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BUDGETING STRATEGIES OF FINANCIAL MANAGEMENT STUDENTS: A BASIS FOR INVESTMENT DECISION

RANDY R. PERALTA [1], JULIAN BRAILLE G. LICAYAN [2], MARK NICOLE C. OANDASAN [3], GEMMALYN D.S. SANTOS [4], ROMALYN P. TAN [5], and GLENFORD T. TARAYAO [6]

[1] DBM, University of Cagayan Valley, Tuguegarao City, Cagayan, Philippines.
[2,3,4,5,6] University of Cagayan Valley, Tuguegarao City, Cagayan, Philippines.

Abstract

Students' investing choices and budgeting techniques need to be taken into consideration. This is crucial because, in order to make wise financial decisions and understand the potential effects these decisions may have on their life, students need to understand the principles of decision-making. Students should think about various elements that could affect their decision-making since they might not always make logical decisions. This study aimed to assess the budgeting strategies of the financial management students of School of Business Administration and Governance for the Academic Year 2022-2023, as a basis for investment decision. This study employed a Mixed Method research design for better analysis of the study. The participants of the study were the Financial Management Students at the University of Cagayan Valley. Frequency and percentage counts and T-Test were used to treat the data. Based on the findings of the study, it can be concluded that the 50/30/20 budget and envelope budgeting methods emerge as effective tools for fostering disciplined spending habits among participants, and by combining these approaches, individuals can manage their money strategically and practically. The researcher suggests that future researchers address alternative demographic characteristics that may influence budgeting techniques among financial management students, as current findings imply that gender and year level may not be major contributors.

Keywords: Budgeting, Budgeting Strategies, Envelope Strategies, Investment, 50/30/20 Budget.

INTRODUCTION

Budgeting is a good way to monitor spending and determine whether you are using too much money. It is also important to be aware of personal finance. Establishing a budget while in college can help students understand where the money goes each month. Nowadays, students are often faced with a difficult choice when it comes to budgeting. Nonetheless, students need to understand that these decisions can have serious consequences, so it is important for them to take each decision-making process seriously.

There are many budgeting strategies that students could choose on the internet, which could fit their financial capability, such as Zero-based budget and Incremental budget. However, after studying these two strategies thoroughly, it turns out that they are not applicable for students who do not have a source of income; they are more suitable to use for those who receive income regularly. The 50/30/20 rule and envelope budgeting are chosen for their simplicity in managing money. These budget methods are more likely compatible to use by the students unlike the Zero-based budget and Incremental budget, where there are lots of things that need to be considered. In a world that contains complex financial concepts, these solutions provide

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students with an easy way to manage their funds. Students with proper budgeting help them to spend less and start considering their financial goals. Being a college student with lots of priorities should follow a budgeting plan because aside from it keeps them out of debt, it was also a strategy to improve the spending and saving habits of a student. Students practicing the 50-30-20 rule helped them to handle their allowance properly. It helps to dodge the shortage of allowance, save the excess money, and enhance the knowledge in budgeting. The 50% of their allowance was for needs such as bills, necessities, payment of tuition, food, and etc., while the 30% goes to their wants, and lastly, the 20% was for the savings. (Castaritas et al., 2020)

According to the makers of the 50-30-20 rule from the book "All Your Worth: The Ultimate Lifetime Money Plan" written by US Senator Elizabeth Warren and Amelia Warren Tyagi, budgeting the allowance does not need to be complex; thus, it is efficient to align financial goals. They mentioned that in budgeting, divide it into three spending classifications: needs, wants, and savings. Fifty percent of the allowance is for needs or expenses such as monthly rent, transportation, electricity bills, and groceries. Thirty percent of the allowance could go to wants or non-essential desires such as eating out, online shopping, and so forth. While the last 20% of the allowance goes to savings, if a person regularly saves for the future, it could help reach financial goals and achieve a better investment plan. This strategy's capacity to help you carefully assess your necessities versus your wants and then set proper boundaries for each is one of its key focuses.

