

Community for Accredited Online Schools

Budgeting for College Students

Apps & Advice for Creating & Sticking to a Realistic Budget

Tyler Boling

Creating a budget may sound intimidating or complicated, especially if you're a new college student managing your expenses for the first time. Whether your funds come from student loans, your parents, your own job or all of the above, budgeting ensures you enough in the bank for tuition, textbooks, housing and a little bit of fun. Read on to learn how to create a budget that works for you and to find tips and tools to help you develop healthy financial habits.

Simple-to-Use Budgeting Apps

Finance apps make it easy for anyone to handle everything from expense tracking to investments. Below are 10 of the most useful finance apps for college students:

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[Acorns](#)

iOS, Android

\$1/month for accounts with less than \$5,000

Why this is useful for college students

Targeting novice investors, Acorns rounds up everyday purchases to the nearest dollar and invests the remainder into an interest-earning portfolio. Bonus: Certain stores, including Apple and Walmart, invest money in students' accounts when they shop there.

[Digit](#)

iOS, Android

\$2.99/month

Why this is useful for college students

Digit aims to reduce the stress of saving by analyzing users' spending habits and transferring small amounts out of their checking account when they won't miss it. When students need money—whether it's for a planned expense like textbooks or an unexpected one like replacing a stolen bike—they text Digit and the money goes back to their checking account.

Goodbudget

iOS, Android

Free, \$5/month or \$45/year

Why this is useful for college students

With an envelope budget method, every week or month you stick money for a budget item—such as dining or gas—into an envelope earmarked for each expense. When the money in the envelope is gone, you stop spending in that category until funds are replenished next week or month. The Goodbudget app brings this cash-based technique to the debit card world by helping students plan and visualize their variable costs.

Mint

iOS, Android

Free

Why this is useful for college students

Mint is the granddaddy of personal finance apps. It links directly to users' checking, savings and credit accounts to provide a one-stop dashboard for transactions. Use Mint to start a monthly budget, and the software will automatically track spending in each category.

Comparable apps include [Albert](#), [PowerWallet](#) and [Spendee](#).

PocketSmith

iOS, Android

Free or \$9.95 to \$19.95/month

Why this is useful for college students

Sometimes the money for rent comes in after the due date has passed. Oops. That's where Pocketsmith excels. It projects cash flow six months into the future so students can see how much money they'll have available on any given day.

Qapital

iOS, Android

Free

Why this is useful for college students

Like Digit, Qapital encourages micro-saving. Unlike Digit, the user creates the rules. You could, for instance, set aside an extra \$1 for every purchase made. Qapital would move that money into a separate savings account that can be accessed at any time.

Splitwise

iOS, Android

Free

Why this is useful for college students

Roommate drama is inevitable, but Splitwise makes sure no one is arguing over bills. The app and browser versions allow friends with shared bills—groceries, electricity, rent, whatever—to quickly calculate who owes what to whom and tracks payments via cash, Venmo, or PayPal.

Square Cash

iOS, Android

2.75% transaction fee

Why this is useful for college students

Knowing a roommate owes \$100 and getting paid are two different things. Like Venmo and PayPal, Square Cash is a way of sending and receiving money. Unlike them, any money received goes directly into a checking account, not a Venmo or PayPal balance.

YNAB

iOS, Android

\$50/year (students get the first year free)

Why this is useful for college students

You Need a Budget, or YNAB, is a pay tool that asks users to assign every dollar of income to a “job” as it comes in, an example of zero-based budgeting. Members get bonuses like workshops, podcasts and videos to become budget gurus.

Budgeting 101: Why it’s Important & How to Get Started

The word “budget” can make some people cringe. It lurks in the background, seeming to chide people for buying concert tickets or dining out. But budgets don’t judge people. They’re estimates of income and expenses and reflect a person’s priorities. Here’s why it’s a good idea to make one:

- **Budgeting reduces financial stress**

Money, or lack thereof, is one of the biggest causes of stress. A budget provides clarity on your financial situation so you can make responsible decisions that will cut down on stress.

- **A budget helps students save**

Typical budget strategies encourage people to save a percentage of income. Since investment accounts typically accumulate compound interest, allocating just a few dollars toward savings each week or month can build up markedly over time.

- **Budgets are a way to prepare for emergencies**

In any given semester, students may face unexpected expenses, such as when a car breaks down or a roommate neglects to pay their share of the rent. A good budget takes emergencies into account, and helps students set aside funds for them.

- **Budgeting helps people determine their goals**

Many people say they want to retire to the Bahamas to lounge on the beach and eat lobster, but their spending habits suggest otherwise. Budgets help people evaluate their priorities and realistically accommodate them.

- **Budgets help students identify “wants” versus “needs”**

\$20 a month on coffee might sound reasonable, but it’s easy for that number to add up. Using a budget to track expenses can show if the true figure is closer to \$90, and can give the budgeter the information to decide whether that \$4 cup of coffee is just an unnecessary want or a real need.

- **A budget helps students ensure they’re not spending money they don’t have**

A budget is a visualization of actual income—whether from parents, a part-time job or financial aid—that not only shows students how much they can spend without going into debt but also lets them know when funds are low so they can shift their spending habits.

