

Sample Budget for Richard

Background: Richard is a first year HSU student coming from L.A. His family has decided to give him an initial sum of money equal to \$7500.00 in order to pay for his initial costs, including tuition. Because his parents want him to focus on his schooling, they will be sending him an additional \$1000.00 a month in lieu of getting a job, as well as covering additional costs, like his car insurance. In terms of living expenses, Richard is moving into a modest-sized apartment off-campus with his friend, where their combined rent will be \$1100.00 with an \$1100.00 deposit. He will go 50/50 on common room furnishing costs with his roommate, but plans on furnishing his room with completely new furniture. In terms of travel, he will be using his own personal car for local travel, but his non-local travel costs will be paid for by his family. Lastly, Richard's spending habits are rather frivolous, and he prefers to spend his excess income on weekend excursions. Additionally, he prefers newer items in all situations, and purchases such as books and clothes will be brand-new.

Richard's Theoretical Budget:

Expenses		Income		Initial Income/Expenses for Semester		
Month 1	Rent/Living Expenses	\$550.00	Initial Monthly Income	\$164.20	Initial Income	\$7,500.00
	Food/Toiletries	\$250.00	Additional Monthly Income	\$1,000.00	Tuition	\$3,929.00
	Local Transportation	\$50.00	Unexpected Income	\$0.00	Cost of Books	\$650.00
	Utilities	\$40.00	Total Income Before Expenses	\$1,164.20	Cost of School Supplies	\$100.00
	Internet	\$50.00	- Monthly Expenses	\$1,140.00	Initial Living Expenses	\$2,000.00
	Additional Monthly Expenses	\$200.00	Income After Expenses	\$24.20	Non-Local Travel Expenses	\$0.00
	Total Monthly Expenses	\$1,140.00			Remaining initial Income	\$821.00
					Remaining Income Monthly Division	\$164.20
Month 2	Expenses		Income			
	Rent/Living Expenses	\$550.00	Initial Monthly Income	\$188.40		
	Food/Toiletries	\$250.00	Additional Monthly Income	\$1,000.00	Potential Savings (End of Semester)	\$121.00
	Local Transportation	\$50.00	Unexpected Income	\$0.00		
	Utilities	\$40.00	Total Income Before Expenses	\$1,188.40		
	Internet	\$50.00	- Monthly Expenses	\$1,140.00		
	Additional Monthly Expenses	\$200.00	Income After Expenses	\$48.40		
	Total Monthly Expenses	\$1,140.00				
Month 3	Expenses		Income			
	Rent/Living Expenses	\$550.00	Initial Monthly Income	\$212.60		
	Food/Toiletries	\$250.00	Additional Monthly Income	\$1,000.00		
	Local Transportation	\$50.00	Unexpected Income	\$0.00		
	Utilities	\$40.00	Total Income Before Expenses	\$1,212.60		
	Internet	\$50.00	- Monthly Expenses	\$1,140.00		
	Additional Monthly Expenses	\$200.00	Income After Expenses	\$72.60		
	Total Monthly Expenses	\$1,140.00				
Month 4	Expenses		Income			
	Rent/Living Expenses	\$550.00	Initial Monthly Income	\$236.80		
	Food/Toiletries	\$250.00	Additional Monthly Income	\$1,000.00		
	Local Transportation	\$450.00	Unexpected Income	\$150.00		
	Utilities	\$40.00	Total Income Before Expenses	\$1,386.80		
	Internet	\$50.00	- Monthly Expenses	\$1,340.00		
	Additional Monthly Expenses	\$0.00	Income After Expenses	\$46.80		
	Total Monthly Expenses	\$1,340.00				
Month 5	Expenses		Income			
	Rent/Living Expenses	\$550.00	Initial Monthly Income	\$211.00		
	Food/Toiletries	\$150.00	Additional Monthly Income	\$850.00		
	Local Transportation	\$50.00	Unexpected Income	\$0.00		
	Utilities	\$40.00	Total Income Before Expenses	\$1,061.00		
	Internet	\$50.00	- Monthly Expenses	\$940.00		
	Additional Monthly Expenses	\$100.00	Income After Expenses	\$121.00		
	Total Monthly Expenses	\$940.00				

Results: As you can see, Richard ended the semester with only \$121.00 in his account, despite the large sums he received both initially and monthly from his family. The problems came about from his excessive spending. His combined food and toiletries averaged \$250.00 a month and he was spending about \$200.00 a month on his excursions. Then when Month 4 came around, he needed a \$400.00 fix on his car, which would have put him in the negative had his family not given him a \$150.00 dollar advance on his allowance. Then in Month 4, he was given a smaller allowance than normal due to the advance, and had to reduce his spending to avoid going broke. This is an example of how poor money and resource management can hurt you in the long run. See the **Student Budgeting Tips** page to see how to avoid a similar semester.