

The start of a new school year and the month of Yomim Tovim, with all the expenses that come along, give ample motivation to jump back on the figurative financial literacy treadmill.

For those of us who have been tracking expenses for these last several months, we should by now have an accurate idea of how much money needs to be (or can be, depending on one's income) allotted to each of the various expense categories discussed in the last article. Both fixed and variable expenses should be included, either a monthly cost or yearly cost divided by 12.

There are two tools that make sticking to a budget surprisingly simple: CASH and ENVELOPES.

Studies have shown that when you make cash purchases, as opposed to using a credit card, you spend less money and you're more mindful of your spending overall.

Look over each expense category on your budget spreadsheet (if you don't have one yet- check out the "What's New" section on our website). For each category on your sheet that you might actually walk into a store to purchase something (as opposed to paying utility bills or insurance premiums)—label an envelope with that category and the dollar amount you've allotted per month towards that item. For example: Food and Household Items--\$845, Yom Tov--\$120, Clothing--\$160, etc. On the same day each month, put that dollar amount into the corresponding envelope. **That is the money you have available to spend on that category (plus anything left over from a previous month- if you're lucky!) until the next month.** Don't borrow from one envelope to pay for something in a different category. Don't use plastic for anything in those categories- at least until you get the hang of it!¹

Why does it work? It's visual. You see the money in your envelopes decreasing. That's a powerful motivator. With credit or debit cards- there's no feedback. If you get near the end of the month and the cash in your food envelope is nearly depleted- you're going to figure out how to make supper with whatever food is in your freezer or pantry. You'll find time to come to the Chesed Center and pick up some chickens and other staples for Shabbos if you're a client. You definitely won't stop at Starbucks on your way to work for that \$4 latte.

Try an all-cash diet for a month and see if it works for you.

For those of you who just can't be convinced- next time we'll visit some more tech-savvy budgeting options.

The Cleveland Chesed Center is a community resource whose mission is to ease the financial burden of food and household necessities on Jews throughout Cleveland. We are committed to improving the financial health of our community. If you are in need of assistance or would like help in creating a household budget, please email us at info@clevelandchesedcenter.org or call 216-932-3115- make sure to leave a message with your name, phone number, and reason you are calling.

¹ If you purchase one category both online and in stores- you MUST remember to remove any cash from the envelope in the amount of your online purchases—put it aside and save it so you won't have to withdraw so much at the beginning of the next cycle- or better yet- deposit it back in your account!—this can get VERY confusing and really throw off all your hard work- so try to avoid it or make a tracking system that is pretty foolproof.