

# BUDGETING BOOTCAMP



How to create &  
stick to a budget

# BUDGETING BOOTCAMP

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# BUDGETING BOOTCAMP



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Why you should  
budget

# WHY YOU SHOULD BUDGET

A Gallup poll shows that 68% of Americans do not have or follow a monthly budget. If you're reading this e-book, this statistic may very well include you. Welcome to the majority!

What's even more troubling is that only 30% of Americans have a long-term financial plan that expands beyond their month-to-month living.

There is, however, one thing that many of us do very well. We have become pros in accumulating debt faster than doing pretty much anything else with our money, including saving or even simply living within our current income.

68% of Americans do not have or follow a monthly budget.

Why is it that we are so quick to use debt but so terribly slow to budget, the one thing that can set us up for incredible financial success?

Budgeting has gotten a very bad rap. We will not only attempt to redeem it, but our goal is to have you 100% convinced that unless you do a course correction right now, your financial future will end up where you never intended it to be.

Before we look at three most common excuses for NOT budgeting, let's talk about what budget really is.

Budget is not hundreds of complicated spreadsheets. It's not a huge accounting ledger. A budget can be summed up in these 2 simple categories: Your **Income** (what you bring home every month) and your **Expenses** (what you spend your income on every month). **That's it!** Nothing more, and nothing less.

The good news is that you already do these two activities in real life. You earn money and you spend it. All you have to do

now is simply go a step further and add “purpose” behind them. And voila, you have yourself a budget!

## **INCOME – SPENDING ON PURPOSE = YOUR MONTHLY BUDGET**

Let’s take a quick look at 3 common excuses for not having or using a budget.

### **I don’t have the time**

Budgeting is often treated as an arduous task that takes hours upon hours to put together, and then additional hours and effort to maintain. Let’s debunk this myth right now.

If you have the time to watch a few hours of TV every week, you have all the time you need in order to put together a simple budget. In all honesty, if you take an inventory of your waking hours, I’m sure you’ll find plenty of “wasted” minutes or even hours that can be repurposed, especially for something that has the power to transform your financial life. It will literally take 30 – 60 minutes to create a budget, depending on how complicated your financial situation is and it will take no more than 15-20 min a day or every other day making sure you’re sticking to the plan. This small time investment will generate incredible financial results!

“We must use time wisely and forever realize that the time is always ripe to do right.” Nelson Mandela

### **I spend it all anyway**

Yes, this is the most common excuse Americans give for not budgeting, according to the Gallup [poll](#).

Those who use this excuse don’t realize that having a budget will not stop you from spending. You will still spend your

income, but this time with purpose and towards a specific goal in mind! What having a budget will do for you is, prevent you from overspending, and from aimless and purposeless spending of your hard earned dollars.

If you have any financial goals or dreams, even as small as having \$1000 saved for your next emergency, you will not be able to reach it unless you have a plan to help you get there.

## I can't afford to budget

Ok, let's just deal with this excuse head on. You can't afford NOT to budget! Debt costs you money, sleepless nights and constant worry about the future.

It costs you absolutely nothing to create a budget and a plan for allocating your income. You'll regain peace of mind and your worry will turn into hope for a better tomorrow and a better financial future.

Budgeting is not only for those who have limited incomes, although you may be surprised to know that out of the small percentage of Americans who actually do budget, individuals with substantial wealth not only have a monthly budget but track their expenses very closely. Why? Because this small financial practice is what helped them grow their wealth in the first place!

“I never worry about action, but only inaction.” Winston Churchill

## Why is having a budget good for you?

- It will make you financially aware and informed, especially about where your money is going every month. You'd be surprised how many ask themselves this question by each month's end: Where did all my money go?
- It will help you spend with purpose.
- It will chart a course towards financial goals and dreams.

- It will give you peace of mind and restful nights!
- It will set your family up for financial success.
- It will help you develop a character of self-control.
- It will help you live a content life.

We could go on and on about the benefits that a simple budget will bring to your life but we'll stop right here.

If you're part of the 68% who do not have a plan for spending their monthly income, we hope that your mind is made up that change is needed, and that your financial future is more important than any excuse!

# BUDGETING BOOTCAMP



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The power of  
envelope budgeting



# THE POWER OF ENVELOPE BUDGETING!

The envelope approach to money management has many advantages and it's a tried and proven method for achieving financial stability and financial success. We'll take a look at three of the benefits and tenets of this system, and you'll soon know why we're such big fans!

**First**, envelope budgeting requires spending only from cash on hand. No more spending money you don't have! Sounds like a great way to stay out of debt, doesn't it?

**Second**, this approach includes setting funds aside each month to meet periodic spending requirements. Now, when you take a family vacation, or purchase holiday gifts, the money is already available. Again, now there is no need to rack up credit card debt when these expenses come up – and you know they will come up.

**Third**, always spending from a remaining envelope balance, means you always know how much you can spend without impacting other areas of your plan. When the money in an envelope is gone, you have two choices: (1) Transfer cash from another envelope and spend less in that area, or (2) Wait to spend until you allocate more money to that envelope in the next month or pay period.

These three advantages form clear distinctions between this method of money management, and every other approach. Following this paradigm completely eliminates the creation of consumer debt and allows you to begin saving and investing at levels you likely never thought possible. What's more, if you're already working on debt elimination,

envelope budgeting enables a systematic approach that will help accelerate its payoff.

