



# THE NEXT GENERATION PERSPECTIVE: BUDGETING BEST PRACTICES FOR MILLENNIALS

Going back to school for many college aged students means making ends meet the next nine months on a fixed income with limited inflows. Managing this situation well comes down to the most important piece in financial responsibility; budgeting.

Creating and maintaining a budget now can put a college aged student on the path to financial wellness. It also can help many young adults avoid succumbing to some of the pitfalls that can make things challenging as they enter the working world.

Here is a list of things you can consider to help set yourself on a budget and create good habits not only to get you through the school year but for the rest of your life.



## 1. TRACK YOUR SPENDING HABITS

A good budget involves being realistic and honest with how you are spending your money. Try to track expenses for a month so you get a firm handle where your outflows are going.

The key to budgeting is being honest with yourself about what you're spending money on. Before you create a budget, keep a spending log for a month or two and record every penny you spend. Consider using a budget tool like My Spending Report, Wells Fargo's free online money management tool.



## 2. MAKE A LIST OF YOUR INCOME & EXPENSES

An excel spreadsheet is one easy way to document what your expenses are and also any income you are generating. Start by listing your income for that month or the amount you have allotted yourself to spend from your summer savings. Be sure to include the amounts you are earning from any jobs you have, part-time or work-study, and any other type of grant or financial aid. Then list your expenses based on your spending that you've tracked for the last month. It's helpful to separate your expenses into categories like discretionary and non-discretionary. The Discretionary spending are things like entertainment on the weekends, Netflix account, any pay for apps, travel, social activities etc. Non-discretionary items are the basic necessities that are typically re-occurring. Things like, food, room and board, tuition expenses and transportation. These are the things that must be taken first and foremost.



### 3. DO THE ANALYSIS

After compiling your income and expenses, see how much of the total goes to non-discretionary items for the semester. The positive amount difference between those things can then be spent on your discretionary items. If you have money left over after allotting for the discretionary items consider using it to boost your savings to cover any unexpected expenses. The first thing you should consider cutting back on if you don't have enough for some of your non-discretionary, necessary items would be the discretionary items like entertainment and travel. You also don't need to cut out certain things but just replace things with less expensive items or change behaviors. Maybe you use your meal plan more frequently instead of going out to a restaurant or skipping out on traveling to another college one weekend. You can also save by purchasing used textbooks online instead of at the bookstore.



### 4. REVIEW AND ADJUST

As your expenses and income change your rent gets raised or you earn an additional grant or scholarship- it may be time to review and adjust your budget. Even if it big things like that don't come up it's still good to review monthly to make sure you are on track. Once you get into these habits you'll be well on your way to manage more complex finances successfully after graduation.

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