student budget

A guide to   
creating your



A budget is telling your money where to go, instead of wondering where it went.

- John Maxwell

If you want to take control of your money, there’s only one answer: Make a budget.

A budget is an exercise to calculate how much money you have coming in (income), and to calculate how much you will spend (expenditure), for a set period, often one year or one month.

Creating a budget will help you to control your money and make informed decisions about what you need to spend your money on. It will allow you to see if you have sufficient money coming in to cover all your costs and identify where you can cut back if your income doesn’t stretch far enough.

1 get organised

Creating your budget

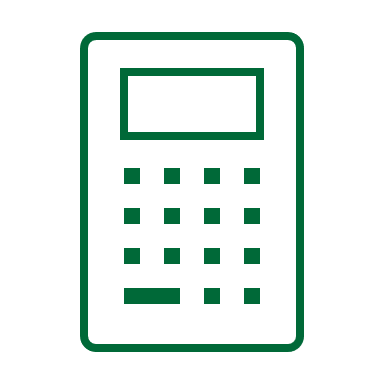
Before you start your budget, get organised by having to hand:

* a calculator, a pen, and some paper
* your sources of income (e.g. payslips, student funding confirmation, trust income etc.)
* your bills (e.g. rent, gas, electricity etc.)
* your credit card/catalogue statements
* your bank statements (3 months is best but 1 month will do)
* your food bills or receipts

2 calculating your income

The first step to creating your budget is to work out how much money you have coming in and includes:

* your student loan
* your student bursary
* wages
* benefits
* scholarships
* financial support from your family
* savings   
    
  Remember:
* If the amount of money you receive fluctuates, go with the lowest figure it is likely to be. Also, factor in any anticipated changes to your income.
* Your student loan and bursary is for the whole year and if your course runs from September to May, we suggest you divide your student income by 12 months and put the surplus aside to use during the summer months when SAAS (Student Awards Agency Scotland) and SLC (Student Loans Company) do not make payments, unless you have secured work over the summer months with your wages covering all of your costs.
* Your savings may have to last the full academic year or even longer, therefore make sure you factor this in.
* Don’t be tempted to guess or estimate your income. Refer to your student funding award letter, wage slips, and bank statements.

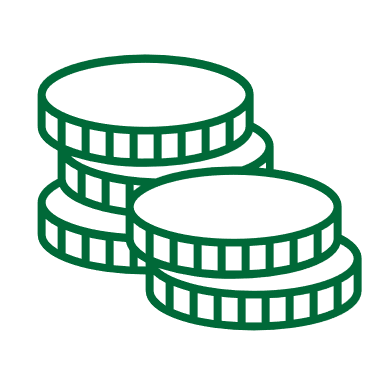


3 calculating your expenditure

Now you know how much income you have, it’s time to calculate how much money you are/will be spending to cover all your costs. Expenditure can be broken down into 2 distinct types:

**“Essential costs”** where a set amount of money must be paid, if not there could be consequences.  
  
Examples of “Essential costs” are:

* Rent/mortgage
* Gas/Electricity
* Mobile phone
* Broadband
* Travel (essential)
* Finance payments
* Loan payments
* Insurance
* Credit/store card/Klarna payments

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**“Non-essential costs”** where you have complete discretion. You decide whether you buy an item of clothing or leave it on the shelf. These are areas that you choose to spend your money on and the amount you spend.  
  
Examples of “non-essential costs” are:

* Food shopping
* Gym membership
* Clothing
* Socialising
* Meals out / takeaways / Coffees
* TV packages
* Streaming subscriptions
* Travel (non-essential)
* Hairdressers
* Holidays
* Presents

**Keep a note of the monthly amount you spend for each of the above essential and non-essential expenditure items.**

**Remember:**

* While it is easy to know how much you spend for the “essential” costs, setting a realistic limit on other “non-essential costs” will help you keep on track.
* Understanding the difference between “Essential costs” and “non-essential costs” lets you make good spending decisions and, when necessary, cut back on your “non-essential” spending.
* Don't be tempted to guess or estimate your expenditure. The success of a budget relies on accurate incomings and outgoings and the only way you can be 100% sure is by getting all your bank statements and household bills in front of you.

4 working out your budget  
  
 **Using the Budget Planner below:**

1. Enter your monthly income into the relevant categories and calculate your total monthly income.
2. Firstly, prioritise the “Essential” costs such as your rent, bills etc. as these must be paid.
3. Once the “Essential” costs have been added, include the “non-essential” ones. This allows you to identify the areas you could cut back on your spending should your budget not add up.
4. Saving or setting aside a small amount of your income each month will cover any unexpected costs that arise.
5. There is no point preparing a budget if it doesn’t take everything into account. Make a note of all the one-off costs you expect throughout the year and when these will occur. This could be for car MOT & servicing, birthdays, Christmas etc. Put aside enough money each month to cover these and your budget won’t be affected

