

LIVING LIKE A STUDENT WHILE AT SEMINARY

Money Management for Students On A Budget



*Jesus Christ said more about money than about any other single thing because, when it comes to a (hu)man's real nature, money is of first importance. Money is an exact index to a (hu)man's true character. All through Scripture there is an intimate correlation between the development of a (hu)man's character and how s/he handles money. **

Richard C. Halverson

**Gender neutral adjustment added.*

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Introduction

Give people a center and they stand fast.

Manuel Elizalde, Jr.

Students are leaving graduate school with an unprecedented amount of debt. Lancaster Theological Seminary has accepted a challenge put forth by Lilly Endowment Inc. to address this issue and the burden it places on those entering ministry. Lancaster Seminary is a recipient of a grant which will be used to coordinate a comprehensive approach to addressing the causes, effects and possible solutions to this debt crisis.

As an institution, our intention is to explore the spiritual aspects of money and good stewardship practices. By incorporating the soul of money into our formation curriculum we hope to provide the vocabulary and insights that will allow our graduates to use money in ways that accurately and mindfully reflect important values throughout their lives. Through conversations and readings, our students will have the opportunity to explore and understand individual money values and their origin.

In the short term, our goal is to give students the tools to minimize the amount of student loan debt they incur by teaching money management skills and providing mentors who will assist students to create and implement a spending plan. As circumstances change, the mentor is available to assist the student in brainstorming ways to modify the plan and manage money in a thoughtful way.

The ultimate goal of this project is to send graduates into the world equipped with the skills to address their own and their congregation's financial needs, so that they thrive in ministry and in life. Thank you for participating in this program. We encourage you to tell us what we can do to make this program more beneficial for you.

Warm Up Exercise

Chris is entering Seminary for the first time, and she is fortunate to be able to pay all of her tuition, books and fees through scholarships, grants and savings. She is planning a budget for her first year expenses. She intends to work twenty hours a week while studying, and has lined up a job in the city where she'll make \$10.00 per hour. She intends to live on campus. She wants to adopt a dog to keep her company. She is hoping to minimize her use of student loans, but is eligible to borrow \$20,000 per year.

She has looked into the cost of living on campus and has formulated a monthly budget using those numbers. She's asked you to review this plan with her and help her minimize her use of loan proceeds.

Rent - one bedroom apartment	\$665	_____
Electricity	\$ 50	_____
Cable	\$ 120	_____
Cell phone	\$ 70	_____
Food	\$150	_____
Car Payment	\$180	_____
Car Insurance	\$100	_____
Renters Insurance	\$ 30	_____
Personal Care (hairecare, etc)	\$100	_____
Dogfood and Vet care	\$ 50	_____
Entertainment	\$100	_____
Miscellaneous Expenses	\$100	_____

1. Assuming this is her only income, and that she works 20 hrs/wk every week, what is her monthly income? (Multiply weekly income by 4.3)_____
2. If none of the amounts about change, what will be her monthly expense total? _____

Directions

Review Chris' expenses and revise or eliminate whatever necessary to make her monthly budget balance. Enter new amounts on the lines to the right.

Answer these questions:

1. Are there things that can/should be eliminated from Chris' budget? What are they?

2. Are there expenses that can be reduced? How?

3. Will Chris need to use student loan money? If so, what is the least she can take and still meet her basic needs?

4. Think outside the box: what can Chris do to supplement her income and/or reduce her expenses?

Your Core Story About Money

One of the pitfalls of childhood is that one doesn't have to understand something to feel it. By the time the mind is able to comprehend what's happened, the wounds of the heart are already too deep.

Carlos Ruiz Zafon, novelist

The Vietnamese Zen Buddhist monk Thich Nhat Hanh describes our story this way. Each of us has a basement in our mind where we have stored hundreds of movies. We replay those movies over and over in our minds and as we do, our lives become more and more like the plots of the movies. When some of those movies involve painful money issues from childhood, we are likely to feel anxiety and worry about our own relationship with money. Until we understand our core story (movie) about money, we can't change that relationship.