With this approach you actually allocate cash you have on hand to spending accounts that are set up for a specific purpose, and then spend from the balance in those accounts. It's a proactive approach to your finances that completely takes out the guesswork of money management.

## 5 POSITIVE RESULTS FROM USING ENVELOPE BUDGETING

We have seen great benefits from applying the envelope approach to monthly budgeting. We've heard from so many of our [Mvelopes](#) users and their stories are really overwhelming.

What you may not expect is that the benefits are not only financial, but also emotional and relational.

### Living within your income.

Living within your income limits for the first time ever. Many people overspend not because they don't have enough income, but because they don't know or "can't see" where the money is going every month. By proactively using the envelopes system our users are finally able to see where every dollar is going and they can proactively pre-fund each of their monthly categories before spending the money. This gives them the freedom to live within their current income and helps them to not spend money they don't already have.

"My finances were in total disarray... I took out numerous payday loans. Once I started with Mvelopes, I knocked out the payday loans and have paid off over \$15,000 in debt."  
– Dan, TN

## Reduction in spending waste.

Because of the visibility that the envelopes system gives, you can easily find areas where you are “wasting” money. You may be thinking that you only spend \$50 a month on eating out, but once you take a look at your actual spending, you can now see that you are spending \$150. That’s the beauty of following the envelope system. Many [Mvelopes](#) users recover up to 10% of their income just by simply finding and eliminating the spending waste.

## Becoming a Saver.

An emergency savings fund is one thing most Americans don’t have, therefore even small financial emergencies will cause individuals and families to spiral out of control. When using the envelope budgeting system, we see people break their cycles of debt by creating financial margin in their monthly budget through savings.

People who were living from paycheck-to-paycheck are learning to “pay themselves first” and many are able to pay cash for an emergency - like a broken car or a broken appliance. We see families become able to take a vacation for the first time in many years, with the cash that they’ve been able to set aside. Saving becomes just another envelope that needs to be pre-funded every month and once you make it a part of your regular monthly cycle it becomes much easier to start and stick with saving money.

“We were able to stop frivolous spending, and be accountable for each purchase. We put all of the extra money toward our debt. Our income has virtually stayed the same, yet we have completely wiped out our debt, and saved 6+ months worth of financial reserves.” – Alex & Katie, UT

## Cash for periodic expenses.

The area of periodic expenses (holidays, vacation, car insurance, etc.) is where many are simply unprepared and hence use credit cards, payday loans, and other forms of debt to cover these items. By using Mvelopes, our users are finally able to set aside cash every month for their periodic expenses and avoid debt when time comes to make the purchase. Every periodic expense is treated just like a regular monthly need, with one key difference. The money accumulates in your periodic expense envelope until you need to make the payment.

## “Mvelopes saved my marriage.”

Yes, that’s what we hear from our faithful users. Since money issues cause marital tensions and contribute to the high divorce rate in our nation, couples who are finally able to communicate about money see their relationships heal and flourish. Mvelopes gives every couple one tool, one simple system of not only managing day to day expenses but also planning and dreaming for the future.

Here is a quick note we received from Justin and Amanda...

“Since using the program, we were able to have a set budget. Instead of spending and then adjusting our budget to what we spent, we have learned to adjust our spending to what we have budgeted. We were able to get \$1000 in savings for the first time in our marriage! And because we had that savings, we were able to take care of a broken dryer, a broken car and a broken vacuum without using credit cards and still sticking to the spending plan we had created!” – Justin and Amanda

Justin and Amanda decided to follow this one simple rule spoken of by George Washington: **“We must consult our means rather than our wishes.”**

You see, it’s not about how much income they did or did not have. Once they decided to adjust their spending to their current level of income, magic started to happen.

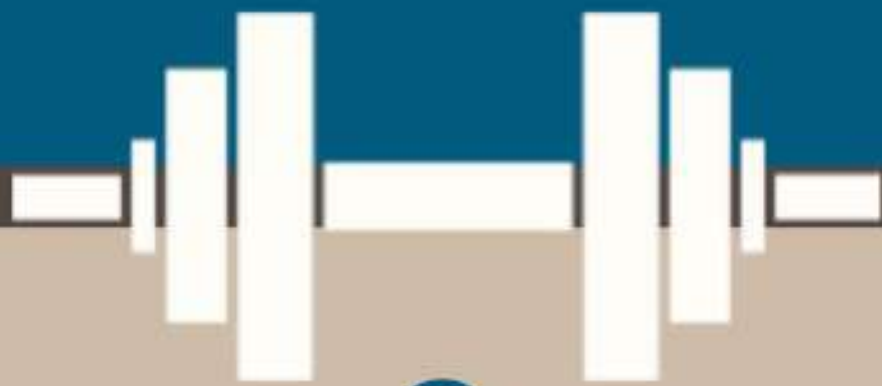
For the first time in their married life they had enough in their savings to cover their immediate financial needs with cash. No more debt! No doubt, there is a great financial future in store for Justin and Amanda!

We could keep going, but I think you can see that there is really no reason why anyone should say no to following this old, tried and proven envelope approach to budgeting.

Remember, with envelope budgeting, you’ll be able to avoid debt, have cash on hand when you need it, and will know how much you have left to spend – before you spend.

Make an informed decision that you’ll be glad you made when it’s time to pay the bills. The key is to focus on the results that will surely follow once you’ve made the change. Spending decisions can become more informed, and thus more empowering than ever before – rather than a cause for worry or contention.

