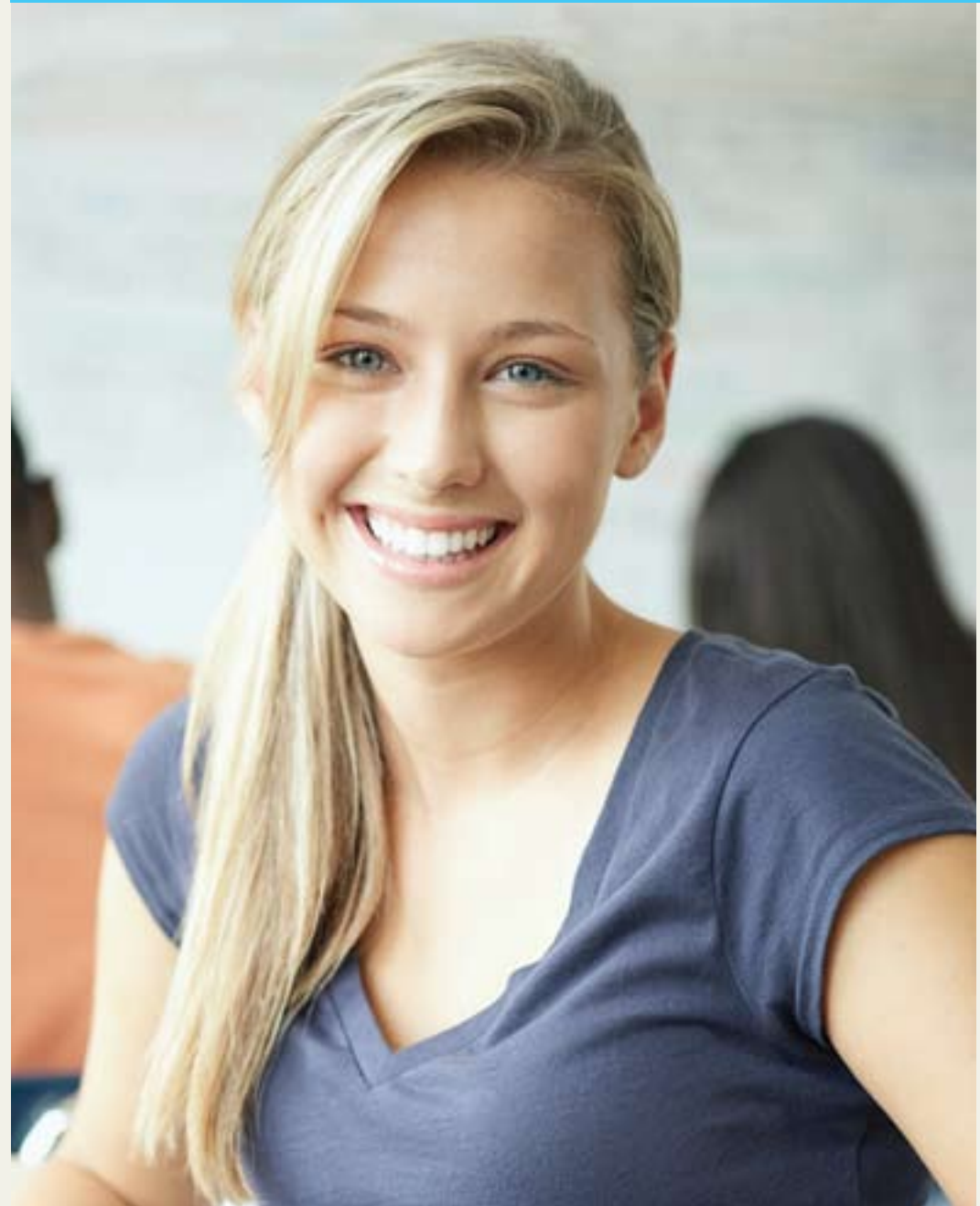


Managing Your Budget

www.navigatingyourfuture.org



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NAVIGATING YOUR
FINANCIAL FUTURE

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For additional information on “Managing Your Budget,” visit our Web site at www.navigatingyourfuture.org.

