

Jill Saved for a House Using the Envelope System

I've known a handful of people over the years who have used T Harv Ekert's jar system, which is of course the same thing as the envelope system, and the coffee cans our great great grandparents used. What rocks about the jar system is that people see them. They label the jars, they put the money in the designated jar, and then they can visually see their progress.

One woman I've known stands out. When I met her, she didn't know how to save for anything. She was trying to get her financial life in order, and kept stumbling. She spent what she earned every month, and never had anything left over. She dreamed of buying a home someday, but it's hard to pull together a down payment on a home when you can't even save for a vacation or a computer.

Then she heard T Harv Ekert, and she was inspired to set up a separate bank account for her future home. She began putting 10% of every paycheck in the account. It grew. She got a better job. It grew more. She lost her job and spent six months on unemployment. Her unemployment checks were much smaller than her previous income. Do you know what she did? She put 10% of her unemployment checks into her home account, without fail!

Had she asked me, I would have given her more balanced advice. I probably would have advised taking a break from funding the account. But it would have been the wrong advice. Because by not changing the financial path she had set for herself, she stayed focused on what was important. While her peers were speaking the popular refrain "I can't find a job in this economy" and stretching out their unemployment, she was allowing herself to be uncomfortable living on 90% of unemployment, and trying that much harder to find a new job.

And when she did find the new job, she didn't skip a beat. She kept right on funding her home account. Last time I asked, she had over \$50,000 in it. And that is the beauty of the envelope system.