# BUDGETING BOOTCAMP



3

Setting right  
budgeting priorities

# SETTING CORRECT BUDGETING PRIORITIES

Our lives are composed of thousands of small, seemingly insignificant choices that demonstrate where our priorities lie.

As we get older, the consequences of those small, seemingly irrelevant choices can be very harsh and unforgiving, and we are left wishing we had done things differently.

None of us can change the past. What's done is done. But all of us can reprioritize our today and our tomorrows in order to achieve specific financial goals and dreams.

We can't have it all, at least not all at once. The sequence of our financial priorities matters more than we realize and what we choose to focus on first can make or break our ability to stick to a solid financial plan or a budget.

So let's take a look at what we call a 9-Step Financial Fitness Plan. It will not only help you set the right budgeting priorities, but it will prevent you from making costly financial priority mistakes.

## Priority 1: Become Financially Aware

I think you'll agree that unless you realize that your finances need help, unless you feel financial pain in one way or another, you probably won't do much about it.

Becoming financially aware is nothing more than becoming conscious about problem areas that need your immediate attention. Whether it's uncontrolled spending, excess debt, living beyond your means or the need for additional income, you must first become aware of your financial picture. Getting to the point of absolute honesty about your finances is the

beginning step on the journey to financial transformation. So what is it that's causing your finances to be off track? What financial habits and behaviors do you want to change, and what financial goals and dreams would you like to accomplish?

## Priority 2: Take Control & Start Tracking

Once you become aware of your financial pain areas, you need take it a step further. Take control and build a solid roadmap for spending your every dollar. We call this roadmap a budget or a spending plan. Your plan should include all of your outstanding debt payments, periodic expenses like holidays or car maintenance, as well as savings.

In order for your budget to be effective, it needs to be based on your past spending history. You can create a rear view of your spending habits by taking a look at your bank and credit card statements from the past 60-90 days and calculate how much of your income went into each category.

“You cannot expect to achieve new goals or move beyond your present circumstances unless you change.” -  
Les Brown

If you don't have a way to backtrack, you can start tracking your spending for a minimum of 30 days in order to have a foundation for building your spending plan. Once you have some preliminary numbers, you can build your budget by listing all spending categories and assigning specific amounts to each.

You may be asking what's the point of tracking? Understanding how much money you actually do spend in each category versus how much money you thought you spent will allow you to set realistic expectations and will become the basis for making all necessary budget adjustments. It will eliminate the guessing game out of your budget.



## Priority 3: Live Within Your Budget

Now that you've built your budget, your financial roadmap, it's time to put it into practice. Your goal should be to live within your set financial boundaries for a solid month. Many say that it takes at least 30 days to build a habit, so this is your chance to get into the habit of living according to your budget.

You may have other important goals like debt repayment and saving money. These are great goals to have, but if you don't start with living within your financial boundaries first, you may never accomplish your bigger financial objectives. So don't skip this crucial step. Living within your means is an important practice to master in order to build a solid foundation upon which to build on for the future.

## Priority 4: Build \$1000 Emergency Fund

After you establish a habit of living within your current income, creating an emergency fund is your priority. Why? Because you have to find a way to pay for your unexpected emergencies with cash rather than with debt. If you

don't, then credit will continue being your only option to pay for a blown tire or a leaking pipe. Seeing \$1000 in your savings account for the first time ever will have a huge psychological benefit on your approach to finances. Once you reach this goal you'll be able to increase and grow your savings goals since you just proved to yourself that saving is possible, even on your current income!

“People with goals succeed because they know where they're going.” - Earl Nightingale

## Priority 5: Live on Last Month's Income

Would you like to have the peace of mind knowing that you can cover this month's expenses with last month's income? Living one month ahead is a very freeing feeling, and it not

only takes much pressure off of you, but it creates a much-needed financial margin in case something were to happen.

After setting aside your initial \$1000, your next plan of action should be to set aside one month worth of living expenses. You may have to adjust your spending amounts in order to make this a reality, so review your budget carefully and find ways to curb your expenses in order to build your 30-day financial reserves.

## Priority 6: Aggressively Eliminate Debt

After establishing a solid foundation of living within your means and after building your emergency fund and your 30-day living expenses fund, now it's time to tackle your debt.

Becoming debt-free should be your final goal, and it will take an aggressive debt elimination plan that's executed with consistency.

Creating the "right" plan to pay down debt will depend on more than just interest rates. There are at least two schools of thought. One says pay the smallest balance first and the other says tackle your highest interest rate one first.

"What you get by achieving your goals is not as important as what you become by achieving your goals." - Henry David Thoreau

Here is what you should take into consideration as you look at eliminating your debt:

Cash flow – if you struggle with your monthly cash flow, if making ends meet is an issue, then tackling your smallest debt first makes sense, for a few reasons. You'll be able to pay it off much faster which will score you an emotional win and will help you stay encouraged through the process. You'll also be able to take that payment amount and roll it over to your next smallest debt, or split it in half and use one portion to apply to your next debt and the second half to create some breathing room in your monthly cash flow.

If cash flow is not an issue and you are managing your month-to-month expenses well, tackling your highest interest rate debt will make sense, especially if the balance you carry on that debt is fairly large.

