



ABINGDON

*Money Matters
Seminar Series*

Budgeting

6th Form Career Guidance Programme 2019/20

In association with
Timms Wealth Management
a St James's Place Practice



Agenda

Budgeting

- Budgeting Basics
- Sample Budget for University Living Costs
- Trimming and Stretching a Uni Budget
- Building a Budget Around Your Salary

Budget Basics

What is a budget?

An **itemised estimate** of the **income and expenses** associated with **doing something** for a defined **period of time**.

Example: Jazz Summer Concert Series (15 July, 1 August, 15 August)

Income		Expenses	
Admission Tickets (3x100x£5):	£1,500	Equipment Hire:	£500
Raffle Tickets (3x100x£1):	300	Raffle Prizes/Tickets:	£100
Bar Sales (3x100x£3):	900	Beer, Wine, Soft Drinks:	£100
TOTAL INCOME:	£2,700	TOTAL EXPENSE:	£700
		PROFIT:	£2,000

Budget Basics

Why budget?

- Forces you to research and estimate accurate costs and income (to avoid fudging the figures)
- Forces you to prioritise spending (wants vs needs)
- Allows you to see where the highest risks are (= greatest expenses, = greatest income sources)
- Imposes spending discipline on you (to avoid overspending)

Budget Basics

Parts of budget: Expense side only

- Expense Categories (and Items)

Expense Category	Expense Items
Accommodation	Rent, Utilities
Transport	Car Running Costs, Train/Bus Fares/Passes
Entertainment	Meals Out, Sporting Event, Festival, Cinema, Clubbing

- Periodicity and Amount of Expense

£X: Annually, Bi-Annually, Quarterly, Termly, Monthly, Weekly

- Timing of Expense

Months of the Year (January-December)

Budget Basics

Expense Item: Rent: Uni Hall of Residence

Expense Category: Accommodation

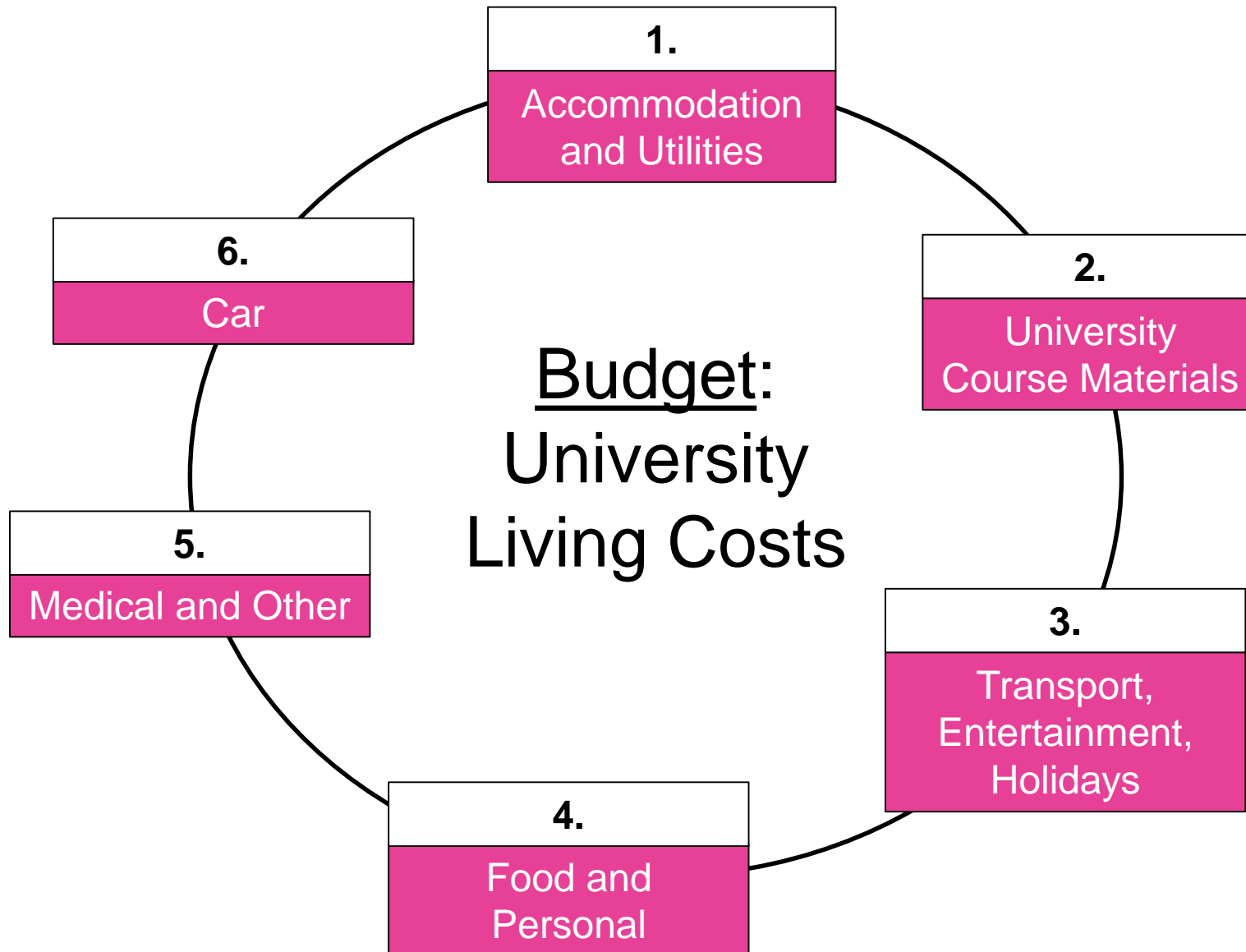
Periodicity: Weekly (40-weeks / year)

