
BUDGET TIPS

Upon graduation it is very important to organize your finances. You will probably be surprised how quickly your paychecks will disappear; 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 fields are so hot right now that graduates in those 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.

When Designing Your Budget, Don't Forget To...

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 payment, damage deposit)
- One time fees for electricity, cable, gas, water, telephone, internet, etc.
- Car purchase or payment
- Insurance (car or personal, renters, health)
- Household items (everything from Pledge to a shower curtain!)

To view a printable copy of the monthly budget worksheet, [click here](#)

How much should you budget towards housing?

Conservative budgets suggest allocating between 25%-35% of income for housing expenses.

Food & Drinks

Saving money on food does not have to include just eating potatoes, macaroni & cheese, and ramen noodles. There are numerous methods that can help you keep your food expenses down without giving up the variety and taste of your favorite foods.

Grocery Saving Techniques

- Make a detailed grocery list prior to shopping and only purchase those items on your list.
- Avoid shopping on an empty stomach, as you may be tempted to purchase expensive, unnecessary snack foods.
- Shop alone, as children and/or friends can encourage impulse purchases.
- Shop at lower-priced warehouse grocery stores as upper-scale grocery stores usually charge a premium for their items.
- Avoid purchasing high-priced convenience items such as pre-cooked chicken or pre-chopped vegetables. Instead do your own preparation.
- Collect, and use, coupons for items that you often use. Coupons can reduce your grocery expense significantly.
- Consider purchasing store-brand or generic items. In many cases, there are only slight differences, such as packaging.
- Plan your meals and snacks ahead of time and shop on a weekly basis to avoid returning to the store. This will avoid impulse purchases and provide you more time to do other activities besides shopping for groceries. Try to estimate needs accurately so food is not wasted.
- Avoid purchasing non-food items, such as cleaning materials, razors and paper products, from the supermarket because they usually have large mark-ups on these products to compensate for other lower priced items. Instead, purchase non-food items from warehouse clubs or discount department stores.
- Consider purchasing products on the bottom and top shelves, as cheaper products tend to be located in areas with less exposure.
- Establish a monthly/weekly grocery budget and stick to it.
- Be aware of the prices other stores are advertising for items you frequently use. If another grocery store is having a big sale, it may be worth the \$15 in savings to shop at that store that week.

Packing Lunches & Snacks

Packing your own lunch and snacks is an easy way to save a significant amount of money. For example, if you purchased snacks (average cost of \$1.30) three times a week while at work or when traveling and you purchased lunch everyday (average cost of \$5), in one year you would have spent over \$1200 on snacks and lunch. Although certain careers and situations do not lend themselves to packing a lunch or snacks, there are many careers where this is an acceptable alternative to eating out. Listed below are suggestions to help you save money by packing your own lunch and snacks.

If packing your lunch is not popular at your workplace, encourage others to pack their lunches and eat together. Also request that your employer invest in a refrigerator and microwave for the employees.

Plan your lunches when doing weekly shopping. Purchase some of your favorite items and prepare them during the weekend for your convenience during the week.

Below are some examples.

- Cut up fresh vegetables so that they are easily ready to pack in your lunch each day.
- Make larger quantities for dinner during the weekend and take the leftovers to lunch.
- Avoid purchasing convenience quantity-size items as they are priced at a premium. Instead, invest in some reusable containers and purchase value-sized items.
- Be creative with packing your lunch so that you do not become bored or discouraged with bringing your lunch to work. To accomplish this, stroll the grocery store for ideas that you can incorporate into your lunch.
- Pack snacks for work. For example, bring store-bought sodas and pretzels to prevent visits to the vending machines.

- When traveling by car, pack a small cooler with beverages and snacks in order to avoid paying inflated prices for these items at convenience stores.
- When traveling by air, especially if you have lengthy layovers, pack snacks in your carry-on luggage to avoid purchasing expensive items from airport services.

Everyday Dinners

As an excuse for frequenting restaurants, people complain that they either do not know how to cook, or do not have time to cook. There are several products available to make cooking fast, easy, and economical. Considering that an average dinner can cost anywhere from \$8 to \$20, a significant amount of money can be saved by the following suggestions.