Personality – Our personality type influences many of our financial decisions. If you tend to rely on your emotions, then paying off your smallest balance first will give you a positive emotional experience and a reason to celebrate. If you tend to quit easily on any task, having a quick win will give you a better chance of sticking with your debt repayment plan.

If sticking to the plan and ability to commit long term are non-issues, you will do very well with tackling higher interest rate and large balance debts first. Your personality type gives you enough natural safeguards against quitting.

## Priority 7: Create a 90-Day Fund

At this point of your financial turnaround you've accomplished quite a lot. You've become a pro at living within your means, you've established a solid basis for savings and you are aggressively eliminating your debt.

It's time to step it up now and transform your 30-day fund into a 90-day financial margin so that you have enough to cover all of your living expenses for at least 3 months. Depending on your current cash flow and how much room you have to increase your savings amount, you may look at alternatives like dedicating all or portion of your income tax refund for this purpose or generating extra revenue by doing odd jobs or doing some contract work on the side. Be creative!

“When it is obvious that the goals cannot be reached, don't adjust the goals, adjust the action steps.” - Confucius

## Priority 8: Ensure Your Future

This step in your budget planning is especially important for those who have families that depend on them for provision. There are a few ways to help you ensure your financial future.

Retirement planning and setting ample funds for the future needs is something you should focus on now. One simple way to estimate your financial needs during your retirement age is to use a retirement calculator. You can find quite a few of them online. Simply put in your current age, your retirement age and your monthly financial needs once you retire, and you'll get an idea of how much you should plan on setting aside.

If you have an employer sponsored 401k plan that matches your contributions, take advantage! If not, look into opening a Roth IRA for you and your spouse and create your personal retirement strategy.

You should also budget for paying off your mortgage early so that by the time you retire, you will own your house outright. Calculate how much extra you should be paying towards your principal balance on monthly basis in order to pay your mortgage off before you hit retirement age. Make room in your budget for this amount and start knocking your mortgage down.

Finally, consider purchasing term life insurance for you and your spouse. Life insurance needs should take into consideration all of your debt and financial obligations and should include covering living expenses for your family for a specific period of time in case something were to happen to you. As you look at various life insurance providers, consider A or A+ rated providers only.

## Priority 9: Build Wealth & Give Back

For some of us giving is a part of our financial plan from the get go, but many of us would love to give more and be more generous with our time and money. When our finances are a wreck we are limited in how generous we can be with both our time and money.

At this stage of your budget planning, you finally have the opportunity to increase your generosity. This is your chance to donate your time to worthy causes or to increase your financial giving level to new heights.

“You cannot do a kindness too soon, for you never know how soon it will be too late.” -  
Ralph Waldo Emerson

Don't forget about a very important step of organizing your financial estate and about having an updated will and trust in order to assure that your estate is managed the way you wish in case something were to happen.

As you can see, building a solid financial plan of action requires setting right priorities for the right season of time. These 9 steps will help you with the process and assure that you don't skip or incorrectly prioritize any of the important steps. As you start following this plan you'll see breakthroughs in your finances in ways you've never experienced before!

# BUDGETING BOOTCAMP



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Budgeting for  
your personality

# BUDGETING FOR YOUR PERSONALITY

Not too long ago budgeting was limited to a very few options, all manual and very time consuming.

With advancements in technology, creating a budget and tracking every spending decision is easier than ever, and can be done at a fraction of the time.

We all know that when we do something we enjoy that doesn't feel like "real work," we are much more likely to stick to it. Budgeting is no different.

My hunch is that if you tried budgeting before and gave up, you probably tried to do it in a way that's contrary to your personality and the way you naturally think and function. So it's not budgeting that didn't work. It was probably the method.

Our goal is to help you find the best method possible so that living on a budget and sticking to it month after month will be a freeing and rewarding experience. Let's look at a few budgeting methods and tools to see which one may fit you best.

## Online Envelope Budgeting

If you love technology, use technology to save time and money, and if you're serious about getting your finances back on track, then look no further. Mvelopes is the best solution out there that eliminates manual entries and manual tracking of your financial transactions.

Based upon the tried and tested envelope budgeting method, Mvelopes will become your best budgeting and

planning friend, wherever you are. From the comfort of your home or on the go, you can use Mvelopes not only to create your budget, but also to link to all of your financial bank and credit card accounts in order to track your daily financial behaviors, spend only what you have set aside in your electronic envelopes, create a rapid debt elimination plan and more.

Unlike other budgeting apps or programs that merely track your bad financial decisions after the fact, Mvelopes does much more. It's a proactive tool that keeps you accountable for spending only the amount of money in your pre-funded budgeting categories (your electronic envelopes) so that you can prevent overspending before it occurs. Very quickly you'll be able to live on last month's income so you can always be one month ahead while continuing to grow your savings safety net.

All you have to do is simply create your profile, sign in and have fun creating and executing your plan of action.

Mvelopes is perfect for those who don't want to spend endless hours tracking data, who want to be able to access and manage their budget on the go, and who really could use additional accountability with overspending.

