

Financial Planning

Not sure how to handle your finances and student aid (grants, scholarships, loans, work-study) while you're in school?

Learn how budgeting can help you manage your finances so you can complete your program of study and earn your certificate or degree.

Why should I create a budget?

A *budget* is a guide that keeps you on the path to reach your financial goals. Budgeting keeps your finances under control, shows when you need to make adjustments to your spending, and helps you decide where your money goes instead of wondering where it all went.

Budgeting helps you answer these important questions:

- Where does all my money go?
- Is there a way to spend less?
- How will I handle unexpected expenses like replacing a broken cell phone or repairing my car?
- How can putting money into savings help me with some of my bigger financial goals?

Budgeting helps you achieve academic and financial goals.

Writing down your goals is the first step in creating a plan to make them realities. A budget will also help you prepare for unexpected expenses and obstacles. Budgeting involves challenging decision-making, but setting goals will make the tough choices a little easier.

Short-term goals	Short-term goals might be within the next couple of months. Consider your needs, wants, and priorities. A short-term goal may be as simple as buying your textbooks (so that you don't have to use a credit card), a weekend road trip with friends, or your next cell phone bill.
Medium-term goals	Medium-term goals involve thinking a bit farther into the future, perhaps the next one to three years. These goals could include buying a new laptop computer, saving \$1,000 for an emergency fund, completing your program of study, or saving \$5,000 for a down payment on a car.
Long-term goals	What do you want to do beyond three years and into the future? Long-term goals could include paying off your student loans after graduation, saving toward a down payment on a house, or saving for retirement.

Budgeting makes it easier to plan, to save, and to control your expenses.

When you set up your budget, you'll be able to see whether your expenses exceed your income and, if so, then you can identify expenses that can be reduced. Once you're paying attention to your income and spending, you can make informed decisions that will help you meet your financial goals.

Budgeting can help you avoid debt and improve your credit.

When you stick to a budget, you avoid spending more than you earn and you can avoid or reduce your credit card debt. If you have received student loans to help with the cost of college or career school, then a budget will help you make the most of the money you've borrowed and can help you determine how long it will take to repay your debt and how much it will cost. If you do borrow, being able to pay what you owe on time each month will have a positive impact on your creditworthiness and your financial future.

How do I create a budget?

Creating a budget is pretty straightforward and starts with this simple equation:

What you earn (your income) minus what you spend (your expenses).

The steps involved in creating a budget include:

- determining your timeframe and setting goals,
- finding a budgeting tool that works for you,
- identifying your income and expenses,
- subtracting your expenses from your income to see if you have money left over or if you have a shortfall, and
- making any needed adjustments.

How do I balance a job and school?

For some students, working while in college is a necessity; for others, it is a way to build a résumé or earn extra money for luxuries. Whatever the reason, it's important to know the pros and cons of working while you're attending school.

If you have a job, determine how many hours a week you'll be able to work and still be able to stay on track with school demands. For example, if you want to earn more money and potentially reduce your need for student loans (or reduce the amount that you borrow), then you could consider working more hours. Managing a schedule with limited free time is an excellent way to prepare for your future. Remember, you may also need to take fewer classes to accommodate your work schedule. Keep in mind that part-time enrollment will delay your graduation, postpone your ability to earn a higher income, and possibly impact your eligibility for some federal aid. You may opt to work fewer hours and maximize the benefit of your student loans by taking a heavier class load instead of the minimum requirements. By taking extra classes, you may be able to graduate earlier. Alternatively, you may find that taking classes during the summer leaves you better able to balance work and school during the *academic year* and still stay on track to graduate on time. Keep in mind that the longer it takes to complete your program of study, the more you will pay in total.

Stanly Community College

Financial Planning Budget Worksheet

SOURCES OF INCOME	MONTHLY AMOUNT	ANNUAL AMOUNT
Salary	\$	\$
Your Primary Job	\$	\$
Spouse's Primary Job	\$	\$
Part-time Work	\$	\$
Investments	\$	\$
Interests and Dividends	\$	\$
Property	\$	\$
Other (alimony, Social Security, child support, etc.)	\$	\$
TOTAL	\$	\$

EXPENSES	MONTHLY AMOUNT	ANNUAL AMOUNT
Fixed		
Housing (rent, mortgage)	\$	\$
Utilities	\$	\$
Insurance	\$	\$
Loans	\$	\$
Variable		
Tuition	\$	\$
Books	\$	\$
Food	\$	\$
Clothing	\$	\$
Credit Card charges	\$	\$
Transportation	\$	\$
Leisure	\$	\$
Child care	\$	\$
Travel	\$	\$
Taxes	\$	\$
Miscellaneous	\$	\$
TOTAL	\$	\$

INCOME vs. EXPENSES	MONTHLY AMOUNT	ANNUAL AMOUNT
Total income	\$	\$
Total expenses	-\$	-\$
BUDGET SURPLUS OR SHORTFALL	=	=