

Step 4: Working with Your Budget

Find a method for keeping track of your budget that works for you and your life.

The Envelope System

Label envelopes with each of your expense categories. When you get money, separate it into the different envelopes based on the expense amounts in your budget. When you need money, take it from the envelope. When there is no more money in the envelope you have spent your budgeted amount from that category.

For safety you can use play money or index cards with dollar amounts written on them.

The Tally System

You keep a list of your spending and save all receipts. At the end of the day or week you enter the amounts of the expenses under each category. Then you subtract to find out how much you still have available .

Checking Account Register

Write all income and expenses on your checking account register even if you paid cash.

Electronic Spreadsheet

Create a worksheet with all your expenses and income. The benefit is that you can have the spreadsheet software do the calculations for you.

Personal Finance Software

This software will help you monitor your money in several accounts at one time. It can give you more information to make better decisions.

Review your budget monthly. It is important to review your budget on a regular basis to make sure you are staying on track. After the first month take a minute to sit down and compare the actual expenses versus what you had created in the budget. This will show you where you did well and where you may need to improve.