

Managing Your Finances

Increase your income

The answer to a need for more money is often "Work more hours" or "Get a job"—but there may be an easier way. An increase in income can often be accomplished by spending more wisely. It is a simple concept but sometimes hard to achieve. A personal money management system will help you develop ways to adjust spending when needed.

Track your spending. Knowing what you spend is the first step in creating a spending plan (budget). There are several ways to track your spending.

- ✓ Use a notepad on your phone or tablet—or a small notebook—and enter everything you buy and every bill you pay.
- ✓ On a computer, create an Excel file to track what you spend.
- ✓ Consider using a free money management software program like mint.com.
- ✓ Keep all your receipts in an envelope or other storage container.

Analyze your cash flow. Once you have tracked your spending for a month, it is time to find out where it is going. Separate each item tracked into categories, like this:

- ✓ ATM fees, bank charges
- ✓ Cable TV
- ✓ Cell phone: data plan, apps
- ✓ Childcare
- ✓ Clothing, shoes
- ✓ Computer, internet
- ✓ Entertainment: concert and movie tickets, music downloads, video games, magazines, books, other
- ✓ Food: groceries, coffee, energy drinks, fast food, eating out
- ✓ Housing: rent, mortgage, maintenance (repairs), utilities (electric, gas, water)
- ✓ Insurance: health, life, car, renter's, homeowner's
- ✓ Laundry, dry cleaning
- ✓ Pet care: food, vet bills
- ✓ Personal care: haircut, massage, nail care
- ✓ School: tuition, fees, books, computer, tablet, paper, toner, software
- ✓ Transportation: car payment, gas, maintenance (repairs, oil change), tolls, parking, public transportation
- ✓ Medical, dental
- ✓ Savings: personal goal, safety net

Now you should have a clear picture of where your money is going. It is important to evaluate any surprises—categories where you are spending more than you think you should be spending. Evaluate categories where you have some flexibility. Changes in the latter categories can make big differences, especially over time.

Does your cash flow? Determine your total income for the same time period. Does your income cover your expenses?

Income might include: family support, gifts, pay from jobs, tips (after taxes), scholarships, grants, work-study pay, and student loans.

For more information on money management visit:
<http://www.vpsa.txstate.edu/moneysavvy>



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Cut back on expenses. Simply spend less than your income. Do you have expenses that you can reduce or cut out entirely? This process is easier if you set goals. If you have goals that you truly believe in, such as earning a degree at Texas State University, this process becomes easier and even meaningful. Financial goals fall into two categories: short-term and long-term. Short-term goals are those you want to achieve in a matter of weeks or months (less than a year). Long-term goals are those that are a year or more off. Everyone's goals are unique. Sit down with a pen and paper and list your needs, then your wants. The "wants" are your goals!

Plan for the future. Now that you know what to expect each month in income and expenses, create a spending plan. What you actually spend on one category in one month will help you determine what your goals should be for that category on a monthly basis. For each category try to spend less than what you have allotted for the month for that category.

College life on a shoestring: "Making Do"

"Use it up, wear it out; make it do, or do without." This idea might be a lifestyle change for some; others may have lived this way all their lives. In any case, "making do" implies that one knows the difference between needs and wants. Without this understanding you might be funding a lifestyle and not your education.

Needs vs. Wants. We need to eat; we don't need to eat out. We need transportation; we don't need to own a car. Being able to distinguish between needs and wants is an important step to achieving financial goals and attaining financial independence. Limit your spending to the things that matter most and use the rest of your money to achieve your goals. Ways to spend less:

- ✓ Compare textbook prices among stores, online and consider renting.
- ✓ Make a shopping list and stick to it.
- ✓ Buy sale items, generic or bulk when it makes sense.
- ✓ Use coupons.
- ✓ Avoid junk food.
- ✓ Cook and eat at home.
- ✓ Bring lunches and snacks to school or work.
- ✓ Avoid expensive coffees, power drinks and vending machines.
- ✓ Lower your thermostat when you are away from your home.
- ✓ Turn off lights; unplug chargers and adapters, music, computers and appliances unless someone is using them.
- ✓ Drive the speed limit and save on gas and speeding fines.
- ✓ Keep your tires at the recommended pressure.
- ✓ Walk, carpool, use public transportation.
- ✓ Ride with others; be aware of how often you offer to be the driver.
- ✓ Don't buy the paper or magazines; the library has them available.
- ✓ Consider buying quality second-hand goods.
- ✓ Give your time and not your money.
- ✓ Compare bank fees and consider joining a Federal Credit Union.
- ✓ Never bounce a check, create an overdraft or exceed your credit limit if using credit cards.
- ✓ Be aware of ATM fees.
- ✓ Reconcile checking accounts and bills to ensure you are not over-paying for goods and services.
- ✓ Learn more about personal finances by taking a course—CA 1341, Consumers in the Marketplace or CA 3341, Family Finance.