Amount: £125 / week

Calculation:

$40 \text{ weeks / year} \times £125 / \text{week} = £5,000 / \text{year}$

Timing: Oct to June



Sample Uni Budget

Living Expenses Budget Worksheet: Worked Example		Periodicity of Expense (Fill in Cost / Period)							Annual Expense	Category Total	Category Percentage
Expense Category	Expense Item	Annually	Bi-Annually	Termly (4x/year)	Monthly (12 mon/yr)	Monthly (9 mon/yr)	(52 wks/yr)	(40 wks/yr)			
Accommodation	Rent							£ 125	£ 5,000	£ 5,280	40%
	Contents Insurance (if not included in rent)	£ 100							£ 100		
	Supplies (Cleaning, Laundry, Toiletries, First Aid)					£ 20			£ 180		
Utilities	Water/Sewer (if not included in rent)		£ -						£ -	£ 300	2%
	Gas/Oil (if not included in rent)		£ -						£ -		
	Electricity (if not included in rent)		£ -						£ -		
	Mobile Phone Contract				£ 25				£ 300		
	Broadband (with or without Land Line)					£ -			£ -		
University Course Materials	Books		£ 200						£ 400	£ 840	6%
	Desk Supplies/Stationery		£ 25						£ 50		
	Special equipment/materials (art, design, eng)		£ 150						£ 300		
	Printing					£ 10			£ 90		
Transport	Local Bus Pass	£ 300							£ 300	£ 540	4%
	16-25 Rail Card / National Express Coachcard	£ 40							£ 40		
	Public Transport to Uni/Home			£ 50					£ 200		
Entertainment	Clubbing, Dining Out, Festivals, Cinema, Pubs							£ 20	£ 800	£ 800	6%
Holidays	Trips		£ 200						£ 400	£ 450	3%
	Travel Insurance	£ 50							£ 50		
Food	Groceries							£ 30	£ 1,200	£ 1,200	9%
Personal	Clothes		£ 150						£ 300	£ 1,280	10%
	Laundry Machines/Dry Cleaning							£ 5	£ 200		
	Haircuts				£ 15				£ 180		
	Gym Membership							£ 15	£ 600		
Medical	Eye Test / Glasses	£ 150							£ 150	£ 430	3%
	Dental Treatment	£ 100							£ 100		
	Prescriptions				£ 15				£ 180		
Other	Hobbies				£ 20				£ 240	£ 455	3%
	Bicycle Maintenance and Repair	£ 100							£ 100		
	NUS Discount Card	£ 15							£ 15		
	TV License (if required)	£ -							£ -		
	Presents (Birthday, Christmas)	£ 100							£ 100		
Financial	Credit Card Debt Repayment (if relevant)				£ -				£ -	£ -	0%
	Council Tax (if required)					£ -			£ -		
	Income Tax Due (if required)	£ -							£ -		
Car	Purchase Loan Repayment				£ -				£ -	£ 1,515	12%
	MOT	£ 55							£ 55		
	Tax	£ 30							£ 30		
	Insurance	£ 500							£ 500		
	Breakdown Coverage	£ 100							£ 100		
	Service Maintenance	£ 150							£ 150		
	Petrol/Diesel				£ 40				£ 480		
	Repairs/Replacement of Parts		£ 100						£ 200		
Sub-Total Expenses										£ 13,090	100%
5% Extra for Unexpected Expenses										£ 655	
Total Expenses										£ 13,745	

