

U of M News Wire

Spending Strategies for Going Off to College

Shirley J. Anderson-Porisch

[Copyright](#) © 2009 Regents of the University of Minnesota. All rights reserved.

Have a son or daughter going off to college? You can help them make good decisions with their money! When asked how to make good decisions with money, I start by taking a look at spending -- often the best way to determine how to make good decisions with money. I suggest you have this spending conversation with your college bound student.

Even though we may not always consciously ask and answer, every spending decision involves questions – What’s the issue? What are the options? What are the pros and cons of each option? Which option will I choose? Will I choose that option in the future? Asking and answering these questions when making a decision should result in a positive solution.

College students who make decisions with money using the questions as well as a plan will likely be able to stay in control of their finances. The plan should show available money for spending or *income*, and obligations of that money or expenses. Making good decisions with the expense side of the plan will likely keep income and expenses in balance.

To illustrate that point, let’s look at some common spending scenarios for a college student. Each scenario describes a plan based on the best option for the spending decision.

A common source of college student income is a loan for living expenses. In this example, the student has a living expense loan of \$2000 to cover 5 months of paying rent and food expenses. The plan suggests using \$400 to cover monthly RENT costing \$250 and FOOD costing not more than \$35-40 per week. Spending at these levels would insure that the \$2000 lasted 5 months.

Another common source of college student income is a job. Let’s say a 20-hour per week job paying \$8.00 per hour provides about \$480 net monthly income. The plan suggests \$480 cover GAS for the car \$100 (about 3 fills per month); CAR INSURANCE \$80; CELL PHONE \$75; CLOTHES \$50; PERSONAL CARE \$50; ENTERTAINMENT \$125 (about \$30 per weekend). Spending at these levels for gas, car insurance, cell phone, clothes, personal care, and entertainment would insure that a \$480 net income would last for one month.

So what if a student’s plan for spending decisions is out of balance? Here are 3 strategies for any situation . . .

- Change income (usually increase)
- Change expenses (usually decrease)
- Change income and expenses

Increasing income is not always the solution -- more income usually means more spending!

Any college student will do well with their spending decisions if they . . .

- *Plan* all spending – track it, record it (use a written check book register), and monitor it!
- *Spend* wisely – pay on time, stay within limits, and make the most of available money!
- *Organize* spending information – open mail daily and file it safely for timely retrieval!

Planning for spending decisions during the college years may well last a lifetime!

Shirley J. Anderson-Porisch
Family Resource Management Educator
University of Minnesota Extension

For Americans with Disabilities Act accommodations, please call (800) 876-8636.
University of Minnesota Extension is an equal opportunity educator and employer.

File: spending-strategies-for-college.pdf