend your time and money.

So when it comes to money, how do you keep track of what’s coming and going? How do you keep it under control now so that you don’t lose track? Now’s the time to design a simple budget that works for you!

WHAT IS A BUDGET?

A budget is how you balance income and your expenses – what’s coming in, what’s going out and when. It’s a personal spending and savings plan. And most importantly, it helps you spend money on what matters to you most.



Budget Quick Start

STEP ONE: WHAT’S IN? Make a list of income sources: summer job, allowances from home, work/study, a part-time job, money from student loans, etc.

STEP TWO: WHAT’S OUT? Make a list of monthly expenses: phone, entertainment, car, rent, etc.

STEP THREE: WHAT’S THE DIFFERENCE? Subtract your expenses from your income on a weekly or a monthly basis. Ideally, there should be some funds remaining, and that is what you have to spend or to save. This number should always be positive.



Budget Basics

Do I really need one?

YES. Even though you're a student, now is the time to get smart about your money. Having a budget and understanding your cash ins and outs every month is important now and for the future.

Tip: Involve your parents in your basic budget details so they can see what you have planned to be self-sustaining at school. Make sure you know how to access loans or get money when you need it to avoid deficits or overdrafts that can hurt your credit future, and cost you unnecessary fees.

Monthly Budget

Total Income:

Part-time job: $\$170$ per week $\times 4 =$ $\$680.00$ for the month
Birthday gift (check from home): $\$75.00$
Total Income = $\$755.00$

Fixed Costs:

Car payment: $\$125.00$
Gym membership: $\$35.00$
Cell phone bill: $\$45.00$
Coffee every day:
 $\$2.50/\text{day} \times 5 \text{ days} = \12.50 per week $\times 4 = \$50.00$ for the month

Variable Costs:

School supplies (new books): $\$115.00$
Dinner out with Kelly and Dave: $\$23.75$
Study lunch with Susan: $\$12.65$
New jeans: $\$85.00$
MP3 downloads for the month: $\$23.00$
Movie and munchies: $\$18 \times 2 =$ $\$36.00$ for the month
Total Expenses = $\$550.40$

Monthly Surplus to spend or save:

$$\$755.00 - \$550.40 = \mathbf{\$204.60}$$

Once you start budgeting every month, you can estimate your monthly income and expenses based on steady fixed costs and variable costs so you can stay ahead of it all.





2 It adds up fast

Expenses include all of your spending: fixed costs like a car payment, monthly cell phone bill, monthly gym membership, etc, and variable costs like clothing, music, books and pizza with friends. Every dollar counts, so keep track of your variable costs or daily spending, as well as your fixed or monthly expenses.

Make a list and keep a close eye on where your money is going. Small expenses can really add up fast and make for a negative month if you don't keep it all in check.

By projecting and planning with a budget, you'll know when you need to cut back and spend less during those months when your expenses may be higher due to school activities, new books, etc.

Example: Estimate the expenses you know best like "I go out to eat twice a week with friends, buy my favorite coffee every day, buy new clothes once a month on average, etc."

3 Keep track of time

Keep an organized record of all due dates for monthly expenses – cell phone bills, credit cards, etc. Understand what's coming and when, and plan to keep it all covered. Missed deadlines can mean late fees that really add up!

Knowing the timing of your budget calendar will help you stay ahead of payments going OUT, while understanding when income is coming IN, so you can keep it all balanced. This is your budget.

It's easy! You can do it on paper or on your computer, or if your bank has online banking, this is a great way to maintain total visibility of what's coming up.



4 Wants & Needs: build your wish list

Plan for purchases – big or small. If you have your eye on a new MP3 player, make sure that you are tracking your budget closely to know when you can really afford it.

Create a "wish list" so you can start saving a little extra when you can to get the things you have your eye on.

If you have a credit card, do not charge major purchases without understanding how it will impact your budget. Keep in mind that many credit cards charge anywhere from 10-25% interest, which means you should add that expense to the real cost of any purchase. Credit card debt can sneak up on you and make it hard to keep your budget positive.

Tip: Try to stick with your budget and resist the urge to buy things for which you have not already planned. Reserve credit cards and loans for those unexpected emergencies, like car repairs, medical expenses, etc., that demand immediate payment.