Sample Uni Budget

Living Expenses Budget Worksheet: Worked Example			Monthly Expenses (ROUGH)											
Expense Category	Expense Item	Annual Expense	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Accommodation	Rent	£ 5,000	£ 556	£ 556	£ 556	£ 556	£ 556	£ 556	£ 556	£ 556	£ 556			
	Contents Insurance (if not included in rent)	£ 100												£ 100
	Supplies (Cleaning, Laundry, Toiletries, First Aid)	£ 180	£ 20	£ 20	£ 20	£ 20	£ 20	£ 20	£ 20	£ 20	£ 20			
Utilities	Water/Sewer (if not included in rent)	£ -			£ -						£ -			
	Gas/Oil (if not included in rent)	£ -			£ -						£ -			
	Electricity (if not included in rent)	£ -			£ -						£ -			
	Mobile Phone Contract	£ 300	£ 25	£ 25	£ 25	£ 25	£ 25	£ 25	£ 25	£ 25	£ 25	£ 25	£ 25	£ 25
	Broadband (with or without Land Line)	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -			
University Course Materials	Books	£ 400				£ 200								£ 200
	Desk Supplies/Stationery	£ 50				£ 25								£ 25
	Special equipment/materials (art, design, eng)	£ 300				£ 150								£ 150
	Printing	£ 90	£ 10	£ 10	£ 10	£ 10	£ 10	£ 10	£ 10	£ 10	£ 10			
Transport	Local Bus Pass	£ 300												£ 300
	16-25 Rail Card / National Express Coachcard	£ 40												£ 40
	Public Transport to Uni/Home	£ 200			£ 50	£ 50					£ 50			£ 50
Entertainment	Clubbing, Dining Out, Festivals, Cinema, Pubs	£ 800	£ 89	£ 89	£ 89	£ 89	£ 89	£ 89	£ 89	£ 89	£ 89			
Holidays	Trips	£ 400			£ 200								£ 200	
	Travel Insurance	£ 50			£ 50									
Food	Groceries	£ 1,200	£ 133	£ 133	£ 133	£ 133	£ 133	£ 133	£ 133	£ 133	£ 133			
Personal	Clothes	£ 300			£ 150							£ 150		
	Laundry Machines/Dry Cleaning	£ 200	£ 22	£ 22	£ 22	£ 22	£ 22	£ 22	£ 22	£ 22	£ 22			
	Haircuts	£ 180	£ 15	£ 15	£ 15	£ 15	£ 15	£ 15	£ 15	£ 15	£ 15	£ 15	£ 15	£ 15
	Gym Membership	£ 600	£ 67	£ 67	£ 67	£ 67	£ 67	£ 67	£ 67	£ 67	£ 67			
Medical	Eye Test / Glasses	£ 150										£ 150		
	Dental Treatment	£ 100										£ 100		
	Prescriptions	£ 180	£ 15	£ 15	£ 15	£ 15	£ 15	£ 15	£ 15	£ 15	£ 15	£ 15	£ 15	£ 15
Other	Hobbies	£ 240	£ 20	£ 20	£ 20	£ 20	£ 20	£ 20	£ 20	£ 20	£ 20	£ 20	£ 20	£ 20
	Bicycle Maintenance and Repair	£ 100										£ 100		
	NUS Discount Card	£ 15												£ 15
	TV License (if required)	£ -												£ -
	Presents (Birthday, Christmas)	£ 100		£ 100										
Financial	Credit Card Debt Repayment (if relevant)	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -
	Council Tax (if required)	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -			
	Income Tax Due (if required)	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -			
Car	Purchase Loan Repayment	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -
	MOT	£ 55											£ 55	
	Tax	£ 30											£ 30	
	Insurance	£ 500											£ 500	
	Breakdown Coverage	£ 100											£ 100	
	Service Maintenance	£ 150											£ 150	
	Petrol/Diesel	£ 480	£ 40	£ 40	£ 40	£ 40	£ 40	£ 40	£ 40	£ 40	£ 40	£ 40	£ 40	£ 40
	Repairs/Replacement of Parts	£ 200				£ 100							£ 100	
Sub-Total Expenses			£ 1,012	£ 1,112	£ 1,462	£ 1,537	£ 1,012	£ 1,012	£ 1,012	£ 1,012	£ 1,062	£ 615	£ 1,250	£ 995
5% Extra for Unexpected Expenses			£ 51	£ 56	£ 73	£ 77	£ 51	£ 51	£ 51	£ 51	£ 53	£ 31	£ 63	£ 50
Total Expenses			£ 1,062	£ 1,167	£ 1,535	£ 1,614	£ 1,062	£ 1,062	£ 1,062	£ 1,062	£ 1,115	£ 646	£ 1,313	£ 1,045
Percentage of Total Year			8%	8%	11%	12%	8%	8%	8%	8%	8%	5%	10%	8%

