

Spending Plan Booklet

■ Your road map to financial success



FINANCIAL AID OFFICE

This booklet will lead you on the right track to creating a spending plan and sticking to it. Don't be afraid of the size! We've provided you with plenty of working room. Use this space to collect your thoughts. Write down what you liked, what you didn't like, what worked for you, what didn't work you, and anything that comes to mind. This will make it easier to reflect upon your situation and find a spending plan that works best for you.

Building and maintaining a spending plan will take time. You may have to go through a few trials to find what works for you. Be sure to keep at it! It will get easier the more you do it! When you have completed this workbook, you will have a better idea of where your money is going, why you spend your money the way you do, and how to adapt your spending plan to work for you.

Here is a breakdown of the steps you will follow:

STEP 1: Find out how much money you have (or don't have...)

STEP 2: Learn your spending habits and track your spending

STEP 3: Rank your purchases. Determine the why.

STEP 4: Compare and reflect upon your situation

STEP 5: Adjust your spending plan

Let's get started!

STEP 1: Find out how much money you have (or don't have...)

It can be difficult as a student to know how much you have to spend every month with a fluctuating income from a part-time job, tuition to pay, books to buy and student loans to manage. Student loans are often issued in two lump sum amounts and tuition is also paid this way. As a student you need to make sure that this money lasts the entire school year.

To help you make your money last, and to find out how much money you will have to spend on monthly costs like rent, fill out the information in Parts A-D (pg. 4-10).

Start out by filling out the charts in Part A, B, and C (pg. 4, 7 & 8). List how much you pay or receive for each item included in the charts in the **Amount** column. The items in each category are not limited to what is listed. If you have other sources of income or can think of something else you spend your money on, there is room to add it to the chart.

You may not know the exact value of some of the items and that's ok. For now, just guess how much you spend if you are not sure.

As you are listing the items, fill in the **Guess or Know** column. If you know the actual amount of the item, then you will put **Know** next to the item. If you guess the amount, then you will put **Guess** next to the item. Leave the **Actual Amount** column blank for now. We will fill in this column later.

Most people tend to spend the majority of their money at the beginning of the school year. Keep this in mind when planning your spending.



Part A - List your resources

First, list all the amounts you receive as a lump-sum every year. Some examples of this include student loans, scholarships, grants and bursaries or savings. Maybe your parents give you money once a year to help you with your school costs.

Yearly Income Examples	Amount	Guess or Know?	Actual Amount
Scholarships			
Savings			
Government loans, bursaries, grants			
Contribution from parents/relatives			
Social assistance, child benefits			
Investment income			
Other income (specify):			
Part A1 Total:			



Now list all the amounts you receive every month, like wages from your part-time job, wages earned by your spouse, social assistance or other government benefits, or money that your parents give you every month to help you out.

Monthly Income Examples	Amount	Guess or Know?	Actual Amount
Earnings during the school year <i>(part-time job)</i>			
Contribution from parents/relatives			
Contribution from spouse/partner			
Social assistance, child benefits			
Investment income			
Other income (specify):			
Part A2 Total:			
Part A3 Total:*			

**Part A2 Total multiplied by the number of months in your study period*

Add the **Part A1 Total** (pg. 4) to the **Part A3 Total** to find out how much money you have coming in for the year.

Part A Total = A1 + A3 = _____

Part C - List your monthly expenses

List your monthly expenses. If you pay anything as a one-time lump sum (like residence fees), list it in Part B, above.

Expense Types	Amount	Guess or Know?	Actual Amount
Rent/Mortgage			
Property Tax			
Maintenance			
Utilities			
Internet			
Cable TV			
Cell phone			
Groceries			
Personal Care			
Toiletries			
Make-up			
Household incidentals			
Cleaning Supplies			
Light Bulbs			
Home maintenance			
Clothing			
Child Care			
Transportation			
Gas			
Car Insurance			
Car payments			
Car Maintenance			
Registration/license			
Bus pass			
Eating at Restaurants			
Entertainment			
Movies			

Recreational Activities			
Books			
Games			
Credit card payments			
Health Care			
Pets			
Food			
Toys			
Health Care			
Vacation/Travel			
Hobbies			
Cigarettes			
Drinking			
Savings			
Gifts			
Insurance			
Starbucks			
Shopping			
Fast food			
Junk food & snacks			
Social gatherings			
Impulse buys			
Electronics			
Miscellaneous Fees			
Bank Fees			
Credit Card Fees			
Other (specify):			
Part C Total:			

Part D - Determine your average monthly income

Now you can calculate how much money you will have to spend every month, and find out if you will have enough money to cover your monthly expenses. Some simple math is involved to find your average monthly income. Follow these instructions:

