Frugal GRAD Budgeting 101: Personal Budgeting for Graduate Students and Postdocs

Sponsored by:
Campus and Student Life and
UChicagoGRAD
University of Chicago
Personal Budgeting for Graduate Students

• What Is a Personal Budget?
• Elements of a Working Budget
• How to Set Realistic Budget Goals
• What’s In It for Me: Why Budget?
• Lessons Learned—Budgeting Basics from Cynthia Hillman, PhD ‘15
• Examples: Tracking Small Purchases, Especially Food
• Managing Food Costs
What Is a Personal Budget?

A way to make sure you will have the resources to do what you most want to do.

A budget should…..

**Have a Purpose** or defined goal that is achieved within a certain time period.

Myth: It is intended to identify each individual purchase ahead of time.

**Be simple:** The more complicated the budgeting process is, the less likely you are to keep up with it.

Myth: Your budget should include all detail of all income and expenses.

**Be flexible:** A budget will change from month to month and will require monthly review and alternation.

Myth: Your income and expenses should stay the same every month.
## Elements of a Working Budget

### Estimate Monthly Income
- Take Your Stipend/Loan Amount and Divide by the Number of Months You Need It to Last (9-12)
- Pay Attention to Timing of Irregular Income

### Estimate Monthly Fixed Expenses
- Rent/Housing, Transportation, Insurance (Renter’s/Auto), Phone/Internet
- Debt Payments
- Factor in Quarterly School Fees

### Estimate Monthly Variable Expenses
- Groceries and Other Basics
- Going Out, Entertainment
- Netflix, Hulu, Cable, etc.
- Clothing

### Savings/Financial Goals
- Unplanned Expenses (Illness, Underemployment)
- Research/Conference Travel
- Computer or Other Research Tools
- Retirement
How to Set Realistic Budget Goals

• Define your priorities…budgeting is about decisions, NOT money.

• Expenses should be about 5% or 10% below your estimated income. Look to variable expenses to make and impact.

• Aim for a 90% success rate for your budget. Decision fatigue will catch up with you at some point.
What’s In It for Me … Why Budget?

You have a statistically better chance of …

- Reaching your savings and financial goals
- Ensuring you are spending according to your priorities
- Creating peace of mind and ensuring you have money for the things you need.
Lessons Learned - Budget Basics

• **Eliminate Mindless Spending**
  Pay attention to your non-fixed/variable expenses.
  
  **Tip:** These are food, entertainment, clothing.

• **Allocate Funds Immediately**
  Fund various accounts as soon as you get your stipend/paycheck.
  
  **Tip:** Savings is a monthly bill due each month.

• **Plan Regularly**
  Review your budget at the beginning of the month or the beginning of each week.
  
  **Tip:** Give yourself an allowance to spend cash on food & going out.
## Examples: Tracking Small Purchases, Especially Food

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost per Item/Day</th>
<th>Cost per Month</th>
<th>Cost per Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Morning Snack (3x/week)</td>
<td>$2.25</td>
<td>$27</td>
<td>$324</td>
</tr>
<tr>
<td>Afternoon Coffee (3x/week)</td>
<td>$2.25</td>
<td>$27</td>
<td>$324</td>
</tr>
<tr>
<td>Sunday Brunch w/ Friends (2x/month)</td>
<td>$20</td>
<td>$40</td>
<td>$480</td>
</tr>
<tr>
<td>ILL Library Fines (1x/month)</td>
<td></td>
<td>$6</td>
<td>$72</td>
</tr>
<tr>
<td>CVS Runs (2x/month)</td>
<td>$12</td>
<td>$24</td>
<td>$288</td>
</tr>
<tr>
<td>The Pub after Class (2x/week)</td>
<td>$6</td>
<td>$120 (per quarter)</td>
<td>$360</td>
</tr>
</tbody>
</table>
Managing Food Costs

• **PREPARE YOUR OWN FOOD**
  - Set aside time on the weekend to menu plan
  - Eat perishable food first
  - Always have a freezer meal

• **KNOW YOUR FOOD PRICES**
  - What does your favorite bottle of wine cost?
  - How much is a box of cereal? One dozen eggs? A pound of pasta?
  - Note: EVERYTHING goes on sale eventually.