Trimming and Stretching a Uni Budget

- Choose cheaper weekly accommodation (40-50% of costs)
- Don't bring a car! Get a local bus pass, and use it.
- Shop first at Aldi, Lidl, ASDA, Morrisons, then at Tesco, Sainsbury's, then at Co-Op, Waitrose, M&S. Buy generic brand, what is on sale (after 6pm), and get a loyalty card
- When going out, pay with cash to avoid overspending
- Take a packed lunch/soup flask to avoid eating out
- Mobile phone – no more/less than needed (PAYG enough?)
- Lock up your belongings (to avoid tempting thieves)

Trimming and Stretching a Uni Budget

- Buy clothes at end of season (on sale/clearance)
- Avoid fees/interest on bank overdrafts and credit cards
- NUS Discount Card, 16-25 Railcard, National Express Young Persons Coachcard, Uni Days Vouchers, Student Beans Discounts
- Buy train tickets early ('Advance Fare') / split tickets
- Check parent's insurance (car breakdown, travel, etc)
- Negotiate renewals on insurance premiums
- Get free stuff: Gumtree Freebies, Freecycle.org, Preloved

Trimming and Stretching a Uni Budget

Compare the Market

www.comparethemarket.com

Citizens Advice

www.citizensadvice.org.uk

Money Advice Service

www.moneyadviceservice.org.uk

Money Saving Expert

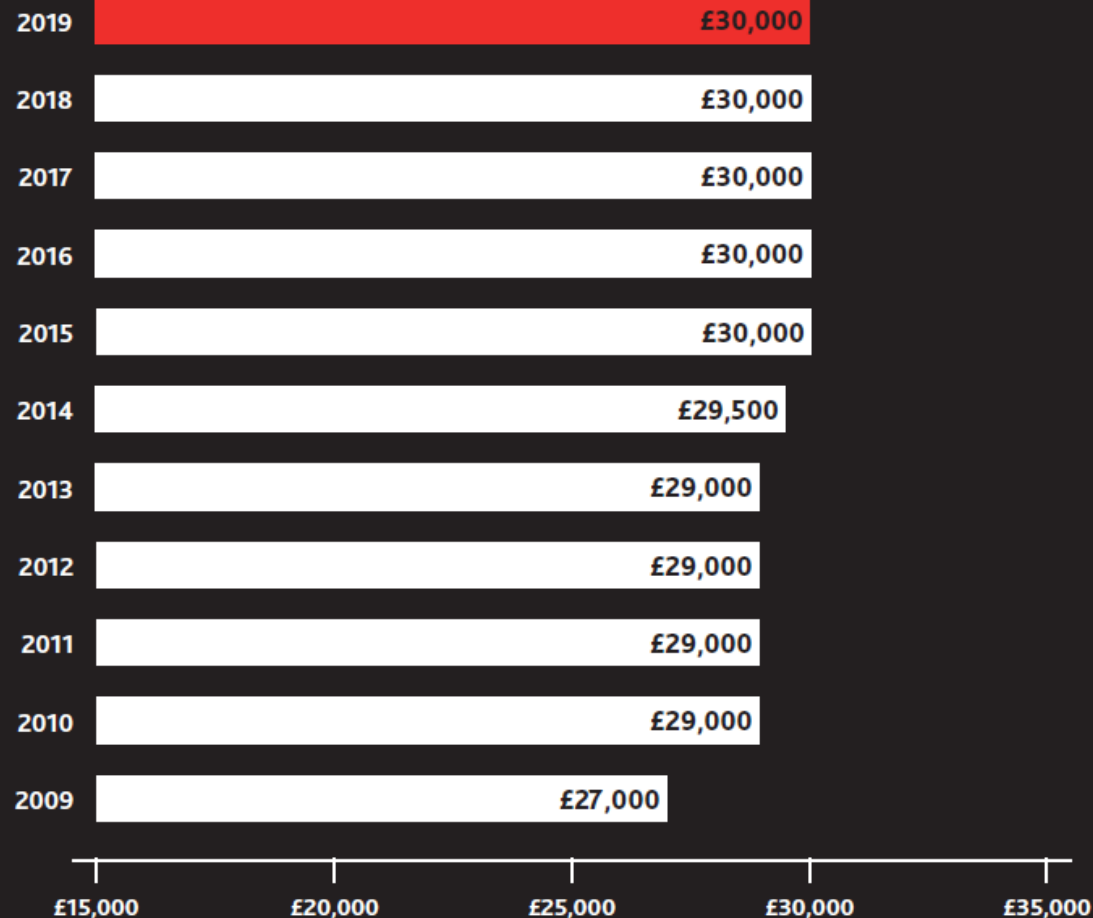
www.moneysavingexpert.com

Money Supermarket

www.moneysupermarket.com

Budgeting Around Your Salary