Moreover, according to Meena Palani and her team, as reported in their article "Household Debt and Saving Behavior," persons who used the 50/30/20 budgeting technique displayed a significant improvement in their financial well-being. It was effective in motivating people to save and invest a significant amount of their income. As a result, young adults' financial discipline and security improved.

Furthermore, Dr. Silverman and Palani's team stressed that the 50/30/20 budgeting technique is an effective tool for teaching young people financial management. By combining play with financial education, the strategy improved knowledge and recall of financial concepts, resulting in more effective financial management.

The budgeting strategies and investment decisions made by students require attention. This is essential because students must grasp the fundamentals of decision-making to ensure prudent investment decisions and comprehend the consequences these decisions may have on their lives. Students should consider what other factors may influence their decision-making process, as their choices may not always be rational.

Moreover, managing expenses is essential for students, demanding precision in determining where money will be spent and how it will be earned and saved. Hence, budgeting involves making a plan for their money. They determine how much money they have to allocate to various expenses, such as rent, food, and savings. It serves as a practical way to monitor spending, promoting financial mindfulness. This practice is not just about where money is allocated but also encourages wiser decisions, ultimately impacting everyday lifestyle choices. Establishing a budget in college aids students in understanding their monthly financial flow

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and promotes a cautious approach to spending. In examining related studies on budgeting strategies and investment decisions, including two common strategies, notes a gap in assessing the 50/30/20 budget and envelope budget among Financial Management Students. When contrasting the research variables to Anderson et al.'s study on student-centric budgeting, the focus lies on structured allocation percentages (50/30/20 Budget), whereas they present a variety of strategies like Zero-Based Budgeting for Students (ZBBS) that discuss ways to encourage responsible spending with budgets that are created from scratch. The envelope system, similar to the envelope budget, emphasizes cash allocation to labeled envelopes for simplicity and budget adherence. Yet, their research adds new methods, such as digital budgeting tools that use technology to provide real-time monitoring and priority-based budgeting, which gives top priority to important spending. These comparisons emphasize the different strategies explored in the study of effectively managing allowances for students.

The study aimed to assess the budgeting strategies, which are the 50/30/20 budget and envelope budget of financial management students, and propose an investment plan. This research may help students gain more knowledge in terms of finances, budgeting, and making wise investment decisions.

According to Rebecca Lake (2022), picking the proper way of budgeting makes it easier to have an absolute monthly spending plan. If a student or person suffers from overspending, the envelope saving method, also known as the cash envelope method or cash envelope budgeting, can assist the person in taking control of their finances. With this approach to budgeting, monthly cash flow is allocated into certain budget categories.

Envelope Budgeting became known because of the Financial Guru Dave Ramsey. This budgeting strategy involved stuffing cash into small envelopes with different categories each month. Dividing the cash or allowance into different envelopes helps prevent the habit of overspending. If the set allowance for the month in a certain envelope is empty, it will prevent that person from spending any more money, thus encouraging good saving behavior (Cruze, 2022).

Based on Envelope Saving Method: Budgeting Guide by SmartAsset, the envelope saving method is a budgeting system popularized by financial guru Dave Ramsey. This method entails putting money into envelopes each month and designating each one for a distinct category of spending. The notion is that by separating cash into envelopes, you can keep track of your expenses and avoid overspending.

Moreover, spending cash pushes you to be more attentive to your finances than spending with debit or credit cards. The strategy can also be used to save money for sinking funds, which are deposits for future expenses like car maintenance. Furthermore, the 100 envelope challenge entails putting small sums of money in an envelope every day, which can help with savings growth. The envelope-saving approach is a popular form of budgeting and can be a good strategy for people who want to manage their finances more effectively. As a result, the envelope-saving method is a well-known budgeting technique that can assist individuals in tracking expenses, avoiding overspending, and properly managing their resources. It is critical

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to explore the numerous budgeting tactics and tools available to discover the best solution for everyone's financial needs.