1. Take the **Part A Total** (pg. 5), and subtract it from the **Part B Total** (pg. 7).

$$\text{Total income} - \text{total one-time expenses} =$$

2. Next, divide the difference you calculated in question 1 by the number of months within your study period. For example if your academic year is September-April, then divide by 8. If your academic year is September-July, then divide by 11.

$$\frac{(\text{Total income} - \text{Total expenses})/\# \text{ of months}}{\text{Average Monthly Income}} =$$

3. Now you can find out whether you have enough money coming in to cover your monthly expenses. Subtract the **Part C Total** (pg. 9) from the average monthly income amount you calculated in question 2 above to determine whether you have extra money, or need more money.

$$\text{Average Monthly Income} - \text{Monthly Expenses} = \text{Extra Money or (Not enough money)}$$

If you get a positive number you have extra money. If you get a negative number then you do not have enough income to pay for your expenses. If you do not have enough, don't panic! There are different ways to make adjustments so that you'll have enough. Continue on to find out how you can adjust your spending plan to work better for you.

STEP 2: Learn your spending habits and track your spending

Now that you know how much you think you spend, let's find out how much you actually spend by going through your purchases in more detail and tracking your spending.

Discover where you spend your money

In order to determine the actual amount that you are spending in each category you can go through the purchases you have made in more detail. Start out with one month and work towards 3 months if the amounts still seem unclear. You will need statements of the accounts that you use for your purchases. This may include debit cards, credit cards, and/or lines of credit. You should look at any account that you spend money from. Use the most recent activity for the accounts. You can use this easy to follow method to find out where you are spending your money:

- Collect your statements
- Go through each statement line-by-line. For each item on your statement, place a tick in the spending chart on page 14 next to the corresponding category for the purchase.
- Each tick is worth \$5. If you spent \$10, you will put two ticks in that category in the table below
- Once you have gone through all of your statements, the table below should look like a horizontal bar graph and will give you a good idea of how much money you spend in each category
- Multiply the number of ticks in each category by \$5 for each tick to determine how much you spent in each category

This is a simple and effective way to determine how much you are spending in each category, but is certainly not the only method you can use. Feel free to add categories as needed or use a different method. If you are comfortable using numbers, use the actual purchase amounts rather than using ticks. There are also electronic applications that will create a spending analysis for you based on the information that you enter.

Spending Chart

Expense Types	Ticks	Amount
Rent/Mortgage		
Property Tax		
Maintenance		
Utilities		
Internet		
Cable TV		
Cell phone		
Groceries		
Personal Care		
Toiletries		
Make-up		
Household incidentals		
Cleaning Supplies		
Light Bulbs		
Home maintenance		
Clothing		
Child Care		
Transportation		
Gas		
Car Insurance		
Car payments		
Car Maintenance		
Registration/license		
Bus pass		
Eating at Restaurants		
Entertainment		
Movies		
Recreational Activities		
Books		

Games		
Credit card payments		
Health Care		
Pets		
Food		
Toys		
Health Care		
Vacation/Travel		
Hobbies		
Cigarettes		
Drinking		
Savings		
Gifts		
Insurance		
Starbucks		
Shopping		
Fast food		
Junk food & snacks		
Social gatherings		
Impulse buys		
Electronics		
Miscellaneous Fees		
Bank Fees		
Credit Card fees		
Other (specify):		

Track Your Spending

Now it's time to track your spending! Tracking your spending can seem tedious but it provides extremely valuable information about when you're spending your money, what you're spending your money on, and why you spend your money the way you do.

To track your spending, record any purchase that you make for 3-5 days. There are many ways to track your spending. Here are some examples:

- Record your expenses using your cell phone.
- Carry and record your expenses in a notebook.
- Keep your receipts and compile them at the end of the tracking period. If you do not get a receipt for an expense you can write it down on a piece of paper. Be sure to include when, where, and what you purchased, and the cost of the item.

You can use the Spending Tracker chart on page 17 to compile the information you gather from the purchases you make. For now, leave the **Rating** and **Why** columns blank. We will use these later.

Again, feel free to add categories as needed. It may be hard at first but stick with it! It will get easier the more you do it.



STEP 3: Rank your purchases. Determine the why.

Now that you have a better idea of where you spend your money, let's find out why you spend your money the way you do.

Complete the rating and why columns of the table in **Step 2** (pg. 17). If you would like, you can also rank the purchases on the bank statements you looked at in detail. In the why column, write a brief explanation of why you bought the purchase and then rate the purchase using the following ranking system:

1. I wish I never bought this
2. This was not my best decision
3. It's ok
4. I'm so glad I got this!
5. This is the best thing ever!

