

Avoid extra debt

Hire purchases and credit cards have huge interest rates. Most students can't afford to have these while at University. If you do go ahead with either of these, check all documents thoroughly, read the small print and ask questions.

- Know what your total cost is.
- What are your weekly/monthly repayments?
- How much interest will you pay?
- What penalties will be incurred if you miss or are late with a payment?
- What guarantees come with the goods if it is a hire purchase?
- What security is required?

Go away and think about it, and discuss it with someone before you commit yourself. The best way to purchase something is to save and pay cash - usually you can receive a discount for cash. Or, if you are serious about the purchase, consider the lay-by option. Alternatively, look at purchasing on your interest free overdraft or a student bank loan rather than as a hire purchase or credit card. It is often worth checking out second hand options.

Needs and Wants

Sometimes we really do need to put aside the "wants" in order to avoid undue stress. Think about your purchase.

- Do I need it? Why do I need it?
- Is this just a passing phase, will I still need it in a years time?
- Is there another option e.g. hire or borrow, when needed.
- Can I wait a bit longer, say 3-4 years?

Bank Account System

It is important to have a bank account system that works for you. First find out what your bank has to offer. Check out other

banks and compare fees, facilities available etc. Usually the best system is having two bank accounts. One for day to day expenses, the other for monthly/annual expenses and savings.

Student Loan

For many students, this is a necessity but if you don't need it don't use it. Take only the minimum amount from the living costs. Work out a budget to find out how much you need.

How to minimise the amount needed.

Try and save as much as possible through the year for paying your fees and course costs.

Although the temptation is to take a long break over the summer period, the reality is that when you get into full time employment you only have about four weeks holiday, and so it is a good idea to start adjusting your holiday time to get used to working more weeks in the year. Work as much as possible through the summer break and try to save to cover fees, course costs and some living expenses. Look for work that has the potential to go on being regular part time work through the University year. Don't turn down those little uninteresting jobs as any work experience looks good on your CV and at the same time you are earning a little more money.

Other Debts

If you have other debts, talk this over with a budget advisor as there are usually ways of making these fit your income.

Always keep creditors informed if you are having difficulty with your payments.

Further information contact Jude Palmer on Level 7, Central Library. Ph 364-2987 ext. 4131 or direct dial 364 2591 for an appointment Mon-Thurs mornings.

Hardship Support

*How to Manage
your Money on a
Student Income*

07

Managing Your Money

For most students it isn't until they get into their second or third year that they begin to realise that they are probably going to finish University with a sizeable debt.

The purpose of this brochure is to give you ideas on how to budget while at University, minimise your debt and plan for the future.

If you are just starting out on your University path, now is a great time to plan ahead and avoid some of the debt situations that some students get into. If you are already two or more years into your degree it isn't too late to start.

Where to begin

- Have a plan - at the very least a year long plan is good
- Sit down and discuss the plan with someone, e.g. Your parents or a budget advisor
- Try and live within your means
- Don't take on more debt commitments than you can afford during your University years e.g. hire purchases
- Look at your needs and forget the wants for a while
- Work out the best bank account system for you
- What about your student loan

Have a Plan

Write down on a piece of paper or on the budget worksheet all your day to day financial commitments e.g. rent, food, petrol etc. Include in this list all your monthly expenses e.g. power, phone, hire purchases etc.

Then include all your quarterly and annual expenses e.g. insurances, car registration. Use the worksheet on the website as a guide.

Bring all these figures back to a weekly figure by dividing the monthly amounts by 4.33 and the annual by 52.

This allows you to see how much you need to set aside to cover your monthly and annual costs. Write down the total needed to cover your costs weekly, then subtract this amount from your income. Do you have a surplus or a deficit? If you have a surplus, plan to save it. If you have a deficit, what can you do to increase your income and decrease your expenses?

Check out <http://www.canterbury.ac.nz/student/budget/>

Increase your income

Look for more part time work, keeping in mind that you do need time to study and you do need time to relax. Is there something you don't use that you can sell?

Decrease your spending

- Is your personal spending too high for your income?
- If you are flatting is there room to take in another flatmate?
- Can you car pool or use public transport to keep down travel costs?
- DVD's, videos and CD's are cheaper to hire from the library and sometimes free.
- Do you photocopy, when you could take notes?
- How much time do you spend on the internet?
- Is the cell phone being overused- stick to the free minutes or discipline your use

Plan to save

If you have a surplus in your budget, it is wise to save towards:

- Fees for next year - look at this year's figure and add about \$400.
- Course costs- they add up
- Making lump sum payments on your student loan
- Buying an asset that is not going to lose its appeal in six months e.g. computer software

Talk over your plan

It is a good idea to discuss your plan with someone else. Who knows, if it's your parents maybe they can see that you are serious about this and offer to contribute if not already doing so. The Hardship Support Coordinator on campus is always ready to listen to your ideas and see your budget plan.

Stay within your means

It is important to try and stay within your income, and keep your overdraft down. You don't know what expense may come up that you hadn't planned for e.g. dental treatment or glasses.