Introduction

Life with student loans to repay means life on a budget for most of us. Budgeting is often one of those things in life that is much easier said than done. You might have tried to stick to a budget, only to find yourself falling behind or overspending. The key to sticking to a budget that works for you is planning a realistic budget that adapts as your life changes.

Budgeting continues after you complete school, when you get your first job, and when you plan for retirement. It can be used to organize and control your money. With a budget, you can set and accomplish goals and make decisions on how your money will work for you. A budget is a forecast or a prediction encompassing all of your financial resources and expenses using daily, weekly, monthly, and yearly tracking tools. It doesn't have to be exact, but if you stick to it, you will benefit.

Why Budget?

Budgeting is the foundation for achieving your financial goals while maintaining your day-to-day living expenses. To attain financial success, mastering the skill of budgeting is the first and most important step you can take. You'll allow your money to work for you instead of feeling controlled by it. Most of all, budgeting will help you to make on-time payments on your student loans. A budget helps you recognize problems before they arise, and you can then change your commitments and behavior to prevent them.

Budgeting also empowers you to be a better "money manager." It helps you make better decisions so that you can more easily pay back your student loans either while you're in school or afterward.



Steps for Budgeting

The **First Step** to budgeting successfully is to decide on your goals. These can include completing school, getting a job in your field, repaying your student loans on time, or purchasing a car, if necessary. By establishing goals, you set priorities for yourself that help you stick to your plan.

The **Second Step** is to organize your expenses, student loan papers, and other important financial documents. It's extremely important to know how much money you have to spend, and where you are spending it. Separate all documents, student loan papers, receipts, and expenses into categories. Two broad categories to start organizing are "fixed expenses" and "variable expenses."

By accounting for the income you receive every month, you can determine how you want to pay your bills and other expenses, and reduce debt. This will also help you plan ahead for upcoming payments, which can reduce the total amount paid on your student loans. For example, if you make payments on your student loans before finishing school, you will decrease the amount of interest you pay during the time you are in school. It is also smart to save some money for emergencies or unexpected events.

Steps for Budgeting

The **Third Step** is to establish a realistic budget by figuring out how your money is being spent.

To help you save money and watch your expenses, here are some helpful tips for you to consider:

- Clip coupons or go to Web sites that offer coupons online.
- Buy generic brands of food. If some of your favorite items are not in generic form, save some money to use on those favorite items.
- Improve your gas mileage by tuning up your car regularly.
- Conserve gas, water, and electricity. Utility companies have newsletters and Web sites that provide offers or information on how to conserve energy. You might want to consider having an “energy audit” performed by your local utility company. The audit will identify where you need to improve energy conservation practices in your home or apartment.
- Discontinue cable or premium channels. Purchase only the basic cable plan.
- Borrow books from the library instead of buying them.
- Make long distance calls only when necessary, and not during peak hours. Consider the different phone plans available today. You might use phone cards for long distance, or “pay as you go” on a cell phone to budget costs associated with cell phone usage.

Steps for Budgeting

- Make your lunch at home and bring it to school or work. Other options include eating at home or at your student union, and avoiding expensive restaurants.
- Reduce your cell phone plan.
- Spend less on gifts and vacations. Set a pre-determined dollar amount for gifts. Other suggestions might include drawing a name for holiday gifts or a family donation of money to a favorite cause instead of giving gifts.
- Buy secondhand clothing, furniture, and appliances.
- Sign up for online/automatic withdrawal payments and save on postage and check ordering fees.



Steps for Budgeting

The **Fourth Step** is to commit your budget to paper. Using the information collected from Steps 1-3, you are now ready to put your budget on paper and into action. Use the Monthly Budget Worksheet on page nine for help creating a budget that will work for you.

Calculate the difference between budgeted and actual expenses. If your income exceeds your expenses, you may consider putting more toward your student loan payments. If your expenses exceed your income, you will need to adjust your budget until you come up with a plan that works.

Read the Real Life Spotlight on the next page and review the accompanying Example Monthly Budget Worksheet on page eight for ideas about organizing your income and expenses into a budget. Then complete your own Monthly Budget Worksheet. You can use the categories provided or create your own. This worksheet is also available in a PDF format on our Web site at www.navigatingyourfuture.org.