Recognizing the usefulness of a budget is easy enough, but it may seem daunting to actually create one. It doesn’t have to be, though. Follow these steps to get started:

- **Step 1** Set a timeframe for your budget

The [Federal Student Aid Office](#) recommends students create a semester-long budget. That’s short enough for students to stay on track but long enough to incorporate purchases that don’t get made every month (e.g., textbooks and student fees).

- **Step 2** Download an app

Download a budgeting app that fits your financial situation—or download several and experiment with multiple budgeting styles. YNAB may help students with big (non-monthly) loan distributions determine where everything is going before the start of the semester, whereas students with many transactions might prefer Mint.

- **Step 3** Assess your income

Students typically receive money from financial aid distributions, college savings, parental support, [tax refunds](#) and, of course, jobs (although earnings come in at different times). Always know where your income is coming from and when, then add it all up and determine a monthly average.

Step 4 Categorize your expenses

Many financial planners advocate the [50/20/30 rule](#): a maximum of 50 percent of after-tax income goes toward fixed costs (i.e., monthly bills), at least 20 percent goes to savings or debt payments, and up to 30 percent is left for day-to-day costs (e.g., groceries and gas). Check that your expenses, whether actual or anticipated, are lower than your monthly income and in line with the 50/20/30 rule. If not, cut costs.

Step 5 Keep categorizing (optional)

LearnVest advocates the “one-number strategy,” which asks people to only monitor overall flexible spending, or day-to-day costs, through an app like Level Money. However, people with unsustainable spending habits may benefit from the envelope method. Instead of one number, all the biggest day-to-day expenses (e.g., groceries, restaurants, clothing) get their own categories—and budgeters can monitor how much money is going to each.

Step 6 Balance your budget

More income than expenses? That doesn't let you off the hook for budgeting and planning—it simply means you've got a good head start. The best practice is to throw that extra money toward savings or loan payments.

Step 7 Monitor your budget regularly and adjust

Most people don't get their budget right on the first try. Set aside time each month to review spending, and make adjustments if there are unanticipated expenses. An overly optimistic budget is useless—and makes it much more likely you'll give up, setting yourself up for financial problems. Successful budgeters make sure their budgets accurately reflect their lifestyle and then set goals to reduce spending when/if necessary.

Sticking to Your Budget & Saving Money

So, you've got a budget. Now it's time to leverage it to get a grip on your finances. Here are six tips to stay on track:

Analyze needs versus wants

Not all monthly expenses are needs. Everyone needs a place to live, but you don't need that fancy rug for your bedroom. Start by estimating minimum housing, utilities, food, school, transportation and healthcare costs. Those are all needs. Everything else is a want that you can save up for and buy when you have expendable income.

Think long-term

Analyzing needs versus wants is helpful, but look at the big picture, too. Sometimes higher-priced wants can save money in the long run. Love coffee shop lattes? Save up to buy a decent espresso machine and make them for a fraction of the price at home, anytime you want. Consider a slightly more expensive apartment closer to campus if you can save time and forego having a car.

Automate savings

Setting up an automatic withdrawal from a checking to a savings account ensures you “pay yourself first.” Another painless way to build on this amount is by using a [micro-savings app](#) like Digit or Qapital. The money that accumulates can go toward anything, from an unforeseen emergency to a fun spring break trip.

Divide and conquer

Rent day is coming. But so is the Costco run for the party. By having two separate checking accounts—one for fixed costs such as rent and another for flexible costs such as food—budget-conscious students can determine whether they've got enough to splurge on extra hot wings without worrying about touching their rent money.

Decide on your meal plan

Many colleges require new students to purchase campus meal plans, which typically come in different sizes. Calculate the cost per meal to get a sense of what you'll be spending. Students with kitchens can save money by choosing the lowest-cost plan and then cooking at home with friends. If you can't cook or have a weakness for eating out, it may be better to get a more flexible meal plan.

Give away money

Giving money to charity helps students stick to their own spending plan as they become conscious of money's importance. According to Tyler Boling, a financial adviser with Reed Financial Planning Services, "Many students nowadays are donating 10 percent, which falls in line with many studies [that show] millennials are the most socially conscious and passionate generation to date."

Common Mistakes Students Should Avoid

Whether you're a few years away from starting college or wrapping up your senior year and ready to join the working world, there are always potential pitfalls that can wreak havoc on your budget. Avoid the following 10 most common mistakes:

Choosing the wrong school

When evaluating colleges, some students only consider prestige. Others focus solely on price tag. But many "expensive" private schools give generous financial aid packages, lowering the sticker price to a competitive level. Likewise, community colleges allow students to live at home before transferring to a four-year school. Before accepting an admission offer, create a mock budget for each school you're considering and compare each one thoughtfully.

Not taking academics seriously

Not working

Misusing a credit card

Not building your credit score

Not saving

Not tracking your spending

Not applying for financial aid

Not using student loans correctly

Not being creative

Getting Back on Track After Mishaps

It's very common—and very easy—to get off track. According to Boling, however, the most common culprit isn't always reckless spending; it's facing a large, unexpected expense such as car repairs or a medical emergency. Don't let a financial mishap ruin your budget. Here are some expert tips to help you get back on track.

