

# GUIDE FOR BUDGETING

After over a year of missed activities and shutdowns, many people are increasing their spending as businesses open up again. The pandemic has also impacted a lot of people financially, and it will take time to rebuild savings. Both are important reasons to consider your budget and spending.

## **Determine a Timespan for Your Budget**

For the academic year, it is best to create a monthly budget for an academic term, such as a fall quarter. Keep in mind your income may vary from month to month and not all your expenses will be the same each month. Larger expenses (such as car insurance and books) and seasonal expenses (such as a trip home at the holidays) need to be incorporated into your budget.

## **Choose a Tool to Help You Manage Your Budget**

You want to use a tool for tracking your income and expenses. You can use pen and paper, a simple spreadsheet, or an app. Many banks offer tools for budgeting, so see what works for you.

## **Review Your Monthly Income**

Estimate how much money you will have coming in each month. Your income will come from sources such as your pay from work, financial contributions from family members, or financial aid. If you're working while in school, determine how much your take-home pay is each month. If you earn most of your money over the summer, you may want to estimate your yearly income then divide it by 12. Include income from any financial aid credit balance refunds.



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## **Identify and Categorize Your Expenses**

Start by recording everything you spend money. This may be a bit time-consuming but will be worth it in helping you understand where your money is going and how to better manage it. You will also need to estimate your college costs. In addition to tuition and fees, you will want to make sure to include books and supplies, equipment, and room materials.

## **Save for Emergencies**

Your savings can be used as an emergency fund to help you deal with unexpected expenses. The ideal amount of an emergency fund covers three to six months of your expenses.

## **Balance Your Budget**

Now that you have identified your sources of income and expenses, you'll want to compare the two to balance your budget. Simply subtract your expenses from your income. If you have a positive balance, then your income is greater than your expenses. If you have a negative balance, then you are spending more money than you have. You'll want to balance your budget and make sure your expenses don't exceed your income.

## **Maintain and Update Your Budget**

Now that you've created your budget, you'll want to make sure it remains a living document and you update it over time. Review and maintenance your budget will keep you on top of things. Don't worry if you make small mistakes on spending but make sure to get back on track.



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