

Sound Mind Investing

Financial Wisdom for Living Well

4 Options for Budgeting Online

By Joseph Slife | 12/20/18 |

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Budgeting is cool. Well, at least cooler than it used to be, now that people can manage their personal finances via websites and mobile apps.

Mint, the leading online-budgeting tool (owned by Intuit, maker of TurboTax), boasts some 20 million users. Competing services such as You Need A Budget, EveryDollar, and Tiller have strong stakes in the digital money-management marketplace as well. Each of these four budgeting systems —and there are plenty of others — offers a unique mix of features, capabilities, and approaches.

Here is an overview.



Mint

One of Mint's most attractive characteristics is that it's free (but with ads). Mint is also easy to use — via browser or app — enabling you to track expenses across your various credit, checking, savings, and investment accounts (although the investment tracking portion isn't Mint's strong suit). Mint can track cash spending and keep tabs on your overall net worth.

When you sign up, you'll be asked to connect Mint with your various bank, credit, and investments accounts. From then on, Mint will retrieve your transaction data (via Intuit's data-collection system which uses "bank-level security"). Each time you log in you'll see your latest transactions posted and categorized.

You can correct any transactions that Mint posts to the wrong category and also "split" a transaction if a purchase encompasses multiple categories (for example, an expenditure that includes both groceries and household products).

Although Mint works well for tracking what you're doing with your money (and generating related spending reports), it doesn't offer much help with budget coaching — i.e., showing you how to develop a spending plan in the first place. If you already have experience with budgeting and simply want to track implementation — while also keeping an eye on your overall financial picture — Mint is a solid choice.

You Need a Budget

You Need a Budget (YNAB—pronounced why-nab) is aimed squarely at teaching budgeting principles and modifying financial behavior. It helps users design a spending plan that "give[s] every dollar a job" — i.e., pre-determining where every dollar of income is going to go. YNAB then tracks the implementation of that plan and encourages the user to stay accountable to it.

One interesting hallmark of the YNAB system is that, over time, it pushes users toward living on the previous month's income (YNAB calls it "aging your money"). The goal is to reach the point of having at least a one-month cushion between earning money and spending it, thus ending the cycle of "living paycheck to paycheck." YNAB also prompts users to identify longer-term financial targets (such as saving for a major purchase or a vacation) and to track their month-by-month progress toward those goals.

The latest edition of YNAB allows auto-importing of transactions from bank and credit card accounts (imported securely via third-party providers Finicity and MX). If you prefer, you can download transaction data directly from your bank and upload it to YNAB yourself. You also can enter transactions manually and split transactions across multiple categories as needed.

YNAB is best suited for people who want to learn how to control spending and build savings. YNAB costs \$83.99/year, but there's a 34-day free trial to allow users to get up to speed. Because You Need a Budget 3 has quite a learning curve, the company offers live online workshops just about every day.

EveryDollar

Financial guru Dave Ramsey entered the online-budgeting fray in 2015 with EveryDollar, a no-frills system which, like YNAB, is aimed at “giving every dollar a job.” The designers of EveryDollar deserve high marks for making the initial setup quick and painless. You list your income and then set targeted spending amounts in the areas of giving, saving, housing, and so on. When your planned outgo matches your stated income, you’re ready to go.

Posting transactions is streamlined, too. In the free (ad-supported) version of EveryDollar, users add transactions manually, using a pop-up screen that prompts for the amount spent, the budget category it should be assigned to, and where the money was spent. It’s easy to split a transaction among two or more categories and even to include additional information such as a check number or a note of explanation about the expenditure.

If you’d rather have your transactions imported automatically, that will cost you. EveryDollar Plus, priced at \$99/year, can securely pull in data from your bank accounts, credit cards, etc. Once the data is available, you simply “drag and drop” each transaction to its proper spending category.

For a straightforward, turn-key, system that does nothing but month-by-month budgeting, EveryDollar fits the bill. Just be aware that the paid version is one of the pricier options on the market.

Tiller

Instead of using an off-the-shelf approach designed by someone else, many budgeters prefer to manage their money via a “home-grown” spreadsheet system. The downside to this approach is that spreadsheets typically require tedious manual entry of all transactions.

Enter Tiller. Tiller pairs spreadsheet budgeting with automated transaction posting. The system was designed for Google Sheets (which requires a Google account), but the company recently released an Excel version for non-Google users. Becoming proficient with Tiller takes a little while, but if you’re familiar with how spreadsheets work, you’ve already fought half the battle.

Tiller is definitely not one-size-fits-all. You can choose from among several Tiller-provided templates or design your own. Once you choose a template and link to your bank and credit accounts (via third-party company Yodlee), transaction data — updated daily — will begin flowing into a spreadsheet tab called “Transactions.” Simply assign each transaction to a budget category or choose to have them auto-categorized. Cash spending can be entered manually and transactions can be split among two or more categories as needed. If you’re using one of the Tiller-designed templates, the spreadsheet’s main page (the “Budget Dashboard”) will keep an up-to-date tally of your expenditures category-by-category.

To use an “envelope system” budget (based on the once-common practice of dividing actual cash among categorized envelopes), Tiller allows you to enable “rollovers.” At the end of the month, any money left over in a given category will “roll over” to the same category for the next month. That can be helpful if, for example, your electric bill is low one month but high the next. If you’d rather, you can assign rolled over money to be re-allocated to a *different* category. For example, you might choose to have any unspent money from “Entertainment” roll over into a “Vacation” category.

Tiller is best for people who enjoy working with numbers and prefer a “hands-on” approach to budgeting. The company offers a 30-day free trial. After that, the service costs \$59/year.

The best system for you

No budgeting system is objectively the “best one.” The best system for you depends, in part, on what you’re looking for (from no-frills to robust reporting features) and how much you’re willing to pay (from \$0 to \$99/year). But the biggest consideration — regardless of whether you choose any of the systems described above or something else — is this: Will you implement whatever system you commit to? The best budgeting system for you is one you will actually use.



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