Chart 3.1 How Employers' Graduate Starting Salaries Changed from 2009 to 2019



Source - The Graduate Market in 2019

Median graduate starting salaries

Budgeting Around Your Salary

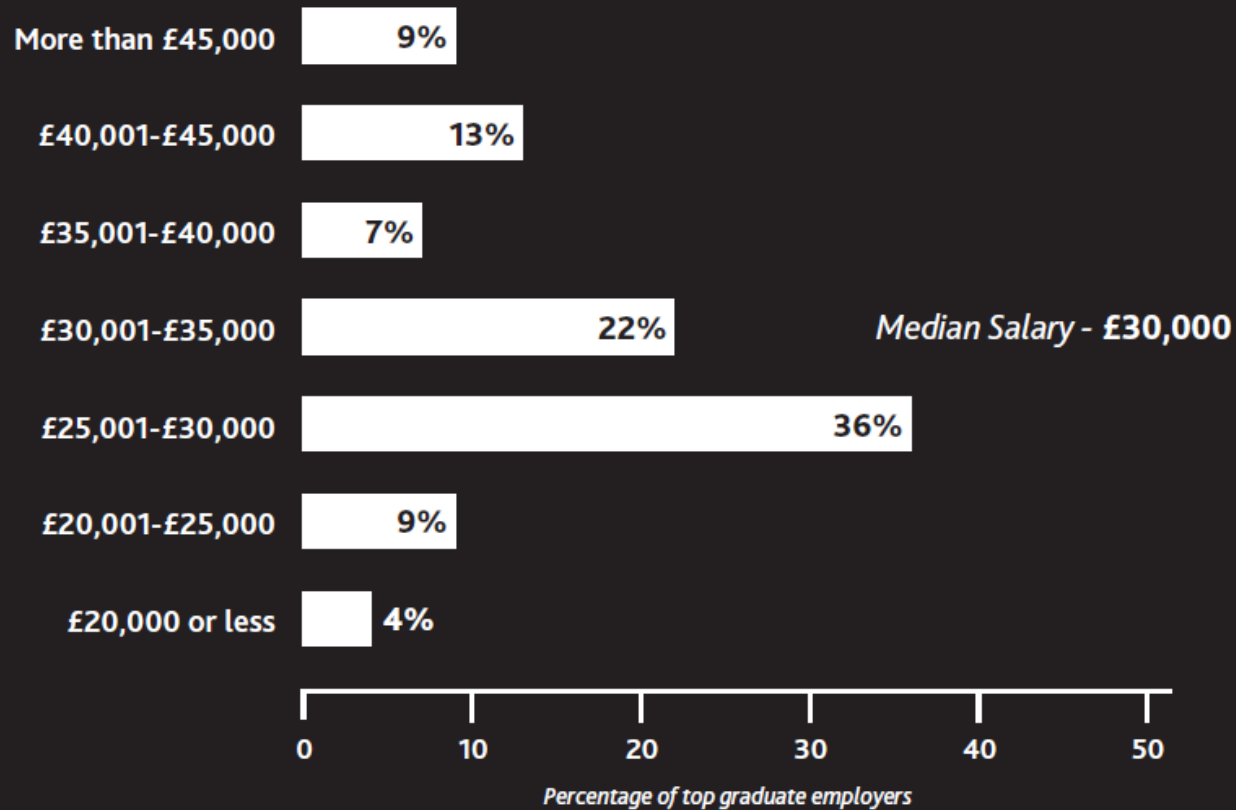
Table 3.4 Analysis of Graduate Salaries in 2019, by Industry or Business Sector

<i>Industry or Business Sector</i>	<i>Median graduate starting salary for 2019</i>	<i>Range of graduate starting salaries on offer in 2019</i>	<i>% change in median salary since 2018</i>	<i>Increase (decrease) in median salary</i>
Accounting & professional services	£30,000	£20,500-£42,000	NO CHANGE	NO CHANGE
Armed Forces	£32,000	£26,000-£32,000	NO CHANGE	NO CHANGE
Banking & finance	£32,500	£27,000-£40,000	NO CHANGE	NO CHANGE
Charity	£20,000	£18,000-£26,000	▲ 5.3%	£1,000
Chemicals & pharmaceuticals	£29,000	£28,000-£30,000	▲ 1.8%	£500
Consulting	£45,000	£45,000-£45,500	NO CHANGE	NO CHANGE
Consumer goods	£32,000	£25,000-£32,000	▲ 6.7%	£2,000
Engineering & industrial	£27,000	£22,000-£31,000	▼ 3.6%	(£1,000)
Investment banking	£47,000	£35,000-£60,000	NO CHANGE	NO CHANGE
Law	£45,000	£25,000-£47,000	▲ 2.3%	£1,000
Media	£30,000	£21,200-£48,000	NO CHANGE	NO CHANGE
Oil & energy	£38,500	£33,200-£43,000	NO CHANGE	NO CHANGE
Public sector	£23,100	£17,000-£31,000	▼ 4.5%	(£1,100)
Retailing	£35,000	£22,000-£44,000	NO CHANGE	NO CHANGE
Technology	£31,500	£28,000-£45,000	NO CHANGE	NO CHANGE
ALL SECTORS	£30,000	£17,000-£60,000	NO CHANGE	NO CHANGE

