



# Managing Your Money

## **Why is money management (budgeting) so important?**

Though your financial aid may cover much of the expense accrued at BATC, it may not. Most financial aid programs do not keep up with the rising costs of obtaining education beyond high school and rarely cover all expenses associated with education, so it is very important that you manage your financial resources wisely. Good money management helps solve the mystery of where your money goes and allows you to know your financial situation at all times so you can avoid a financial crisis.

## **How can I manage my money effectively?**

Budgeting is a personal matter and you should find the system that works best for you. You may like a detailed budget plan or you may manage better using a few simple techniques. The following suggestions will assist you in planning your own budget. These basic steps to budgeting are the same, no matter what system is used:

✍️ **Estimate your income for the budget period.** Because the programs at BATC are open-entry open-exit you may wish to use the length of your program as the time frame for your budget. Include your savings, income from work, Pell grant, scholarships, additional assistance programs, employment, and any family contributions you will receive during the time you will be enrolled in school.

✍️ **Estimate your expenses for the budget period.** Fixed expenses and fees at BATC will vary throughout your program but you can get an estimated cost of tuition and fees for the program you are enrolled in from the registration desk in Student Services. An estimated expense for books and supplies for the program you are enrolled in is available at the Bookstore or from your program instructor. Other costs may vary but are within your control. Anticipate expenses such as rent, food, utilities, personal care, clothing, child care, insurance, transportation, and special expenses such as deposits, installation fees, and gifts. If you plan ahead you can set aside money in advance for these expenses.

✍️ **Keep a record of your actual expenses.** You may want to keep a notebook and write down what you spend. Listing expenses by categories gives you a clearer picture of how you spend your money. After a couple of months of keeping a list of expenses, you will have a good idea of where your money is going. At this point, you can adjust your spending pattern and revise your budget. Look for ways to stretch your money and reduce your expenses.

## **Do I need to pay US Income tax on Pell grant, Scholarship, or other assistance money I receive?**

Scholarship and grant money you receive may be taxable. To qualify as non-taxable the money must be used for tuition and fees and required books, tools, and supplies.

Any money used for incidental expenses (housing, personal expenses, child care, etc.) is considered non-exempt, so money spent on these items may be subject to income tax.

BATC is not responsible for withholding taxes or notifying you of your taxable amounts of grants and scholarships, therefore, you may want to keep a list of how you spend your grant, scholarship and other assistance money. For more detailed information concerning the taxability of scholarships and grants, consult your income tax form instruction booklet, your personal tax advisor, or call the IRS. Check your income tax package or phone book for the local IRS number or call 1-800-829-1040.

### **What are the AMERICAN OPPORTUNITY and LIFETIME LEARNING tax credits?**

The AMERICAN OPPORTUNITY and LIFETIME LEARNING tax credits are available to you to help make education more affordable and significantly reduce the amount of federal income tax you may owe.

**Who Qualifies?** The AMERICAN OPPORTUNITY CREDIT is a tax credit that may be claimed for each student in a family who is enrolled in post-secondary education at an eligible educational institution (like certificate program enrollment at BATC) and who has not yet completed his or her first four years of study. Many qualify for the maximum annual credit of \$2,500 per student.

*Formerly the Hope Scholarship, this credit is scheduled to expire the end of 2017.*

The LIFETIME LEARNING tax credit may be available for vocational, college, graduate, professional students or adults who want to up-grade their job skills, acquire new skills, or pursue another course of study (like short term classes at BATC). It's even available for students taking just one course as long as it is object related. There is no limit on the number of years you may claim this credit. The maximum benefit is \$2,000 per year per family.

**How do I know if I am eligible and are there other requirements?** Qualified expenses may include tuition and fees, and required course materials, less any grants and scholarships that are received tax-free. BATC will notify you, through a third-party servicer of your eligible tax credit amounts (form 1098T). These amounts should then be included on your federal tax form and will be deducted directly from the amount of federal taxes that you owe. Income requirements apply. For more information call the IRS Help Line at 1-800-829-1040, read IRS publication 970, visit the US Treasury Department's website at [www.irs.ustreas.gov](http://www.irs.ustreas.gov) or consult your tax advisor.

### **Where can I get more information?**

The information on this sheet is provided to assist BATC students in understanding their obligations in reporting certain tax information. It also serves to assist in notifying BATC students of certain tax benefits. However - the employees of BATC cannot serve as tax consultants or financial advisors. Information regarding the American Opportunity Credit and Lifetime Learning tax credits is provided only as a service and interpretation may not reflect actual law. Therefore, students are encouraged to visit with the IRS, a personal tax advisor, review the income tax form instructions booklet, or log on with the IRS at [www.irs.gov](http://www.irs.gov) for more information.