Exercise. What is your earliest memory about money? It can be good, bad, or without any emotional charge. _____

What would you say was your family's core message about money? _____

How does your current relationship with money reflect the money values you learned as a child? _____

Gathering Data

For most of us, this relationship with money is a deeply conflicted one, and our behavior with and around money is often at odds with our most deeply held values, commitments and ideals—what I call our soul.

Lynn Twist, [The Soul of Money](#)

Step One: Track Current Spending

Before beginning to create a spending plan that works , you need to understand how your money is spent now. For a month or more, save every receipt, every bill , and record every bit of cash you spend on anything.

This may seem burdensome, but it is critical to creating a realistic spending plan. It is easy to forget the coffee-to-go, the impulse purchase at the mall, the impromptu lunch with friends. There may or may not be room in your spending plan for any or all of these expenses, but it is only by recognizing these patterns that you can create a plan that will actually reflect your current circumstances.

Here are some ways of tracking your spending, ranging from extremely low-tech to internet/smart phone app systems.

Envelopes

If you like to pay cash for purchases and expenses, consider an envelope system. Place allotted amounts of money in envelopes for your cash expenses such as groceries, clothing, entertainment. Write the amount contained in the envelope on the front of the envelope.

When paying in cash, only take money from the designated envelope and record on the envelope the amount taken. This works best if you can stick to the principle that when it's gone , it's gone.

At the end of the month , by counting what is left in the envelope you will have an accurate picture of what you spent in each category.

Receipts

Keep an envelope in your handbag, wallet, car, on the kitchen table or in whatever location is most convenient for you and use it to collect receipts from every purchase you make. Whenever you make a purchase, immediately remove the receipt, and place it in the envelope. If it isn't clear what was purchased by looking at the receipt, quickly note the nature of the purchase on the back of the receipt.

For example, a debit card purchase of gas at Turkey Hill won't indicate that the purchase was gas. Mark that on the back of the receipt.

Lemon Wallet

If you have a smart phone, Lemon Wallet will collect all of your receipts and categorize them. Download the app, then take a picture of the receipt and enter a description.

Lemon Wallet will also store all of your credit and debit cards and forms of ID in a digital form. It serves as a backup if your wallet is ever lost or stolen. The app is free and available on iPhones, Androids and Google phones. Hacking of any internet based application is possible, but Lemon Wallet features banking level security.

Bills , Statements and Pay Stubs

Bank statements and bills that are due in the month during which you are tracking expenses should also be saved. Pay stubs, if any, should also be collected. Again, you need to decide on a location and method that is convenient and easy. A file folder or large envelope can be used to collect these documents as they arrive and/or are paid.

Step Two: Crunch the Numbers

After you have gathered data for a month or two, it's time to look at spending patterns and habits. Again, you can do this very low-tech, with a pad and pencil, mid-tech using a spreadsheet program, or high tech using an app like Mint.com. Instructions for using Mint.com are found on page 15. You will find money plan worksheets at the end of this workbook. These worksheets include a detailed rundown of possible expenses.

Crunch the Numbers

Sample One-Month Summary

Total Monthly Income	Current	Goal
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Housing	Current	Goal
Utilities		
Food		
Personal Care		
Transportation		
Entertainment		
Children		
Medical		
Church/Charity		
Debt Payments		
Saving		
Total Monthly Expenses		

Subtract expenses from income:

Income _____ - **Expenses** _____ = _____

Is your final number **negative** or **positive**? **Can you do better**? If so, go back and set a goal amount in categories where you see an opportunity for improvement.

Crunch the Numbers

Use your receipts, bank statement, notes and bills from the previous month to complete the chart on page 6.

Income includes money from *any* source, including employment and student loan proceeds.

Fixed expenses are bills for which you pay a set amount every month. Examples include rent or mortgage payment, car payments, support payments, student loans.

Variable expenses are those for which you may spend a different amount each month. Groceries, credit card payments, personal care services are all examples of variable expenses.

Periodic expenses are bills you pay quarterly or yearly, such as taxes and car insurance.

Miscellaneous expenses are costs you can reasonably anticipate, but can't know what the actual amount will be. Examples include vehicle maintenance and repair, pet care, medical care and prescriptions for unexpected illness. These must be estimated.