1. Don't beat yourself up

Underestimated textbook costs? It happens to everyone. When you face a miscalculation, think of it as a head start in getting back on track because you already have a framework and understand your money habits.

2. Go to the ATM

That's right. "Put your credit and debit cards away, and go back to using cash," Boling says. "Give yourself a certain amount of cash per day to spend and don't touch the rest. Before you know it, you'll be back on track and able to start using your cards again."

3. Pay off your credit cards as quickly as possible

Credit cards can be lifesavers in an emergency, but don't let the balance keep building. Credit companies are notorious for charging extremely high interest rates, especially for students, so avoid them. Boling says, "If you max out your credit card, pay it down ASAP, even if it means keeping the car parked for a month or giving up coffee until it's paid down."

4. Build or (rebuild) your emergency fund

According to Boling, "Many financial advisers recommend having enough in the emergency fund to cover six months' worth of expenses, but for most college students, that's not feasible." That doesn't mean it's okay to ignore the underlying point of this advice, though. "Start by having at least two paychecks earmarked for emergencies and don't touch that money unless it's absolutely necessary," says Boling.

5. Reevaluate your budget

Although an emergency may have been the tipping point, often that's because students maintain a best-case scenario budget. Now's a good opportunity to identify areas in which you consistently under-budget and either find ways to cut expenses in that (or another) area or earn extra cash.

Budgeting Resources

Ready to budget? The following blogs, services and financial calculators can help students lower expenses and increase savings.

- [Billshark](#)

Trimming fat off a budget is easier said than done, and most people look to variable spending rather than fixed monthly bills. But these constitute a good chunk of spending—and cutting them means savings every month. Billshark negotiates lower monthly bills (e.g., mobile phones) on subscribers' behalf.

- [Feed the Pig](#)

This website, sponsored by the American Institute of Certified Public Accountants, is one of Boling's favorites. "It's filled with resources to help beginners build a budget, manage debt, cut back on spending and formulate savings plans," he explains.

- [Investor.gov](#)

The free financial planning tools on this U.S. Securities and Exchange Commission website are worth a look. Users can estimate how much compound interest they could generate over time, determine how much they need to save each month to meet a future goal, and even compare fees on mutual funds and 529 college savings plans.

- [LearnVest](#)

LearnVest is a financial planning services company that also maintains a knowledge center of articles covering all aspects of personal finance, including budgeting.

- [MoneyGeek](#)

MoneyGeek wants to help people make smarter financial decisions and oftentimes, careful financial planning and budgeting is behind that. Consumers of all ages can find financial education guides and tools on a variety of topics.

- [Mr. Money Mustache](#)

Mr. Money Mustache is an average guy—except that he retired at age 30. Through his blog, he helps readers rethink their relationship with money and reconsider needs versus wants. Some of his tips, like biking instead of driving, will ring true to college students, and his financial advice has earned him a cult-like following.

- [PearBudget](#)

PearBudget actually costs money and doesn't come in app form. But its advantage over common tools like Mint is that it doesn't track users' bank info or advertise credit cards. After a 30-day free trial, it's \$4.95/month and is perfect for security-conscious students who worry about their financial data getting stolen.

- [Vanguard](#)

Graduated from Acorns and getting more serious about investing? Vanguard is one of the cheapest places to do it, with very few fees. Investors need at least \$3,000 to start a 529 college savings plan or \$1,000 to invest in mutual fund accounts that earn dividends.

- [What's the Cost Snowball Calculator](#)

Due to student loans and high-interest credit cards, college students are especially prone to getting in debt. This calculator helps them budget for paying off their debts, pointing them to the ways that save the most interest. Though other tools like this exist, the Snowball Calculator is more sophisticated because it lets users enter in introductory interest rates.

Free Budget Templates

Budget templates are pre-made spreadsheets that let users fill in monetary values. They have several advantages over expense tracking apps:

- They're simple to use, so new budgeters are more likely to stick with them
- They're customizable
- They're more secure than apps, which track financial data and may use it for marketing purposes
- They can be shared with others, so they're perfect for off-campus housing budgets

Choose a template that fits your decided approach to budgeting. You can find one at the following sites:

- [iWorkCommunity](#)
Users of Apple's Numbers software have fewer template options than Excel users. Search for "finance" and select one of the user-submitted templates that fits your needs.
- [Microsoft Office](#)
Microsoft invented the Excel spreadsheet, so of course it has multiple templates, including several for college budgets, and a college expense estimator.
- [Pinterest Budget Templates](#)
Find a visually appealing budget template through Pinterest.
- [SeedTime](#)
This finance blog has 10 free templates that correspond to different budgeting styles, including zero-based budgeting and snowball debt reduction.
- [Smartsheet](#)
Smartsheet puts over a dozen free Excel templates on its website, including a college student budget and a zero-based budget spreadsheet, as well as Google Docs templates.
- [Vertex42](#)
Find general budget templates as well as event-specific templates that can be used in Excel, Open Office or Google Docs.