

LIVING ON A BUDGET - IMPLICATIONS TO A POST SECONDARY LIFE

WHAT DOES ALL OF THIS MEAN TO YOU?

MANY OF YOU ARE NEW AT THIS AND THE CONCEPT OF BUDGETING AND SAVING ARE NOT SECOND NATURE

When you were younger someone else did all of this for you. The concept of having to save money versus hoping to save money is real and might be intimidating. When you start out, try to put controls in place until you get comfortable with saving today because you will need it tomorrow.

CONSIDER WHEN YOU RECEIVE YOUR MONEY

Not everyone has one job and receives a single paycheque at the end of the month. You likely get paid weekly or bi-weekly. You might have more than one job and those jobs pay you on different days.

CONSIDER WHEN YOU INCUR EXPENSES

Some expenses, like rent and utilities, are due at the end of the month, while others, like groceries and personal care, are purchased throughout the month. Consider if you have any expenses that can be bought early in the month than when they are needed; bus passes go on sale before the end of the month.

TRY TO MATCH THE DATES YOU SPEND YOUR MONEY WITH THE DATE YOU GET YOUR MONEY

Buy groceries and other items in the middle of the month so you can leave the last pay cheque for rent and other fixed expenses. Be sure not to spend all of the mid month cheque if you need some of it at the end of the month. If you get money weekly, buy groceries weekly, fill your gas tank before it is empty, spend the money on your needs before you spend it on wants. 26 bi-weekly paycheques mean you have 2 months of the year that have 3 paycheques. This is a great opportunity to pay off debt, add to your savings, buy gifts in advance, or treat yourself to items that you have been waiting to buy.

IF YOU RECEIVE SCHOLARSHIP, BURSARIES OR STUDENT LOANS YOU NEED TO BUDGET THOSE DOLLARS, SO THAT THE MONEY LASTS FOR THE SEMESTER OR YEAR

Are you able to prepay some of your major expenses like rent or insurance? Consider buying yourself gift cards at your local grocery store. Yes this does mean you may lose out on earning interest, but if you spend it all before it is needed, you may incur interest. While you are learning how to budget, put safeguards in place to help avoid going over budget.

IF YOU EARN TIPS YOU HAVE A FEW OPTIONS AVAILABLE TO YOU, PICK THE ONE THAT WORKS BEST AND BUDGET ACCORDINGLY

If you earn lots of money in tips you could bank your paycheck and use your tips for day to day spending. This method ensures that you will have money in the bank to meet your Needs and to build up your savings. Or use your regular paycheque amount for your day to day spending and put your tips into savings. This method may appeal to you if you want to have consistent spending habits and fluctuation savings. If your tips are small, pretend they are not there and just use your regular pay in your budget. This method will give you a small cushion when you go over a budget amount.

IF YOUR BASE NEEDS EXCEEDS YOUR INCOME DUE TO CHANGES IN LIFE CIRCUMSTANCES, YOU WILL HAVE TO FIND WAYS TO CHANGE THE AMOUNTS SPENT ON YOUR NEEDS

This can often mean changes to your lifestyle.

- Get a roommate (or a second roommate), move to a different residency
- Take the bus, get a more economical car
- Review your grocery purchases- but eat healthy
- Find ways to increase your income

YOUR BUDGET IS NOT AS BIG AS YOU THINK IT IS

Housing, Food and Transportation usually accounts for about 65% of your budget. Once you decide where you live, how you are going to travel and establish your eating habits, most of your spending choices have been made. There is an interconnectedness between Housing and Transportation (and potentially Food). You may have cheap rent with a long drive to school and work. Alternatively, you could have a high rent but be able to walk to school and work. How does your daily travel routine help facilitate cooking your own meals or does it necessitate Dining-out. If you add an additional 10% to Savings you are left with only 25% of your income to be spent at your discretion. Remember this fact when you go out: if your monthly take home income is \$1600, \$1200 has already been spent before you get it. Your discretionary spending is only \$400: Dinner and a movie can take a big bite out of that. Understanding this, is to understand budgeting

Written by Tim Roden