Some definitions that might be helpful to you:

Fixed Expenses – Expenses that are constant each month in the amount paid and are considered critical expenses that affect your ability to live comfortably, such as rent, insurance, car payments, and fixed-rate loans. It is important to pay fixed expenses on time, especially your student loans, so that you maintain a good credit history.

Variable Expenses – Expenses based on usage that fluctuate monthly in terms of the amount you pay. Examples include food, utilities, books, and supplies, etc.

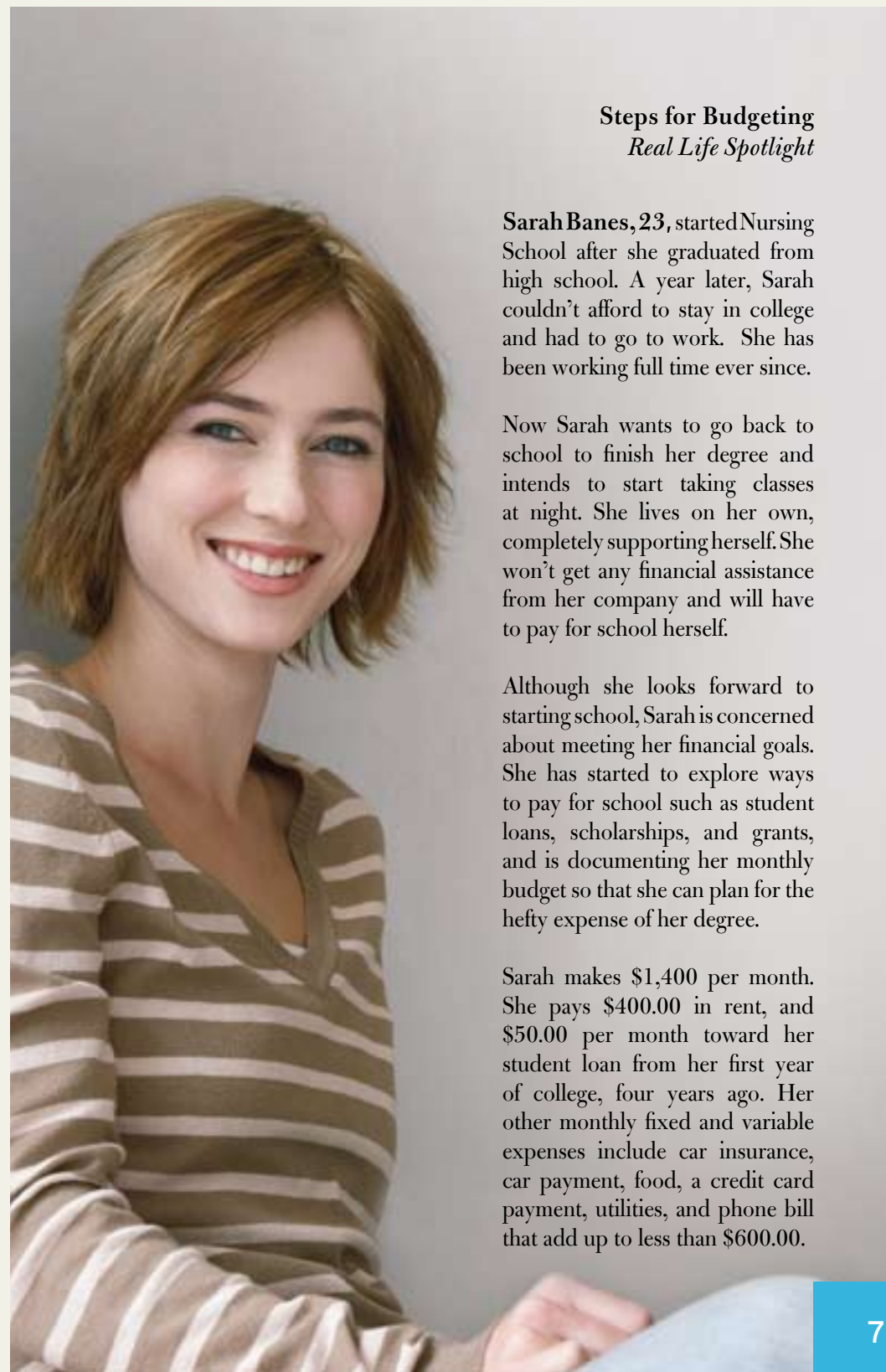
Steps for Budgeting *Real Life Spotlight*

Sarah Banes, 23, started Nursing School after she graduated from high school. A year later, Sarah couldn't afford to stay in college and had to go to work. She has been working full time ever since.

