

Envelope Budgeting Guide

This playbook outlines the steps to set up and manage an envelope budgeting system. It is a cash-based method designed to help control and monitor daily spending across various categories.

Step 1: **Budget Breakdown**

Start by listing your regular expenses such as groceries, rent, utilities, transportation, entertainment, and any other categories where you spend money. Allocate a monthly spending limit for each category based on your income and financial goals.

Step 2: **Envelope Labeling**

Get a set of envelopes and label each one according to the expense categories you determined in the Budget Breakdown step.

Step 3: **Fund Allocation**

Withdraw cash in the amounts you've allocated for each category and place the cash into the corresponding envelopes.

Step 4: **Spend Tracking**

Use money from the appropriate envelopes for your purchases. Be sure only to spend the cash designated for each expense category and avoid borrowing from other envelopes.

Step 5: **Regular Review**

Regularly monitor and review your spending. If you have excess cash in an envelope at the end of the month, you can save it or reallocate it for the next month's budget.

Step 6: **Adjust Budgets**

If you consistently have too little or too much in certain envelopes each month, adjust your budget accordingly to better fit your spending habits and financial goals.

General Notes

Cash Safety

Ensure you keep your cash-filled envelopes in a safe location to prevent loss or theft.

Digital Alternative

If you're uncomfortable with using cash, consider using a digital version of the envelope system with various apps and bank accounts that can mimic the process.