



McGill

Student
Services

SCHOLARSHIPS AND STUDENT AID OFFICE
3600 McTavish, Suite 3200

Frugal Scholar Money Management Program:

Budgeting 101

Content in whole or in part courtesy of Financial Consumer Agency of Canada

<https://www.canada.ca/en/financial-consumer-agency.html>

McGill University is on the traditional territory of the Haudenosaunee and Anishinabeg nations, a place which has long served as a site of meeting and exchange amongst nations.

About this workshop:

- What is a budget vs. a financial plan?
- Why budget? Benefits
- What is a financial plan?
- How do I make a budget?
- How do I track expenses?
- Ways to save
- Put your knowledge to the test
- Resources
- Wrap up





- Use your phone to log in at: <https://kahoot.it/>

What is a **budget**?

- A **budget** is a plan that helps you **manage** your money. It helps you figure out how much money you get, spend and save. Making a budget can help you **balance** your income with your regular expenses and guide your spending to help you reach your financial goals.



What is a **financial plan**?

- A **financial plan** goes beyond a budget; it is a **road map** to help you manage your finances over the longer term to reach your financial goal.

Source: <https://www.canada.ca/en/financial-consumer-agency/services/make-budget.html>

What does a budget look like?

Expenses	Monthly	Overall	<u>12 months</u>						
Tuition		6,000.00							
Books & Equipment		1,200.00							
Rent	850	10,200.00							
Heating / Electricity	55	660.00							
Food	410	4920.00							
Clothing	120	1,440.00							
Toiletries / Laundry	80	960.00							
Telephone / Cell	90	1,080.00							
Internet / Cable	86	1,032.00							
Transportation	76	912.00							
Amusements	130	1,560.00							
Insurance(s)	30	360.00(SCL life and disability etc.)							
Other expense(s)	50	600.00i.e. physio or chiro etc.							
Total:	1,527.00	30,924.00							
Resources	Monthly	Overall							
Parent(s)		5000.00							
Non-Custodial Parent(s)		0							
Relative(s)		0							
Trust funds, Bonds, RESP		0							
Federal / Provincial loan		4,932.00							
Provincial bursary / Grant		12,830.00							
Government income		0							
Income tax rebate expected		0							
Work study / Part-time job	0	0							
Teaching / Research Assist.	0	0							
Awards		0							
Previous savings		2,000.00	Maybe had Med summer research grant						
Summer savings		0							
Student line of credit		TBT	-						
			This number would represent what is to be used for current year						
Other resource(s)	0	0							
Total:	900	19,762.00							
Deficit/<Surplus>		6162.00	deficit may need to use SLC						

Budgeting Benefits

- Personal wellness: reduce stress and sleep better
- Control your finances
- Focus on and achieve goals, i.e. going on exchange
- Be a smarter consumer
- Understand the financial difference between wants and needs
- Build spend savvy habits for the future



What's stressing Canadians?

42% of Canadians
ranked 'money' as their greatest stress

42%
Money



23%
Work

19%
Personal
Health

17%
Relationships



Source: <http://www.fpsc.ca/news/publications-research/how-is-financial-stress-affecting-canadians>

Common Student Regrets

- A recent Ipsos poll illustrated that 30% of graduates regret not having lived more frugally during their studies
- 77% regret how they spent their money while in school
- 25% regret not working more during their study years
- 25% regret not avoiding more debts in form of car loans and credit cards.
- Source: <https://www.ipsos.com/en-ca/news-polls/BDO-student-debt-2017-09-18>



How to prepare a budget



- Step 1: Identify your financial goal(s)
 - i.e. paying for your education, saving enough money to travel home for the holidays, keeping your monthly living expenses under \$1,300
- Step 2: Identify your resources
- Step 3: Identify your monthly expenses
- Step 4: Make a **budget** to help you achieve your financial plan

1. Identifying your goals

- Where are you going? How will you get there?
- Short and long term goals
- Personal values
- Reflect: needs vs. wants



2. Identifying your resources

- 4 primary sources of funding:
 - Family contribution
 - Government financial aid
 - Self-help: work, work, work!
 - Institution: scholarships, bursaries and loans