Source - The Graduate Market In 2019

Budgeting Around Your Salary

Chart 3.3 Graduate Starting Salaries at leading UK Employers in 2019



Source - The Graduate Market In 2019

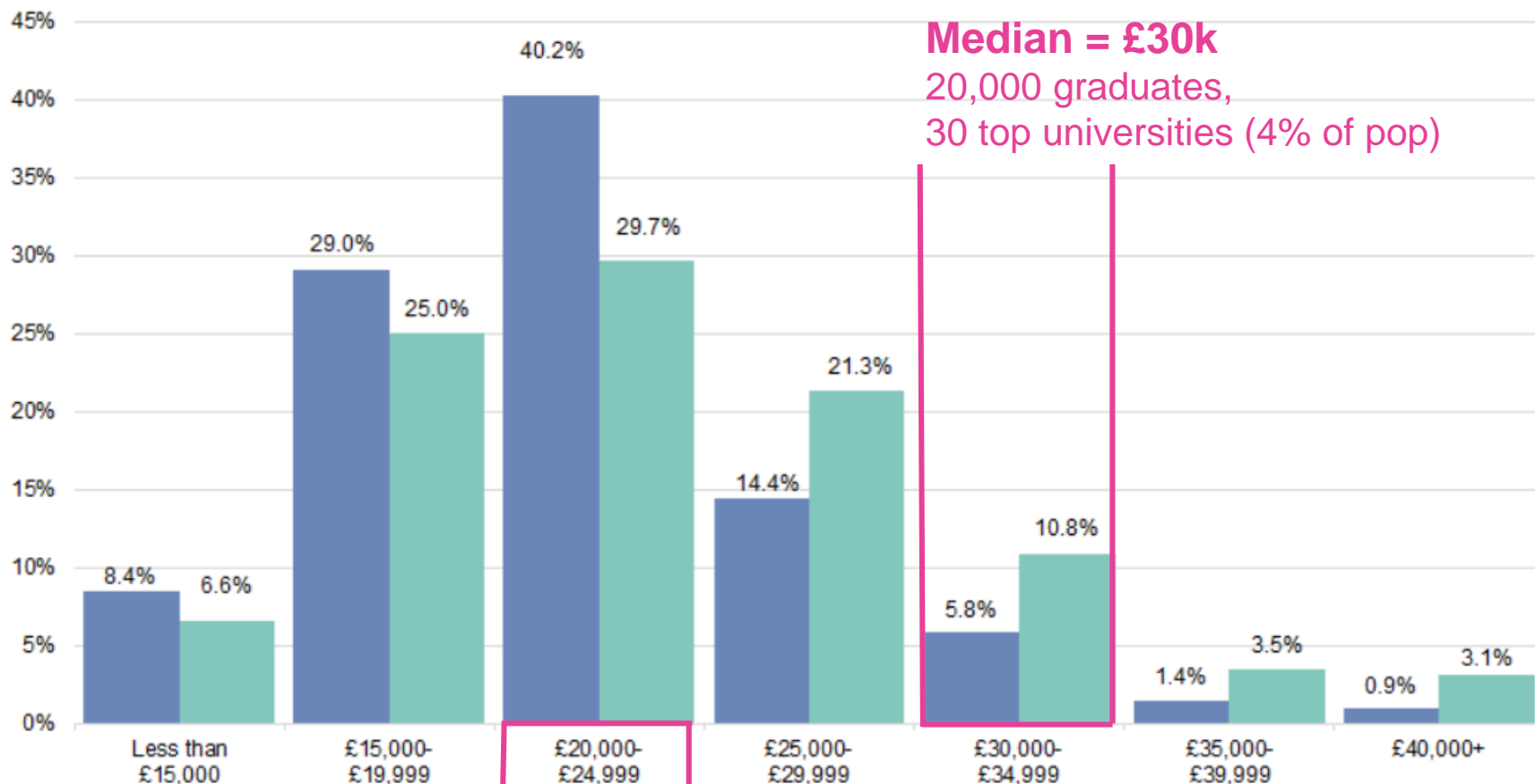
Budgeting Around Your Salary

Chart 9 - Percentage of UK domiciled full-time first degree leavers who entered full-time work in the UK by salary band and sex 2016/17

© Higher Education Statistics Agency Limited 2018

Percentages in this chart have been rounded to one decimal place, therefore they may not sum exactly to 100%.

