

Managing your finances

The following transcript is based on material in *The Student Life Handbook*, by Christine Fanthome.

Your time at university will probably be one of the most enjoyable and productive periods of your life. And you alone are responsible for making the most of this amazing opportunity. This short download deals with the issue of money, one of the most pressing concerns for almost every student!

“My student loan went into my bank and I looked at the total and thought, ‘wahay, I’m loaded’! But then I sat down and divided the money in my bank by the number of weeks I was going to be at uni that year and suddenly it didn’t seem so much any more.”

“I found when I went to uni for the first time that I just had no idea what things cost; My mum had always done the shopping at home, and I hadn’t even thought about stupid things like photocopying fees and late-night taxis back from town.”

Managing your finances comes down to two basic elements: the money that’s going into your bank account and the money that’s coming out of it. But unless you’re very lucky or very rich, you will also need to keep a close eye on your expenditure, the money that’s coming out of your account over the course of the term, and that’s what we’ll focus on here.

The single best way to stay on top of your money is to set yourself a budget and stick to it. At the start of each term, sit down and estimate your likely expenditure, including accommodation, tuition fees, travel costs, bills, books and miscellaneous costs such as birthday presents for friends and family. Deduct this from the money that will be going into your account from your grant, student loan, parental contribution, wages and so on.

Once you have an idea of how much money you’ll have left over to live on after you’ve paid for all these essentials, you can set yourself a weekly budget

for food, living expenses and entertainment. Bear in mind that the NUS estimated the cost of the 2004/5 academic year to be £10,186 in London and £8,584 outside London, so if your estimate of costs is much below that you might want to give your figures a reality check!

“One of the biggest changes I had to make when going to university was my spending awareness. I had to teach myself how to budget for necessities such as food, clothes (and theatre visits!) I really learned the hard way: I ended up living on toast in the spring term because all my load had gone on my accommodation and Christmas presents!”

“Budgeting has been really difficult. Even though I have held down a part-time job for three years, there just doesn’t seem to be enough money! Some things have to give – I don’t buy that many clothes and I only go out on the weekend. Running a car whilst being at university has been hard, but it is worth it for the independence and freedom it gives me.”

“It’s important to balance work, study and going out. Whilst living in halls the first year my monthly outgoings involved £75 for food, £60 for going out and £25 for my mobile phone bill. This was roughly what I earned working 7 hours a week plus overtime occasionally. This sort of budget doesn’t really allow for going out every night but it is a reality I accepted as part of taking control of my spending to avoid getting into debt (apart from my student loan), which I think would be much worse than spending a few nights in with a good film and pizza.”

But it’s much, much easier to set a budget than to stick to it. Here are a few tips from students to help you stretch your limited funds that bit further, so you don’t have to spend a term living on toast:

“Don’t succumb to impulse buys. If you don’t really need the item don’t buy it at all: if you do need it, make sure you shop around to get the

best deal, or ideally wait for the sales or a special offer, or drop hints to friends or family if your birthday is coming up.”

“Once you’ve spent your going-out budget for the week, don’t go out! It doesn’t cost much to have friends over for coffee or to share a cheap bottle of wine, it costs even less to just stay in and actually do some studying.”

“Ask for a student discount even if it’s not advertised (remember to keep your NUS card with you as proof), it’s amazing how often you can get 10% or even 20% off.”

“Supermarkets can be quite expensive, but often they put lots of stuff in their reduced section just before they close, so you can buy loads and freeze it. Also if you shop with a friend you can sometimes make more use of their two-for-one offers.”

“If you’re going out with your mates, arrange to meet up at someone’s flat first and spend the first part of the evening there, it’s so much cheaper drinking at home, then you can go out later and still have a laugh without spending as much.”

“If you’re on a budget it’s very tempting to live on chips and fast-food special deals, especially if you’re not very good at cooking. But I did that for the first few weeks and I felt terrible, I put on loads of weight and I always felt tired. My mum gave me a cookbook and now I have a few really easy dishes I can cook that don’t cost very much, mainly pasta bakes, I can make one pasta bake last three or four days!”

Once you’ve set your budget and you’re doing your best to stick to it, you’ll find that keeping a basic income and expenditure record so that you can see exactly where your money’s going is an enormous help. You don’t need a fancy accounting package, just a notebook in which you record your bank balance week by week with a summary of what you spent and how you spent

it. If you do online banking so much the better: get into the habit of downloading statements once a week and comparing them with your budget. Not only will this tell you if you're on budget or if you've blown it, it will help you identify exactly where your money's going so that you can work out where you can make savings in the future. It's also a habit that will stand you in good stead for the rest of your life.

Many students find it helpful to set up two separate bank accounts: they pay income from student loan, student support, parental contributions, wages and so on into a high-rate interest account, then feed funds from this into a current account for week-to-week living expenses. Not only does this help to stop money vanishing unexpectedly, it also allows you to earn interest on your money before you spend it. If you're a non-taxpayer, you should fill in form R85, available from your local tax office, to make sure that any interest you earn is tax-free.