Here's a note from a happy user:

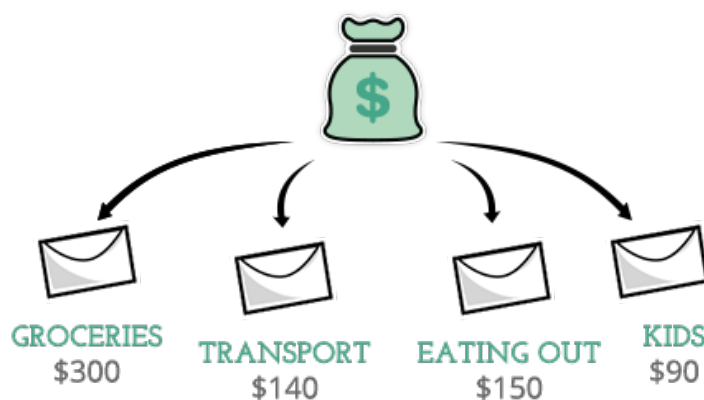
*"I started using Mvelopes about 3 years ago, not because I was in a horrible financial position, but because I just felt I never had a good grasp on how I was spending money. Several years later, I now strategically fund my budget for future intermittent expenses and I've almost completely wiped out my student loan debt. In addition, I've gotten my parents on Mvelopes and through the planned funding profiles I've been able to allow them to easily allocate their money and reduce my mother's anxiety about living within her means and having enough money to last through their retirement stage of life. For me, the online cash*



*envelope budgeting system has been a Godsend relative to my own strategic financial planning and controlling my day-to-day spending behavior so that I can both live within my means and set aside the funds necessary for a comfortable future retirement. So to whomever developed the idea of Mvelopes, thank you. You've made a huge positive difference in my life, and now the life of my parents, and I appreciate it. Oh, and yes, I did indeed sign up for the lifetime membership this year as I can't imagine ever trying to manage my finances without the program!"*

## The old fashion paper envelopes

If technology is not your friend, if you are skeptical about doing any type of banking online and still enjoy the old fashion banking experience of going in every few days, chatting with you banker and doing business on a personal basis, then you may want to try the traditional envelope approach.



Even though this approach is more time consuming, it will put any fears of electronic transactions to bed and will give you a sense of full control over the process and over your funds.

Before you can implement the process, you have to create a budget or a spending plan first.

- Write down your monthly income. If your income varies from month to month, take a look at the last 12-24 months of your income and calculate the average monthly amount.

- Write down every single category you spend money on every month.
- Write down all of your variable expense categories, those you spend money on every year but on periodic basis. These should include car maintenance, birthday gifts, holidays, medical expenses, etc.
- Once you have written down your spending categories, assign a specific amount of funds to each of your categories so that by the end of the process you have zero unassigned funds. Basically you'll give every single dollar a job!
- This document with categories and assigned funds is your monthly spending plan, your financial roadmap to follow.
- Next, you need to label physical envelopes with each budgeting category found in your spending plan, and as soon as you receive your paycheck, you should take out the cash and distribute it among the physical envelopes.

The premise of the physical envelope budget is to help you see every day how much money you have left, and once the money is spent, you need to wait until your next pay period in order to refill that given envelope.

## Good old spreadsheets

If you love details, don't mind spending lots of time logging in and tracking those details, and if you're not up-to-date with the latest apps and budgeting technologies, using a traditional spreadsheet for building your budget and for tracking your monthly expenses could be your solution.

TRANSACTION AMOUNT	ACCOUNT BALANCE	Groceries	Household	Personal	Clothing
	\$ 1,682.23	\$68.70	\$370.47	(\$6.84)	\$130.00
(\$132.00)	\$ 1,550.23	(\$132.00)			
(\$153.27)	\$ 1,396.96	(\$153.27)			
(\$25.00)	\$ 1,455.43	(\$74.30)	(\$12.13)	(\$66.84)	
\$418.00	\$ 1,873.43		\$25.00	\$10.00	\$50.00
(\$33.80)	\$ 1,839.63				
\$100.00	\$ 1,939.63	\$100.00			
(\$257.40)	\$ 1,682.23				

You'll follow the same budget building steps, but this time using your computer, and then you'll create separate tabs for every month of the year, and as you make your daily purchases you'll simply log your daily expenditures into the spreadsheet for the given month.

This option, even though time consuming, will provide you a solid way of tracking your numbers and watching every spending move closely, so that you can make adjustments and refinements. Because you'll have all of your purchases and expenditures recorded, every January you'll be able to reflect on your spending habits from the previous year and see what you can adjust to spend less and save even more in the next 12 months.

Finding the right method that fits your personality is key to your long-term budgeting and financial success. So spend some time thinking about your main objectives, ways you enjoy interacting with numbers and data, so that you can choose the best tool to help you accomplish your financial transformation.

# BUDGETING BOOTCAMP



5

Prioritizing savings  
in your budget

# PRIORITIZING SAVINGS IN YOUR BUDGET

Saving is a critical part of your budget and is key to helping you achieve financial independence. Saving, however, is often overlooked and sacrificed in the name of paying down debt; hence many of us are never able to break the debt cycle. As important as debt payoff is, having a solid and consistent saving approach combined with methodic debt elimination will help you succeed long-term.

So what can you do in order to prioritize and make room in your budget for savings?

## Make a list of small, doable goals.

Start with saving \$1000 as an emergency fund and then keep going until you reach 3-6 months of living expenses.

Ideally you should work towards having full 12 months of living expenses set aside, but that will take time. So make

small progress as you can. The key is to set small progressive and achievable goals that you can meet within a specific period of time. Maybe you can begin by reducing money spent on eating out for lunch or dinner by \$20 per week. Put that in savings and you'll be well on your way!