Now Sarah wants to go back to school to finish her degree and intends to start taking classes at night. She lives on her own, completely supporting herself. She won't get any financial assistance from her company and will have to pay for school herself.

Although she looks forward to starting school, Sarah is concerned about meeting her financial goals. She has started to explore ways to pay for school such as student loans, scholarships, and grants, and is documenting her monthly budget so that she can plan for the hefty expense of her degree.

Sarah makes \$1,400 per month. She pays \$400.00 in rent, and \$50.00 per month toward her student loan from her first year of college, four years ago. Her other monthly fixed and variable expenses include car insurance, car payment, food, a credit card payment, utilities, and phone bill that add up to less than \$600.00.



Steps for Budgeting

Sarah Banes's Example Monthly Budget Worksheet

INCOME	BUDGET	ACTUAL	DIFFERENCE
Sarah's Income	\$ 1,400.00	\$ 1,400.00	\$ 00.00
Job #2			
Other			
Income	\$ 1,400.00	\$ 1,400.00	\$ 00.00
FIXED EXPENSES	BUDGET	ACTUAL	DIFFERENCE
Rent	\$ 400.00	\$ 400.00	\$ 00.00
Car Insurance	\$ 35.00	\$ 35.00	\$ 00.00
Car Payment	\$ 145.00	\$ 145.00	\$ 00.00
Student Loan	\$ 50.00	\$ 50.00	\$ 00.00
VARIABLE EXPENSES	BUDGET	ACTUAL	DIFFERENCE
Food	\$ 200.00	\$ 200.00	\$ 00.00
Credit Card	\$ 50.00	\$ 75.00	\$ - 25.00
Utilities	\$ 80.00	\$ 100.00	\$ - 20.00
Phone	\$ 55.00	\$ 55.00	\$ 00.00
OTHER	BUDGET	ACTUAL	DIFFERENCE
Bus Fare	\$ 00.00	\$ 00.00	\$ 00.00
Gas and Oil	\$ 100.00	\$ 100.00	\$ 00.00
Parking and Tolls	\$ 20.00	\$ 20.00	\$ 00.00
Repairs and Maintenance	\$ 50.00	\$ 00.00	\$ + 50.00
Medical Expenses	\$ 00.00	\$ 00.00	\$ 00.00
Clothing	\$ 50.00	\$ 50.00	\$ 00.00
Entertainment	\$ 50.00	\$ 50.00	\$ 00.00
Household Items	\$ 50.00	\$ 00.00	\$ + 50.00
Personal Items	\$ 25.00	\$ 15.00	\$ + 10.00
Savings	\$ 00.00	\$ 00.00	\$ 00.00
Tuition (\$700 Anticipated)	\$ 00.00	\$ 00.00	\$ 00.00
School Expenses/Books (\$400 Anticipated)	\$ 00.00	\$ 00.00	\$ 00.00
Unplanned Expenses	\$ 00.00	\$ 25.00	\$ - 25.00
Monthly Expenses Total:	\$ 1,360.00	\$ 1,320.00	\$ + 40.00

Steps for Budgeting

Your Monthly Budget Worksheet

INCOME	BUDGET	ACTUAL	DIFFERENCE
Income			
Job #2			
Other			
Income			
FIXED EXPENSES	BUDGET	ACTUAL	DIFFERENCE
Rent			
Car Insurance			
Car Payment			
Student Loan			
VARIABLE EXPENSES	BUDGET	ACTUAL	DIFFERENCE
Food			
Credit Card			
Utilities			
Phone			
OTHER	BUDGET	ACTUAL	DIFFERENCE
Bus Fare			
Gas and Oil			
Parking and Tolls			
Repairs and Maintenance			
Medical Expenses			
Clothing			
Entertainment			
Household Items			
Personal Items			
Savings			
Tuition (\$ _____ Anticipated)			
School Expenses/Books (\$ _____ Anticipated)			
Unplanned Expenses			
Monthly Expenses Total:			