Here are some questions to help you assign your rankings and help you think about why you made the purchase:

What influenced my decision to make this purchase?

Was it a good price?

Would I do things differently next time?

Did it bring me joy?

How important was the item at the time I bought it?

How important is it to me now?



STEP 4: Compare and reflect upon your situation

Now you can fill out the **Actual Amount** column in the tables from **Part A, B, and C** (pg. 4, 7 & 8) with the information gathered from **Step 2** (pg. 14). You can compare the amounts that you actually spend to the amounts that you originally wrote down.

You can re-do your comparison of your average monthly income to your total monthly expenses that you calculated in **Step 1, Part D** (pg. 10) to see how accurate your original budget was.

Next add the ratings from **Step 2** (pg. 17) to see how happy you were with your purchases:

Rank	Total # of Items	Total Amount
1		
2		
3		
4		
5		

Here are some questions to help you reflect upon your situation:

How close were your guesses when listing your resources and expenses in **Step 1** (pg. 3-10)? Were you surprised by any of the totals from **Step 2** (pg. 14) after going through your statements and tracking your spending? Were some of them higher than you expected?

What percentage (approximately) of the items you purchased are ranked 1 or 2?

What do you want to change about your spending habits?

The “Latte Factor”

Another important aspect of your spending habits to reflect upon is the “latte factor”. The “latte factor” includes items that are nice to have but you may be able to find a less expensive alternative to help you save money. These items include dining out at a restaurant, buying coffee from a vendor like Starbucks or Tim Horton’s, brand name or designer clothing, and so forth.

Think about the importance of these items. If you go to Starbucks once a day, that means you are spending close to \$150 on Starbucks coffee per month, and around \$1,800 per year. If you are ranking this purchase as a 1 or 2, then it may be time to re-think that purchase.

This is a good way to start adjusting your spending plan. Take a closer look at the items that you ranked 1 or 2. When did you purchase these items? What motivated you to purchase it? Be aware of why you spend. If these are items that are not very important to you, think of different ways to combat the temptation of that purchase or find a cheaper alternative.

Start using your money for the things you care about most and prioritize your spending according to what you ranked as most important to you.

STEP 5: Adjust your spending plan

When creating or adjusting your spending plan it starts with what you have.

Go back to **Step 1, Part D** (pg. 10). Do you have extra money, or not enough money? How much extra money do you have? How much money do you need?

If you do not have enough resources to cover your expenses, where can you spend less? How can you use your item rankings to help you? Take a look at how you ranked your items. Can you cut back on some of the items that were ranked 1 or 2 to help save money?

If you have extra money, what will you do with it? Setting a goal will motivate you to stick to your spending plan. Think about something that you don’t currently have that you want. Set a goal around it and include it in your spending plan to help you stay motivated to stick to it.

Last thoughts...

Building and maintaining a spending plan is a habit that you form. It will be hard at first but, will get easier and easier the more you do it. Your budget should be flexible and adaptable to the challenges that you might face. As your life changes, your spending plan will change. Take the time to reflect upon your current situation and what will work best for you in that moment. Think about what is most important to you now and in the future, and let this drive the things you do. Spend your money on the things you care about most.

Try not to get discouraged if the methods you are using don't work for you at first. Reflect upon why it didn't work and find a solution. This booklet is one example among many that you can use to build and maintain a spending plan. Feel free to give other options a try if you think it will work better for your situation.

The Financial Aid Office has a series of Money Management Seminars. In the budgeting session we discuss different spending plan options. For more information or to register for a Money Management Seminar offered by the Financial Aid Office visit su.ualberta.ca/moneymanagement.

Need help brainstorming ways to save or have questions? Ask the Financial Aid Office! To schedule a one-on-one session to talk with an advisor about your situation in more detail please call or e-mail us at **780-492-3483** or financial.aid@ualberta.ca to book an appointment.

Your feedback is always appreciated! If you have any suggestions to improve this booklet, please call or email to let us know!



Other Resources

FCAC Budgeting tool - **fcac.gc.ca**

Under Tools and Calculators select budgeting tools

Scholarships & Bursaries - **su.ualberta.ca/scholarships**

Student Group Listings - **su.ualberta.ca/studentgroups**

Student Budget Worksheet - **getsmarteraboutmoney.ca**

Under Tools and Calculators

Monthly Budget Tracker - **creditcanada.com**

Go to Money Management, then Bookstore to download

Other Spending Trackers

budgettracker.com

pocketsmith.com

mint.com

Meal Planning - **budgetbytes.blogspot.ca**

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