■ Female ■ Male



Median = £30k
20,000 graduates,
30 top universities (4% of pop)

Median = £22k
400,000 graduates, all UK universities (74% of pop)

After Taxes

Pay (before taxes) £30,000

Less: Taxes

- Income Tax	-£ 3,500
- National Insurance Tax*	-£ 2,564
- 3% Employee Pension Contribution	-£ 900
- Council Tax (Band A)**	<u>-£ 1,100</u>

Pay (after taxes)

£21,936
(73%)

*Funds state pensions, NHS (20% of budget), jobseeker's allowance, sickness and disability allowance, maternity allowance, bereavement allowance

** Funds local roads, police, fire service, libraries, leisure centres, rubbish collection

After Debt and Insurance

Pay (after taxes) £21,936

Less: Debt

- Student Loan Repayments -£ 250
- Overdrafts and Credit Card Debt n/a

Less: Insurance (essential policies)

- House Insurance n/a
- Contents Insurance -£ 150
- Personal Possessions Insurance n/a

Pay (after taxes, debt, insurance)

£21, 536
(72%)

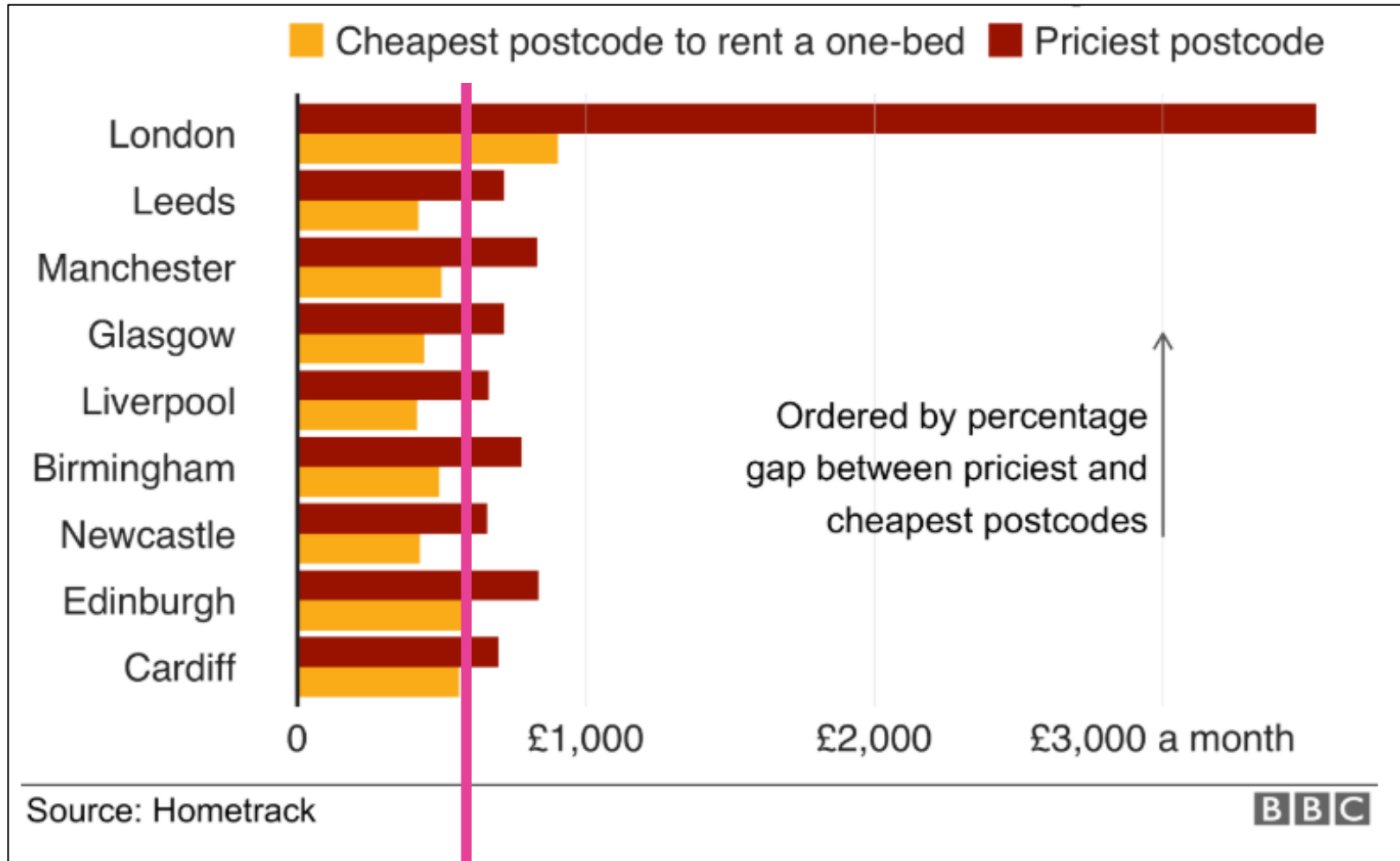
After Living Costs

Pay (after taxes, debt, insurance) £21,536

Less Living Costs

- Rent / Mortgage (1BR, £600pcm) -£ 7,200

Rent: One Bedroom (UK)



£600

After Living Costs

Pay (after taxes, debt, insurance) £21,536

Less Living Costs

- Rent / Mortgage (1BR, £600pcm)	-£ 7,200
- TV License	-£ 155
- Land Line and Broadband (£40pcm)	-£ 480
- Electricity Supply (£15pcm)	-£ 180
- Water Supply/Sewer Services (£15pcm)	-£ 180
- Gas/Oil Supply (£15pcm)	-£ 180
- Groceries (£125pcm)	-£ 1,200
- Mobile Phone Contract (£30pcm)	-£ 360
- Bus/Rail Pass (for Commuting)	<u>n/a</u>

Pay (after taxes, debt, insurance, living costs)

£ 11,051
(37%)

After Car Costs

