

Counselling Services

PREPARING A BUDGET

Coping with limited resources is a common problem faced by students. While you can never predict some expenses - such as for unexpected medical treatment or car repairs - preparing a budget will help you to plan for your regular and ongoing expenses.

Weekly or Fortnightly?

First, decide whether your budget will apply for each week, each fortnight or for some other period. A fortnightly budget (as used in this brochure) is useful if you receive any type of benefit from Centrelink, as these are paid fortnightly. Remember to use the same time period when you are calculating expenses.

Income

Write a list of your sources and amounts of income. If your income is erratic, you could work out an average or estimate based on the last few weeks. For example:

Austudy	\$.....
Allowance from parents	\$.....
Part-time job	\$.....
Total fortnightly income:	\$.....

Expenses

Write down all of your usual fortnightly expenses. Try to think of everything that you regularly spend money on. For example:

Rent	\$.....	
Food	\$.....	
Transport/petrol	\$.....	
Lunches at uni	\$.....	
Educational costs	\$.....	(eg. stationery, photocopying)
Miscellaneous	\$.....	(eg. movie, video, entertainment)
Total fortnightly income:	\$.....	(Fortnightly "regular" expenses)

Next, consider your less-frequent but known expenses such as telephone, gas and electricity bills, car insurance and semester levies. The ideal way to meet these expenses on time is to save a little each fortnight towards them. To work out how much to save, calculate the total cost of such expenses for a whole year and then divide by 26 to give an approximate fortnightly cost. Use your bills from the last twelve months to help you estimate the annual costs or, if this is your first try at independent living, perhaps you could ask some friends about their costs and estimate from there, eg.

"Deferred" annual amount expenses

Telephone (4 x ...)	\$.....	
Electricity (4 x ...)	\$.....	
Gas (4 x ...)	\$.....	
Car Insurance (1 x ...)	\$.....	
Materials Levy (2 x ...)	\$.....	
Total ANNUAL BILLS:	\$.....	(Fortnightly deferred expense total)
Divided by 26 =	\$.....	

The last calculation gives the amount that you would need to save every fortnight in order to cover your regular bills.

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PREPARING A BUDGET (cont.)

Checks and balances

Once you have made your calculations, write everything down clearly, under the categories of income and expenses, so that you can see how your money will be allocated each fortnight. Remember to include the fortnightly amount that you will be saving towards bills.

An important question at this point is - is your income at least equal to your expenses? If not, this presents a problem. Consider whether you are able to increase your income (eg. by working more hours) or whether any of your costs can be reduced (eg. by reducing your entertainment budget).

If your income exceeds your expenses, you might like to put this "extra" money into your bill account for an emergency. (Of course, you could just spend it on yourself).

Managing your money

Even with the best of intentions, it can be difficult to make yourself leave a certain amount of money in your back account for future bills. Some people opt for the "cookie jar" method, in which they put some money into a special container and use this for bill-paying, but this makes your savings even more accessible.

The ideal way to manage your money is to have separate bank accounts for bills and day-to-day expenses. Designate one account to be your main operating account: then, once a fortnight, transfer your "deferred expenses" amount to your bill account. The bill account balance will gradually build up so that, hopefully, you have enough money to pay bills as they come in. It is helpful if you can put in a little extra money to start it off, in case you receive a big bill (such as car insurance) early in the year.

It is useful to shop around when opening bank accounts. Some banks offer accounts with no minimum balance requirements, no basic fees, a generous number of free transactions and the capacity to transfer money between accounts over the telephone (although conditions always apply).

Be flexible

To make your budget work, you need to stick to it; however, you also need to allow for change. Make time to review your budget after a few weeks - check whether the amounts you have listed for expenses are reasonable and adjust them if necessary. You should also review your budget when your circumstances change, eg. change in wages, new accommodation.

Remember - a budget is meant to help you and to reduce stress, not create it. This brochure describes one way to manage your money, but you need to find out what works for you.

QUT Counselling Services offers professional assistance with this and other issues

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