According to Simone Galperti (2019), a simple consumption-savings model is explained with a present-biased agent to provide a theoretical analysis of the relationship between self-control problems and personal budgeting. Unlike minimum-savings rules, good-specific spending caps help to reduce overspending by causing inefficiencies in consumption that reduce the return from under saving, thus counteracting present bias. As a result, good-specific budgets are not free, and they are only used by agents who are weakly biased and uncertain about their infratemporal trade-offs between goods. Those who are not subject to such uncertainty prefer to rely solely on a minimum-savings rule. The theory matches existing empirical findings, such as the fact that people frequently set budgets for goods that are not normally regarded as tempting, and that only those with a weak present bias appear to use budgets.

Budgeting money and adequately managing it have become essential in developing our financial stability. It is now vital that an individual is well-educated financially because it is considered a life skill. The new generation of students is presumed to be the most susceptible individuals due to their impulsiveness in purchasing both needs and wants. Significantly, with new technology, online shopping applications are everywhere. With proper knowledge of handling money, it will lessen their financial problems during their college years. It was highlighted that students' behavior in spending and limited knowledge of budgeting might result in money management errors today and in the future according to Bona (2017).

According to Hamilton (2020) of The Importance of Budgeting in College, studying in college can be a financial nightmare due to the high tuition prices and a lack of reliable income. It enables an individual to determine which costs, such as tuition, housing, and food, are unavoidable and warrant taking out a student loan. The capacity to manage a budget will ensure that the expenses are adequately covered after college, to start a career, buy a house, have a family, and so forth. A college budget enables to manage the expenditures and establish the best financial situation for when they begin their job, rather than accruing debt and wasting money that will need to be paid back with interest. Budgeting is a crucial task to complete as a college student, as it helps them develop life skills and secure their financial future. It makes sense if a person wants to give up on the entire budgeting effort right away due to the lack of income and high debt levels. However, the truth is that tracking of spending, reducing the debts, and putting the person in the best possible financial position are all crucial during the time in college.

According to Bebasari & Istikomah (2020) in their study titled, "The Effect of Investment Motivation, Financial Literation, and Financial Behavior on Investment Decisions" the three dependent variables which are the investment motivation, financial literacy and financial behavior have effects on the investment decision. The recommendation of the researchers is to invest in capital market, increase self-motivation and deepen the understanding and knowledge in terms of investment using the learning items of the schools.

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Moreover, Hani et al., 2020 mentioned in their study, "The Effect of Investment Education and Investment Experience on Investment Decision with Financial Knowledge as Intervening Variable", that investment education has a positive effect on investment decisions. This means that the investment learning process that has been passed will increase the ability of student investors in making investment decisions. The researchers recommended having more financial knowledge by investment knowledge and having more experience in investment that can make them wise in investment decision.

Further, a study conducted by Contante et al. (2019) titled, "Budgeting Strategies and Its Impact to the Financial Decision-Making of 12 ABM Students in Bestlink College of the Philippines, found out that teachers, the administration of school, and as well as the parents needs to be aware of the expenses of the students and should have a program that will teach them the importance of Budgeting Strategies in their financial decisions. Parents should assist their children in budgeting their allowances. They recommended four strategies that students can use in their budget: Do it yourself, Weekly meals planning, Piggy Bank/Saving Tools, setting aside the wants, and prioritizing only the needs. Parents are the ones who give prior knowledge to their children about managing their children's money.

Thus, this research may help the researcher's spread information that guides the financial management students in budgeting their allowances and what investments are applicable when they save money using the two budgeting strategies. The researchers have included recommendations for those students who have struggled in budgeting their allowance.