Purchase a few “Quick & Easy” cookbooks. These are usually conveniently located at the checkout line at your grocery store. The recipes generally make 4 to 6 servings and usually require purchasing 5 to 6 ingredients that are already prepared, such as canned vegetables and soup mixes.

If you are not willing to try to cook, purchase pre-made meals in the frozen food section of the grocery store. Although they are more expensive than a meal you prepare yourself, they are significantly less expensive and often healthier than eating out.

Dining Out

While dining out is fun and enjoyable, it can also be very expensive. Below are tips to saving money while dining out.

- Allot a certain \$ amount per week/month to dining out.
- Order take-out food from your favorite restaurant. You will save money on the drinks and tip.

- Avoid ordering both an appetizer and a dessert at the same meal. Or, if you do order dessert, share.
- Avoid ordering alcoholic beverages.
- Scan the newspaper, Internet, and flyers for coupons for your favorite restaurant.

Typical Budget Items

- Rent or Mortgage payments
- Utilities- gas, water, electricity, heat
- Cellphone
- Internet
- Cable- Direct TV, HBO, etc
- Car Insurance
- Renter’s Insurance or Homeowner’s Insurance
- Credit Card Payments
- Student Loan Payments
- Car Payments
- Gas for Vehicle
- Personal expenses- shampoo, toothpaste, etc.

Some Reasonable Budget Guidelines

	Percentage of Monthly Income
Housing and utilities	30%
Student loan repayment	8%
Food (includes groceries and eating out)	10%
Credit card, auto, and personal loan repayment	12%
Transportation (includes car payment, insurance, gas, and maintenance)	15%
Clothing	5%
Medical and dental expenses	5%
Savings/ Investment	10%
Miscellaneous	5%

Credit Cards

Credit cards offer a number of benefits for stringent users. However, credit cards offer many more negatives to the majority of credit card users.

users. Because of the easy access to credit cards and lack of budgeting, some credit card users find themselves living far beyond their means. Below are various suggestions to implement in order to stay out of credit card debt and for getting out of credit card debt.

Keep One Card

Most people have a need for only one credit card. Therefore, find a credit card that offers a number of advantages and cancel any other cards you have.

Balance Due Cards

To keep from going into credit card debt, apply for a credit card that requires the entire balance to be paid off each month.

Establish A Credit Limit

If you have a problem purchasing too many items on your credit card each month, but just are unwilling to get rid of your card, contact your credit card company and request your available credit 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 the progress you make in paying the balance off.

Reduce the Interest Rate

If you are carrying a balance or are considering consolidating other credit card balances to one card, contact the credit card company you are

considering consolidating the cards to and negotiate for a better interest rate. When negotiating, simply state that you want to consolidate your other credit card balances and want to consolidate them with their company. Ask to have a special interest rate applied to the consolidated amount. If they hesitate in offering you a special rate, suggest you will use another company.

Keep A Journal

One of the problems with credit cards is that customers are unaware of their credit card balance until the statement arrives each month. By keeping a journal of your monthly credit card purchases, you will be aware of the exact balance on your card.

Stop Using Credit

In order to pay off your debts, you need to stop using your credit card. The most effective method to stop using your card to purchase items is to cut it up. If you encounter an emergency where you need to use the card, you can contact the credit card company by telephone to have a purchase credited to your account.

Budget Monthly Payments

To assist in paying off your credit card debt, create a budget. 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

Late fees can be obtained two ways: not making your monthly payment on time or paying less than the minimum amount. In addition to being

expensive, late fees are also a sign of bad credit and will show up on your credit report. To avoid these fees, contact your credit card company. Inform them of your financial situation and request assistance. The most common assistance will include changing your monthly billing period so that your payment due date will occur at a more convenient time 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 Coordinator.

Career Development

May Hall 212 | dsu.careerdev@dickinsonstate.edu | 701-483-2101
www.dickinsonstate.edu/career

