

## Goal

Place your money into envelopes (either cash into paper envelopes or using an app/spreadsheet) and once the money runs out in a category you are done spending in that section. Extra in any category rolls over or is placed into emergency fund or savings.

## ENVELOPE LABELS



## Envelope Budget Method

### Step 1

**Pick your budget categories.** Start with bills you are required to pay monthly. If you have a bill that isn't monthly determine how much you need to put back each month and use that amount for your monthly envelope. Common categories include Rent/House Payment, Utilities, Loan Payment, Car Payment, Car Insurance, Health Insurance etc. Next, include other categories such as Phone/Internet/TV/Subscriptions, Savings, Emergency Fund, Clothing, Entertainment/Fun etc.

### Step 2

**Determine the amount you need to spend in each category.** If a bill isn't the same each month (utility bills, for example) estimate your average for that time of year or estimate high. You may need to adjust the amount at certain times of the year and that is fine as long as you make sure that you adjust from other envelopes/categories.

### Step 3

**Set up envelopes.** If you do better when you can physically touch and count your money then set up actual envelopes with cash in them. If you prefer paying bills online or keep better track of your finances digitally try an app. On the left side are blank printable envelope labels and below is a link to a free envelope budgeting app available via website, android and apple.

### Step 4

**Spend only what you put into each envelope.** It can be tempting to pull from other envelopes when you get low or if something comes up that you really want to spend extra money on. The point of budgeting is to stick to your budget. If it is an emergency or unexpected expense or raise in a bill/category then shuffle your money around as needed.

### Step 5

**What to do with extra money at the end of the month.**

- You can roll it over to the next month. This can be helpful with raises in prices in certain categories such as bills or groceries.
- You can place it into your emergency fund or savings envelope(s). This will allow you to have extra money to cover raises in prices or any unexpected costs that occur.
- You can use it to pay extra on any debt you have thus helping you pay it down faster.

## FREE ENVELOPE APP

**Goodbudget-** <https://goodbudget.com/>

**Available via the website as well as Apple and Android Apps.**