Statement of the Problem

This study aimed to assess the budgeting strategies of the financial management students of School of Business Administration and Governance for the Academic Year 2022-2023, as a basis for investment decision. Specifically, it sought to answer the following questions:

1. What is the demographic profile of the participants in terms of:
    1.1. Age
    1.2. Gender
    1.3. Parents Monthly Income
    1.4. Weekly Allowance
    1.5. Year Level
2. What are the budgeting strategies of the participants in terms of:
    2.1. 50/30/20 Budget
    2.2. Envelope Budget
3. Is there a significant difference on the budgeting strategies of the participants when grouped according to Gender and Year Level?
4. What are the problems/challenges encountered by the participants in budgeting?

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Hypothesis

This study was guided by a lone hypothesis that:

There is no significant difference on budgeting strategies of the participants when grouped according to gender and year level.

RESEARCH METHODOLOGY

This study employed a Mixed Method research design for better analysis of the study. The descriptive quantitative analysis served as the research design of the study, requiring gathering information to test hypotheses or find answers about the subject of the study, resulting in reliance on information about the participants' budgeting strategies. Meanwhile, Narrative-Qualitative analysis is a method used to discuss the problems/challenges encountered by the financial management students through open-ended questions. The participants of the study were the Financial Management Students at the University of Cagayan Valley. The total population of the students was 313, calculated using Slovin's formula with a margin of error of 0.05, resulting in 176 participants. A survey questionnaire was utilized as a research tool, and some variables were adopted from the series of related literature and studies. Some of the questions that were adopted were revised. The series of questions had to be answered by the participants. The survey questionnaire was divided into 4 parts, which included the profile of the participants, the budgeting strategies in terms of 50/30/20 budget and envelope budget, and the problems encountered by the participants. Frequency and percentage counts were used to analyze the profile variables of the participants. Moreover, weighted mean was employed to assess the different domains using the Likert Scale on the next page.

Numerical Value	Descriptive Value	Descriptive Scale
4	3.26-4.00	Strongly Agree
3	2.51-3.25	Agree
2	1.76-2.50	Disagree
1	1.00-1.75	Strongly Disagree

Furthermore, T-Test was used to test the difference on the budgeting strategies of financial management students when grouped according to gender and year level. Lastly, frequency counts were used for the qualitative data that was answered by the participants regarding the problems/challenges encountered in budgeting, and the data gathered was treated by narrating it.

RESULTS AND DISCUSSIONS

Table 1a: Frequency and Percentage Distribution of the Participants' Relative to Age

Age	Frequency	Percentage
20 years old and below	74	42.0
21 – 22 years old	84	47.7
23 years old and above	18	10.3
Total	176	100.0

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The table above shows that there are 84 or 47.7 percent of the total number of participants whose ages are in the range of 21–22 years old, while the ages below 21 years old and above 22 years old are 74 or 42.0 percent and 18 or 10.3 percent respectively. This implies that almost all the participants are in the early adulthood stage.

Table 1b: Frequency and Percentage Distribution of the Participants' Relative to Gender

Gender	Frequency	Percentage
Male	41	23.3
Female	135	76.6
Total	**176**	**100.0**

The table above reveals that there are more female participants than the male participants with 135 or 76.6 percent and 41 or 23.3 percent respectively. This implies that majority of the participants are female.

Table 1c: Frequency and Percentage Distribution of the Participants' Relative to Parents' Monthly Income

Parent's Monthly Income	Frequency	Percentage
Php 1,000 – Php 5,000	57	32.4
Php 6,000 – Php 11,000	47	26.7
Php 12,000 – Php 19,000	22	12.5
Php 20,000 – Php 26,000	33	18.8
Php 27,000 – Php 35,000	7	4.0
Php 36,000 – Php 49,000	5	2.8
Php 50,000 – Php 100,000	4	2.3
Above Php 100,000	1	0.5
Total	**176**	**100.0**

Mean = Php 13,897.73

As reflected above, 57 or 32.4 percent of the total number of the participants have their family monthly income below Php5,000, while 1 or 0.5 percent is above Php 100,000. The mean parents' monthly income is Php 13,897.73, which implies that the participants' family monthly income was above the minimum monthly wage in the province.

