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Access Reading



## Budgeting: a student perspective

A budget is essentially a plan for your money. The idea is to structure your income (money into your account) and spending (money out of your account) so that you don't spend more than you have i.e. maintaining the sustainability of your accounts. This aligns well with the goal of saving money, which is a worthwhile practice. That is why businesses and governments set a budget every year.

The main reason why you might want to set a budget, especially at university, is so that your finances don't spiral out of your control. This can easily happen if you're travelling to London every weekend, going on shopping sprees, and eating at restaurants every other night after your student loan drops. It can be a bit daunting to think about, but you are the sole manager of a fairly large sum of money that only enters your account once every few months and you have to think about how best to manage it to avoid borrowing money from others and getting yourself into debt. The great news is that budgeting is easy if you take the time to put together a plan, and it can be really simple!

**Step 1:** Understand your 'income'. This is all of the money coming into your account. You might want to know what this looks like every month since most budgets will be set on this timeline but feel free to choose one that works for you (e.g. weekly, fortnightly, termly).

**Step 2:** Identify your recurring expenses. These might be things like your groceries, phone plan, gym membership and subscriptions (e.g. Netflix, Disney+). Once you've identified them, add them all up and determine what your monthly total is. My advice is to be strict with how you choose your monthly expenses. I think of these as the things I cannot go without, the absolute essentials.

**Step 3:** Subtract your monthly expenses from your monthly income. If you're living within (or ideally below) your means, this will leave you with a positive sum. The whole thing doesn't all have to go into savings, though. You need to live, not just survive, so you might consider putting some of it into savings and the rest you can spend however you want!

And there you have it, you have successfully budgeted!

Now, it should be mentioned that there are lots of different tools as well as tips and tricks when it comes to budgeting (some great ones [here](#)). For example, meal planning can help remove some of the uncertainty around estimating your monthly grocery totals.



Additionally, online banks can help you save automatically by rounding up your spending and putting the difference into a dedicated saving space. However, like with any skill, you'll only get better the more you do it, so once you've started budgeting, keep at it! Before you know it, you'll have built up lots of savings and developed a great life skill!