

## What To Do When Your Spending Is Out Of Control

If your spending is out of control, it is time for a little austerity. Think of all of the minor decisions that you make in one day. What would happen if you started to make adjustments in these areas? It would eventually bring about major changes in your financial situation! Here is a comprehensive list of tips to help you analyze different aspects of your life:

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- **A good rule for borrowing:** Never borrow to buy depreciating items. Things such as new cars, furniture, clothes, appliances, boats and luxury items should not be purchased until money is available to pay for them. Don't borrow to go on vacation, to invest in the stock market, to get married, to keep up with the Jones family, to gamble, to give the kids a head start, to bail someone else out of a jam or because you want some extra cash.
- **Allow no more debt.** That means loans from the bank or family and no credit cards.
- **As you pay off smaller debts,** don't start paying less each month on your overall debt. Put that money towards another bill.
- **Ask for help and seek advice** about your situation. Consumer Credit Counseling Services is a good place to start.
- **Assess the damage.** Make a complete list of all your credit cards and loans (automobile, mortgage, student loans). Include how much you owe, the monthly payment and the interest rate. If you don't receive a monthly statement for a particular loan, call the lender for all of the information.
- **Avoid cosigning or guaranteeing a loan for someone.** Your signature obligates you as if you were the primary borrower. You can't be sure that the other person will pay.
- **Avoid further credit** and debt while you are paying off your bills.
- **Avoid joint obligations** with people who have questionable spending habits—even a spouse. If you incur a joint debt, you're probably liable for it all if the other person defaults.
- **Avoid large rent or house payments.** Obligate yourself only for what you can now afford and increase your mortgage payments only as your income increases. Consider refinancing your house if your payments are unmanageable.
- **Barter your skills** for someone else's skills.
- **Be aware of your spending habits.** Stick to the lessons you have learned about how you got into debt and how you're living to get out of it. You will probably discover along the way the things that are really important to you and what is not so important to have anymore.

- **Before you purchase** that must-have item, wait six months and think it through again.
  - **Bring your lunch to work.**
  - **Buy used rather than new.** Cars, furniture, computers, stereo equipment, televisions and appliances can all be found at substantial discounts in the want ads and at garage sales and swap meets.
  - **Charge items only if you can afford to pay for them now.** If you don't currently have the cash, don't charge based on future income—sometimes future income doesn't materialize. An alternative is to toss all of your credit cards into a drawer (or in the garbage) and commit to living without credit for a while.
- “Getting out of debt is an attitude before it is an action”
- **Control impulse buying.**
  - **Clip coupons and use them.** Some coupons are worth the clipping effort and others aren't. The most valuable coupons can be identified by one of the following: biggest percentage, largest dollar value or items used at least once a week.
  - **Create a realistic budget and stick to it.** This means periodically checking it and readjusting your figures and spending habits.
  - **Credit cards:** Don't fall into the minimum trap. If you just pay the minimum on credit-card bills, it will take you 20 years or more to pay them off. That means you'll pay more than five times the actual debt in interest.
  - **Credit cards:** Before you spend one nickel, make sure it was pre-planned in your budget.
  - **Credit cards:** Never use your credit cards to buy anything that is not in your budget for the month. So, of course, you should first have a budget.
  - **Credit cards:** pay off the balance in full each month.
  - **Credit cards:** The first month you're unable to pay the credit cards, destroy them. If you take these vows, you'll never have a problem with credit cards.
  - **Cut up all charge cards** (department stores, gas cards, etc.).
  - **Cut up the high-rate cards you've paid off so you won't use them again.** Also, call or write these credit card companies to cancel the cards. Otherwise you might continue to receive new cards as the old ones expire.
  - **Cut entertainment costs** by renting DVD's rather than going to movies, eating at cheaper restaurants, eating out less frequently and brown bagging it to work. Order take-out food rather than eating at the restaurant to save on tips and drinks.

- **Cut out the expensive entertainment.**
- **Cut your cost of transportation.** Most people own more car than they really need, and the money usually goes out faster than the car anyway. Save a bundle by buying used, and maybe making public transportation a regular part of your routine, which will save even more.
- **Cut your housing costs.** You can do it by renting a place with fewer amenities. (Are you really using that weightlifting room anyway?) In terms of buying, you're looking at greater expense initially, but home ownership can be a good investment that grows with time.
- **Deposit money in a savings account regularly** and declare it off limits for withdrawals.
- **Determine your net worth.** Calculate your net worth by subtracting your liabilities (credit card balances, auto loans, and mortgages) from your assets (savings, investments, and property). Early in the year is an excellent time to do this. Then you should review and update your net worth worksheet about twice a year.
- **Develop a balanced budget** that allows each creditor to receive as much as possible.
- **Develop a strategy.** Without a strategic plan for getting there, reaching your goal of financial freedom will remain a dream. A plan turns a dream into a goal. Having a plan liberates you from depending on willpower. Don't depend upon your newfound willpower to curb your spending. Willpower is unreliable emotional fuel. When you have it, it can get you going at breakneck speed, but once the emotion is gone, you fizzle. Willpower is not something on which you should rely.
- **Develop an awareness** of the difference between wants and needs.
- **Keep a written spending record.** Paying attention to your spending patterns will help you in the process of paying your bills with greater control and adherence to your goals. You may then discover some holes in your budget than can be plugged up.
- **Do your own chores** and repairs instead of paying to have it done for you.
- **Don't be so quick to pay down your mortgage.** If you pour all your cash into your mortgage, you'll have no cushion to fall back on. Better to borrow as much as you can afford when you are buying a house. With today's low interest rates, you can probably get a better return on your money with other investments.
- **Don't expect instant miracles** - Getting out of debt will take discipline and time. You probably didn't get yourself into this situation overnight, so you won't get out of it that quickly either. Be patient and stay focused on your goals.

