

Off Campus Budget Considerations

1. Monthly Income (Anticipated or Current)

Net Take Home Salary: \$ _____
Non-Taxable Income (such as AFDC, Veteran's benefits, Social Security, etc.):
\$ _____
Other Income: \$ _____
Total Monthly Net Income: \$ _____

2. Monthly Expenses

Mortgage/Rent: \$ _____
Home Insurance: \$ _____
Gas/Electric: \$ _____
Telephone: \$ _____
Other Utilities (Water/Garbage): \$ _____
Car Payment: \$ _____
Car Gas/Maintenance/Parking: \$ _____
Car Insurance: \$ _____
Groceries: \$ _____
Clothing: \$ _____
Total Monthly Expenses: \$ _____

3. Balance

Total Monthly Net Income minus Total Monthly Expenses: \$ _____
Entertainment/Dining Out: \$ _____
Childcare (Dependent Care): \$ _____
Health/Life Insurance: \$ _____
Doctor/Dentist Visits: \$ _____
Prescriptions: \$ _____
Credit Card Payments: \$ _____
Other Expenses (Laundry, Gifts, etc.): \$ _____
Savings/Investments: \$ _____
Charitable Giving: \$ _____
Student Loan Payments: \$ _____

Budgeting Information

What is Budgeting?

The three main steps in creating a budget are:

1. Calculate your total expected income.
2. Calculate your total expected expenses.
3. Determine the balance.

You will want to create your budget for a fixed period of time and plan to regularly review it. The following information will help you complete your worksheet.

1. Calculate Your Monthly Income

Use your pay stubs to calculate your monthly “Net Take Home Salary”.

Add any other income to your salary to determine your total net monthly income. Other income sources might be a second job, help from parents or family, interest income, or non-taxable income.

2. Calculate Your Monthly Expenses

You need to collect basic information, such as copies of your bills or your checkbook. If you will be moving, you will need to research the new area to estimate your total monthly expenses. The worksheet will provide you with a good list of expenses to plan for and to find out about.

As you calculate your expenses for the worksheet, try to identify them as “fixed” or “variable.” Fixed expenses are those that routinely occur each month and are usually for the same amount. Examples of fixed items are your rent, car payment, and consumer debt payments. Fixed expenses are unlikely to change. You can control variable expenses such as utility bills, groceries, and entertainment. Thinking about your expenses in this way will help you identify the expenses you can change if you want to or need to.

Remember that not all your expenses — fixed or variable — will occur every month. For example, some car insurance premiums are only paid twice a year. But if you take the annual amount and divide it by 12 months, you can account for the expense in your budget as a “savings” item each month so you will be prepared to pay the bill when it arrives.

Housing: You should expect to spend 25 to 30 percent of your monthly net income on housing.

Utilities: You will also need to budget for utilities, such as gas and electricity, if they are not already included in your rent. Budget two to 10 percent of your net income for utilities.

Transportation: This includes routine travel, such as commuting to work, but you may also need to budget for pleasure or other long-distance travel. Transportation could include bus or train fare, or maintenance on your car and the cost of gas. In general, you can expect to spend two to five percent of your net income on transportation.

Food and Personal: Personal items and food costs include clothing, groceries, entertainment, dining out, dry cleaning, and haircuts. You can estimate that you will spend 10 to 15 percent of your net income for food and two to 10 percent for personal expenses, for a total of 12 to 25 percent of your net income.

Debt Obligations: To avoid excessive debt expense, you should try to spend no more than five to 15 percent of your net income for monthly payments on student loans and consumer debts, including credit cards and car payments.

Insurance: Your health, life, auto, and renter's/home owner's insurance payments are usually fixed amounts, but they might not be paid on a monthly basis. You should budget two to five percent of your monthly net income for these expenses.

Savings: It is very important to build up your savings. Plan to put five to 10 percent of your net earnings into a savings account. This money can be set aside for unexpected expenses, emergencies, or vacations. Your employer may offer a pre-tax savings plan, often called a 401(k) account, a 403(b) account, or "annuity." This type of plan allows you to save for your future and reduces the amount of income tax you pay.

Miscellaneous: Because you cannot predict every monthly expense, you should set aside one to two percent of your monthly net income for miscellaneous expenses. These could include out-of-pocket expenses, convenience items, magazines, newspapers, and other small purchases.

3. Determine the Balance

The balance represents the difference between your available resources and your expenses.

If your balance is negative--your expenses are greater than your income--you need to reduce your expenses or increase your income. Adjusting your expenses or income will help you find a way to make sure there is room in your budget for your student loan payment. The Georgia Student Finance Commission can help you identify the repayment plan that will require the lowest monthly payment amount, and you can use this plan until your economic situation improves.

If your total resources are greater than your total expenses — the balance is a positive dollar amount — you might select a loan repayment option with a higher monthly payment. In this way, your loans will be paid off sooner, reducing their overall cost.