

Designing the “No-Budget” Budget

Do you cringe at the very mention of creating and keeping to a budget? Don't worry – you are not alone! Very few of us enjoy creating detailed spreadsheets of our expenses. But our reluctance to budget may be because we've been approaching budgeting from the wrong perspective.

We often make budgeting an accounting exercise, when it should really be a value exercise instead. We get so busy tracking our past expenses, we are exhausted when it comes to planning ahead for what we really want!

Here are four different approaches and tools to budgeting that might make it easier to stay on track with your financial plan.

The Classic: Classic budgeting still works for some people. I won't spend a lot of time on this, but if you don't mind tracking your expenses for six months, you can put together an average monthly budget. This works pretty well when most of your expenses (and income) are consistent from month to month, but can be less helpful when your spending varies greatly depending on the time of year.

Examples of available tools:

- [Quicken](#) is the granddaddy of budgeting and certainly appeals to the accountant in all of us. It's one of the few budget tools today that still provides a software version that you can load onto a local computer.
- [Mint](#) is a cloud-based version of Quicken, allowing you to sync your bank and investment accounts so your expenses are automatically downloaded to the service. Over time it will produce a proposed budget for you, based on past expenses.

The Envelope Method: Some of your mothers and grandmothers may have used this simple method of budgeting. By dividing up your income into separate buckets, or envelopes, you are physically or electronically segregating your cash for certain types of expenses. This is a great system for recent college graduates, paying their own expenses for the first time.

Examples of available tools:

- [Mvelopes](#). There's an app for that! This is essentially an electronic envelope system that can be accessed online. Through it you are giving your income a purpose. Knowing how much you have available to spend for travel or for those new shoes can help you avoid overspending or taking on debt.



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- [YouNeedABudget \(YNAB\)](#). A variation of the envelope system requires you to give every dollar you earn — or own — a job to do. If you overspend in one category, the program will prompt you to adjust a different category to cover the shortfall. This is a great tool for those who manage their spending by checking their current bank account balance (forgetting any future bills coming due).

The Joy Factor: The Joy Factor is a relatively new way of looking at your budget. It comes out of the Happy Money Movement, which focuses on the psychology of spending rather than the numbers. It encourages purposeful spending, focusing on those items or experiences that bring you joy. Conversely, it helps you minimize spending on any items or habits that bring no joy.

Examples of available tools:

- [FindJoy](#). Joy is a simple app for your phone. If you sync it with your main spending accounts, every purchase will be downloaded and you get to tag it with one of two emoticons – green brings you joy; red does not. Over time you will start to see where you might be spending too much or too little on those expenses that make you happy.
- [HappyMoney](#). Here's where you can read more about the psychology of spending and the influence on your happiness

50/20/30: Do all of the above still sound too complicated and time consuming? You might be a good candidate for the 50/20/30 Budget. Start with your income. Put 50% towards your living expenses, needs and taxes. Put 20% towards your savings or paying down debt. The remaining 30% can go towards your wants and wishes.

And if that method is still too much work, try the “No-Budget” Budget – simply put away for your needs (now and future) and spend the rest – no tracking, no judgment, no worries!

Whether you enjoy tracking your expenses, giving your income a “job” to do, or simply want to align your spending with those things that bring you joy, remember that it takes six weeks for a new habit to stick.

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Disclosure

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