

What happens when you combine a little cash and a lot of freedom?—a college freshman who runs out of money every month. Laura learned that the hard way. In her first year of school, the Auburn University senior says, “I was always out of money.” Of the cash her parents gave her each month, she spent \$50 on gas and then just spent the rest whenever she wanted. “Fast food really adds up,” she realized too late. But it doesn’t have to be that way if you start out right from the beginning and practice a few principles to manage your money.

Getting started

The first suggestion is simply that you have to make some effort to manage your money rather than just letting whatever happens, happen. But just a little effort can go a long way. To begin with, *before you ever get to school, talk to your parents about expenses*. Who is responsible for what and how much will they provide? How much cash will you get from loans or scholarships? Be specific and get all that straight before you go.

Next, as Matt, another college senior, advises, “It’s good to have a **budget**.” Matt’s budget is not very detailed but works well for him. He simply wrote down his known expenses for each month—rent, utilities, cell phone and so on—then subtracted that from the available money, and he now knows how much he has to spend on other things each month. When you do this and you have something like \$300 left to spend on entertainment for a whole semester, you cannot spend \$10 a day on gourmet coffee. You have to make choices. As Matt learned from experience, “It’s not always cost effective to go out to a bar and drink all night and not have any money left for food.”

Know how much you spend

Depending on your circumstances, you might need to get more detailed than Matt and actually *figure out how much you actually spend* after you get to college. It’s often not the big things that hurt a college student. It’s the little things that add up like that coffee, buying a few CDs you think you cannot live without, going out to eat too often, and the like. “If you sit down and think about how much it costs,” Laura says, “you’ll realize how much money you wasted.” She discovered she spent about \$3000 a year on fast food alone! So keep track of how much you spend in a month and then *do the math*. If you keep spending at that rate, will there be any money left at the end of the next month, semester or the year? If not, then obviously you will have to cut back on your spending.

For Big Spenders

If you are over-spending, you have two options: *spend less and/or make some more money*. “Necessity is the mother of invention,” as they say. You can cut your costs if you apply yourself. Go to the free movie nights at school, buy in bulk, make your own coffee, look for used text books, get by without a car (a huge money-saver), take advantage of sales, cook your own food. Part-time jobs can certainly cut into your social life, not to mention your academic life, but many students find part-time work a necessity to make enough cash to survive. Be sure to think through scheduling issues before taking the job plunge.

Avoiding Trouble

A couple of warnings here: *Spending can be a pacifier for us*. When we are upset, lonely, or desperate, spending can make us feel better—temporarily. Recognize that when you are feeling down, you need to avoid a “spending cure.” Talk to a friend, call home, exercise, or whatever can help you feel better. Just don’t go buy some new jeans. You might feel better at that moment, but you’ll be blue later when your cash is low. *Watch out for credit cards*. College students are probably better off just thinking of credit cards as emergency-only tools—like when your car breaks down. Unless your budget can clearly handle it, you should never put day-to-day items like coffee and CDs on your credit card. The way that total debt can build-up is astounding. Some experts suggest college students should not have credit cards at all.

You do not have to live miserably in college, but now is probably not the time to live financially care-free. If you end up building a huge debt, then life after college won’t be a picnic either. Take control of your money now, and you’ll be less stressed and, well, less poor.