Remember: for accounting purposes a month consists of 4.3, not 4 weeks. Use 4.3 to create a monthly total for weekly or yearly expenses.

Step Three: Assess Your Spending Pattern

Take a look at your spending chart and answer these questions:

1. How satisfied are you with the way your money is allocated?

2. How does your current spending comport with your values?

3. Where are the spending "leaks" you can plug to create a more effective spending plan?

If Expenses Exceed Income

Money, like emotions, is something you must control to keep your life on the right track.

Natasha Munson, [Life Lessons for My Sisters](#)

It's called deficit spending, and the government does it all the time. Unfortunately the rest of us can't spend more than we make without getting into serious, and long-term trouble. Money worries can compromise health and the sense of well being and make it difficult to concentrate on our studies and the seminary experience.

So what do you do if your expenses exceed the amount of money you have to spend? There are as many options as you can imagine. Here are just two of them.

Find an additional source of income. Working while going to school is never easy, but many people do it. Part-time work will enable you to borrow less money and pay bills.

Cut expenses. Find the spending leaks and the small expenditures that add up over time and eliminate or minimize them. Look carefully at all expenses with an eye toward minimizing costs where ever possible.

Do your expenses presently exceed your income ?

If so, what are you willing to do right now to begin to balance your financial situation?

If part-time work is a possible solution, where can you look to begin a job search?

Who might be a resource for guidance or contacts in a search for a part time job?

Wants v. Needs

A spending plan that does not include some pleasure is destined to fail. However, that pleasure needs to realistically fit in a reasonable spending plan.

Example: Many people buy coffee from Turkey Hill or Sheetz every day. If the cup of coffee costs \$1.29 per day, it costs \$9.00 per week, \$38.00 per month, and \$455.00 per year.

This example assumes that the person is not tempted to buy a snack as well. The addition of a donut, fruit or other snack takes the total to over \$1000 per year!

Activity: pick one or two items you regularly purchase but don't need. List the price and see how much money you would have available for other purposes if you didn't purchase this "want" or substituted something less expensive.

Item	Purchase Price	Cost Per Week	Cost Per Year

What could you substitute for this purchase?

What could you do with the money you previously spent on this purchase?

Needs That Become Wants

Every spending decision is a spiritual decision.

James Charles J. C. Ryle

[Biography And Works](#)

It is easy to spend too much on things we need. Because we need certain things, we legitimize overspending on them. The coffee scenario on page 8 is one example. Here are some others:

- ◇ Going out to lunch instead of making it at home
- ◇ Buying expensive clothing
- ◇ Upgrading to expensive cable or phone plans

Off the top of your head, name five things you need but for which you spend too much.

1. _____
2. _____
3. _____
4. _____
5. _____

What could you do with the money you saved by not making these lifestyle choices?

What would motivate you to change these spending habits?

Create A Spending Plan

Your spending plan will use all of the information you gathered by tracking expenses for a month or more. Here are some tips on making it workable.

Whenever possible, convert variable expenses to fixed expenses.

- ◇ Sign up for the budget plan with your utility so that your monthly bills will be a fixed amount every month.
- ◇ Assign a fixed amount to groceries and clothing. Work at remaining within the allocated amount each month.

Prepare for periodic expenses by including a portion of the anticipated bill in your plan each month.

- ◇ If car insurance is due every quarter, divide the total due by three, and include that amount in your plan. Place that money in savings, so that you are prepared when the bill comes due.
- ◇ Plan for Christmas, birthdays, vacations, car maintenance, pet expenses by dividing the total you anticipate spending in a year by 12, and including that amount in savings each month. It's helpful to look back at the prior year to see how much you spent in each of those categories, and then deciding on a reasonable amount for this year.

Automate as much as possible.

- ◇ Have pay and other income deposited directly into your account. Your money will arrive on schedule each month without delays caused by inability to get to the bank.
- ◇ Set up automatic online payment of fixed expenses such as housing, utility, phone, internet and cable bills. Since the amount will remain the same month after month, you will need to modify your payments only if it changes.

Refrain from credit card use.

- ◇ Pay off your credit cards and use only in emergencies.

