Cash Envelopes, on Paper

Every dollar named before it's spent.

Cash has a problem cards don't: it leaves no trail. You know roughly what you spent this week, but "roughly" is how a pay period quietly runs dry three days before the next one — not on one big purchase, but on seven small ones nobody wrote down.

Cash envelopes fix that with the oldest trick in budgeting: before the period starts, every dollar of cash gets a name. Then every dollar spent gets a line. At the end, whatever stayed gets orders. That's the whole system — assign it, log it, sweep it.

The example — Tasha's two weeks, $420

Here's a real worked example, the same one printed on our Cash Envelope Tracker. Tasha's pay period runs Friday, November 13 to Thursday, November 26. After the bills are covered, she has **$420 in cash** to stuff — and before she spends a cent, it's already divided:

> **Groceries** — stuffed $180.00, left at the end $69.45
>
> **Eating Out** — stuffed $70.00, left at the end $28.50
>
> **Household** — stuffed $50.00, left at the end $18.73
>
> **Gas & Parking** — stuffed $60.00, left at the end $20.00
>
> **Fun Money** — stuffed $40.00, left at the end $25.00
>
> **Buffer** — stuffed $20.00, left at the end $20.00

Then she spends — and writes every line down. $62.40 at the market. $23.50 for pizza night. $40 for gas. $31.27 on cleaning and paper goods. $48.15 on a grocery top-up. $15 of yarn. $18 for coffee and a muffin. Seven lines, each one lowering its envelope's balance on paper the moment it happens.

Counted up at the end: she spent **$238.32**, and **$181.68 is still sitting in the envelopes**. The envelope that never got touched? The buffer — $20, still whole.

Then comes the finish that makes it a system instead of a diary: **$100 of what stayed goes straight to her smallest debt** as an extra payment, and the other **$81.68 stays in the envelopes** — so next period starts ahead instead of at zero.

The steps

- **Pick the cash categories.** Envelopes are for the spending you do in cash — groceries, eating out, gas, household, fun. Bills stay in the bank where they've always been paid from.

- **Assign every dollar before the period starts.** Write the plan first: what goes in each envelope, and the amounts adding up to exactly the cash you have — no more, no less. Tasha's six add to $420 because $420 is what she had.
- **Log every spend, line by line.** Date, envelope, what it was, what it cost, what's left in that envelope. The log is the system — an envelope you don't write down is just a pocket.
- **Count up at the end of the period.** Planned, stuffed, spent, still in envelopes. Four numbers, and they have to agree with each other.
- **Sweep what's left.** Give the leftover cash its orders the same sitting: part to a goal — Tasha sends $100 at her smallest debt — and part stays, so the next period starts ahead.

The honest part

Envelopes only govern the money that moves as cash. If most of your spending is card spending, envelopes alone won't catch it — you'd log the card lines the same way, or move the problem categories to cash on purpose, which is what most envelope households actually do. And the buffer envelope will feel like wasted money eleven periods out of twelve. The twelfth period is why it's there. When an envelope runs dry mid-period, the log tells you the truth about the amount — the fix is an honest number next period, not a bigger shrug.

The free way

Six paper envelopes and a notebook page will run the whole system: one section per envelope with its planned amount, a line for every spend, and a counted-up box at the end of the period. Plenty of households run envelopes on exactly that and never need anything fancier.

And if you'd rather skip drawing the plan table and the log yourself, the ready-made Cash Envelope Tracker is in our shop — the same plan, the same log, the same sweep, printed and ready.