

Budgeting Basics

A budget is a tool to help manage money; an estimate of income and expenses for a specific period of time. The more information you have in front of you when making a budget the better. Try and track your expenditures (every last penny) for two weeks to a month prior to creating your budget. This will help ensure your budget is an accurate reflection of your spending, and not your best guess.

1. **Calculate your money coming in** (scholarships, job income, loans, help from parents, etc.).

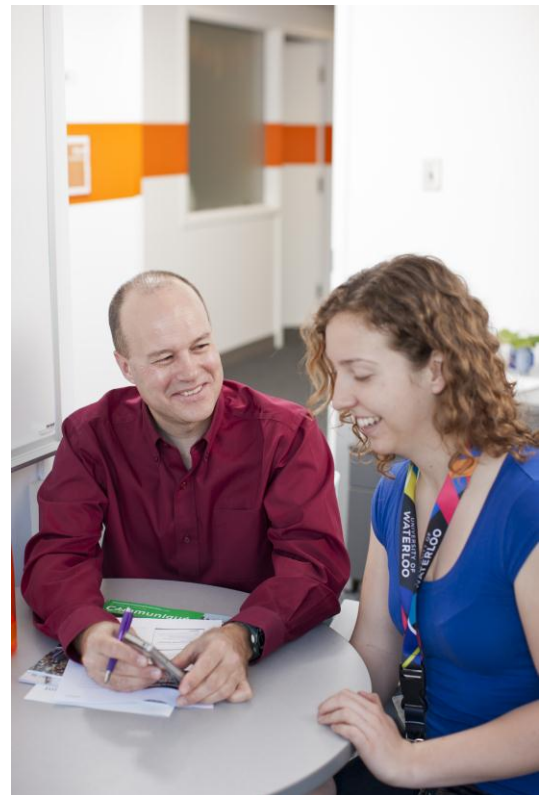
2. **Calculate your expenses**

- Try looking at expenses over the last month (this even includes small items such as a Tim Horton's coffee and one-time expenses such as books or gifts).
- Divide expenses up into fixed and flexible.
 - FIXED – “needs”, must-haves, repeated every month/term (tuition, rent, utilities)
 - FLEXIBLE – “wants”, things you like to spend money on and/or is variable every month (food, laundry, clothing, entertainment)

3. **Compare the numbers**

- **If the money coming in is more than what's going out** → you are in good shape! Perhaps you want to look into saving some of the money for a rainy day
- **If the money going out is more than what's coming in** → start prioritizing your flexible (non-essential) expenses! For example: make coffee at home rather than buy coffee, or eat-out less often. A \$2 dollar a day cup of coffee adds up to over \$700 a year!

4. **Stay on top of your budget by revisiting it regularly.** Track your spending using bank statements, receipts, or online banking apps.



Saving your money

The golden rule of saving is to pay yourself first. This means setting up your bank account to automatically transfer some money into a savings account each month before you get a chance to spend it; paying yourself before you use your money towards fixed and flexible expenses!

Tricks to finding more money (this does not include checking between couch cushions or buying lottery tickets):

1. **Beware of bank machine fees**...they add up over time. Be consistent about using your own bank's ATMs for taking out money to avoid unnecessary fees.
2. **Look for discounts.** Many local grocery stores, businesses, and restaurants provide a University of Waterloo student discount or accept coupons. And movie tickets are cheaper if you buy at the Turnkey Desk in the SLC.
3. **Review school services.** Some services are offered for free just for being a student at the University of Waterloo (e.g. gym membership)
4. **Try the recycled route** (e.g. look for books at the used book store or visit a thrift store).
5. **Use cash.** Create an allowance envelope. Determine your food, drink, and fun budget for one month and put this amount in cash in an envelope. It may be easier to track your cash when you can see how much you have left.
6. **Shop smarter.** Compare the prices from store to store and wait for sales when you can.
7. **Find a part-time job.** This can be a great way to boost your finances, and limit your free time to spend your money. However, be careful that working too many hours doesn't hurt your grades by limiting the time you have to hit the books.

Good credit

If you have a credit card or student loan, you have started to create a credit rating. A healthy credit rating is important to your financial future. Your credit rating tells banks, landlords, and other lenders if they should trust you based on your history of borrowing and repayment. A credit card is an efficient credit building tool. Managing your credit card spending:

1. **Pay on time**
2. **Don't spend beyond your means;** make sure the spending on your credit card matches your budget.
3. **Pay your monthly balance** completely if possible.
4. **Control the limit on your card.** If you are offered more credit, you don't need to accept it.
5. **Avoid cash advances**
6. If you're falling behind, **ask for help**
7. **Do NOT use a credit card** if it will encourage you to spend more than you have

Adapted from Royal Bank of Canada, TD Canada Trust, and CIBC



Online resources

1. **Check out your bank's website** for online articles and tools. Many Canadian banks have online budgeting tools, finance trackers, and student focused articles.
2. **Use the interactive budget** on the University of Waterloo website to start planning how much money you will need for a year. Visit findoutmore.uwaterloo.ca/financing/budget.php
3. **Budget the money you spend** on campus using the Watcard flex dollars calculator. Visit watcard.uwaterloo.ca/flexcalculator.html
4. **Tutorials and articles.** Visit getsmartaboutmoney.ca
5. **Online budgeting tool.** Visit Mint.com
6. **There's an App for that!**
 - a. Mint – an app from Mint.com
 - b. Reebee – an app created by Velocity that compares flyers.
 - c. Toshl Finance – an app that tracks your spending and creates envelopes
 - d. Gas Buddy – an app that shows you where the cheapest gas in town is
 - e. Your Bank's App – many large banks have a smart phone app to help you manage your money

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