“Our greatest weakness lies in giving up. The most certain way to succeed is always to try just one more time.” -Thomas A. Edison

## Pay yourself first.

If you're struggling with overspending, there are ways to break that destructive habit by using a few very simple tactics. An automatic regular withdrawal from your checking account as soon as you get paid is one way to do it.

Depositing \$25-\$50 every paycheck into a separate account or into a different bank than the one you use for your regular purchases, will make those funds less visible and therefore less tempting to use. If that's not enough and you need additional help, talk to your bank and ask them to have restrictions put on your savings account so the penalty for withdrawal of those funds will squelch your desire for tapping into those reserves. This is a great first step to start building your emergency fund.

## Find your waste areas.

Most of us waste money. The key is to find areas in your budget where you waste money. Did you know that an average American family wastes around \$190 each month by throwing away food (that includes your fridge and restaurant food)? You can very easily locate your waste by simply tracking your spending, every single dollar, for 15-30 days. I'm pretty sure you'll be able to recover \$50-\$200 a month just by doing this simple exercise. Many of our [Mvelopes](#) users recover up to 10% of their income just by finding waste areas.

“A little more persistence, a little more effort, and what seemed hopeless failure may turn to glorious success.”

- Elbert Hubbard

## What can you pay less for?

All of us use services on daily basis. Whether it's cell phone, cable, car insurance, home insurance, life insurance, etc. Get in a habit of reviewing your services every 6 months. There is so much competition in the market that just by re-evaluating your range of services on regular basis you're bound to find \$25-\$50 monthly savings if not more! Use those extra funds to increase your savings amount.

## 30-day waiting rule.

If you're a shopaholic, institute a 30-day waiting rule on purchases. Every time you want to purchase a new item, you'll have to wait for a period of time. You'd be amazed how just a little bit of time can cure you from the "I have to have it now" mindset. Every time you resist a purchase set those funds in a separate envelope or a jar or move it to a different bank account and soon you'll see a nice sum accumulate. In order not to become discouraged set reward points along the way so saving money also becomes a way to treat yourself once in a while.

Hopefully by now you not only get how important savings is to your financial health, but also your mind is starting to think about the ways you could give savings the priority it deserves in your budget. By making savings your top priority you will experience financial relief sooner than you thought possible.

# BUDGETING BOOTCAMP



6

Budgeting for  
periodic expenses



# BUDGETING FOR PERIODIC EXPENSES

Periodic expenses are frequently overlooked while creating a budget.

It's easy to budget for activities we do every month, like buying groceries, paying mortgage and utilities. Activities that occur on a periodic basis tend to slip through the cracks and catch us by surprise and unprepared to cover the cost.

It's those periodic expenses that can keep us trapped in the debt cycle, so it is important to include all periodic expenses inside of our budget in order to have cash set aside when the expense comes up.

## Make a List

Before you do anything else, take a few minutes and think of all the periodic expenses that should be part of your budget. Here is a quick list to help you get going: Holidays, birthday gifts, car maintenance, medical expenses, home maintenance, vacation, HOA fees, etc.

67% of the wealthy write down their goals vs. 17% of the poor.

As you can see, this is a list of activities you know will happen sometime throughout the course of the year and will require funding, hence you should fund those expenses before they occur.

## Fund Your Periodic Expenses

Now that you have a list of periodic expenses, estimate how much you expect to spend on each activity in the course of the year. Once you have the annual amount, divide it into 12 and that's your monthly amount you should set aside. If

you're using the [Mvelopes budgeting program](#) it's very easy to do. Just create a virtual envelope for each periodic expense and start funding it each month with the predetermined amount.

## Sticky Fingers & Roll over

One very important thing to keep in mind is that you should not tap into your periodic expense envelopes in order to cover another expense. You need to be disciplined enough to leave all of your periodic expense envelopes alone until that particular need comes up. The beauty of

“Discipline is the bridge between goals and accomplishments.”  
– Jim Rohn

having a solid budget plan for those periodic expenses is that you may find a way to spend less than budgeted, and if that happens, you can roll the remaining amount over to the next year and build solid savings in those categories.

Can you imagine having enough cash saved to cover a major car repair without tapping into your regular savings? Or how about doing Christmas completely debt-free year over year! What a freeing feeling that will be!

So do not skip over this important step of your budgeting process. Don't underestimate the power of being financially prepared for periodic expenses since they can add up to quite a good amount of cash that you will otherwise have to sacrifice from your savings or use credit in order to cover them. So expect the unexpected and prepare, you'll be glad you did!

# BUDGETING BOOTCAMP



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Budgeting for  
healthcare expenses

# BUDGETING FOR HEALTHCARE EXPENSES

Regardless of your financial situation, there are certain things you can do, or at least become informed about, in order to prepare yourself for any upcoming healthcare expenses. Even though you may be very healthy today, you never know if tomorrow or 6 months from now you'll need more medical attention. So here are 4 simple ways to be proactive and make room for healthcare in your budget.

## **Begin with a budget.**

Budgeting for healthcare begins with an honest look at your expenses over a 12-month period. While this may seem or sound daunting, you'll want to take the time to cover all four seasons, so it is worth the effort. Be sure to include things like prescription drugs, over the counter medications, and trips to the ER.

