



EdFed

Federal Lender Code 834241

America's Top Student Loan Consolidator

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Costs

According to Upromise.com, the average college student earns \$7.50 an hour and works 25 hours a week. That translates into \$187.50 a week. Even if a student worked full-time at 40 hours a week (which most don't, because they have classes, labs, papers to write, and more), that would only amount to a gross salary of \$300 a week, or a measly \$15,600 a year.

But, of course, everyone has to pay taxes. So let's assume federal, state, and local taxes will amount to 30 percent – meaning Uncle Sam will take \$90 out of that \$300 a week. What's left is a paltry \$210 a week! If a 21-year-old is netting \$210 a week, that would be \$840 a month.

Here's a breakdown of how the money should be wisely spent, based on various categories of expenses:

Budget Item	Maximum Percentage	Dollar Amount
Rent/Housing	35	294
Car Payment	15	126
Food	15	126
Savings	10	84
Car Insurance	5	42
Utilities	5	42
Clothing	5	42
Entertainment	5	42
Miscellaneous	5	42
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Total	100	840

These numbers may seem ridiculously low, but they reveal the types of costs college students must contend with. Obviously, not everyone sticks to the formula or guidelines above. Many will spend more or less on entertainment, others will devote considerably more to housing, and so on. But in terms of dollars, most college students are on a severely restricted budget.

It's generally not much different when you first graduate, so here are some smart ways in which college students and recent college grads can reduce their expenses in all of those areas. When you're on a limited income, every dollar you spend is precious, so you have to make sure those dollars count – whether they're for food, shelter, clothing, or other necessities, or for the occasional luxury you might find yourself indulging in or purchasing on a whim.