



# Your Bottom Line

Your go-to resource for timely information about personal finance, college planning and student loan management

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## The Envelope System

Many people struggle to control their spending. While there is no one-size-fits-all way to budget, one very popular method is the envelope system. This method requires three things: some envelopes, your monthly income in cash and a bit of discipline. Here's how to set up and utilize the envelope system of budgeting as well as some pros and cons of using this method.

**Track your spending for a month.** Make a spreadsheet, keep a list of your monthly expenses or keep all receipts - whatever works best for your family. This will give you a good handle on how you're actually spending your money, which can be the first step to controlling your spending.

**Categorize your expenses and determine which will be paid for with cash.** Review your spending after you've completed your tracking month. Assign your purchases and bills to categories.

Some examples of categories you may choose are transportation (for car maintenance or gas), groceries, recreation, meals out, etc. Then you must determine which expenses need to be paid in cash. For example, if your fixed expenses, like a gym membership or mortgage, are auto-drafted from your account or paid online, you can continue that method of payment. You may prefer to categorize only those expenses that are variable from month-to-month.

**Create an envelope for each category and stuff them with cash.** Once you've determined how much money you'll need in each category, go to the bank or ATM and withdraw enough cash to fund your envelope budgets. Put the correct amount of cash in each envelope. There are some companies who offer products for this method of budgeting; however, you don't have to spend money to buy special envelopes. Plain mailing envelopes

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work well, or you can download free templates from our Oklahoma Money Matters website:

[www.oklahomamoneymatters.org/resources](http://www.oklahomamoneymatters.org/resources)

Spend only the cash in your envelopes. This seems like a simple concept, but it can require quite a bit of discipline to maintain. For this method to be successful, you shouldn't borrow from one category to fund another. Consider having a "miscellaneous" envelope with a little extra cash for unexpected fluctuations in your budget categories.

There are positives and negatives to every budgeting method. Consider the following before switching to this spending strategy.

**Pros:**

- It works - if you can stick to it.
- Your budget is more tangible.
- You won't miss a transaction in your account register.
- You'll be more mindful of your spending.

**Cons:**

- You need a safe way to carry cash.
- Strict budgeting requires discipline, and can be confusing at first.
- Juggling shared cash envelopes between family members takes planning.
- Getting everyone in the family to buy in can be difficult.

## Career Exploration with OKcollegestart

Students need the opportunity to explore career options using customizable tools that reflect their interests and capabilities. OKcollegestart offers components to prepare them for college, guide them through college graduation, and educate them on all aspects of actual careers. While using OKcollegestart, students will learn about themselves, research careers, and build a plan for life after high school.

Students who complete the Interest Profiler on OKcollegestart will explore their interests to help determine the type of industry and careers that are the best fit. Then students can complete the Career Key assessment to learn if they're a helper, a persuader, a creator, an organizer, a thinker, or a do-er. OKcollegestart's career assessment tools help students determine the skills and education needed for those particular jobs.

While digging deeper into specific job categories, students will see projected salaries nationwide and the potential for growth and stability in those professions. They will also look at the basic and transferable skills needed to match their career options.

Oklahoma state law requires every high school student, starting with the 2019-20 freshman class, to complete an Individual Career Academic Plan or ICAP, prior to graduation. ICAPs will require students to complete certain tasks and assessments to enhance their career and college readiness. Required activities involve taking a variety of career interest surveys, setting postsecondary and workforce goals, and tracking academic progress through a sequence of intentional courses in high school.

OKcollegestart.org is one of the free online platforms school districts may use to facilitate the ICAP efforts in their schools. To learn more about OKcollegestart, visit [www.OKcollegestart.org](http://www.OKcollegestart.org). For general ICAP information, visit [www.OKEdge.com](http://www.OKEdge.com).







## Holiday Decorating Safety

At one point or another we've all wanted to take our holiday decorations to the next level, which may include stringing up lighting in precarious places. Do you shakily climb up a ladder with lights clutched in one hand, second guessing the idea but quickly getting the job done before clambering back down? This year, follow these holiday safety tips so you don't ring in the New Year from the hospital.

- Unless you're a professional and have the necessary safety equipment, avoid getting on the roof if at all possible. Look for light clips at your hardware store and use a pole or stepladder to attach lights to the roof edge or guttering.
- Don't use a staple gun to hang outdoor lights. This is a popular option for easy affixation, but it can damage the wiring and shorten the lifespan of the bulbs.
- Inspect your lights each season, checking for frayed or exposed wiring and broken bulbs. Outdoor decorations are vulnerable to harsh weather, so even though the box may say they last 20 years, handle with care and replace when worn out.
- Be sure your lights are plugged in to a ground fault circuit interrupter (GFCI) outlet. For all your lights, both indoor and out, this extra protection from overcurrent is important.
- Keep an eye on your indoor tree lights, as well. According to the National Fire Protection Association, \$10 million in property damage occurs annually due to indoor tree lights. Keep your tree away from heaters, fireplaces and radiators, and make sure the lights aren't on 24/7.