Once you have come up with an annualized number for your out-of-pocket costs, the key is to break it down into the monthly average amount. For example, even though you might only spend \$30 in June, and \$100 in December, find that monthly average number and build it into your budget. By following this "envelope budgeting" approach, you'll have put away the money in the less expensive months in order to make sure you have enough for the more expensive months. Knowing you have the cash on hand will help keep your costs down from borrowing money or charging it, not to mention the stress relief that you'll enjoy!

## Take advantage of a Healthcare FSA account.

An FSA is a pre-tax “flexible spending arrangement” for qualified healthcare expenses where funds are deducted from your paycheck each pay period based on the annual amount you decide to set aside. So once you estimate your health expenses for the year, especially if you know you may have some procedures done like eye surgery, dental work, etc., your employer will start setting those funds aside each pay period so you can use them as you incur medical expenditures. Three things to remember about FSA accounts:

1. You can use the entire amount of your FSA election at once without having to wait for it to accumulate into your FSA account.
2. If you don't use those funds you'll lose them, so it's better to underestimate your needs a bit rather than overestimate and have money left over.
3. An FSA is a great way to fund your healthcare on the front end. It's an “out of sight out of mind” approach that allows you to put away a certain amount of money before your paycheck hits your bank account.

## Better safe than sorry – be proactive.

With current changes to the healthcare system, even though we can't tell you how your premiums will change, it's safer to assume an increase than be caught by surprise. So whatever your premium is right now, add an additional 10-20% and include that increase in your budget. You may have to look for ways to cut back on another budget category in order to save for potential healthcare increases, but think, if your premiums stay as they are, you just saved additional funds to allocate to debt payoff!

Talk to your employer & local church about a benevolence fund. Many employers have a benevolence fund set aside to help employees with needs like unexpected medical bills.

Ask your employer about the way the benevolence fund operates and if you can afford to do so, contribute to it as well. You never know when you may need a “hand up” with a large medical bill. Your local church should have a benevolence fund as well. Learn about qualifications and what’s needed to receive help. Understanding the help available to you ahead of time is a great way to be proactive and be prepared for life’s unexpected turns.

Healthcare costs have been going up and those of us who had at least one major health situation last year can attest to the fact that those medical bills can stack up faster than we ever thought. So go ahead and be proactive about educating yourself and budgeting for your medical expenses so you’re not caught off guard!

# BUDGETING BOOTCAMP



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Needs ONLY  
budget

# NEEDS ONLY BUDGET

If your financial situation were to change, do you know how much or how little you'd need in order to "make it"?

We're not talking about huge national or global disaster. We're simply talking about a possibility of losing your income, facing medical challenges or maybe having another child and deciding that one of you will stay home for a season. Are you prepared, just on paper, for these or other life events?

Having a Needs Only Budget is important to have, not because you'll be using it right now, but because you'll be prepared "just in case."

Preparing "needs only" version of your current budget can be a very revealing exercise for many reasons, but here are my top 3 reasons why we believe everyone should have a Needs Only Budget and how you can easily create one.

## Peace of Mind

A recent survey conducted by the National Foundation for Credit Counseling (NFCC) and the Network Branded Prepaid Card Association (NBPCA) shows that over 56% of adults in the USA do not have a written budget.

"If you don't change direction, you may end up where you are heading." - Lao Tzu

[Bankrate](#) recently reported that 36% of Americans are mostly concerned about paying bills or getting caught up on their bills.

If that's you, just trying to make ends meet while wondering where your money is going every month, then having a written plan, a budget, is non-negotiable in order to make



financial progress. The simple understanding of where each of your hard-earned dollars is going will give you the information you need in order to start making adjustments.

Having a Needs Only Budget will take you a step further and give you peace of mind about facing unexpected life events. The feeling of knowing you are prepared will be worth a few extra minutes of your time.

## Plan of Action

A Needs Only Budget is a great way to have a plan or a roadmap of what action steps are needed in order to adjust to your new financial reality.

Instead of panicking, you can simply pull out your Needs Only Budget, go through the list of items you've already decided to eliminate ahead of time (in case something were to happen) and you can spend the rest of your time looking for another job, considering other options like running a small home business (daycare, crafts, etc.) or simply enjoying some much needed time off.

“It takes as much energy to wish as it does to plan.” – Eleanor Roosevelt.

Preparing ahead of time gives you peace of mind and protects you from making impulsive decisions in the moment of uncertainty.

Here is another interesting fact about budgeting. According to the research done by the authors of the book [“The Millionaire Next Door,”](#) the majority of those who are self-made millionaires not only have a budget but also track every single penny spent! If those with substantial wealth consider budgeting and tracking expenses as a key priority, all of us should pay attention and learn!

## Opportunity to Save Now

Once you create your Needs Only Budget you'll immediately notice how much you could be saving today, if you were to adjust your spending. Creating this secondary plan may open your eyes to possibilities of curbing certain budget categories in order to put more money towards debt repayment, savings or prepaying your mortgage. Having this quick visual will allow you to take a step back, think about your long-term financial goals and how a few small adjustments can help you achieve those goals sooner. Here are just a few of the items that may be an obvious candidate for adjustments:

- Lowering or eliminating your cable TV bill
- Readjusting your entertainment budget (eating out, movies, etc.)
- Opting for a different cell phone plan / getting rid of your landline for good!
- Trading your high payment car for something less costly

## Make Budgeting Easy on You

So many of us dread the word budget. Before we give it a try we assume that it's too hard, too time consuming and, frankly, too restricting. What those who have and follow a written plan will tell you is that it's actually the opposite.

