**Managing a budget**

Before moving off campus, you should know how much it will cost. Students living off-campus for the first time often report that they were not prepared for the expenses they incurred. Paying your bills on time requires both planning and money. You will need money for utilities, transportation, food, furniture, etc. So, it is always a good idea to plan a budget ahead of time.

TIP: Don’t take on more than you can afford! Your rent should be no more than 30% of your monthly income.

**If your income and expenses do not balance and/or show a negative balance, here are some suggestions about how to improve your budget:**

• Increase your income: Obtain a part-time job, financial aid, or a loan.

• Decrease your expenses: You can try to cut fixed expenses by seeking less expensive housing and/or sharing housing with others. You may find that it’s easier to cut variable expenses like entertainment (cable services), credit-card purchases, or food.

• Change schedule for paying bills: There may be a better way to divide payments or spread them over the coming months. Check to see if you can adjust your payment schedule.

• Watch your daily spending: Carry only as much money as you need each day. Extra cash in your pocket is often a temptation to spend.

TIP: When planning your budget don’t forget to take into account times during the year when spending might be higher such as for air conditioning in the summer, heat in the winter, and presents during the holiday season.

**Credit Cards**

The decision to get a credit card should not be taken lightly. If used responsibly it can be a great way to establish good credit, which will be important later in life when applying for loans, buying cars, or purchasing a home. On the other hand, when a credit card is abused, it can result in low credit scores and overspending. Credit cards can also present a security risk if you lose your wallet or if you become the victim of identity fraud.

**Here are a few things to keep in mind when making this important decision:**

• Not all credit cards are equal!

• For college students, specially designed student cards exist.

• Some cards charge an **annual fee** which can range from $35-$50.

• Every credit card will have an **APR** (Annual Percentage Rate). This is the interest rate you will be required to pay for your purchases. When looking at rates, remember that the higher the rate, the more you will have to pay if you aren’t able to pay off your bill in full each month.

• Many cards offer an **introductory rate** with a lower APR but keep in mind that this isn’t permanent. Make sure you know what interest fees you will be paying once the introductory period has passed.

• Some credit card companies charge extra if you want to be able to pay your bill online or by phone.

• Some (but not all) credit card companies offer a **grace period** in which you have 20-30 days to pay your bill if you get behind.

• If you fail to make a payment on time or at the very least, within the grace period, it will negatively affect your credit score. This is called a **penalty rate**.

• Some credit card companies have a **“Change of Terms”** policy which means they can change the terms of your credit card agreement at any time. This includes the ability to raise your interest rates for any reason.Green

• Some credit card companies will raise interest rates for a completely unrelated loan or credit card if you are late on a payment. This is called **“Universal Default”**.

**If you decide to get a credit card BE SMART ABOUT IT!**

• Don’t over spend! In addition to paying the money back at a later date you will also have to pay all of the accrued interest which is not cheap!

• Only carry one card at a time. Credit cards are a great tool to build up credit and a good thing to have around in case of emergencies but filling your wallet with them will only result in over spending and confusion when paying bills.

• Make sure not to exceed your credit limit. Every card has its limit and if you go over, there could be additional fees.

• At the end of the month pay off as much of the bill as you possibly can. Any part of your bill that rolls over will result in interest fees and those can really add up!

You can find a sample budget spreadsheet on the other side of this sheet. For college students, budget planning may be easier to do on a semester basis. If you are new to budgeting, you might want to keep track of your expenses for a couple of months to find out where your money goes. Don’t expect to have a perfect budget the first time you set one up. A budget is something you keep working and reworking until it fits for you.

**Financial advice is available through the following resources:**

**Office of Financial Aid**

Carter Hall 1005 **GreenPath Debt Solutions**

UNC (800) 550-1961

(970) 351-2502 http://www.greenpath.com

http:/www.unco.edu/ofa

**BUDGETING & EXPENSES**

|  |  |  |
| --- | --- | --- |
| ***INCOME (per month)*** |  |  |
| Take-home pay (net pay) | ***1*** |  |
| Loans/Grants/scholarship | ***2*** |  |
| Savings/Checking | ***3*** |  |
| Parental Contributions | ***4*** |  |
| Interest/Dividends | ***5*** |  |
| Social Services | ***6*** |  |
| **TOTAL INCOME:** | ***7*** |  |
|  |  |  |
| ***EXPENSES (per month)*** |  |  |
| Rent (Average $350; 25-35%) | ***8*** |  |
| Tuition | ***9*** |  |
| Books/Supplies | ***10*** |  |
| Utilities (Average $70; 5-10%) | ***11*** |  |
| Groceries/Food (5-15%) | ***12*** |  |
| Cell Phone/Internet/Cable Television | ***13*** |  |
| Entertainment/Recreation (5-10%) | ***14*** |  |
| Car Payment | ***15*** |  |
| Insurance (Car/Renter’s/etc.) | ***16*** |  |
| Gasoline/Transportation (10-15%) | ***17*** |  |
| Loans/Credit Cards/Debts (5-10%) | ***18*** |  |
| Clothing (2-7%) | ***19*** |  |
| Household Supplies/Laundry/Toiletries (5-10%) | ***20*** |  |
| Medical/Health (5-10%) | ***21*** |  |
| Miscellaneous | ***22*** |  |
| **TOTAL EXPENSES:** | ***23*** |  |
| **(SUBTRACT LINE 23 FROM LINE 7)** |  |  |
| **REMAINING BALANCE:** | ***25*** |  |