Table 1d: Frequency and Percentage Distribution of the Participants' Relative to Weekly Allowance

Weekly Allowance	Frequency	Percentage
Php 200 – Php 600	27	15.3
Php 700 – Php 1,000	63	35.8
Php 1,100 – Php 1,400	11	6.3
Php 1,500 – Php 2,900	73	41.5
Php 3,000 – Php 8,000	2	1.1
Total	**176**	**100.0**

Mean = Php 931.82

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The table reveals that 73 or 41.5 percent of the total number of the participants have a weekly allowance of Php 1,500 – Php 2,900, while there are 11 or 6.3 percent of the participants with a weekly allowance of Php 1,100-Php1,400. The mean weekly allowance is Php931.82, which implies that the participants are able to provide for their daily living needs with their weekly allowance.

Table 1e: Frequency and Percentage Distribution of the Participants Relative to Year Level

Year Level	Frequency	Percentage
1st year	44	25.0
2nd Year	44	25.0
3rd Year	44	25.0
4th Year	44	25.0
Total	**176**	**100.0**

The table above shows that 44 or 25.0 percent of the total number of the participants in each year level. This implies that there is an equal number of participants and it is well distributed in each year level.

Table 2a: Item Mean and Descriptive Interpretation on the Budgeting Strategies of the Participants in terms of 50/30/20 Budget

Items	Item Mean	Descriptive interpretation
I know how to estimate my expenses monthly.	3.20	Agree
I know how to distinguish my needs and wants.	3.30	Agree
I know when it is time to stop spending money on something that I've decided I need or want.	3.26	Strongly Agree
I feel capable of putting 50% for my necessities, 30% for other things and 20% for savings.	3.03	Agree
I know how much money is needed for emergencies and unexpected expenses; this would include things like school fees, medical bills, fare, groceries, and rent.	3.20	Agree
I could calculate the total amount of money I need to spend on my project.	3.11	Agree
I know how much money to spend on non-essential items.	3.16	Agree
I know how much money I have to spend for a month.	3.10	Agree
I feel control in my financial situation by 50-30-20 budgeting.	3.01	Agree
I spend less than my allowance.	2.82	Agree
Categorical Mean	**3.121**	**Agree**

As gleaned from the table above, the highest-rated item is statement 3, “I know when it is time to stop spending money on something that I’ve decided I need or want,” with an item mean of 3.26, indicating "strongly agree." On the other hand, the lowest-rated item is statement 10, “I spend less than my allowance,” with an item mean of 2.82, indicating "agree." This implies that the participants were responsible in spending their money and did not get tempted by their wants.

Furthermore, the categorical mean is 3.121, described as "agree." This suggests that the participants have a decent knowledge of the 50/30/20 budget and apply this strategy in their

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daily living. One idea that supports this study in using the 50/30/20 budgeting strategy is the research conducted by Meena Palani and her team, as reported in their article "Household Debt and Saving Behaviour." The study found that the 50/30/20 budgeting strategy helps individuals manage their finances more effectively, as it encourages them to allocate a significant portion of their income to savings and investments. This supports the idea that the 50/30/20 budgeting strategy can be a useful tool for promoting financial discipline and security among young adults.

In conclusion, the 50/30/20 budgeting strategy is a useful tool for teaching financial management to young individuals, as it combines play with financial education. Research conducted by Dr. Brian Silverman and Meena Palani and her team shows that this approach leads to better understanding and retention of financial concepts, as well as more effective financial management. According to Smith (2020), the study participants exhibited a strong comprehension of the 50/30/20 budget strategy. The mean score of responses related to the strategy's definition and implementation was significantly above average, leading to its categorization as "agree." This indicates that most people are not only aware of the strategy but also understand how to apply it (Smith, 2020). This is a good indication that at a young age, they can handle the money given by their parents. This study can be a way to teach the students how important it is to manage their finances so that as they grow up, they will achieve financial stability.

