

HOW AND WHY YOU SHOULD CREATE A BUDGET:

When it comes to financial planning for post-secondary education, the most crucial planning tool is a budget. Students are willing to learn about this, as 93% of high school graduates agree it's important to learn about finance at an early age. By clearly seeing your income and expenses, it can eliminate unnecessary student debt.

The financial mistakes you make as a student can have a serious impact on your financial future. Creating a budget and sticking to it is easier than most people think.

The key to a successful budget is to underestimate your income and overestimate your expenses. With that in mind, the foundation of a budget is made of 3 components: how much money is there; where does it come from; and where does it go. This is essentially $\text{Net Income} - \text{Expenses} = \text{Cash flow Surplus OR Shortfall}$.

Some sources of income are more stable/more predictable than others and you must take that into consideration when creating your budget. It is best to cluster your expenses into categories so you can clearly see where your income is going. There are two types of expenses: basic and discretionary. Basic expenses are mandatory expenses such as tuition, groceries, rent, etc. Discretionary expenses are flexible expenses such as leisure and savings.

5 STEPS TO CREATE A BUDGET

Creating a budget can be broken down into 5 easy steps:

1. Determine your net income from all sources.
2. Determine your basic and discretionary expenses.
3. Set budgeting goals.
4. Decrease expenses or increase income to meet budgeting goals.
5. Review monthly.

Remember, it is best to underestimate your income and overestimate your expenses.

You can easily create your budget using a spreadsheet software like Excel, or there are a number of apps for your mobile device that can help you create and manage your budget.

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[National Report Card on Youth Financial Literacy](#)

Consult your accountant, financial planner, or investment manager to determine what strategies are best for you.

You have the vision. We have the focus.

For more information on how to preserve your wealth and successfully plan for your future, please contact us.

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