Save.

- ◇ Even if it is only a few dollars a week, save regularly. You will have the money to pay for the tire you didn't expect to replace, the broken tooth you couldn't anticipate. Savings is a great financial stress buster. Set up automatic deposits if possible.

Create a Plan that Comports With Your Values. This requires a recognition of what is most important to you and what you are willing to sacrifice in order to manage your money in a way that reflects your values. If tithing, or regular contributions to your church or charity is important, you may need to trim some other expense.

What value(s) or contribution(s) do you want to include in your spending plan?

How willing are you (individually or as a family) to find the resources within your plan to make this value or contribution a priority?

Plan To Involve Everyone In Your Family. Spending plans work only if everyone in the family is willing to participate. Talk openly about the plan, about your goals and values. Your children will benefit greatly. Money management skills, learned early in life by your example, will serve them well for the rest of their lives.

How will you involve your family in creating and executing this spending plan?

How will you address resistance or failure to buy into the plan by family members?

Include Some Pleasure In Your Plan. A plan that is so austere that no fun is included will fail in short order. Include something affordable and pleasurable on a regular basis, be it pizza on Friday night, or a movie once a month. Explore low and no cost entertainment. We are fortunate in Lancaster that there are so many such opportunities.

What are some low/no cost entertainment possibilities?

Using Mint.com To Create and Manage A Spending Plan

Mint.com is a user friendly, free and secure website that offers most of the features of Quicken.com without the cost. It features bank-level security. Since the website is “read only”, no one can enter your accounts through it and alter them in any way. Mint is available online, and as a smartphone app.

You can use Mint.com to track your money for a month or two before setting a spending plan. Mint will give you an overview of your spending habits, which will help you decide how to allocate your money when it is time to create a plan.

Set Up. After you have registered and chosen a password, you will be prompted to enter your banking information so that Mint can link to your accounts.

You will also be able to link all of your credit cards to Mint, so that all of your accounts are available in one location.

Mint will automatically categorize most of your expenses. If there is no designation for an expense, you will be asked to provide it. You can manually add cash expenditures as they occur using your smartphone.

As you use it, Mint will keep a running total of expenses and payments in all categories. You can add categories if none of the presets fit your needs.

When you have entered a spending plan (Mint calls it a budget), Mint will track your spending. It will notify you if you exceed the amount you have set aside for any particular category.

Since your bank accounts are linked through Mint, you can get an up to the minute assessment of where you stand in your spending plan at any given time. Debit card use, and bill pay by online payment will be shown on your summary page.

For more information on how to use Mint.com, go to the website, which offers many tutorials.

Creating A Rainy Day Fund

Every successful spending plan needs to include some savings. Even if your income doesn't support a saving plan for retirement or other long term goals while you are a student, an emergency or "rainy day" fund is essential. Unexpected urgent expenses can sink the best of plans, and only by planning for the unexpected can a spending plan survive such an event.

How much do you need to save? That depends on you particular circumstances. If you have a vehicle, especially an older one, you can count on unexpected repairs. If you have children, you can expect extra medical, activity and school expenses. Emergency dental or medical care can occur and not be covered by insurance. By recognizing the possibility and saving for it, you can spare yourself a great deal of stress and anxiety.

What are some possible unbudgeted expenses you might encounter within the next year?

1. _____
2. _____
3. _____
4. _____
5. _____

Given your unique circumstances, what is a reasonable amount of money to set aside to cover unexpected expenses?

The best way to create an emergency fund is by including it in your monthly spending plan. Open a savings account specifically for this purpose and deposit or transfer money into it. Determine when you will make those deposits, depending on when you have money coming in.

Example: Desired emergency fund is \$1000. Income received monthly (12 times per year). Deposits would then be:

$\$1000 \div 12 = \83.00 monthly.

Add this expense into your spending plan. **If your bank or credit union allows automatic transfers, create an automatic monthly transfer of this amount from checking to savings.** You won't miss it, and you'll have it when needed.

Final Thoughts

A Christian shows what he is by what he does, not with what he has.

Anonymous

Seminary is a time for learning and growth. Thanks to the generosity of Lilly Endowment, we are able to offer our students the opportunity to learn and grow in understanding and practice of money management.