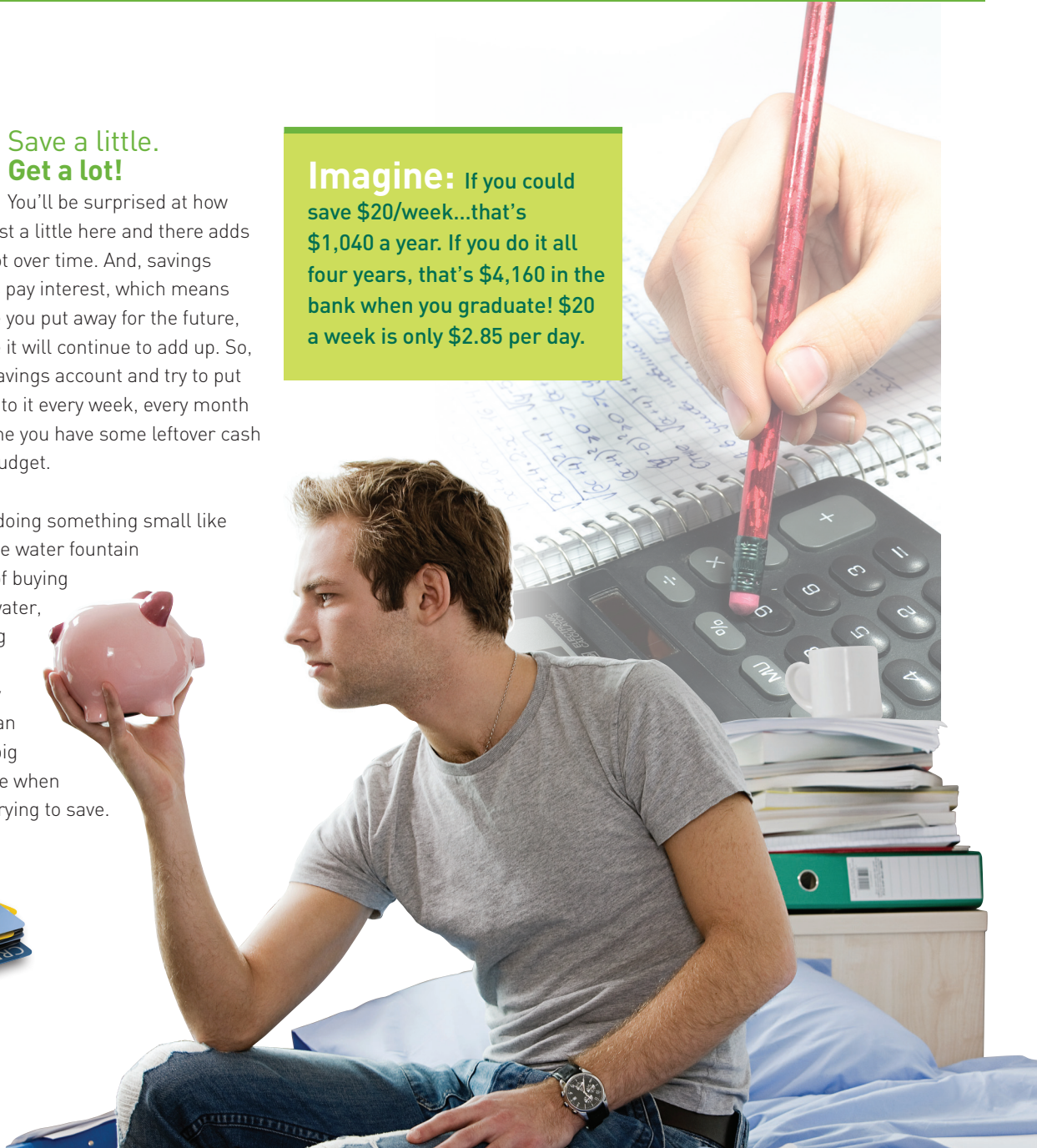
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**Save a little.
Get a lot!**

You'll be surprised at how saving just a little here and there adds up to a lot over time. And, savings accounts pay interest, which means the more you put away for the future, the more it will continue to add up. So, open a savings account and try to put money into it every week, every month or anytime you have some leftover cash in your budget.

So even doing something small like hitting the water fountain instead of buying bottled water, or cutting back on that daily coffee, can make a big difference when you are trying to save.

Imagine: If you could save \$20/week...that's \$1,040 a year. If you do it all four years, that's \$4,160 in the bank when you graduate! \$20 a week is only \$2.85 per day.



6 Get the right tools for school

Mobile, online, even text message banking...there are so many ways to check your account so you can stay in balance.

Most banks at least offer online banking, which is a great way to keep all of your income and expenses in check. Look for a checking and savings account that includes online banking tools and even mobile banking too, so you can keep an eye on your expenses and check your budget in a snap.



Go Green! Go for paperless solutions like online statements and bill pay to save a tree, save a stamp and save a ton of time paying bills and moving funds.

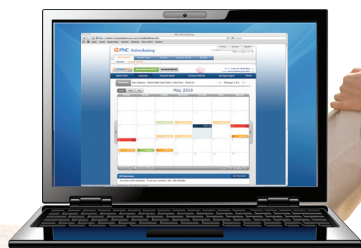
7 Money talks

Don't forget – the way you manage your money now can directly impact your credit rating and financial future.

The way you spend, borrow and repay money makes up your credit history. Your credit history and credit score determine your ability to borrow money in the future for everything from a car to your first home or even more schooling.

The best way to keep your money and all your payments on track at school is to build and manage your budget.

So start today!



Here are five easy ways to keep your budget **POSITIVE**



Collect. Gather your Income and Expenses, and do the math so you can see what's coming in, what's going out and what you have to spend or save.

Project. Start building estimates – what are your typical fixed and variable expenses? What's coming up that may impact these expenses? Books? A night out? Spring break? Look ahead so you can stay ahead.

Plan. Always plan for purchases – big or small. Know what you can really afford. Make sure you are covering all of your needs before you consider your wants or “wish list.” Spending without thinking can result in a negative budget.

Save. Save what you can, when you can. How much can you put aside every week? Every month? It adds up quickly, and it can help keep your budget positive.

Protect. Keep your future bright by avoiding unnecessary debt through credit card purchases. Only spend what you have and stay on budget so you can get the things you want the most.

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