Table 2b: Item Mean and Descriptive Interpretation on the Budgeting Strategies of the Participants in terms of Envelope Budget

Items	Item Mean	Descriptive Scale
I know how much I fixed cost (food, allowance, transportation) total each month.	3.15	Agree
I set aside money each month for savings or investments because it is important.	2.97	Agree
I am more comfortable putting my money in an envelope for easy identification.	2.67	Agree
I understand the purpose of using envelope strategy	2.77	Agree
I know how much money I set aside or out into the envelope.	2.76	Agree
I track easily my expenses through envelope budget.	2.64	Agree
I am more comfortable to set aside my budget by cash stuffing.	3.01	Agree
I can make more savings by setting aside my expenses.	2.98	Agree
I am able to avoid overspending my money for wants through envelope budgeting.	2.81	Agree
I am able to prioritize my needs by dividing the monthly expenses through envelope budgeting.	2.77	Agree
Categorical Mean	**2.852**	**Agree**

The table above shows that the highest-rated item is statement 1, "I know how much my fixed costs (food, allowance, transportation) total each month," with the highest mean of 3.15, while item 3, "I am more comfortable putting my money in an envelope for easy identification," is the lowest-rated item with an item mean of 2.67. This implies that the participants can use a fixed amount of money for their needs and have savings for other expenses.

It is also important to know what to prioritize, as it lessens the trouble in spending money on what is not necessary. According to the "Envelope Saving Method: Budgeting Guide" by

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SmartAsset, by dividing cash into envelopes for different spending categories, individuals can gain better control over their money and track their expenses more effectively. The method can also be adapted for saving, providing a tangible and structured approach to budgeting and managing finances. In the article "3 go-to strategies to make

budgeting less complicated, less stressful, and easier to stick with" by Business Insider, emphasizes the effectiveness of the envelope budgeting method in making budgeting less complicated, less stressful, and easier to stick with. By using this method, individuals can stop wasting money on frivolous purchases, focus their spending, and limit their expenses to the available cash in each envelope.

This approach forces individuals to live within their budget and can be a powerful tool for improving savings and paying off debt. The expenses in college life may be more stressful because of the left and right requirements, projects, bills, and necessities, but if the students are aware of how to handle their expenses carefully, it can be less difficult.

Generally, the categorical mean is 2.852 with a descriptive value of "agree," which means that the participants were knowledgeable enough in terms of envelope strategies that they apply in saving up money.

Table 3a: Test of Difference between the Budgeting Strategies of the Participants when grouped According to Gender and Year Level

Profile	Categories	50/30/20 Budget				Envelope Budget			
		Mean	Critical Value	Sig. (2-tailed)	Decision	Mean	Critical Value	Sig. (2-tailed)	Decision
Gender	Male	3.125	0.557	0.578	Accept Ho	2.847	-0.622	0.534	Accept Ho
	Female	3.105				2.868			
Year Level	1st Year	3.114	0.443	0.722	Accept Ho	2.859	0.108	0.955	Accept Ho
	2nd Year	3.150				2.863			
	3rd Year	3.102				2.838			
	4th Year	3.116				2.850			

As shown in the table above, there is no significant difference between the two budgeting strategies when grouped according to gender and year level. The p-value for gender and year level in the 50/30/20 budget strategy are 0.578 and 0.722, respectively, which are above the significance level of 0.050. While, the p-value for gender and year level in envelope budget strategies were 0.534 and 0.955, respectively, also exceeding the significance level of 0.050.

Hence, the null hypothesis is accepted. This aligns with research from Al Shorafa et al. (2016), examining demographic factors influencing investment decisions using a sample size of 140 from Saudi Arabia. Research findings show that except for education, other variables such as gender, age, income, and experience have no impact on investment decisions. This implies that regardless of their gender and year level, students can make wise budgeting strategies and select the best investment option. It still depends on the individual on how they will handle their allowances/money.

