



HOSPITALITY
ACADEMY

Student
BUDGETING 101

APRIL 2024 / VOL. 4



Introduction

That time of month has come again, the one where you received a big paycheck and feel on top of the world. Now, the first week feels great, but then the second week comes along... and you might have gotten a little too excited. You might wonder: “How am I in the second week of the month and already broke again?”

Well... student budgeting is not a simple task. Luckily, Hospitality Academy is here to guide you in discovering budgeting techniques that suit your lifestyle best.

Let's dive in!

Chapter 1: Track, Pinpoint, Set.

Understanding where your money goes is the cornerstone of effective budgeting. Tracking your expenses allows you to gain clarity on your spending habits, identify patterns, and make informed decisions about where to allocate your resources.



Why Track Your Expenses?

Tracking your expenses serves as a reality check, providing a clear picture of your financial habits.

It helps you answer crucial questions such as:

- Where is my money going each month?
- Am I spending within my means?
- Are there areas where I can cut back or reallocate funds?
- How can I align my spending with my financial goals?

By answering these questions, you'll gain valuable insights into your financial behavior and empower yourself to make positive changes.



Chapter 2: Financial Goal Mapping

Setting clear financial goals is like charting a course for your budgeting journey—it provides direction, motivation, and a sense of purpose.

Practical Tips for Setting Financial Goals

- **Define Your Goals:** Start by identifying what you want to achieve with your finances. Are you looking to save for a specific purchase, such as a new laptop or a car? Do you have debts you want to pay off? Are you saving for long-term goals like buying a home or retirement? Write down your goals in clear, specific terms.
- **Make Them SMART:** Ensure your goals are SMART—Specific, Measurable, Achievable, Relevant, and Time-bound. For example, instead of setting a vague goal like "save money," make it specific by saying "save \$1,000 for an emergency fund by the end of the year."

- **Break Them Down:** Large goals can feel overwhelming, so break them down into smaller, achievable milestones. This not only makes the goals more manageable but also allows you to track your progress more effectively. For instance, if your goal is to pay off \$5,000 in student loans, break it down into monthly or quarterly targets.
- **Prioritize Your Goals:** If you have multiple financial goals, prioritize them based on their importance and urgency. Focus on one goal at a time to avoid spreading yourself too thin. Once you've achieved one goal, you can allocate your resources towards the next one.
- **Review and Adjust:** Regularly review your financial goals and assess your progress. Life circumstances and priorities may change, so be flexible and adjust your goals as needed. Celebrate your achievements along the way and use any setbacks as learning opportunities.



Chapter 3:

Let's BeReal here

Creating a realistic budget is akin to designing a blueprint for your financial success. It involves carefully allocating your income to cover your expenses, save for the future, and achieve your financial goals.

How to create a realistic budget?

1. Calculate Your Income: Start by calculating your total monthly income, including wages, allowances, scholarships, and any other sources of income. Be sure to use your net income (after taxes and deductions) for an accurate picture of your available funds.

2. List Your Expenses: Next, list all your monthly expenses, categorizing them into essential and discretionary expenses. Essential expenses include rent, utilities, groceries, transportation, and debt payments, while discretionary expenses encompass dining out, entertainment, and non-essential purchases.

3. Differentiate Between Needs and Wants:

Differentiating between needs and wants is crucial when creating a budget. Focus on covering your needs first, such as housing, food, and utilities, before allocating funds to discretionary spending. Be honest with yourself about what constitutes a need versus a want.

