

# Articles Program



## Money management for university students

A university education is a worthwhile investment — and an expensive one. Most students need some form of financial help to be able to attend university.

“Twenty-five or 30 years ago a student could earn enough through summer or part-time jobs to pay their way through university, but that is not often the case today,” says Chartered Accountant Rick Robertson, a professor in the Ivey School of Business at the University of Western Ontario in London. “Tuition is going up faster than inflation.”

Today, many students rely on financial assistance from their parents and/or student loans to pay for their university education.

“There should be some sharing of the financial responsibility between the child and the parents,” says Chartered Accountant Francois Brouard, a professor in the Sprott School of Business at Carleton University in Ottawa. “But I believe parents do have a responsibility to their children to help pay for their university education.”

While most university students today rely primarily on student loans and money from the “Bank of Mom and Dad” to pay for their education, it is still important for them to take responsibility for their finances. Here are Robertson’s and Brouard’s top money management tips for students.

**Get a summer job** – A summer job may not cover the cost of a year at university, but summer jobs during high school and university allow students to save some money and contribute to the cost of their education. Both Robertson and Brouard agree, however, that students should try to avoid working at a part-time job during the school year. “Part-time jobs for university students are unlikely to pay well and they can take up a significant amount of time,” says Robertson. “Being a student is a full-time job, and a university student should also be entitled to some degree of enjoyment or fun.” Brouard believes working during the school year can interfere with a student’s performance. “University students should only work if they need money to cover their basic expenses,” he says. “In addition to studying, students should be able to participate in extracurricular activities to enhance their university experience.”

**Apply for grants and scholarships** – “There are numerous entrance scholarships and other types of grants and scholarships out there,” says Brouard. “Take the time to learn about them and apply for them.”

**Live at home** – “Living at home while attending university eliminates one of the biggest expenses,” says Robertson. “If you can’t live at home, an apartment is cheaper than university residence, but there are advantages to living in residence during first-year university. If you don’t live at home or in residence, take transit or ride a bike instead of owning a car. And learn to cook.”

**Be careful with credit cards** – “I think university students should carry one credit card, with a limit of \$1,000 or less,” says Robertson. “They may need it in an emergency.” But don’t use a credit card to pay for ordinary purchases. “Using a credit card to pay for most of what you buy as a student is the worst thing to do because of the interest costs if you can’t pay the bill at the end of the month,” explains Brouard.

**Take responsibility** – Both Robertson and Brouard agree that students need to be involved in budgeting and saving for university. “Establishing a budget helps a student examine what he or she needs versus what would be nice to have,” says Brouard. “The student needs to be part of the process.” Robertson suggests having the student write the cheque for tuition and rent – even if the parents have deposited the money in the account. “It is one thing to deliver a cheque signed by your parents and another thing to write all those zeros in yourself,” he explains.

While it is important for students to manage their finances while attending university, the best way to pay for a university education is for parents to plan years in advance. “Parents should start planning as soon as the child is born,” says Robertson. “Get that Registered Education Savings Plan going and encourage your child to save money. It is a significant commitment, but the parents I see on campus attending their child’s graduation ceremony certainly think it is a worthwhile investment.”

*Brought to you by The Institute of Chartered Accountants of Ontario*