



Why an allowance?

The main reason people get in trouble with their money is uncontrolled spending. Each payday, after paying bills, the leftover cash is spent with little or no consideration for next payday. This usually results in the amount of cash between paydays being a roller coaster because the bill payments due each payday are inconsistent. This is referred to as living paycheck to paycheck.

Stopping your cash roller coaster is done in your cash plan by giving yourself a weekly allowance on a weekday and in an amount of your choice. With a consistent amount of money allocated to spending as an allowance, the amount of income available for your other expenses is also consistent, thereby making it possible to plan how you will use your income.

At first blush, it sounds like a weekly allowance will put restrictions on your spending. You may find the opposite to be true. A weekly allowance is independent of when paydays happen. Instead of waiting for payday to put money in your pocket, with a weekly allowance you are never more than six days from your next allowance day. The cash roller coaster from paycheck to paycheck is eliminated.

You do not plan how you will spend your allowance. Nor do you keep track of how you spend the money. The sole objective with your allowance is that the amount is just enough to get you through the week: you have little or no pocket money left over on the next allowance day.