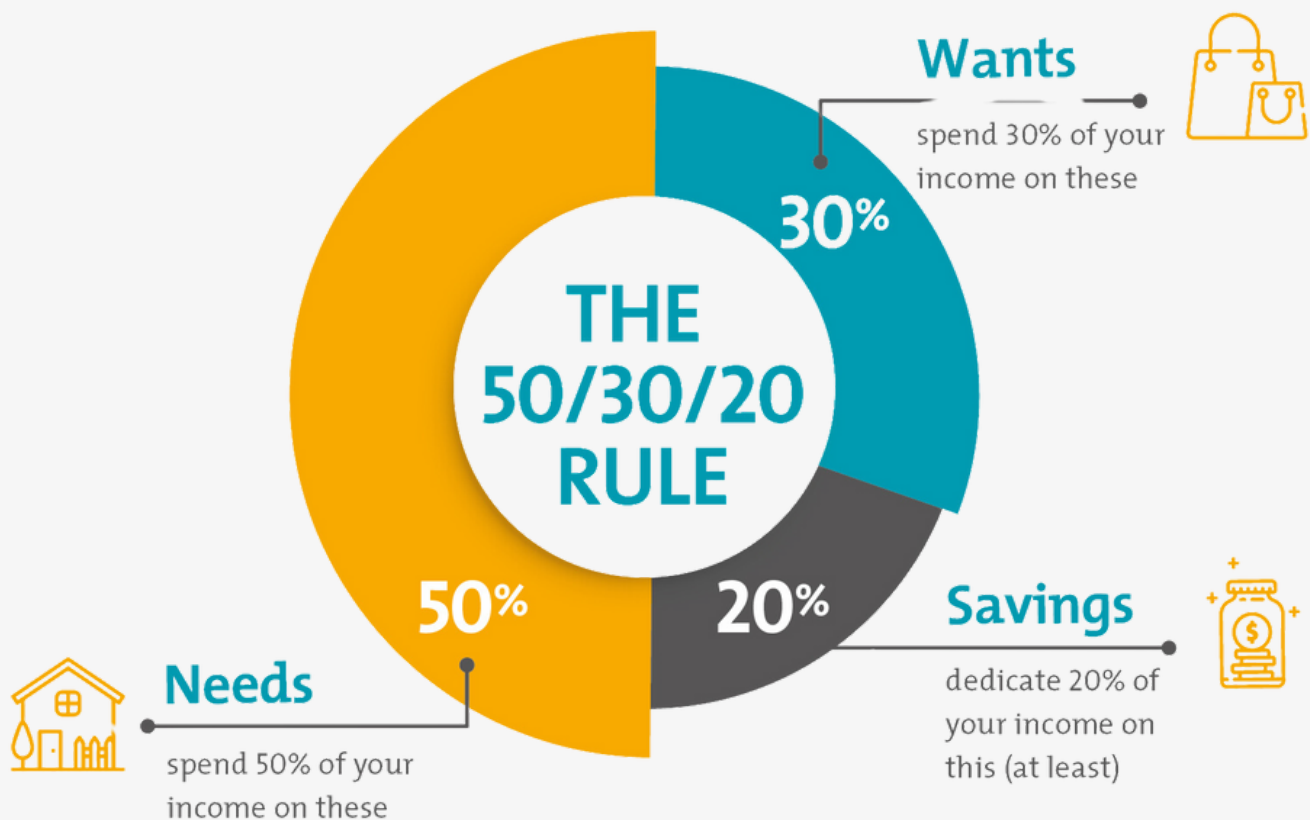




4. Set Spending Limits: Once you've listed your expenses, set realistic spending limits for each category based on your income and financial goals. Consider using the 50/30/20 rule as a guideline (Chapter 5), allocating 50% of your income to needs, 30% to wants, and 20% to savings and debt repayment.

5. Track Your Spending: Keep track of your spending throughout the month to ensure that you're staying within your budget limits. Use a budgeting app, spreadsheet, or pen and paper to record your expenses and compare them to your budgeted amounts.

6. Adjust as Needed: Life is dynamic, and your budget should be too. If you find that your budget is too restrictive or that you're consistently overspending in certain areas, adjust your budget accordingly. Be flexible and willing to make changes to ensure that your budget remains realistic and achievable.



Chapter 5: **50/30/20 Rule**

The 50/30/20 rule is a popular budgeting guideline that offers a balanced framework for managing your finances. In this chapter, we'll explore the principles behind the 50/30/20 rule, how to apply it to your budget, and the benefits it provides for achieving financial stability and flexibility.