Having a budget frees you to spend without worrying and guessing. It actually helps you financially prioritize what's important to you and your family so that you can achieve your shared goals and dreams.

“If you are willing to do only what's easy, life will be hard. But if you are willing to do what's hard, life will be easy.” –  
T. Harv Eker

Creating a budget and tracking your spending is now easier than ever before. [Mvelopes](#), an online and mobile budgeting application is a great example of what you can do in literally

minutes. Because Mvelopes is based on the tried and proven envelope budgeting system, you will not only be able to create a plan and track your every dollar, but you'll also do it all in a proactive way rather than trying to correct spending errors after the fact. Mvelopes will become a great budgeting and accountability partner for you and your family.

So go ahead, set your preconceived notions about budgeting aside. If you don't have a plan, create one. It'll only take few minutes. If you already have a budget, go ahead and take one more step. Create your Needs Only Budget, tuck it away and relax, knowing that you've just created your emergency plan of action.

# BUDGETING BOOTCAMP



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Sticking to  
your budget

# STICKING TO YOUR BUDGET & ACCOUNTABILITY

Have you ever set financial goals or made financial New Year's resolutions only to quit one or a few months later?

Quitting on goals and resolutions has become an epidemic. Data shows that that only 8% of those who make new years resolutions actually keep them! Which means the majority of us don't stand a chance.

Many of us will quit within just one month after making resolutions, and most of us will quit after only six months.

Financial well-being and achieving a debt-free lifestyle is a desire of many Americans, and many of us attempt year after year to get our finances in order and on the path to success. Yet, year after year, more of us end up in more debt and more frustrated about not making any real progress.

“How many a man has thrown up his hands at a time when a little more effort, a little more patience would have achieved success.” -  
Elbert Hubbard

So is there anything we can do in order to increase our chance of success? Is there a way for us to actually make a budget and stick to it long-term? The answer is yes; there are quite a few steps we can take in order to make our financial success a reality.

# Accountability Matters (more than you realize)

Motivation, or lack there of, is usually linked to us quitting prematurely. Based on research conducted by [Michigan State University](#), we learn that accountability not only helps with keeping us motivated, but it also helps us with achieving much better overall results.

They found that the simple presence of a moderately more capable partner could increase motivation by as much as 100%! Exercising with a partner also improved workout performance and the length of a work out.

Accountability doesn't only work with fitness. It can serve a critical role as we strive to achieve financial freedom.

So, while you are plugging along toward your financial goals and dreams, accountability can make all the difference in you actually achieving them. Accountability may be the missing link to help you make real progress.

“The key is to keep company only with people who uplift you, whose presence calls forth your best.” - Epictetus

At different stages of your financial journey, you will need different accountability partners who can help you progress and improve on your financial goals. Here are a few suggestions on how to approach accountability and wise counsel.

## Find someone who does it well!

If you're at the beginning on your financial journey, you are most likely focusing on building a solid, workable budget, living within your income and starting your debt-repayment journey.

- In order to succeed in all of these areas, you have to break certain unhealthy money habits (overspending, lack of tracking your expenses, etc.). Do you have a friend who is very disciplined with his or her money? Are they making financial decisions you'd like to be making? Ask them to become your accountability partner! Talk to them about their secrets for resisting overspending and for sticking to the budget.

Arrange weekly chats over coffee and give your friend permission to ask you the tough questions.

- If you'd rather keep your financial issues private, there are programs like our

[Money4Life Coaching](#) where you can work with a qualified coach to help you build a plan and stick to it. Frequent one-on-one coaching sessions and check points will help you stay on track and challenge you not to quit on your progress.

“Optimism is the faith that leads to achievement. Nothing can be done without hope and confidence.”  
- Helen Keller

In order to complement accountability, you should get in the habit of reading about finances. There are great books and [financial blogs](#) that will tell you all you need to know about ditching debt, creating a workable budget, sticking to your goals and saving for the future. Commit to become a student of financial wisdom and spend 15-30 minutes a day just soaking in the information. This will require you to stay focused and disciplined, so creating a solid daily routine or posting your goals and objectives in a visible place where you can “check them off a list” can be very helpful.

You don't have to walk this journey alone. No matter what financial situation you find yourself in, you can overcome it. Need some encouragement? Just read a few [success stories](#) of couples and individuals who were at the point of no return but who are thriving today – all because they said yes to additional accountability.

Congratulations! You've reached the end of this Budgeting Boot Camp. Now that you know how to create a budget, what possible tools to use and what priorities to set in the process, it's now up to you. We're cheering you on, knowing that you have what it takes to make financial freedom a reality for you and your family!





**START TAKING CONCRETE STEPS TOWARD  
YOUR NEW FINANCIAL FUTURE!**

### **Schedule your [Free Debt Analysis](#)**

A custom financial program designed to help you pay off your debt, build an emergency fund, develop cash savings, and lay the groundwork for your retirement. **If you could use that extra push and regular encouragement, this program offers one-on-one sessions with an experienced and friendly coach!**

### **Sign up for [Mvelopes Premier](#)**

The most effective online personal finance and spending management system built upon the time proven principles of envelope budgeting, but modernized for today's cashless world. **Includes: unlimited envelopes, link to unlimited bank accounts, access to our Debt Center, 24/7 LIVE chat.**

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