

Tips On How To Budget

The number one key to budgeting is figuring out what works for you.

It's similar to shopping for a pair of shoes, you might need to try on a few pairs before finding what fits best.

Using Budgeting Platforms

A simple place to start is with various budgeting platforms.

Rocket Money is an app which tracks spending and can be customized to build out a budget.

A nice perk of Rocket Money is it will separate out subscriptions, allowing you to see what recurring expenses you have that can be cut out.

YNAB is another platform which is for the heavy duty budgeter.

It offers an intense way to plan and build a budget with tips for navigating your personal spending habits.

If you are more of a visual person, Goodbudget might be the right tech choice.

The platform requires some work to set it up, but it gives a system for seeing where your money goes and allows you to set up virtual buckets for various categories.

Other budgeting platforms to check out include Monarch Money or Empower.

If you want to go the tech route, try the free trials and see which platform connects with you the most.

Write It Out

Some people don't connect with the tech platforms when it comes to tracking spending.

Since you can close out or ignore the apps, they may not be best for accountability.

Another route to take is getting your hands dirty and writing out your spending.

You will get quicker feedback for where your money is going. It also helps with accountability if you stick to a consistent schedule with writing down your expenses.

You can put a note on the fridge or on your calendar to write out what you spent money on during the day. You should be able to find certain daily expenses that you can cut out going forward.

You can think of it like keeping a daily diary and put notes on why you bought something or why you value a certain expense.

Hard Core Cash Diet

If budgeting is a consistent struggle, you may have to take a more intense approach.

The cash diet is only something I recommend if other options have been exhausted, but it can be an effective way to get control of your spending.

This route means ditching the debt and credit cards and paying for everything only using cash.

When you do this, it forces you to see exactly how much you are spending in your daily life. It also makes it more difficult to splurge during the day because you will run out of cash.

The cash diet is not a long term plan, but a three or five or week long cash diet should give you a great understanding of where your money is going.

Salary Cap

I prefer to use a sports mindset when it comes to budgeting.

I treat my budget like a salary cap in professional sports which gives me flexibility in how I dish out my funds.

I break my cap down on a weekly basis. For example, my goal most months is to keep spending at or below \$2,000. I break that down into \$500 weekly.

The \$500 weekly cap means I can spend money on whatever I want as long as I keep the total amount under that number.

It forces me to make trades offs without confining myself to strict budget rules.

If I go out to eat several times on weekdays, I will limit my spending on eating out over the weekend.

This option is effective for me, and I find it more fun than utilizing a budgeting platform.

Failure Is Part Of The Process

A final important tip for budgeting is to understand that we are not robots.

There will be weeks and months where we go over our budget. Instead of getting discouraged, use it as motivation to get back on track the next week or month.

As long as you are being fairly consistent with your budgeting practice, you should find success in meeting your financial goals.