Steps for Budgeting

The **Fifth Step** is to organize your financial records. There isn't one specific way to handle your records; everyone handles them in their own way. Some people go to painstaking methods to keep their records in place. Others throw most or all of their paperwork into the garbage. It is never too late to start keeping your records organized. To get organized, start a file folder for each type of student loan or for each loan account you have. In these folders, keep copies of any of the following information you have either in paper or electronic files:

- Summary of basic information about your student loans
- Copies of your student loan application forms
- Promissory notes and the documents you signed agreeing to repay the money you've borrowed
- Account statements
- Disbursement and disclosure statements – notices about your loans, and associated costs
- Any other correspondence from your school's financial aid office, lender, loan holder, loan servicer, a guaranty agency, or the Florida Department of Education
- Phone log, on which you jot down the date(s) of any phone calls to or from your loan holders, the subject of each call, and the name of the person with whom you spoke

Steps for Budgeting

Keeping these names on file will help you follow up on conversations and clarify any future misunderstandings. It's also a good idea to keep paper files of all your student loan and school-related information until you've repaid your loans in full. If necessary, use an electronic budgeting tool such as Quicken® to keep track of your finances.



Tips for Organizing Your Records

What documents do I need to keep and for how long?

Organizing records associated with expenses other than your student loan(s) will help you keep up with your budget, provide you with added security in case a mistake is made, and will also help you plan ahead. Most people aren't sure of how long to keep certain records, and often accumulate unnecessary documents or throw away important ones.

The National Association of Professional Organizers (NAPO) has identified which records to keep and for how long. Listed below are these recommendations:

Records to keep indefinitely:

- Student loan documents
- Other loan documents (e.g., car loan)
- Income tax returns
- Legal records
- Stock records or records of other investments
- Financial statements or other account records
- Copies of professional licenses or license renewals

Records to keep for six years:

- Bank reconciliations and cancelled checks
- Payroll checks – electronic deposit stubs
- Utility bills, water bills, and cable bills

Tips for Organizing Your Records

Records to keep for three years:

- Credit card statements
- Medical bills
- Employment applications

Special Circumstances:

- Car records (keep until car is sold)
- Credit card receipts (keep until verified on your statement)
- Last payroll stubs for that year (keep until reconciled with W-2 form)
- Property records (if applicable, keep until property sold)
- Sales receipts (keep for life of the warranty)
- Warranties and instruction (keep for the life of the product)

Do not let your filing pile up. Develop a routine each week and take time to sort out your records and then file them immediately. It only takes a few minutes and is worth the effort in the long run.

Check out the resource list at the end of this brochure for other useful Web sites and books with information about budgeting, planning, and organizing, and for more advice and helpful guidelines on starting your budget.

Student Loan Information Log

Account Information:

Account Number: _____

Security Login / Password: _____

Repayment Information:

Loan Disbursement Date: _____

Types of Loans: (Check all that apply.)

Subsidized Stafford Loan Unsubsidized Stafford Loan:

Federal Direct Loan Federal Consolidation Loan

PLUS Loan Perkins Loan

Other: _____

Amount Borrowed (Total Principal): _____

Interest Rate: _____

Repayment Start Date: _____

Expected Last Payment Date: _____

Payment Due Date: _____

Monthly Payment Amount: _____

Amount of Deferment or Forbearance Time Used: _____

Student Loan Information Log

Loan #1	Payment Address	Correspondence Address	Phone and Fax Numbers	Web site
Loan Holder Name				
Guaranty Agency				
School Financial Aid Office				
Loan #2	Payment Address	Correspondence Address	Phone and Fax Numbers	Web site
Loan Holder Name				
Guaranty Agency				
School Financial Aid Office				
Loan #3	Payment Address	Correspondence Address	Phone and Fax Numbers	Web site
Loan Holder Name				
Guaranty Agency				
School Financial Aid Office				

KEY	Payment Address - The lender or other institution that collects and posts your student loan payments.
Loan Holder - The lender or other institution that owns your student loan.	Correspondence Address - The lender or other institution that receives and processes forms for such things as deferments or forbearances.
School - The financial aid office at the school for which you borrowed this student loan.	Guaranty Agency - The institution that will pay the lender for your loan in the event that you default on your student loan.

