



District 5360 Youth Exchange Information Sheet #8 – Budgeting for your Exchange



30,000 WHAT?!: CURRENCY EXCHANGE

- ◆ When you first arrive in a different country, you are in an unfamiliar environment. Because you may not understand the relative cost of things right away, it is easy to be confused. Learn the currency rate upon arrival and carry a calculator with you to aid in conversions.
- ◆ Do not carry large amounts of cash with you. Find out the best way to take some money with you (Travellers cheques are the safest and most convenient way to carry your money as they can be refunded if they are lost or stolen)
- ◆ Get some local currency before you leave to become familiar with it and so you have a small amount when you first arrive
- ◆ Find out the best way to access money on an ongoing basis.
- ◆ Avoid always having to exchange money from home especially at hotels, airports, or retail shops, as the exchange rate will usually be high. Banks offer the fairest exchange rate. You can expect to pay a commission every time you exchange currency.
- ◆ Avoid black market money dealers. They may offer exceptional rates of exchange, but the potential for being ripped off is high, and the police may not look upon your transaction with humour.

CREDIT AND DEBIT CARDS

- ◆ Find out if credit cards are an effective way to access money in your host country. Do most/many places accept credit cards? Which card would be best?
- ◆ If credit cards are a good option for your country talk to your parents about credit cards – will you have a credit card? How often can you use it?
- ◆ If you will be using a credit card – learn how they work (interest, advances etc...) At many foreign banks it is possible to use a credit card to get cash. Credit cards can be convenient when making purchases, though not all merchants accept them. Those who do may add on a service fee. The amount charged to your credit card bill is based on the exchange rate on the day that your bank or credit card company processes the transaction.
- ◆ Keep a separate record of your credit card number and the telephone number to call in the event of theft or loss.

BANK ACCOUNTS ABROAD

- ◆ Most students wait until they arrive in the country to set up a bank account. Your host counsellor and past exchange students will likely have advice on how and where to go about doing this. Become acquainted with the banks and services closest to you, their hours of operation and the various accounts available. Many foreign banks operate on very different hours than in Canada, or may only process certain transactions during certain hours.





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- ◆ While you may be able to use your Canadian bankcard to withdraw cash at some foreign banks, many foreign banks have their own bankcards that allow you to make withdrawals from their bank machines without incurring huge service charges. There are many advantages to having a foreign bank account – Ask around before deciding what's best for you.

TRANSFERRING MONEY FROM HOME

- ◆ If you run short of cash abroad, money can be sent from home in a variety of ways. The quickest, though most expensive, is by cable transfer from your Canadian bank to a bank abroad. Ask your hometown bank about this process prior to departure as they may have to process cable transfers through an internationally recognized bank both at home and overseas.
- ◆ American Express offers money orders that are relatively rapid. The transaction must be initiated at an American Express office in Canada and completed at one of their branch offices abroad; either could prove inconvenient. Not all offices can prepare money orders or cable money, so find out about this before you leave.
- ◆ Most Canadian banks offer foreign currency drafts against a recognized bank in a foreign country. This draft can then be sent to you by registered or certified mail for cashing abroad.

BUDGETING TIPS

Plan your finances

- ◆ Talk to your parents – how much is your expense, how much will they be helping
- ◆ Know some costs – ask Inbounds and Rotex what you can expect to pay for and how much those things cost (including big items like Rotary trips)

Expenses to consider:

- Vaccinations
 - Stamps
 - Movies
 - School food/snacks
 - Bus/train tickets
 - Toiletries
 - Souvenirs
 - Museums
 - Travel/tours
 - Thank you gifts/cards
 - Stationary
 - Internet café fees
 - Clothing
 - Phone cards (long distance and/or pay phone)
 - Film/Developing
 - Burning digital photos to CD
 - Haircuts
 - School fees/supplies
 - Bank fees
- ◆ Some of these may or may not be covered by your host club. The allowance from your host club will not cover all of your expenses. This list does not include everything.





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- ◆ Once you have estimated some costs – compare that to how much you have now. Will your sponsoring Rotary club be helping? How much of an allowance will you get?
- ◆ Make a plan to get together the money you will need – will you need a job before you go?

Once you've planned your finances, it is important to **budget your money** so that you do not run out of funds while away. Here are some suggestions to help you live within a budget for the duration of your stay:

- ◆ Make budgets that you can follow – think daily, weekly, monthly – and stick to them!
- ◆ Expect to spend more money in your first few weeks in your host country than during any other week there as you get everything set up (first bus pass, bank set up fees, school uniform, books, toiletries etc...) – Budget for this.
- ◆ Learn the value of the local currency in relation to Canadian dollars as quickly as possible
- ◆ Carry a pocket calculator for quick conversions
- ◆ Watch for student rates and other discounts wherever you go
- ◆ Get an International Student Identification Card (available free from Travel CUTS), or equivalent that will be useful in your host country and use it for discounts on transportation, accommodations, and entrance fees
- ◆ Write down what you spend money on each day in your journal. In later years, this can be as interesting to look back on as what you wrote about your experiences, but in the short-term it will be very valuable in helping you see where your money is going. Are you spending all of your money on food (when you could be eating at home)? Is that what you want your money for or do you want to be able to spend your money on experiences and keepsakes?
- ◆ Find out about calling home using Canada Direct – it is cheaper than calling collect, and the rates in Canada are often better than overseas
- ◆ Look for free, inexpensive or discounted entertainment events such as outdoor concerts and festivals
- ◆ Shop in local street markets for local goods
- ◆ Craftspeople will often sell their wares much cheaper than in stores and you may be able to bargain with them (especially if you know the language!)
- ◆ Buy groceries from street markets or major chain supermarkets rather than specialty shops and convenience stores
- ◆ Avoid making major purchases as long as you can, until you have learned the range of goods available and the best prices
- ◆ Pick pocketing is universally common, so take care of your belongings and safeguard your traveller's cheques and cash.
- ◆ Don't be too stingy! Keep things in perspective and try not to haggle over what actually amounts to nickels and dimes





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FINANCIAL CHECKLIST

Here is a financial checklist to make sure you get the necessary things done.

- ◆ Complete a list of expenses and sources of income
- ◆ Raise sufficient funds
- ◆ Plan daily and weekly budget
- ◆ Get travellers' cheques, record serial numbers in a safe place, and know how to cancel them.
- ◆ Ask travel agent about student discounts
- ◆ Inquire at your bank about transferring money to your travel destination.
- ◆ Ask if you can use your bankcard at foreign bank machines.
- ◆ Record your credit card number and the hotline number to call in case of loss or theft.
- ◆ Research the types of banks and nature of banking to expect in your host country.
- ◆ Have some local or American cash to use upon arrival.
- ◆ Have some Canadian cash for your return home.