## On Our MIND

What's on the mind of OCAP staff? This month, UCanGo2 Outreach Specialist Rachel Snapp talks about international travel on a budget.



When people question their ability to travel internationally, their biggest concern is, "How will I afford it?" I asked the same question before I went abroad for the first time. Through trial and error and nine countries later, I learned how to travel more affordably and less stressfully.

**Plan early.** Planning ahead is the key to a successful trip. I start saving at least six months in advance. Are you hoping to go abroad next summer? If so, it's time to make a travel budget! The location, length of your trip and time of year will affect the cost of your trip. However, you can create a general estimate of flight costs, lodging, local transportation, and food. Add 20% of your estimate to the final tally for incidentals and then determine how much you will need to save every month.

**Shop for the right flight.** The most significant purchase for international travel is the flight. I use Hopper, a flight tracking app., to determine the best time to purchase. It estimates when prices will change for the best deal. My most successful flight purchase was a round-trip to London for \$450, a flight which typically averages around \$1,000. Once you find a cheap flight, go directly to the airline's website to purchase your tickets.

**Consider creative lodging options.** Hostels can be the most affordable option, and there are some nice ones. However, if you start researching early enough, AirBnB and Booking.com are great resources. One of my favorite experiences was a little AirBnB cottage in the middle of the Amsterdam countryside. I had to make time to commute to major sightseeing points, but because of my location I was able to take a bike and ride to the closest Dutch village, find a hole-in-the-wall pancake restaurant and tour a small hidden chapel. Plus, it was \$100/night cheaper than the city hotels!

**Stay flexible.** Planning is incredibly important but sometimes the best stories come from unexpected adventures. (Like following a wooded trail in Salzburg, Austria and accidentally ending up in Germany.) Enjoy spontaneous exploration!

### Other general tips:

1. Notify your banks.
2. Check with your cell service provider on how to avoid outrageous international fees.
3. Don't over pack. Luggage fees are the trap of low-fare flights. Pack light and carry-on to save \$100+.



## Who To Thank For...

Have you ever wanted to thank an inventor for his or her life-changing idea? In this season of gratitude, let's show appreciation for the everyday things that we take for granted. Here are a few inventions you can be grateful for today.

- **Air Conditioning:** If you've experienced an Oklahoma summer, you know we owe a debt of gratitude to Willis Carrier for his 1902 invention of the first modern air conditioner. While his intention was to control the humidity in the printing plant where he worked, we're grateful that his invention is now used to provide relief from the heat.
- **Dishwasher:** Having gone through many versions before a model similar to our modern appliance, the dishwasher is accredited to Josephine Cochran. Her model, receiving a patent in 1886, was the first to use water pressure to clean dishes. The hand-operated machine that she created was only accepted by big industries at first. However, since the 1950s, this appliance has become a household necessity.
- **Smartphone:** Have you ever left home without your cellular device and felt lost? We have IBM to thank. IBM introduced the Simon Personal Communicator, the first ever smartphone, in 1992. The touchscreen device, which had the capability to send emails, faxes and pages, came with a stylus and had a one-hour battery life. Let's be grateful that the smartphone, along with its battery life, has evolved over time.
- **Washer and Dryer:** As much as we might complain about doing laundry, we can be grateful that washing our clothes has progressed from the original process. In 1908, Alva J. Fisher introduced the first commercial electric washer called the Thor. His invention was great for big industries, but not so much for homes. Fortunately, F.L. Maytag created his model of the electric washer for the consumer market. The washing machine's partner, the dryer, was developed by J. Ross Moore early in the 20th century.

For these inventions and many other daily amenities, we say thank you!

*Thank You!*



The Oklahoma College Assistance Program, an operating division of the Oklahoma State Regents for Higher Education, provides college access and financial aid awareness, financial literacy and student loan management programs and services that benefit students, parents, schools and community partners.



[OklahomaMoneyMatters.org](http://OklahomaMoneyMatters.org)



[UCanGo2.org](http://UCanGo2.org)



[OKcollegestart.org](http://OKcollegestart.org)



[ReadySetRepay.org](http://ReadySetRepay.org)



[OKhighered.org](http://OKhighered.org)