Pay (after taxes, debt, insurance, living costs) £11,051

Less: Car Costs

- Car Loan Repayments (£125pcm)	-£ 1,500
- Car Insurance	-£ 400
- MOT	-£ 55
- Breakdown Coverage	-£ 125
- Annual Service	-£ 200
- Maintenance and Repairs	-£ 200
- Fuel (£15pcw)	<u>-£ 780</u>

Pay (after taxes, debt, insurance,
living costs, car costs)

£ 7,791
(26%)

After Optional Insurance

Pay (after taxes, debt, insurance, living costs, car costs) £ 7,791

Less: Optional Insurance

- Private Health Insurance £-
- Pet Insurance £-
- Life Insurance £-
- Travel Insurance -£ 100

Pay (after taxes, debt, insurance, living costs, car costs, opt insurance) £ 7,691
(26%)

After Other Costs

Pay (after taxes, debt, insurance, living costs,
car costs, opt insurance) £ 7,691

Less: Other Costs

- Holidays	-£ 1,500
- Clothes	-£ 400
- Hobbies	-£ 300
- Gifts	<u>-£ 100</u>

Pay (after taxes, debt, insurance, living costs,
car costs, opt insurance, other costs) £ 5,391
(18%)

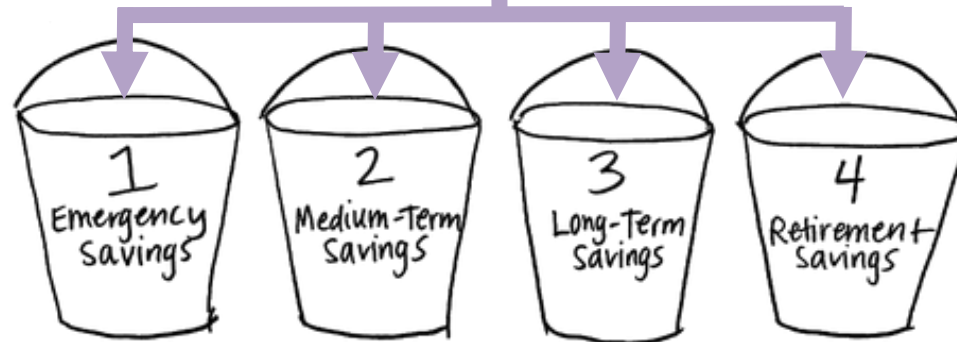
Advice on Saving Money

Salary:



Less: Tax

Less: Living Expenses
(all debt and outgoings)



3 months
living
expenses

car/house
purchase

wedding/
honeymoon
costs

Set aside for:

Left to spend now on fun

After Savings Goals

Pay (after taxes, debt, insurance, living costs, car costs, opt insurance, other costs) £ 5,391

Less: Savings

- 3 Months Emergency Fund (14% salary)	-£ 4,136
- Car Purchase (1% salary)	-£ 300
- House Purchase	n/a
- Other	n/a
- Retirement (on top of workplace pension)	<u>n/a</u>

Pay (after taxes, debt, insurance, living costs, car costs, opt insurance, other costs, savings) £ 955
(3%)

= £18 per week for fun!