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**How to Build a Budget**

Saving money on the little things means you'll be able to purchase that big thing in the future—like a car, a house or a college education

**By U.S. Bankruptcy Court Judge, Hon. John C. Ninno**

When I was in college, I wish I had not:

- Lent money to my friends, or picked up the tab for their food and drinks when they didn't have any money (they seldom paid me back).
- Gone on expensive spring break vacations all four years.
- Made so many stops at gourmet coffee shops.
- Purchased so much school logo clothing.
- Tried so hard to keep up with my friends who were either wealthier than me or willing to go into credit card debt to do things that they couldn't afford.

**Budgeting Tools:**
[Budget your money online](#)
[Great sites for personal budgeting tools](#)

When I was in college, I wish I had:

- Taken time to create a realistic budget and then stuck to it.
- Looked for a better paying summer job or took a job at school right away so that I had more money to spend.
- Taken advantage of more of the free things to do on campus or around town.
- Thought more about ways to save money on simple things, like buying snacks at the grocery store instead of at the campus store.
- Checked around for the cheapest gas prices.
- Better researched the best phone plan for my needs.
- Purchased some of my school books used, or at [www.bestbookbuys.com](http://www.bestbookbuys.com) or [www.half.com](http://www.half.com) instead of at the campus book store.

Here are some steps to take to develop a realistic college budget based on reasonable and necessary expenses.

**Step 1: Carefully record your spending**

Write down everything you buy. You may be surprised. I was recently in a clothing store and overheard a conversation between a mother and her daughter, who didn't have enough money to buy some of the things she wanted. They were trying to figure out where all the girl's money had gone. Finally, the daughter admitted that she had been buying speciality coffees two or three times a day.

**Step 2: Take a look at your activities**

Determine which of your hobbies and interests you will continue, discontinue or add while you're in college. Budget for them. Do you have an expensive hobby, like skiing, that you want to do on a regular basis if you go to school in Vermont, but will only do during vacations if you go to school in Florida? If you are an avid golfer, how many times will you be able to afford to play golf at school? How often will you have to do laundry? Are you likely to be involved in a number of

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extracurricular activities at college that can Ads by Goooooogole  
content just hanging out with friends? Do y  
issues that may make your monthly expens

**Step 3: Figure out what your fam  
that you'll pay for later**

When you have a headache now, you just g  
cabinet for medicine. Your favorite snacks a  
kitchen, laundry soap is always in the utility  
don't need quarters to use the washer and  
expenses does your family pick up now that you'll be  
responsible for in college?

**Step 4: Be honest about your wants and needs**

Are some of your expenses wants instead of needs? Think abut  
how you might be able to reduce some of the expenses that are  
not truly needs. For example, you can buy your friends and  
family expensive gifts—or make them relatively inexpensive  
gifts or take them out for breakfast or lunch instead of buying  
them presents.

**Step 5: Set a limit**

In addition to keeping expenses down by looking for the best  
buy, you should set a limit on how much per week you will  
spend on certain items, like eating out or ordering in, buying  
beverages, going on road trips to see your friends, attending  
concerts or sporting events and shopping at the mall.

**Step 6: Do your homework**

Make sure that you have researched the direct expenses at your  
particular college and the costs of things in the surrounding  
area. Check out the activity fees at the school and the average  
cost of rent, gas and other living expenses in the area.

**Step 7: Know exactly what your parents will contribute**

Although your parents may agree to pay for things like clothing  
while you're at school, it may be because they think that you  
will only be buying the few things a month that you need. If you  
go to the mall every weekend and come back with an armful of  
clothes, your parents may change their minds and not pay for  
anything at all.

**Step 8: Do a first draft of your budget with your  
realistic expenses**

Does it balance? Are you in the black because you have some  
extra funds or in the red because your expenses are higher than  
your available funds?

**Step 9: Start making adjustments**

If you're in the red, you can add funds (such as by working  
more hours) or reduce your expenses (by getting a coffee  
maker for your room). If you're in the black, you can start  
increasing your emergency fund or the amount you can spend  
on some expenses.

**Step 10: Stick to your budget**

When you get to school, try to stick to your budget faithfully for  
the first month so you can see how it will work. If the budget  
needs adjustments because you overlooked or miscalculated  
something, discuss it with your parents and decide what you  
can do to balance it. Be flexible; sticking to a budget is a  
lifelong process.

*Check out the "Credit Card Chronicles" on the Credit Abuse  
Resistance Education (CARE) Program Web site,  
[www.careprogram.us](http://www.careprogram.us), to read about college freshmen's  
experiences with finances and credit cards.*

**BEST Budget BETs**

- If you must use student loan money for living expenses after you have paid your tuition, room and board, keep your loan balance down by committing to using the money only for reasonable and necessary living expenses, not luxuries.
- Don't buy a campus meal plan that exceeds your needs.
- Research the best phone plan to use while you're in college, whether that be a cell phone, regular phone, calling card or campus plan.
- Have only one credit card, and avoid using it except for in emergencies.
- Pay your credit card balance off at the end of every month.
- Share the expenses of decorating your dorm room or apartment with your roommates, but make sure you know who will be taking what when the year is over.
- Find ways that you and your friends or roommates can buy things in bulk.
- Avoid impulse buying on the Internet.
- Carry some cash with you at all times so that you can buy minor items without using debit or credit cards.

Also be sure to pick up *The Next Step Magazine* next school year for more CARE Program articles.



Judge Ninio is founder of the CARE Program, based in Rochester, N.Y., which teaches students the fundamentals of finances through live presentations given by bankruptcy judges and attorneys who deal with people with financial problems. Their goal is to show you why you should choose to avoid consumer debt and the many consequences and financial problems that often result if you don't. E-mail him through [www.careprogram.us](http://www.careprogram.us).

Where you've been: [Article Details](#)

confused about life after high school?