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Monthly Income** | | £ | **Monthly Expenditure** | | £ |
| **Student Income** | Student Loan |  | **Essential** **Expenditure** | Rent/Mortgage |  |
| Independent, Young Student, Estranged Bursary |  | Gas & Electricity |  |
| Care Experienced Bursary |  | Council Tax |  |
| Paramedic & Nursing Bursary |  | Insurance – Buildings, contents, life, gadget |  |
| Dependents Grant |  | Mobile Phone |  |
| Lone Parents Grant |  | Broadband |  |
| Childcare Grant/Allowance |  | Finance agreement payments |  |
| **Benefits** | Universal Credit/Tax Credits |  | Loan payments |  |
| Child Benefit |  | Debt Repayments |  |
| Child Maintenance |  | Travel (Essential) |  |
| **Other** **Income** | Scholarships |  | **Non-Essential Expenditure** | Food Shopping |  |
| Support from Family |  | Gym Membership |  |
| Wages |  | Travel (non-essential) |  |
|  |  | Clothing |  |
|  |  | Socialising |  |
|  |  | Meals Out/Takeaways/ Coffees |  |
|  |  | TV Packages |  |
|  |  | Streaming Subscriptions |  |
|  |  | Self-Care (Hairdressers etc.) |  |
|  |  | Miscellaneous |  |
|  | **Total Income** |  |  | **Total Expenditure** |  |
| **Total Income minus Total Expenditure = Monthly Excess/Deficit** | | | | **£** | |

5 what is your budget telling you?

**Your income is higher than your expenditure**

Well done! Why not put your excess income into a savings account or pot/vault to treat yourself or even better, save it for any emergency or unexpected costs.

**Your budget balances**

You are managing your money well and have enough income to cover all your expenses but keep monitoring your spending and reviewing your budget regularly to make sure you remain on track. Why not ask yourself, “Can I cut back on my expenditure and save a small amount each month?”

**You are spending more money than you have coming in**

Don’t be shocked if your budget doesn’t balance, but if it doesn’t balance be prepared to identify what needs worked on.

Your lifestyle choices and habits will determine just how much money you need every month but if your budget doesn’t add up, you need to act and fix it before it becomes an issue. Refer to Step 6 below on what to do to make your budget balance.

6 how to make your budget balance

There are 2 ways that you can work on balancing your budget:

1. Increasing your income
2. Reducing your expenditure

**1. Increasing Your Income**

If you feel you can balance working with your studies, part-time work can provide extra income each month and will not only help pay your bills but will also give you valuable [work-experience](https://www.stir.ac.uk/student-life/careers/get-career-experience/).  Remember, this needs to fit around your study commitments. Our Careers Service is one place to start looking for part-time and vacation jobs, internships, volunteer opportunities and more.

Find opportunities promoted by the University’s Career Service through [TARGETconnect](https://stirling.targetconnect.net/unauth).

Check out our advice on [gaining experience through part-time work](https://canvas.stir.ac.uk/courses/3162/pages/gaining-experience-part-time-work) on Canvas.

**2. Reducing Your Expenditure**

Your lifestyle choices will have a massive impact on your budget. There are no rules about what you should or shouldn’t spend your money on but when times get tough and income doesn’t stretch as far as it once used to, we often need to take a step back and reflect on this type of spending.

It may be a case that you are living out with your means and need to look at where your money goes to identify areas where you can reduce your expenditure.

Look at your non-essential expenditure, where you have complete discretion on what you spend, and identify where you can cut out or reduce costs. Socialising, takeaways, coffees, shopping are just a few areas where costs can be reduced. If you indulge in life's little luxuries, such as takeaways or fancy coffees try the Money Saving Expert: [Demotivator tool](https://www.moneysavingexpert.com/shopping/demotivator/), an easy and fun tool to show how much you spend on non-essential items and see the impact a high number of small spends can have on your budget.

It might make you think twice and change your purchasing habits. Do you know that cutting out the daily weekday coffee would reduce your annual expenditure by over £900 and cutting out £20 a week on takeaways would reduce your annual expenditure by over £1,000.

It’s easy to develop habits of spending focusing more on short-term satisfaction than long term benefit **but the golden rule is only buy what you can afford each month.**

Ask yourself three questions for every aspect of your life:

1. Do I need it?
2. Do I need it now?
3. If I do, could I do it more cheaply?

For tips and advice on how to reduce costs and save money check out our [webpage](https://www.stir.ac.uk/student-life/support-wellbeing/student-support-services/money-support/living-costs/).

Once you have identified the areas where you can cut back your expenditure, and by how much, revisit your budget planner and amend it with your new predicted reduced costs based on the expected pain-free savings. What you do next depends on the result...

If you feel that you are spending your money carefully, but your income is not covering all your expenditure, easy lifestyle changes can make a substantial difference. Check out the [Spending Review exercise](https://www.stir.ac.uk/student-life/support-wellbeing/student-support-services/money-support/managing-your-money/) on our webpage. 

7 reviewing your budget

Now that you have created your budget it is vital that you review it on a regular basis, ideally each month. Your income and costs can change during the academic year therefore it is important to continuously review and update your budget.

Reviewing your budget also allows you to see if you are spending more on any items that you budgeted for and adjust your budget accordingly.

This will also identify if you have sufficient income to cover the increase in your spending. If not, it flags that continuing with the same level of spend will result in money problems. 

If you would like to speak with one of our Money Advisers about budgeting they will be happy to provide further information and support. Appointments can be booked through the [Student Services Hub](https://www.stir.ac.uk/student-life/support-wellbeing/).

Student Support Services – Money Support Team