Understanding the 50/30/20 Rule

The 50/30/20 rule allocates your income into three main categories: needs, wants, and savings. Here's a breakdown of each category:



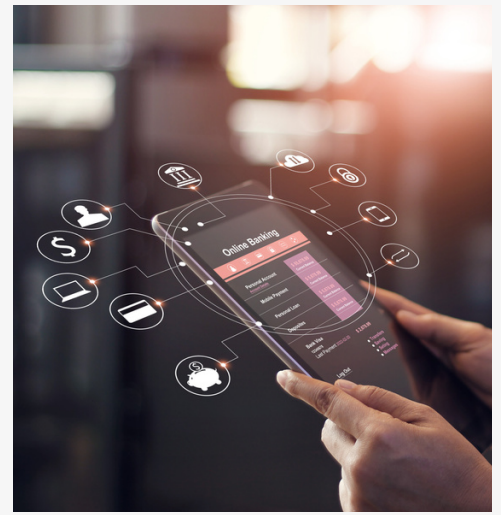
- **Needs (50%):** This category includes essential expenses that are necessary for your basic needs and well-being. It encompasses expenses such as housing, utilities, groceries, transportation, healthcare, and minimum debt payments. The 50% allocation ensures that you cover your essential expenses while still leaving room for discretionary spending and savings.



- **Wants (30%):** The wants category comprises discretionary expenses that enhance your lifestyle and provide enjoyment but are not essential for survival. This includes expenses such as dining out, entertainment, travel, shopping for non-essential items, and hobbies. The 30% allocation allows you to indulge in discretionary spending while maintaining financial balance.



- **Savings (20%):** The savings category is dedicated to building financial security and achieving long-term goals. It includes savings for emergencies, retirement contributions, debt repayment above the minimum payments, and other financial goals such as saving for a down payment on a house or investing for the future. The 20% allocation prioritizes savings and debt reduction, ensuring that you're building a strong financial foundation for the future.



Applying the 50/30/20 Rule to Your Budget

To apply the 50/30/20 rule to your budget, follow these steps:

- **Calculate Your After-Tax Income:** Start by determining your total monthly income after taxes and other deductions.
- **Allocate 50% to Needs:** Allocate 50% of your after-tax income to cover your essential expenses, such as housing, utilities, groceries, transportation, and minimum debt payments.
- **Allocate 30% to Wants:** Allocate 30% of your after-tax income to discretionary spending categories, such as dining out, entertainment, travel, hobbies, and non-essential purchases.
- **Allocate 20% to Savings:** Allocate 20% of your after-tax income to savings and debt repayment. This includes building an emergency fund, contributing to retirement accounts, paying off debt above the minimum payments, and saving for future goals.
- **Monitor and Adjust:** Regularly monitor your spending to ensure that you're staying within the allocated percentages for each category. Adjust your budget as needed to accommodate changes in your income, expenses, or financial goals.



Chapter 6:

Mindful Spending

To be a mindful spender is to gain a conscious awareness of every financial choice you make and the impact it has on your well-being. At its core, mindful spending is about being intentional and purposeful with your money. It involves pausing to consider your values, priorities, and goals before making purchasing decisions. By cultivating mindfulness around your spending habits, you can avoid impulse purchases, reduce unnecessary expenses, and allocate your resources in alignment with what truly matters to you.

Benefits of Mindful Spending

Mindful spending offers numerous benefits for your financial well-being and overall quality of life:

- **Reduced Stress:** By cultivating awareness and intentionality around your spending habits, you can reduce financial stress and anxiety.
- **Improved Financial Health:** Mindful spending helps you prioritize your spending on what truly matters, allowing you to allocate your resources in alignment with your goals and values.
- **Enhanced Satisfaction:** By focusing on experiences and purchases that align with your values, you can derive greater satisfaction and fulfillment from your spending choices.
- **Financial Freedom:** Mindful spending empowers you to take control of your finances, make informed decisions, and work towards achieving your financial goals, ultimately leading to greater financial freedom and security.





Conclusion

Remember, budgeting is a skill that improves with practice, so stay committed and keep refining your budgeting strategy. With determination and discipline, you'll pave the way to financial success and thrive both as a student and beyond. From now on, let's have that first week power feeling for the entire month!

YOUR FUTURE STARTS WITH



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