



British International School Riyadh

Student Finance: Money Management Tips

As a university student, staying on top of your finances can be tricky. Learn how to budget and reduce your debt with a little expert know-how.

You're off to university in September — and your mind is buzzing with thoughts of your course, making lifelong friends and getting to know a new city. It shouldn't be all work and no play, but having a decent social life comes at a cost. "Student loans are not designed to cover a wild social life — you need to budget for that," says Mo Onyett, student welfare adviser at the [University of York](#).

To get the most out of your university experience, learn some basic money-management rules before you go. You'll have a great time without the stress of getting into unnecessary debt — and the skills you pick up in the process will help you manage your finances for life.

Budgeting

At its simplest level, having (and sticking to) a budget means your spending never exceeds your income. "Everyone advises students to budget, but no one tells them what income to base it on," says Martin Lewis, who runs [Moneysavingexpert.com](#), and heads a taskforce on student finance.

"Add up your student loan, any grants you get, any wages you'll earn, and cash given to you by your parents — that is your income. Spend no more than this figure."

Related Articles

- [Search Clearing listings](#) 18 Aug 2011
- [University finance is just the beginning of many happy returns](#) 02 Aug 2011
- [We should be philosophical about university](#) 19 Aug 2011
- [Five student jobs to fit around studying](#) 30 Jul 2011
- [Graduates overcharged £500 by Student Loans](#) 29 Jul 2011
- [Passing the test on school fees](#) 09 Aug 2011

Next, work out your expenditure. Lynne Condell is president of the [National Association of Student Money Advisers](#) (Nasma), and manages student funding at Liverpool John Moores University. She suggests prioritising everything you have to pay, such as rent, utility bills and any course expenses.

Look at the payment schedule given to you by the [Student Loans Company](#) to see when your next instalment of money is due. "This makes it much easier to budget what's left — this is what you have to live on," explains Condell. "You may realise you can't buy lunch out every day, but taking a packed lunch is a great money-saving idea, whether you're a student or a working person."

Lewis is well known for his advice on debt avoidance, but he makes an exception when it comes to student loans. "I view them as income because there is no real interest, as it is set at the rate of

You only have to start repaying it once you are earning more than £15,000. If you have to borrow, this is the best way possible.”

But, says Lewis, every other form of borrowing needs to be treated with caution. “Your zero per cent student-account overdraft is not part of your income. While it’s OK to use it for temporary cashflow, once you leave university it will be converted into a real-interest cost. It’s not for long-term borrowing.”

As for any form of commercial lending at real rates of interest — such as credit cards (including the one that you get with your student bank account), store cards, hire purchase, personal loans, payday loans or doorstep lending — Lewis’s advice is clear: “Do not touch! If your finances are so precarious that you are tempted by any of these, seek help. Talk to your student money or welfare adviser — they are the good guys.”

Freshers’ Week is a particularly expensive time, with lots of parties to attend and university clubs vying for your membership. “Be aware that your loan money won’t be there on day one,” warns Condell. “Your university will inform the SLC that you’ve arrived on campus, but it takes three to five working days for the cash to turn up in your account, so put some money aside for the first week or two of term.”

Bank Accounts

You’ll probably already have a bank account before you go to university, and chances are your existing bank has a student account you could easily switch to. But don’t assume that you’ll be getting the best deal.

It never hurts to shop around, even if you eventually find that your money really is in the best place. You can check out a few [comparison sites](#) for starters. However, don’t throw common sense out the window and sign up for the first account you find that comes with a load of tempting freebies. Extras are not to be sniffed at, but focus instead on getting the biggest interest-free overdraft, which stays interest-free for the longest possible time after you graduate — remember, you will have to repay it.

“Once you’ve done that, and if everything else equals out, then it’s fine to factor in a freebie of high monetary value,” says Lewis. “For example, some banks offer a free railcard, something many students would need to buy anyway.”

Find out if there is a branch of your bank on campus. “You can use cash machines and online banking, but sometimes you need to talk to someone,” says Condell. And if you have signed up to a five-year degree such as medicine or architecture, look at what your bank can do to support students on longer courses.

Don’t wait until you start university to choose your bank account. “Freshers’ fairs are generally commercial operations, run for profit by the Students’ Union — as a former union president I negotiated deals myself,” says Lewis. “Just because it’s on offer at a freshers’ fair doesn’t mean it’s the right deal for you.”

Condell also advises sorting out your student bank account now, so your finances are in place when you arrive at university. “You need a firm offer letter from Ucas before the bank will give you access, but you can get it set up,” she says.

Remember that a student bank account is exactly that; it is not designed to give you the best deal once you start working life. “Banks offer interest-free borrowing because they hope you are going to be a lucrative customer and stick with them for 60 years,” points out Lewis. “But as soon as you graduate, go and find yourself the most competitive bank account for your needs at that point.”

Insurance

With all you have to organise before starting university, keeping your stuff safe while you're a student is probably quite far down your list of priorities — if it's on your list at all. In fact you probably reckon you don't have that many possessions. But imagine if your laptop, smartphone, MP3 player, clothes and that costly piece of jewellery all went up in flames or got stolen. “There are often five or six laptops in a student household, so you need good contents insurance,” says student welfare adviser

Mo Onyett. “Losing your laptop is awful as it's expensive to get a new one, and it may also contain irreplaceable work,” she points out. “Do you really want to retype all your coursework?” And remember, never store passwords, such as for your bank account or student loan account, on your laptop, mobile phone or memory sticks. This could leave you vulnerable to identity theft.

It's worth checking whether you're already covered under your parents' household insurance, so talk to them first. If you find you need to take out your own policy, don't go straight for the obvious providers on campus, says Lewis. “Students tend to jump to companies that market products as 'student insurance policies'. But these are not necessarily cheaper than a normal home insurance policy — you could well get a better deal elsewhere.”

If you get into financial difficulty, the worst thing you can do is bury your head in the sand and hope it will go away by itself — it won't. Joanna Thomas, student adviser at the University of Exeter Students' Guild, says: “Speak to someone — if not us, then your parents, your friends or your personal tutor — and you will discover there are options.”

You can download a useful budget planner from the Nasma [website](#) (), but if you find that you are struggling with your finances and would like to speak to someone face-to-face, make an appointment to see a student finance adviser at your institution. You'll find the contact details on the Nasma website.

More information and advice, can be found [here](#).