

Why your student budget might need a turkey dump - and how to start over

By Danielle Kubes, Special to Financial Post

For students, Thanksgiving is more than a time to go home and stuff their faces with mom's cooking.

It's also a time when they traditionally evaluate their first semester at school and think about the changes they want to make. Ever hear of the "turkey dump," where long-term high school couples last only about a month and a half in college, realizing when reunited on Thanksgiving that they don't want to stay together?

Well, the same thing happens with money - the weekend is a reality check.

Students may have, at this point, blown all their cash on late-night meals of chicken fingers and grilled cheese sandwiches. Or they may have realized that textbooks and school-branded sweatshirts cost way more than they anticipated, and the majority of their student loan funds have already slipped through their fingers.

For a lot of post-secondary students, returning to the comfort of home means confronting the reality of how much money they were actually spending. It's a time, in this season of fresh beginnings, to reorganize their budget so it's able to withstand the rest of the semester (until Christmas when they can come home and hit up their parents for more cash, obviously). But they shouldn't expect the process to be easy.

"Money doesn't come out of thin air," says **Steve Bridge, a coach at Money Coaches Canada**, adding that there are two ways to go about re-building a budget. "You can make more or spend less."

Working is the route that Michael Iankilevigch, a 20-year-old business student at Ryerson University, decided to go after realizing how expensive tuition was. Without his summer jobs, where he's worked as a camp counsellor, salesperson and security guard, he says "there's no way I'd get out of school without \$10-15,000 in debt."

Working in the summer requires pre-planning, though. If you need more money now, getting a part-time job is an option, but it will eat into your study and social time.

The alternative - to spend less - requires you to be honest about where the cash is going. Any time you spend, keep notes on your phone. Or, if you have enough homework, let an app do it for you. Mint and Wally - both free, and both available for Android and iOS - will track that information automatically and send you regular spending reports.

"Just the process of going 'Wow, I spent \$80 at the bar last night, oh my goodness, that's a lot,'" helps and allows you to see trends, Bridge says.

Tracking also stops you from creating an unrealistic budget - maybe like the one you made in the summer. Iankilevigch, for example, buys all his lunches when he has full days on campus, spending between \$12 and \$25 a day. Cooking and bringing food would be cheaper, but that's not something that interests him.

"Honestly, it's a law of diminishing returns," he says. "I don't have the time to be making something ... or having to find a place to warm it up."

Fair enough. Since he knows that about himself, it's important then that he prioritizes his food budget. But he's going to have to cut somewhere else. For Iankilevigch that means keeping a handle on larger expenses, especially electronics.

"Every six months there's going to be a new phone that comes out" he says. "You don't need to get the newest thing, because there's always going to be a newest thing."

Ultimately, students need to be forward-thinking and work backwards from there..

"I would recommend students have a money meeting with themselves, a calendar appointment with themselves, every Wednesday night at 8 p.m.," Bridge says. They need to ask themselves, "What expenses do I have coming up? How much money is in my account?"

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For example, he says, let's imagine a student planning a trip to Whistler in December that will cost \$300. "Where do I get the \$300 from?" is the first question the student should ask themselves, Bridge says. "I have three months to start saving, so I'm going to open up a Whistler account, or Whistler jar or envelope, and I put in \$100 a month, that's about \$25 a week. So I need to save \$25 a week if I want to go to Whistler."

Money is, after all, just math.

But, to get the right answer, you have to include all the numbers. Other future expenses students may have to factor into their planning include new textbooks for next semester, Christmas presents for family, train tickets home, any fees for exams (like the LSAT or GRE) and any rising costs - the price of bus passes, for example, often goes up yearly.

Of course, you can't foresee everything. Iankilevigch, for example, was caught off guard when his phone unexpectedly broke, forcing him to buy a new one.

"Things come up," he says. Luckily, he still had money in the bank from his summer job, so the \$250 didn't totally derail his budget.

Once you've looked at your budget, you may find out there's no room to save \$25 a week, and decide to skip Whistler. These are the hard choices one must make.

"It doesn't matter who we are," Bridge says, "Money is always limited."