3. Identifying your monthly expenses

Monthly fixed expenses

- Housing
- Phone (plan)
- Transportation
- Internet/cable
- Electricity
- Emergency fund/savings
- Other (i.e. interest charges)

Monthly variable expenses

- Food
- Clothing
- Computer
- Pharmacy
- Amusements
- Other

Know Your Overall Costs: Learn to do your budget – Frugal Scholar Tool Kit

<http://www.mcgill.ca/studentaid/finances/build-your-budgets>

Monthly expenses: how to set spending priorities

Need: necessity, required, essential for life

Want: desire, wished for, non-essential

Prioritize:

1. essential for healthy living
2. non-essential, but important
3. non-essential and not important

Awareness of personal factors like values, emotions, habits, and behaviors can help you make informed spending decisions



4. Make a budget and do the math...

- Total resources – Tuition and fees = Resources for living expenses
- Resources for living expenses ÷ 8 months = monthly budget
- Monthly budget – monthly expenses = SURPLUS or DEFICIT?



Analyze – Surplus or Deficit?

Surplus

- Congratulations!
- Increase monthly savings
- Increase emergency fund

Deficit

- Determine wants vs. needs
- Prioritize expenses
- Take a look at discretionary expenses
- Put in place plan to reduce expenses
- Look for ways to increase your income

Breaking even is your ultimate goal, now and in the future



Ways to track your expenses

- Keep all receipts and reconcile weekly or monthly
- Keep a written record of your expenses and review regularly
- Envelope method
- Spreadsheet: record every expense – daily if possible
 - Frugal Scholar Tool Kit:
<https://www.mcgill.ca/studentaid/finances#the-tools>
- Review your bank statement at the end of each month
- Different apps and tools available online



Reducing unnecessary expenses

- **Discretionary spending:** Spending on wants rather than needs; includes items like restaurant meals, video games and concerts
- **Impulse spending:** Spending decisions that are made on the spur of the moment, as opposed to planned spending decisions

	Average cost	# times per week	Weekly savings
Bring lunch instead of eating out	\$10	3	\$30
Using a reusable water bottle	\$2	3	\$6
Make own coffee	\$3	5	\$15
Do not buy popcorn and soda at the movies	\$12	1	\$12
Have one less drink per week at nightclub	\$5	1	\$5

Total weekly savings: \$68 = Total yearly savings (52 weeks): \$3,536

Spend the smart way

- Compare prices when shopping. To make it easier, compare price by unit or weight
- Plan your meals and make a shopping list
- Prepared foods are more expensive than cooking at home
- Shopping at convenience/corner stores is more expensive
- Don't shop when you're hungry!
- Avoid taxis and use public transit as much as possible
- Monthly pass vs. individual tickets on transit. For easy use, consider getting an OPUS card and register it online in case you lose it



Be a SAVVY CONSUMER and



- Check bills and statements for mistakes or overcharges
- Look for late charges and penalties
- Get errors corrected
- Did you know about the Accurate Pricing Policy?
- Call bank and service providers to negotiate better plans
 - How can I reduce my monthly payments?
 - Is there a better plan?
 - Can I bundle services?
 - How can I reduce my banking costs?
 - Can I have a better interest rate on my credit line?

