# Tips for sticking to that first budget

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Sticking to a budget can be daunting for postsecondary students living away from home.

The first challenge for Katie Scharf, a Toronto actor and recent McGill University grad, was learning to pay attention to money. Her parents helped her figure out a budget, but she was in charge of her own bank account and responsible for paying her bills.

Her hardest adjustment came in second year after she moved out of residence. Rent and her phone bill were fixed expenses, but she had no idea how to budget for going out and buying food that wasn't groceries.

"I tried to make a plan before I started and totally underestimated how much was reasonable to set aside for spending," says Ms. Scharf. "For example, I didn't take tax and tips into account when eating out. It was difficult to foresee a realistic budget until I actually started living it."

Ms. Scharf says the least expected consequence of taking care of her own money was how it would affect relationships with people.

For instance, the roommate in charge of paying for power collected the money every month, but didn't pay the bill. Nobody had thought to ask until they got a threatening letter from Hydro-Québec.

"How do you talk to your friends about money when you've never really had to think about it before?" Ms. Scharf asks.

"That's a very awkward conversation. If you're paying, is your friend getting it next time? When it's drinks, people often don't remember what they owe you or if they owe you. The assumption is that everybody will pay you back, but if they don't, you have to figure out how to navigate that. When it comes to relationships, communicate.

Talk to each other even if you feel really uncomfortable because of that stigma about money. It's worth it to have the conversation."

There can be a stigma around money, particularly for first-year students away from home, says Darran Fernandez, associate registrar and director of student support and advising in enrolment services at the University of

British Columbia. Lifting that stigma starts with encouraging students to have an early conversation about money.

“The more we do that, the more people will feel comfortable about talking with their parents or advisor about being in a tough financial situation, because that’s the only way they’ll get out of it,” says Mr. Fernandez. “If people continue to suppress the conversation around money, it puts them in situations that aren’t healthy, not just financially but potentially in a mental-health and well-being context. So opening up that conversation is really important.”

Every undergraduate student at UBC has an assigned advisor – an enrolment services professional – who is also a financial advisor.

Even during the recruitment period, UBC offers webinars as well as summer sessions with an assigned advisor so students can talk about their financial situation, build a budget with them and learn how to apply for government student loans, plus different scholarships and loans that are UBC-specific. There is also a cost calculator on the university’s website that any student or parent can use to estimate the cost of campus life for first year, second year and so on.

“Having a financial plan before you get here is key,” says Mr. Fernandez.

“A student’s financial well being is connected to their academic success so we want to make sure students think about how they’re going to be able to fund their studies. Students might sit down with their financial advisor one on one, do it over the phone or take part in a webinar.

This generation is very tech savvy so we offer flexible ways to engage them. Having a trusted staff member contact that they can go to is important, particularly for at-risk students, so we make sure that’s possible.”

Sheila Walkington, co-founder of Money Coaches Canada in Vancouver, supports making a plan in advance, because students tend to become immersed in friendships and studies as soon as they arrive at school. She advises students to know their numbers before they go – what is expected and when it is due – and make sure it is enough. Then not to get discouraged if they fall off the plan.

“People usually underestimate what they’re going to spend,” says Ms. Walkington. “Then once they fall off, they don’t try any more. Always forgive yourself for whatever happened and start again.”

Ms. Walkington suggests students give themselves a fixed weekly spending allowance, after setting aside money for bills. They might mess up a few times but it this way it is a pretty quick learning process.

“Every seven days, you get to try again,” she says. “But if you give yourself a monthly allowance, it’s really easy to blow it in two weeks and then not have any for the rest of the month.”

She prefers that students use debit over cash or credit cards for day-to-day living because they can’t lose it in your pocket and it’s not too tempting to spend.

Also, if students are not on a meal plan, Ms. Walkington suggests learning to cook because with groceries at home and a menu plan, they will be a lot less tempted to eat out.

When Justin Bouchard was a student at the University of Manitoba, he recalls sticking to a tight budget by combining the cheapest meal plan with making his own food.

“I had cereal every morning in my room so I didn’t have to spend $10 of my meal plan on breakfast,” says Mr. Bouchard, now an academic advisor at the University of Manitoba, and a money expert on Young and Thrifty, a personal finance website.

“Food is about 60 per cent of your budget so having a little bar fridge in your room is easy savings. You don’t need heat and it’s allowed in residence.”

Mr. Bouchard says many students aim to work a few hours a week for the spending money portion of a budget. But he warns to be careful to balance work with studies.

“Some students can handle three hours a week and others can work 10,” says Mr. Bouchard. “Start small and gradually build up your hours. Your employer has to understand that school comes first.”

He also cautions students about not letting the budget run your life. Sometimes you just need to unwind.

“If you go to see a movie and that puts you $20 in debt on your line of credit, it’s not the end of the world,” says Mr. Bouchard. “That relaxation before an exam could be the difference between an A or a B. But if you think you need that every day, it’s not acceptable. It comes down to judgment and common sense.”