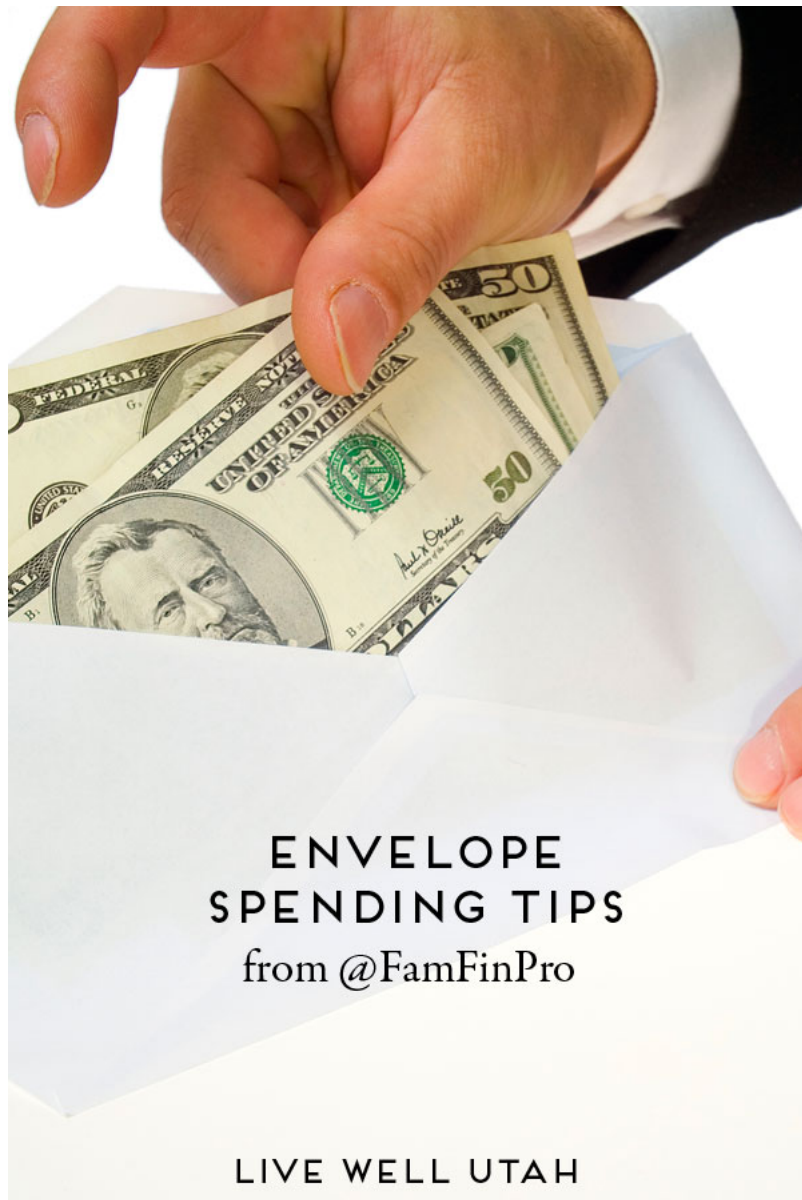


Envelope Spending Tips from @FamFinPro

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Are you looking for a way to budget that doesn't include spreadsheets and calculators? It's easy to spend money, but at the end of the month do you forget what money went where?

We've come up with an easy way for you to keep track of how you spend your money. All you will need is cash, envelopes and a little self-discipline. While this method is unrealistic for

expenses such as a home mortgage or car payment; what about those expenses that we're trying to control that can easily get away of us? Food? Gas? Personal allowance? The envelope method for budgeting allows you to take a specific amount of cash, stick it in an envelope labeled "groceries," "gas," etc. and consistently know how much you have left to spend that month in that category.

My experience: My husband and I recently purchased a new camera. One of the conditions of this purchase was that we would each contribute our budgeted allotment for our individual, personal allowance for the month. This money would go toward the new camera and its necessary accessories (camera bag, extra battery, etc.). At the checkout counter I reached into my wallet, pulled out the cash from the specified envelope (personal allowance) and surrendered it to the cashier. The prize was well worth giving up my personal allowance and the money was right there in my wallet for easy access. (By the way – when it's gone, it's gone. NO CHEATING!)

Tip: Sometimes we don't want easy access to our money. For example, if our rent money was in an envelope in our wallet, we might be tempted to use that money for something other than rent. Not good. This is one reason to leave the rent money in the bank and use the cash in the envelopes for variable, monthly expenses. Then, if the stars lined up and you had money left over in one envelope at the end of the month, you could choose to put that money in the bank and save it, pay extra down on a debt or reward yourself and spend it! No guilt attached!

Tip: Speaking of guilt...variable monthly expenses can be budget busters. Using the envelope method to control some of those variable expenses can be a lifesaver as well as help you feel on top of your money management skills. Here is a list of some monthly expenses that might be good to use with the envelope method:

- Gas
- Food
- Eating out
- Entertainment
- Personal Allowance
- Date night
- Gifts

Remember, no cheating. You may be tempted to use money in the “gas” envelope for your

“entertainment” envelope, but once it’s gone, it’s gone, no matter what envelope it comes from! Good luck and happy budgeting! How have you used the envelope method with your family?

Here’s a link to some great DIY budget envelopes.



Amanda is an Extension Assistant Professor for Utah State University. She has a master’s degree in consumer sciences from Utah State and is proud to call herself an Aggie! Amanda loves teaching and enabling individuals and families to make smart money decisions.

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