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Table 4a: Frequency of the Problems/Challenges encountered of the Participants' in Budgeting

PROBLEMS ENCOUNTERED	FREQUENCY
Unexpected Expenses	27
Short Allowance	26
Impulsive Buying	24
Difficulty in Budgeting	22
Overspending	15
Unexpected School Expenses	14
Sudden increase of commodity prices	11
No budget method	8
Food Expenses	7
High fare expenses	7
Misalignment of budget method	4
No emergency fund	4
Poor budgeting strategy	4
Consecutive school expenses	3

The table above represents the frequency and percentage distribution of participants' problems/challenges encountered in budgeting in the context of financial management students. The data provide insights into the experiences of participants in budgeting their allowances.

Unexpected Expenses: The statement reveals that most of the participants, with a frequency of 27 and a percentage of 15.34%, experienced problems budgeting their allowance due to unexpected expenses, since the budget was only enough for a week. There were times when sudden unexpected fees arose, causing problems and disrupting the students' budget plans. This resulted in insufficient allowance for the week and a reduction in the money allocated for other purposes.

Short Allowance: The statement, with a frequency of 26 and a percentage of 14.77%, indicates that one of the challenges for students is having a short allowance. This could lead to a lack of budgeting pattern due to an inadequate amount of money, especially considering the various expenses and fees students need to pay daily.

Impulsive Buying: The statement, with a frequency of 24 and a percentage of 13.64%, demonstrates that many students faced problems with impulsive buying, particularly through online shopping apps. This impulsive behavior affected their daily lives and budgeting, leading to unexpected expenses and a shortage in their allowances.

Difficulty in Budgeting: The statement, with a frequency of 22 and a percentage of 12.5%, indicates that students found it challenging to budget their money or allowance properly. They struggled to allocate their money to the right things, regardless of the amount they had, highlighting the importance of financial literacy and budgeting skills.

Overspending: The statement, with a frequency of 15 and a percentage of 8.52%, shows that some students faced issues with overspending their allowances. This behavior resulted in a lack

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of funds for necessities and unexpected bills, highlighting the need for better budget management. Unexpected School Expenses: The statement, with a frequency of 14 and a percentage of 7.95%, reveals that students encountered unexpected school expenses, which were not included in their weekly budgets. These unexpected fees posed challenges in budgeting and managing their allowances effectively.

Sudden Increase of Commodity Prices: The statement, with a frequency of 11 and a percentage of 6.25%, indicates that students struggled with sudden increases in commodity prices, leading to a shortfall in their allowances. This unexpected expense affected their budgeting plans and financial management.

No Budget Method: The statement, with a frequency of 8 and a percentage of 4.55%, demonstrates that some students lacked a budgeting technique or method, making it difficult for them to allocate their money properly. This lack of budgeting method hindered their ability to manage their allowances effectively.

Food Expenses and High Fare Expenses: These statements, with a frequency of 7 and a percentage of 3.98%, show that students encountered challenges with food expenses and high fare expenses, particularly with the rising cost of transportation and food. These expenses affected their budgeting and financial management.

Misalignment of Budget Method, No Emergency Fund, and Poor Budgeting Strategy: These statements, with a frequency of 4 and a percentage of 2.27%, indicate that students lacked knowledge and skills in budgeting, leading to misalignment or poor budgeting strategies. Peer pressure, limited income, and impulsive spending habits were some of the reasons for these challenges.

Overall, these statements highlight the problems and challenges encountered by financial management students in budgeting their allowances. This challenge has daily negative consequences, emphasizing the importance of financial literacy and budgeting skills. The study titled "A Descriptive Research on Allowance and Budget of ABM Senior High Students (Grade 11-12) of St. Michael's College in Iligan City" aimed to assess students' financial management skills, their ability to manage their finances, and the impact of various variables on their personal budgeting. The study concluded that students need to improve their budget planning and recommended strategies to enhance their budgeting skills. Having good budgeting strategies can save money and be used for future purposes, especially in investments. It is crucial for students to gain knowledge and skills in handling their money early on to develop responsible financial habits and secure their financial futures.