How to stretch your dollar

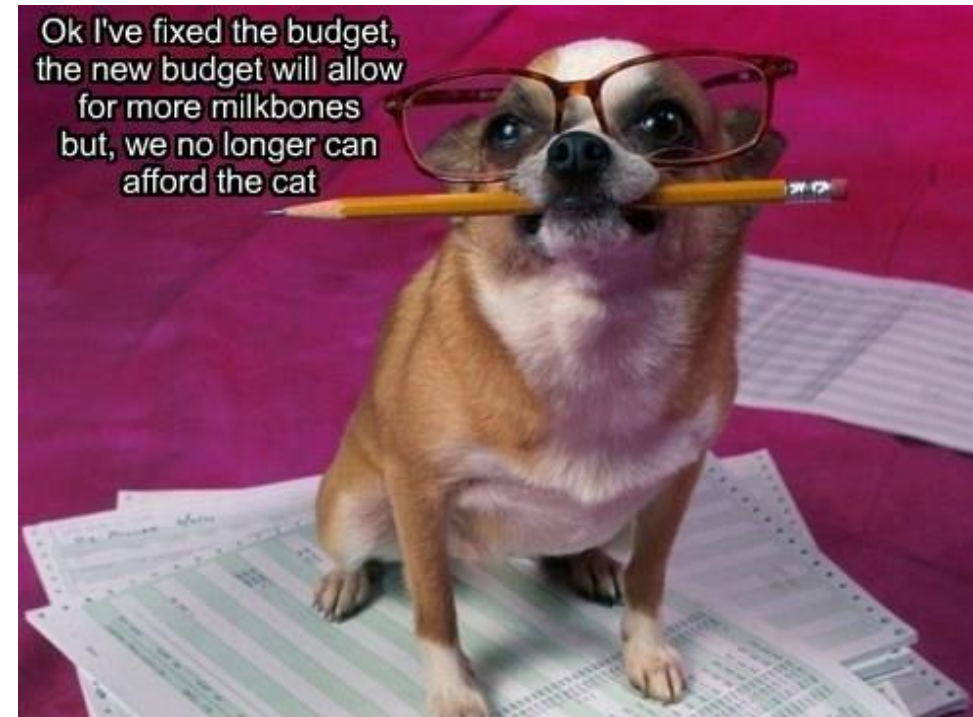
- Know your mobile phone plan and cheaper alternatives for out-of-of-town calls (e.g. Skype, Facetime, WhatsApp)
- Consider whether you need the latest iPhone or other electronic gadget
- Pack a lunch
- Know about the services offered by McGill (Winter Coat Project, Off Campus Housing, Redpath Museum, McGill Drivesafe and McGill Walksafe)
- Find out about free activities around town



Time to put your knowledge to the test...

Monthly Budget Challenge

- Groups of 3 to 4
- 10 minutes to reduce a monthly budget (see handout)
- Vote on your group's best tip for reducing this budget
- Wrap up and reflect: share your solutions



McGill Resources

- Daily Living Toolkit: <http://www.mcgill.ca/studentaid/moneymanagement>
- Cut Your Expenses: <http://www.mcgill.ca/studentaid/finances/cash-tips>
- Frugal Scholar Money Management Program:
[http://www.mcgill.ca/studentaid/files/studentaid/roadmap financial aid undergrad s.pdf](http://www.mcgill.ca/studentaid/files/studentaid/roadmap%20financial%20aid%20undergrads.pdf)
- More handy tips:
[http://www.mcgill.ca/studentaid/sites/mcgill.ca.studentaid/files/cheap or free montreal mcgill services web version.pdf](http://www.mcgill.ca/studentaid/sites/mcgill.ca.studentaid/files/cheap%20or%20free%20montreal%20mcgill%20services%20web%20version.pdf)

Other resources

- Financial Consumer Agency of Canada: <http://www.fcac-acfc.gc.ca/Eng/resources/educationalPrograms/ft-of/Pages/home-accueil.aspx>

We are here to help!

- Offering one-on-one advising and workshops on financial matters including:
 - Budgeting
 - Debt management
 - Loan repayment
- Administering 14 government aid programs
 - Support with applications and appeals
- Administering McGill's need-based financial aid programs
 - Entrance Scholarships
 - Modest McGill Interest-free Loans and Bursaries- no core funding
 - Work Study
 - Fee deferrals
 - Supplemental Mobility Awards
 - Enriched Educational Opportunities



Where to find us...



Downtown: Brown Student Services Building, 3600 McTavish, Suite 3200

Hours: 10:00 am to 4:30 pm Monday to Friday

Contact: 514-398-6013 or student.aid@mcgill.ca

Website: <http://www.mcgill.ca/studentaid/>

Mac Campus: Centennial Center, 21111 Lakeshore Road, Ste. Anne de Bellevue

Hours: Variable- consult Mac Student Services

Contact: Mac Student Services (514) 398-7992

Website: <http://www.mcgill.ca/macdonald-studentservices/>

Recap:

- Have a realistic budget
- Track your expenses
- Review budget weekly/monthly
- Differentiate between needs and wants
- Align budget with your goals and values
- Spend within your means
- Be a smart consumer



The floor is yours...
any questions?



