

# Budget Tips

Upon graduation it is very important to organize your finances. You will probably be surprised how quickly your paycheck money gets used up; therefore, it is important to set a budget for yourself. Included in this information is a sample budget worksheet and some important things to consider when setting up your budget. This information is also important to consider when negotiating a salary during your job search.

## Starting Salary Expectations

Many employers say that new graduates have unrealistic salary expectations. The truth is, there are many factors that affect starting salary, and you need to take those into account to bring your expectations in line with reality.

For example, geographic location and cost-of-living play a big part in determining salary, with salaries fluctuating among metropolitan, suburban, and rural areas. The starting salary for a sales job in a metropolitan area with a high cost-of-living will probably be significantly higher than the salary for the same job in an area with a low cost-of-living.

Supply and demand also play a major role. For example, if you're looking for a job in the field that has a healthy supply of candidates, you'll probably find stiff competition for jobs; so, your ability to negotiate salary will probably be limited. On the other hand, some areas will find they have their choice of employers, many of whom will offer top dollar. But, even within fields, salaries vary, and industry and type of employer also affect salary.

Finally, you're unique. Your specific qualities and qualifications will play a role in your ability to attract employers and negotiate a salary.

## Designing Your Budget

- Consider the cost of living for the area you are relocating to.
- Start-up costs are expensive. Some examples of start-up costs include:
  - Rent (first month, last month, down payments, damage deposit, pet deposit, etc.)
  - One time setup fees for electricity, cable, gas, water, telephone, internet, etc.
  - Car purchase or payment
  - Household necessities (shower curtains, garbage cans, toilet paper, etc.)
- Conservative budgets suggest allocating between 25%-35% of income for housing expenses.

- Typical Budget Items
  - Rent/Mortgage Payments
  - Utilities- gas, water, electricity, etc.
  - Cell phone bill
  - Internet
  - Cable
  - Car Insurance
  - Renter's/Homeowner's Insurance
  - Credit Card Payments
  - Car Payments
  - Student Loan Payments
  - Gas
  - Personal Expenses
  - Food

### Reasonable Budget Guidelines

#### Percentage of Monthly Income

<b>Housing &amp; Utilities (includes internet and cable)</b>	<b>30%</b>
<b>Student Loan Repayment</b>	<b>8%</b>
<b>Food (includes groceries &amp; dining out)</b>	<b>10%</b>
<b>Credit Card &amp; Car Loan Repayment</b>	<b>12%</b>
<b>Transportation (includes car payment, insurance, gas, and maintenance)</b>	<b>15%</b>
<b>Personal Expenses</b>	<b>4%</b>
<b>Medical &amp; Dental Expenses</b>	<b>5%</b>
<b>Savings/Investment</b>	<b>10%</b>
<b>Phone Bill</b>	<b>2%</b>
<b>Miscellaneous</b>	<b>3%</b>

## Food Cost Saving Techniques

- Grocery Savings
  - Make a detailed grocery list prior to shopping and only purchase items on the list.
  - Avoid shopping when you are hungry, you will be tempted to buy unnecessary food items.
  - Shop alone. Shopping with kids or friends can encourage impulse purchases.
  - Shop at lower-priced warehouse grocery stores when possible.
  - Avoid purchasing high-priced convenience items such as pre-chopped vegetables. Instead do your own food preparation.
  - Collect and use coupons.
  - Consider purchasing store-brand or generic items.
  - Plan your meals and snacks ahead of time and shop on a weekly basis.
  - Avoid purchasing non-food items, such as cleaning materials or paper products, from the supermarket because there are usually large mark-ups on these items. Instead purchase non-food items from warehouse clubs or discount stores.
  - Consider purchasing products on the top and bottom shelves, as cheaper products tend to be located in areas with less exposure.
  - Establish a weekly or monthly grocery budget a stick to it.
  - Be aware of the prices other stores are advertising for items you frequently use.
- Packing Lunches & Snacks
  - If packing lunch is not popular at your workplace, encourage your coworkers to pack their lunch and eat together.
  - Ask your employer to provide a refrigerator and microwave if there isn't one available.
  - Meal prep on the weekends to make weekday meals easier to pack.
    - Cut up fresh vegetables.
    - Make larger quantities for dinner and take the leftovers for lunch.
    - Avoid purchasing higher priced quantity-size items. Instead invest in reusable containers to pack value-sized snacks in.
    - Do not pack the same thing for lunch all the time.
    - Pack snacks for days in the office or on the road. This will help avoid the urge to buy from gas stations or vending machines.
- Everyday Dinners
  - Purchase a few "Quick and Easy" cookbooks for weeknight dinner ideas. Recipes in these cookbooks typically make 4 to 6 servings and utilize 5-6 ingredients.
  - Utilize YouTube and Pinterest for meal ideas.

- Cooking at home instead of eating at restaurants will save a significant amount of money over time.
- If you are not a fan of cooking, purchase pre-made meals in the frozen food section of the grocery store.
- Dining Out
  - To save money while eating out, allot a certain dollar amount per week/month for dining out.
  - Avoid ordering appetizers and dessert with your meal. If you do, share.
  - Order water whenever possible.
  - Scan the newspaper, internet, and flyers for coupons to your favorite restaurants.

## Credit Cards Guidelines

Credit cards offer a number of benefits for stringent users, however, credit cards also have negatives when not utilized correctly. Easy access to credit cards and lack of budgeting can lead some users to spend far beyond their means. Here are a few tips to stay out of credit card debt and to get out of credit card debt if you already have it.

- **Keep one card.** Find a credit card that offers a number of advantages and cancel other credit cards that are not necessary to keep open.
- **Balance due cards.** Consider applying for a credit card that requires the user to pay the entire balance at the end of each month.
- **Establish a credit limit.** If you have a problem purchasing too many items on your credit card each month, contact your credit card company and request for your available credit to be reduced to an amount you are able to pay off each month.
- **Consolidate balances.** If you have several credit cards with balances, find a credit card with the lowest interest rate and consolidate your other credit card balances to that card. This will enable you to see your complete debt on one statement, and allow you to more easily track your progress in paying it off.
- **Reduce the interest rate when possible.** When consolidating multiple cards, contact the credit card company to negotiate a lower rate. If they hesitate mention that you will move to a different company and they may change their mind.
- **Keep a journal.** By keeping a journal of your monthly credit card purchases, you will be more aware of the amount you are spending each month.

- **Stop using credit.** In order to pay off your debts you will need to stop using credit for a time. Cut up the credit card as a last resort to stop spending.
- **Budget monthly payments.** Designate a specific amount in your budget to be used toward paying off the balance of your credit card each month.
- **Avoid late fees/bad credit.** If you are unable to make the minimum payment on time, contact the credit card company to ask for assistance. The most common assistance usually includes changing your monthly billing period to a more convenient time for you, or lowering your monthly payment. Lowering your monthly payment will cause your balance to be paid off over a longer amount of time and increase the amount of interest you will have to pay, but it will keep your credit history clean until you are able to make additional contributions toward the balance.

If you need assistance with creating a budget, please schedule a visit with the Career Development Specialist.

## Career Development

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