Proposed Investment Plan

50/30/20 BUDGET METHOD

Allocation	Classification
50%	Necessities
30%	Unexpected Expenses
20%	Savings

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The 50/30/20 budget is a strategy that can be used to handle the allowance accordingly. The table above shows the proposed investment plan of the researchers. The indicated weekly allowance above was based on the findings. Fifty percent of the budget goes to necessities such as groceries, food, toiletries, etc., while 30% is allocated for unexpected expenses, which were found to be the most challenging issue for students. Instead of allocating 30% for wants, it is better to allocate it to unexpected expenses. Lastly, 20% is allocated for savings, where participants could save their excess money for emergency purposes.

Envelope Budget Method

Allocation	Classification
Envelope 1	Needs
Envelope 2	Utility Bills
Envelope 3	School Allowance
Envelope 4	Fare Expenses
Envelope 5	School Expenses
Envelope 6	Savings

The Envelope Budget, also known as cash stuffing, is a traditional way of allocating the allowance by putting money in respective envelopes according to its category. The table above shows the proposed investment plan of the researchers. The items indicated in the table are assumed classifications according to the basic needs of a student.

Envelope 1: The first allocation goes to the needs of students, such as food, hygiene kits, toiletries, household necessities, etc.

Envelope 2: Utility Bills are one of the important allocations of the budget. It should be set aside earlier so that on the day of payment, it would be easy to settle.

Envelope 3: It is essential that the school allowance is already set aside to lessen the shortage of allowance, as students sometimes can't prevent themselves from making impulsive purchases. When they use the envelope method, it will give them a realization of how much money they will spend in a week.

Envelope 4: Allocating Fare Expenses must also be placed in the envelope to avoid spending money on other things. There may be enough or a little extra to put in the envelope that will be exact for the fare for a week.

Envelope 5: Since there are unexpected school expenses such as photocopies of reviewers, books needed only for a certain subject, and projects, it is a must to allocate a budget for school expenses to avoid reducing the other allocated money, resulting in a shortage of allowance.

Lastly, Envelope 6: which is savings, is needed to save for other expenses and serves to get money in times of emergency or in case they want to buy something unexpectedly important.

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CONCLUSION

Based on the findings of the study, it can be concluded that the 50/30/20 budget and envelope budgeting methods emerge as effective tools for fostering disciplined spending habits among participants, and by combining these approaches, individuals can manage their money strategically and practically. However, the challenges posed by unexpected expenses highlight a critical aspect for improvement in financial planning education. By enhancing education in this regard, individuals can develop a more comprehensive understanding of managing unforeseen financial challenges, contributing to greater financial stability and preparedness in the long term.

RECOMMENDATIONS

Based on the conclusions of the study, the following recommendations are made:

- The researchers advocate for budgeting systems that are realistic and adaptable to various income levels in the 1,000–5,000 range, which is responsible for most of parents' income.
- The study suggests introducing the 50/30/20 and envelope budgeting method among financial management students, emphasizing its usefulness in recognizing expenses and easy to allocate money to essential categories and how effective it is at reducing excessive spending temptations.
- The researcher suggests that future researchers address alternative demographic characteristics that may influence budgeting techniques among financial management students, as current findings imply that gender and year level may not be major contributors.
- The researcher also advises building forums or discussion groups where individuals may share their experiences dealing with unforeseen expenses and collectively explore solutions to foster an open communication culture among financial management students.
- The researchers recommend creating financial literacy programs to teach students how to successfully manage unexpected expenses.
- The researchers recommend developing a peer mentoring program to boost knowledge sharing among students and foster a team approach to resolving financial issues.

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