



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

Federal Student Aid, An Office of the U.S. Department of Education.

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

While you're in college or career school, you'll need to learn how to manage your finances, plan for changes, and prepare for the unexpected. Budgeting will help you build decision-making skills and reach your financial and academic goals.

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.

As you create a budget, you'll want to set short-, medium-, and long-term goals and track your progress toward achieving them.

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.

Plus, if you have problems keeping your spending under control, a budget will help you manage your spending. Following a budget can help you free up money for the things that really matter to you.

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.

Budgeting is not just a one-time event. You'll need to track your spending over time and update your budget as needed. Learn more about [creating and balancing your budget](#). You also can check out [budgeting tips](#) to help you get started and stay on track.

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. But 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. Tuition and fees may also be higher for part-time enrollment.

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.

What should I know about budgeting after I leave school?

Your expenses will change after you leave school. For example, if you recently graduated, you usually won't be required to begin paying off your student loans for six months, but when that payment is added to your monthly expenses, it will have a big impact on your budget. When you leave school, you'll want to update your budget to include student loan payments, as well as your new income and living costs. Leaving school can be an exciting (and stressful) time, but you don't want to stop tracking and managing your finances.

As you move through changes in your life, you'll need to constantly reevaluate your income and expenses. Your goals will change as well. You may want to buy a car, get married, have children, continue your education, or start a business, and all these activities affect your budget in some way. Think of your budget as a living document. You have the power to revise it at any time to keep track of your finances and reach your goals.

Reference

Federal Student Aid, An Office of the U.S. Department of Education.

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