



## Budgeting Basics: Managing Your Money During the Lean Years

*Let's face it. Money will probably be tight during medical school and residency. That's why a realistic budget – one you can stick to – will be critical to your financial well-being during the early years.*

### Benefits of Budgeting

Although the word “budget” often has negative connotations, it offers many benefits. For example, you will find that a realistic budget will help you to:

- Maintain better control of your spending and be less likely to run into credit problems.
- Make sure you cover your essential expenses before making an optional purchase.
- Prepare for an unexpected expense by building an emergency fund.

### How to Set Up a Budget

The basics are simple. You need to add up your monthly income, determine your monthly expenses, and calculate the difference to see if you have a surplus or deficit. One helpful tip is to categorize your expenses as either “fixed” (the ones that stay the same every month) or “variable” (the ones that fluctuate monthly). That way, you'll know to look at your variable expenses to make up any possible shortfall.

#### Examples of fixed expenses are:

- Rent
- Auto loan payment
- Health insurance premium

#### Examples of variable expenses are:

- Groceries
- Clothing
- Dining out

Total your monthly expenses, subtract that amount from your income, and see if your “bottom line” is in balance – or if you're running a shortfall. The [budget worksheet](#) from the AAMC can help.

### Some Cost-Savings Measures

If you find that you have “too much month at the end of the money,” there are many ways you can reduce your spending. A few possibilities are to:

- Share housing costs with a roommate
- Clip coupons to save on grocery costs
- Carpool or use public transportation if possible
- Buy clothes at end-of-season sales
- Buy cheaper generic rather than name brands
- Buy non-perishable items in bulk
- Take advantage of those 15% and 20% off coupons from department stores
- And cut out the daily latte!

### Some Special Considerations for Medical Students and Residents

#### STUDENTS:

Every medical school determines the total cost of attendance (COA). This is a figure that usually reflects most expenses as well as the maximum financial aid you can receive – and will be very helpful to you in formulating a budget. Request this information from your medical school's Student Financial Aid Office if it is not reflected on your award letter.

#### RESIDENTS:

If you're currently in residency, know that you are eligible for a mandatory forbearance on your Stafford, Grad PLUS, and Consolidation loans during that time. After that, you will need to incorporate your student loan repayments into your budget. See [Delaying Repayment during Residency](#) and [Repayment Options](#) for more information.

### Look to the Internet for More Cost-Saving Tips

- “[66 Ways to Save Money](#)”, an online publication from the Federal Citizen Information Center.
- “[Be Prepared, Be Informed, Be in Charge](#),” a 12-page booklet from the FDIC containing simple money management strategies.
- “[Common Mistakes Young Adults Make with Money and How to Avoid Them](#),” an article in FDIC Consumer News.

# Monthly Budget Worksheet

## INCOME:

Salary (after deductions) \_\_\_\_\_  
 Spouse salary (after deductions) \_\_\_\_\_  
 Investment income \_\_\_\_\_  
 Financial aid \_\_\_\_\_  
 Gifts \_\_\_\_\_  
 Other \_\_\_\_\_

**Total Fixed Income** \_\_\_\_\_

## FIXED EXPENSES:

Tuition & fees \_\_\_\_\_  
 Books & supplies \_\_\_\_\_  
 Regular savings \_\_\_\_\_  
 Rent/mortgage \_\_\_\_\_  
 Utilities \_\_\_\_\_  
 Telephone (base rate) \_\_\_\_\_  
 Taxes (federal, state) \_\_\_\_\_  
 Vehicle payments \_\_\_\_\_  
 Other transportation \_\_\_\_\_  
 Credit card payments \_\_\_\_\_  
 Personal loans \_\_\_\_\_  
 Educational loans \_\_\_\_\_  
 Insurance (life and health) \_\_\_\_\_  
 Home/renter insurance \_\_\_\_\_  
 Auto insurance \_\_\_\_\_  
 Auto registration/taxes \_\_\_\_\_  
 Other \_\_\_\_\_

**Total Fixed Expenses** \_\_\_\_\_

## VARIABLE OR FLEXIBLE EXPENSES:

Food/household supplies \_\_\_\_\_  
 Dining Out \_\_\_\_\_  
 Clothes \_\_\_\_\_  
 Laundry/dry cleaning \_\_\_\_\_  
 Gas, oil, auto maintenance \_\_\_\_\_  
 Parking \_\_\_\_\_  
 Medical/dental/eye care \_\_\_\_\_  
 Entertainment \_\_\_\_\_  
 Travel/vacation \_\_\_\_\_  
 Pets, supplies, food \_\_\_\_\_  
 Records & books \_\_\_\_\_  
 Personal care \_\_\_\_\_  
 Subscriptions \_\_\_\_\_  
 Cable TV and Internet \_\_\_\_\_  
 Phone \_\_\_\_\_  
 Gifts \_\_\_\_\_  
 Charity/contributions \_\_\_\_\_  
 Savings for interviews/relocation \_\_\_\_\_  
 USMLE \_\_\_\_\_  
 Other \_\_\_\_\_

**Total Variable Expenses** \_\_\_\_\_

**Total Fixed Expenses +** \_\_\_\_\_

**Total Monthly Expenses =** \_\_\_\_\_

**Total Income** \_\_\_\_\_

**Less Total Expenses** \_\_\_\_\_

**Total Discretionary Income =** \_\_\_\_\_  
 (or Deficit)