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Stay on course to tame student debt

The best ways to budget and how to make savings on everything from books to bills



James Charles

A university degree has never been so expensive and the rising cost of everything, from pasta and baked beans to rented accommodation, will not help undergraduates trying to stay out of debt. In our second feature on student finance, Times Money shows how to make each loan payment last until the end of term.

Budgeting

Draw up a weekly or monthly budget for food, socialising, clothes and bills - and stick to it. Catherine McGrath, of Lloyds TSB, says: "You can't throw caution to the wind and go wild with your cash. Part of managing your own budget is realising that you have financial limits and sticking to them."

A budget does not have to read like a diary of every purchase. The aim is to ensure that your outgoings do not exceed the amount you have coming in. There are a number of student budget calculators online, including the one at www.ucas.ac.uk.

Thomas Causebrook, a 21-year-old geography graduate, who studied at the University of Sheffield, managed to sidestep debt by giving himself a weekly allowance. "I would divide all my money by the number of weeks in the term, putting aside a small amount for emergencies," he says. "If you overspend one weekend, you can cut back the next and you shouldn't be caught short at the end of term."

If you need more advice on managing your money, speak to your student union finance office.

Mobile phones

Asda is not only the cheapest place to buy baked potatoes and frozen pizza; you could save hundreds of pounds a year by switching to the supermarket's pay-as-you-go mobile phone tariff, which charges 8p for calls to any network and 4p for texts - less than half the price of Vodafone or Orange.

If you are a heavier user, James Parker, of Moneysupermarket.com, the comparison website, suggests Sim-only tariffs. If you can dig out an old handset, you could get 600 minutes of calls and unlimited texts for £20 a month with O2 Simplicity, or 300 minutes and 2,000 texts on the Virgin Mobile Liberty tariff, which can be cancelled with 30 days' notice.

Books

Before you spend a small fortune on all the books on your course's recommended reading list, speak to other students on your course and suggest sharing the cost of pricier textbooks. You could also save cash buying the books from second and third-year students or using websites such as sellstudentbooks.co.uk, abebooks.co.uk or Amazon.co.uk. When you have finished a specific subject you could also raise extra cash by selling your books on these sites.

Household bills

When you are living in halls, remember to claim back the last quarter of your TV licence for the three-month summer period when you will be living at home.

On the day you move into a shared house with friends, take meter readings and give these to your energy suppliers. Find the cheapest utility tariffs by comparing prices online using websites such as uSwitch.com or Moneysupermarket.com. Look at dual-fuel tariffs (which means buying both electricity and gas from the same supplier), online plans and be sure to pay bills by direct debit to avoid extra charges. For tips on ways to save energy and reduce your bills, visit energysavingtrust.org.uk.

Insurance

If you are living in halls, ask your student union if it has a deal with an insurer to provide cover to those in your building. About 80 universities have such agreements and you will benefit from a discounted rate to cover your room. Endsleigh, the student insurer, also offers cover for halls rooms, from £16 a year.

Students in shared houses should obtain quotes from a range of insurers to find the cheapest. Endsleigh and Barclays both offer specialist cover for students, with standard features such as protection against damaged library books or lost keys.

A home contents policy from Endsleigh for a student living off-campus in Cambridge would cost £25 a year to cover £2,500 of possessions. You can add extra cover for items you carry with you to campus. For example, Endsleigh will protect your iPod against loss for £12 a year.

Finally, if you drive at university, you could reduce the cost of your car insurance by adding a parent as a named driver, assuming that he or she has a clean record.

Discounts galore

Students carrying the NUS Extra card receive discounts at a huge range of shops, restaurants and websites. The card costs £10 from your student union or is free when you open a Lloyds TSB student account.

Another favourite is the 16-25 Railcard, giving a third off rail fares and a wide range of discounts for £24 a year. NatWest offers a

free five-year card with its student account.

Discounts on the web can also add up. It is worth visiting Studentbeans.com, S-k-i-n-t.co.uk or studentdiscounts.co.uk to check out the offers available. Other useful websites include myvouchercode.co.uk and moneysavingexpert.com .

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