

**UMSL**  
**Division of Student Academic Support Services**

**Creating A Budget**

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Budgeting doesn't have to be difficult—it's a process of simple arithmetic. Initial budgeting experience is gained through trial and error. But once you identify your spending limits and feel the benefits of effective financial control, budget watching evolves into a healthy, lifelong habit. The keys are to figure out how much you actually spend, write down your income and expenses, compare the amounts, and then make adjustments as necessary.

**Track your spending**

Americans are notorious for underestimating how much money they spend. That's because we all spend small amounts of money here and there, and we don't really keep track of it. Movie tickets, coffee, sodas, fast food, gas, magazines, haircuts—all on top of bigger expenses such as tuition and car payments. When you're creating a budget, you need to know where your money is going. The key is to track all your spending, both small and large amounts.

A tried-and-true method for tracking spending is the “spending notebook.” You can use an actual notebook, a spreadsheet, a notepad in your phone, or whatever you want—just be sure to account for every single penny you spend over the course of several weeks. You'll not only see where your money is going, but you can make decisions about whether all those purchases were wise or necessary. No doubt you may determine that buying a six-pack of soda at the gas station was not a good idea and that spending \$40 per week on lattes is unnecessary. If you frequently use your debit card, you can also review past bank statements to categorize your spending.

**Pay major bills first, then budget**

It's easier to plan a budget after first setting aside money for your tuition, books, student fees, meal tickets, and other large annual or semiannual costs. Once these are subtracted from your bank balance, you'll have a more accurate starting point from which to plan a budget for the rest of the semester.

**Create a spending plan**

Once you identify your spending habits through a spending notebook and knock out significant expenses such as tuition, you can get started on creating a budget, also known as a spending plan. Since “budget” can sound restrictive, you might prefer to use “spending plan” as a purposeful map for how to spend your money. You can either use the worksheets referenced below, or click the Interactive Budget Wizard on the tab above.

1. **Identify income:** List the financial assistance paid directly to you each month, family help, anticipated job income, Work-Study income, child support payments, food stamps and any other sources of money you receive.

2. **List your expenses:** Using your spending notebook and any receipts you've saved, determine what your actual expenses are. As you write down expenses, you will probably start to see areas of unnecessary spending and opportunities to cut back.
3. **Compare income with expenses:** Once you've identified your income and expenses, you need to compare them to see how you're doing.
4. **Make adjustments:** If your income is higher than your expenses, great! Not only are you preventing financial stress, but you can set some money aside for your goals—a new laptop, a spring break trip, emergency savings, and more. If your expenses are higher than your income, you have two options:
5. **Cut expenses:**
6. **Increase income.** Increasing income can be difficult in college with limited time on your hands, but you might think about what you can do.

Information taken from:  
<https://www.cashcourse.org/>