We welcome your input. Please feel free to stop by and talk with the Project Manager about suggestions, questions or concerns. She is located in room 26 in the basement of Lark.

Spending Plan Worksheets

INCOME

Use this chart to figure monthly income.

Use your take-home salary for planning.

- ◆ **Don't** include bonuses, overtime or other occasional or conditional income.
- ◆ When in doubt, **underestimate** income.
- ◆ **Convert non-monthly income to monthly as follows:**
Multiply biweekly income by 2.15, weekly by 4.3.

Source of Income	Amount (net)	How often?	Monthly Total
Job #1	\$		\$
Job #2	\$		\$
Spouse's Job(s)	\$		\$
Other Income _____	\$		\$
Other Income _____	\$		\$
Total	\$		\$

Expense Worksheets

Housing Expenses

Category	Amount	How Often	Monthly Total	Comments
Rent/Mortgage	\$		\$	
Property Tax	\$		\$	
Trash	\$		\$	
Water/Sewer	\$		\$	
Renter/Owner Insurance	\$		\$	
Maintenance	\$		\$	
Total	\$		\$	

Utilities

Category	Amount	How Often	Monthly Total	Comments
Electric	\$		\$	
Heat	\$		\$	
Telephone	\$		\$	
Cell Phone	\$		\$	
TV	\$		\$	
Internet	\$		\$	
Total	\$		\$	

Food

Category	Amount	How Often	Monthly Total	Comments
Groceries	\$		\$	
Work lunch	\$		\$	
School lunch	\$		\$	
Dining out	\$		\$	
Pet Food	\$		\$	
Total	\$		\$	

Personal Care

Category	Amount	How Often	Monthly Total	Comments
Clothing (Entire family)	\$		\$	
Laundry/dry cleaning	\$		\$	
Hair care/nails	\$		\$	
Cosmetics	\$		\$	
Other _____	\$		\$	
Other _____	\$		\$	
Total	\$		\$	

Transportation

Category	Amount	How Often	Monthly Total	Comments
Fuel	\$		\$	
Car payment/ lease	\$		\$	
Tolls	\$		\$	
Registration/ license	\$		\$	
Public transport	\$		\$	
Routine maintenance	\$		\$	
Total	\$		\$	

Entertainment

Category	Amount	How Often	Monthly Total	Comments
Newspapers/ Magazines/Books	\$		\$	
Gifts including Christmas/ Birthday	\$		\$	
Holiday food/ gift wrap etc.	\$		\$	
Movies: theater, rental and online	\$		\$	
Sporting goods and events	\$		\$	
Hobbies and crafts	\$		\$	
Vacation	\$		\$	
Total	\$		\$	

Children

Category	Amount	How Often	Monthly Total	Comments
Childcare	\$		\$	
Allowance	\$		\$	
Child support	\$		\$	
Field trips/books/ other school expenses	\$		\$	
Sports expenses	\$		\$	
Other	\$		\$	
Total	\$		\$	

Medical

Category	Amount	How Often	Monthly Total	Comments
Insurance pre- mium	\$		\$	
Deductibles/ copays	\$		\$	
Prescriptions	\$		\$	
Dental	\$		\$	
Vision	\$		\$	
Veterinarian Bills	\$		\$	
Other				
Total	\$		\$	

Church and Charity

Category	Amount	How Often	Monthly Total	Comments
Tithing	\$		\$	
Donation _____	\$		\$	
Donation _____	\$		\$	
Other _____	\$		\$	
Other _____	\$		\$	
Total	\$		\$	

Debt

Category	Amount	How Often	Monthly Total	Comments
Student loan _____	\$		\$	
Credit card _____	\$		\$	
Credit card _____	\$		\$	
Credit card _____	\$		\$	
Other loan _____	\$		\$	
Other loan _____	\$		\$	
Total	\$		\$	

Saving

Category	Amount	How Often	Monthly Total	Comments
Emergency Fund	\$		\$	
Other _____	\$		\$	
Other _____	\$		\$	
Other _____	\$		\$	
Total	\$		\$	

