

Long-Term Goals	Achieved By	Estimated Cost

Review Your Financial Situation

Before you can budget wisely, you need to know how much money you will have during the planning period. Be realistic and consider unexpected events that could affect your life. Plan your budget for twelve months. For most students, budget planning may be easier to do on a semester basis. If your income fluctuates from one month to the next, you may want to set up a three-month trial plan. After you see how it works, you can expand it to cover a longer period.

You also need to estimate your expenses. 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. This trial period will allow you to assess whether to continue your present spending patterns or make changes. Be realistic in revising the estimated amounts for expenses. Resolve to cut out shopping sprees, bargains you do not need, and overuse of credit. Plan your large expenses so that they are spaced over several months. Use the forms on the following page to figure your total income and expenses.

The best way to have money available for major expenses and future goals is to set aside money regularly before you spend your income. By earmarking your money and planning your expenditures, every pay period will give you greater flexibility in managing your money. When you start budgeting, you will want to set aside a designated amount to cover any emergencies that may arise. Once you have decided on the amount needed, enter it on the planning sheet on the next page. Keeping your savings separate from your other funds may help you from spending impulsively. If possible, put these other funds in a savings account or in government bonds where they will earn interest.

Remember your future goals: you have already assigned a dollar cost to each one of your goals and the date you hope to achieve them. Translate the cost into an amount that must be saved each month, and enter it on the worksheet.

Identify Your Spending Habits

In developing your spending strategy, it may help to identify your spending habits. Place a check beside the statements that apply to you:

YES	NO	Q's and Facts about Your Spending Personality
		I often prepare a list but find myself adding items at the store.
		I depend on shopping to lift my spirits or fulfill an emotional need.
		Salespeople often sway me.
		I am extravagant on gift expenditures.
		I frequently run out of money before the end of the month.
		I read labels carefully before I make a purchase.
		I use the phone directory and advertising to comparative shop.
		When comparing prices, I always figure the cost of delivery, installation, etc.
		I always send the enclosed warranty to the manufacturer.
		I keep written record of all my expenditures.
		I can be entertained without spending money.

If your score is: **5 or more YES** **Responsible shopper**
 1-2 YES **Reassess your spending habits**
 0 YES **Careless shopper**

Do you need to reassess your spending habits? Are you a careless shopper? Be responsible! Fill out the following Budget Spreadsheet!!

Budget Spreadsheet

Date: _____

INCOME		
Take-home pay		
Loans/Grants/Scholarships		
Savings/Checking		
Parental Contribution		
Interest/Dividends		
Social Services		
Other		
TOTAL INCOME:		
EXPENSES		
Rent		
Tuition		
Books/Supplies		
Utilities		
Groceries		
Entertainment		
Car Payment		
Insurance (car/renter's/etc.)		
Gasoline		
Loans		
Credit Cards		
Clothing		
Cable TV		
Household Supplies		
Laundry		
Miscellaneous		
TOTAL EXPENSES:		
TOTAL INCOME minus (-) TOTAL EXPENSES:		
REMAINING BALANCE:		

Budgeting and Adjusting Your Needs to Your Spending

Do not 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. With each budget plan, you can expect improvement. As circumstances change, you will need to readjust your budget around your new goals, needs, and wants.

Again, budgeting is not a one-time exercise. Keep in mind that the tips, charts, and worksheet you have used here will need to be reworked. Your goals, both long-term and immediate, need to be reassessed on a regular basis to help budget more accurately and attain your goals.

To prepare your budget, first carefully evaluate your expenditures, including your present living needs. To establish a list of priorities, rank the items below in importance from 1 (most important) to 10 (least important) for the present and next year.

___ Clothing	___ Gifts	___ Savings
___ Contributions	___ Health care	___ Job
___ Education	___ Housing	___ Summer/school
___ Graduation	___ Vacation	___ Entertainment
___ Transportation	___ Food	___ Loan payments
___ Other		

Now compare these items as ranked with the amount you are spending on them. Are you spending a disproportionately large amount of your income on an item that is not very important to you? If your income and expenses do not balance and/or show a negative balance, you have some choices. Here are some suggestions about how to improve your budget:

- ❖ **Increase your income:** Obtain a 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. Depending on your priorities, you may find it easier to cut variable expenses rather than fixed expenses. Cuts can often be made to entertainment, credit-card purchases, or even food.
- ❖ **Change schedule for paying bills:** There may be a better way to divide payments or spread them over the coming months. Check with the company to see if you can adjust your payment schedule.
- ❖ **Take longer to repay obligations:** If you cannot pay your bills on schedule, contact your creditors immediately to see what arrangements can be made.
- ❖ **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.

In addition, here are some suggestions to help change some “careless shopper” habits and help you stretch your dollars!

- ❖ Shop at more than one store and increase the number of choices available to you (find the best deal).
- ❖ Be aware that some sales are not always bargains. Determine what you really need.
- ❖ Be aware of built-in features you do not really need.
- ❖ Make purchases in season or sale times; extend your buying power.
- ❖ Consider the difference between cash and credit purchases (using credit cards often means incurring interest charges).
- ❖ When purchasing items, remember the life expectancy of the item according to its use.
- ❖ Be sure to save, register, and utilize your warranties.

Resources

Financial advice is available through the following resources:

Financial Aid Office
103 Administrative Annex
Colorado State University
970/491-6321

Off-Campus Life
970.491.2248

Reference: Money Management: Your Financial Plan, Household International, Illinois, 1979

