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My one simple trick to always staying on budget
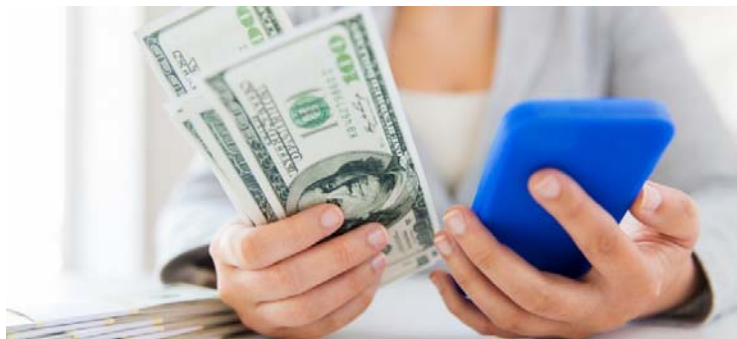
Tracie Fobes, Credit.com Friday, May 20 th 2016

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My husband and I have a budget (just like many of you do — and, if you don't, you can get started here). We also use cash for most of our spending. We have it down to a science and our budget always works.

However, that was not always the case. There was a time when my cash budget didn't work.

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Setting our budget

My husband and I had been looking back to our regular spending to determine how much to budget for our groceries. We created our spending plan and figured out that we were spending around $550 a month. So, for us, the logical thing was to reduce our spending and why not lower groceries to $500 and just make it work?

That should work – right? Wrong. At least not for us.

The problem was that while it appeared that dropping our spending by $50 to increase savings (which we were wanting to get out of debt) was a smart move, it apparently wasn't. (Check out this credit card payoff calculator to see how long it might take you to pay off your credit card debt.)

I kept trying everything I could think of to keep us staying on budget. I was clipping more coupons. I changed my shopping habits (or so I thought). However, it didn't matter. I was coming up short every single month.

After some time, I decided that I had to make a change. But how? What could we do? We had already tried to lower our spending, but were still spending more.

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How trying something different finally worked

I had an idea. One month, I tried to challenge myself. I tried to increase our grocery budget from $250 per pay period (a total of $500 a month) to $350 per pay period (a total of $700 a month.)

Then, as I shopped, I challenged myself to see if I could spend less. Because our debt was not paid in full, I was trying to build up our emergency fund. We were getting close to our goal, but I wanted to find a way to get there more quickly.

Something wild happened that month. I spent less. Not just $100 less, but $150 less.

Just like that, I was spending what I had budgeted several months earlier!

I could not believe I had done it. Honestly, the first time it happened, I thought it was just a fluke, so I did it again. And it worked. I kept repeating this same process and suddenly, I was actually spending less at the store *and* having more money for savings.

My simple silly trick for always staying on budget is to over budget...

I know, it sounds like it shouldn't work, but it does. At least for us.

We really only do this with our groceries category, as that is the one area where we always spend money. It is a given and it is required for us to live. I can't really over budget for our electric and then challenge myself to use less as I just don't see the results in the same way.

However, when I have my cash envelope for groceries in front of me it does. When I pull out the cash I did not spend at the end of our two week period and see a stack of $20 bills, it is thrilling. That is money saved. It is in my hand and I can actually see it.

Why does this work?

Honestly, I think it is psychological. When you set strict limits on yourself, it can sometimes be overwhelming. There is the fear of messing up. One simple mistake can lead to quickly overspending. That makes you feel like you've failed. And, when you fail at something, you just want to quit and give up.

If you change the way you look at your budget, that is an instant change in your attitude. Don't look at it as what you *can't* spend money on, but rather what you *can*.

When you allow yourself some wiggle room in the budget, you may find that you, too, spend less. You are more motivated to make it work. You see the success right there in front of you.

However, if there is a month when you do end up spending the entire amount you've budgeted for that line item, it is OK. There is no stress because you've overspent. You've actually spent the amount you budgeted. It just means no extra savings that month.

Once you can change your attitude and knowing how you personally handle money, you can change your budget. That can change your spending and result in success in actually following — and sticking to — your monthly budget. (To see how the changes you make to your monthly budget and spending habits affect your credit score, you can see an overview of your free credit report, updated each month, on Credit.com.)

Read more: 4 ways to trick yourself into saving more money

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