

# Budgeting Tips to Help You Take Control of Your Money

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*Knowledge@Wharton High School featured blogger Zina Kumok, 26, in a [student-loan article](#) a few months back and invited her to be a regular KWHS contributor. Below is the second installment of a series of articles that Kumok is writing for KWHS about insights from her own personal-finance journey to pay off \$28,000 in student-loan debt. One of her most valuable takeaways? How to budget.*

If you're anything like I was in high school, then your fall-back strategy when it comes to money issues is simple: "I'll worry about that later." Well, guess what: Here I am just a few years out of college and I wish I had worried more about money sooner — well, not so much "worried" as began to think about money management and how I could become better prepared to make decisions about my financial life after high school. I'm here to tell you that one of the best gifts you can give yourself in high school is to understand and follow a budget, which is basically a tool to assess your financial situation.

["The goal of good budgeting is to spend less than you earn — and to know what you are saving for."?](#)

Learning how to budget now will teach you how to value your paycheck, save for the future and spend money on what makes you happy.

Most of the resources on budgeting — and there are lots of them — are for people with full-time jobs and bills. Here's a guide on how to budget for high schoolers, whether you work a part-time job after school, babysit on the weekends, or get an allowance from your parents.

- **List your goals.** You can't budget without figuring out what you want to spend money on. It's easy to blow a week's wages on going out to the movies and shopping at the mall. Instead of doing that, make a list of things you want to buy. Are you trying to save up for an Xbox One? Do you want to upgrade your laptop? Include long-term goals like paying for college or taking a trip after graduation. Next to each goal, write down how much it will cost. This will give you an idea of what your decisions really mean. If you want to buy a new video game for \$60, each \$10 you drop at Chipotle is \$10 more you'll have to earn to reach your goal. Once you see what your goals really are, it will become easier to prioritize your finances.

["What's the point of budgeting and making sacrifices if you don't know what you're doing it for?"?](#)

- **Write down your expenses.** Once you figure out what you want to spend money on, try tracking your expenses for a couple of weeks. Any time you make a purchase, write it down. You can also use the website Mint.com to sync your expenses automatically (there's an app, too). While most people think they have an idea of what they're spending money on, they are often shocked to discover what their total expenditures add up to. If you make \$400 a month working on the weekends, you might be surprised to learn how much of your earnings are eaten up by daily expenditures like gas, shopping and grabbing a Snickers from the convenience store.
- **Make a plan.** Once you see what your spending looks like, figure out what changes you want to make. Let's say you want a laptop that costs \$1,000. If you want to buy it in six months, you'll have to save about \$166.67 a month. Or maybe you need it sooner and will have to save even more aggressively. Once you decide what your goal is, figure out the spending cuts you can make. Maybe instead of going to the movies, you suggest to your friends that they come over to your place and get something from an inexpensive movie rental alternative like Redbox.  
["I like to keep a visual of my goals around to remind me of why I'm giving something up."](#)  
For example, print out a photo of your future laptop to keep in your wallet. That way, every time you want to spend money, you'll be reminded of what you really want.
- **Talk about it.** Peer pressure is very real. When you're around a lot of people, it becomes easier to drop cash on things you don't really want. If you tell your friends what you're trying to save up for, you empower them to help you reach your goal, instead of derail you. You can make a pact with a friend to always call her if you're about to make a purchase over \$25. Or if you're hanging out with someone, give him your card so when you want to buy something, you have to justify it to someone else. Removing yourself from temptation also helps. If your friends want to go shopping, you only bring \$5 in cash so you can't spend any more. You can also set up a savings account that automatically takes money from your checking account every month. Since it can be harder to remove money from a savings account, you won't be able to spend the money that you have earmarked for your goal.
- **Treat yourself.** Set up mini-rewards if you're saving up for something for a long time. If your goal is to save \$200 every month so you can pay for a Spring Break trip with your friends, reward yourself with something small at the end of each month you successfully reach your goal. If you deprive yourself for too long, eventually you will binge and ruin all of your plans.

Budgeting is not always fun, but it's definitely useful. I budget when I want to travel somewhere and don't know how I will be able to afford it. Or maybe I want to upgrade my camera and I'm not sure how I'll come up with that \$500. When you budget for your goals, you see how keeping track of your money can help you. It's so important to understand that we control our money and not the other way around. And in six months when you're sitting in front of that new laptop, you'll appreciate just how sweet budgeting can be.

## Conversation Starters

What financial goals do you have? What are you trying to save for? Do you need money for short-term goals, like a new computer, or long-term goals, like paying for college?

Do you keep track of your money? How do you know how much you've spent and how much you have left in your checking account?

What does Zina Kumok mean when she says, "It's so important to understand that we control our money and not the

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other way around?”

Kumok has given you lots to think about in terms of budgeting. Now read the KWHS budgeting basics article linked below. Who is Nicholas Bakke? What does he help you understand about budgeting?

### **Related Links**

- [A Sample Household Budget to Get You Started](#)
- [KWHS Article: Budgeting Basics](#)
- [KWHS Lesson Plan: Budgeting and Spending Money](#)
- [Kiplinger Personal Finance: The Six Best Budgeting Sites](#)
- [WSJ Personal Finance](#)
- [Zina Kumok: Debt Free After Three](#)