- **Don't impulse buy.** When you see something you hadn't planned to buy, don't purchase it on the spot. Go home and think it over. It's unlikely you'll return to the store and buy it.
- **Don't make high-risk investments,** such as in speculative real estate, penny stocks and junk bonds. Invest conservatively, opting for certificates of deposit, money market funds and government bonds.
- **Drive your car an extra year** or two before you replace it with a new one.
- **Eat oatmeal....it's both healthy and filling.**
- **Eat out less and at home more.** The cost of food at restaurants, especially when you add in the cost of service, really adds up. Both the food and the service are usually better at home anyway.
- **Eating in: use or freeze everything you buy.** When you buy the ten pound bag of potatoes and three pounds go bad, did you really get a bargain? With the exception of using those sprouting spuds for science projects, the extra three pounds you paid for is only going to make your garbage heavier.
- **Extra income: peddle your skills.** Whether you have a full-time job or you're not working, you always have a little bit of extra time. You can earn a considerable amount per hour if you hone and market one of your skills such as carpentry, babysitting (you can even combine it with looking after your own children), handyman tasks, painting or housekeeping. You would be surprised at how many people would rather pay you than a professional (no offense) who will inevitably charge more.
- **Enjoy the city parks.**
- **Evaluate your monthly income sources.** Record any money that you've earned (paycheck, bonuses, freelance income, tips, etc.) or received from savings and investments.
- **Expect the unexpected.** Build a cash cushion that you can get at quickly in case of an emergency. If you don't have such a cushion, a broken furnace or other calamity will wreck your budget and push you into a seat on the ship of credit-card slaves.
- **Fast food: don't order value meals.** This applies especially for those people who would have ordered the burger and a drink, but then see that for only a few cents more, you get the fries too. That timeless truth prevails—there's no such thing as a free fry. So you end up paying more than you intended and digesting the fries, which for some of us can be construed as a definite liability.
- **Find alternatives to spending money.** For a friend's birthday, take him or her on a picnic rather than to an expensive restaurant. When someone suggests that you meet for lunch, propose meeting at the museum on its free day or going for a walk in the park. Instead of buying books and CD's and renting videos, borrow them for free at a library.

“If you don't borrow money, you can't get into debt.”

- **Forget about buying now and paying later** —costing you twice as much because it was not on sale and the interest expense is doubling the original price! Save now, buy when you have the cash and it's on sale for half price!
- **Forget soda—drink water.**
- **Get a handle on your spending.** If you are like most people, you squander away thousands of dollars without much thought to what you are buying. By making a budget, you can find out where the money goes — and start directing more of the wasted dollars to savings.
- **Get at least three prices for the same item** from different sources.
- **Get in shape:** ride your bicycle to work.
- **Get medical insurance.** Even a stopgap policy with a large deductible can help if a medical crisis comes up. You can't avoid medical emergencies, but living without medical insurance is an invitation to financial ruin.
- **Get the most for your money.** Shop for value whenever you can. Go to warehouse-type stores, buy items (ones you actually need) in bulk, wait to buy stuff on sale (especially furniture and clothing), get last year's model (car, appliance) this year. It's probably just as good and the price will be better.
- **Go shopping with a list** and buy only those items.
- **Gifts: buy them all year long and keep a box of gifts** - Last minute gift purchases are usually more expensive since you can't shop around for a better deal. Institute a box of gifts that allows you to collect good buys as you go, then give them when an occasion arises, such as children's birthday parties, hostess gifts or anniversaries.
- **Save for retirement.** Make your retirement savings a sacred expense and pay it first. If you wait until the end of the month (or year!) to see what's left after you've paid other bills, usually there's nothing left.
- **Grow your own garden.**
- **If you finish paying a car loan,** keep writing that check every month and invest it in mutual funds.
- **Improve your gas mileage.** Buy an energy-efficient car, check the air in your tires frequently and slow down on the highway.
- **Incorporate a get-rid-of-it box.** How often do you put something away and say to yourself, "I wonder if I'll ever use this?" What if, instead of putting those things back, you toss them into a box that only gets emptied out once or twice a year. That way, you have several months to retrieve the item if you change your mind. If it stays in the box, then you either sell it or donate it and take the write-off. This technique helps in at least three ways: it's financially smart, it reduces the amount of clutter in your house and it facilitates a happier marriage.

- **Increase your insurance deductibles.**
- **Involve your kids and your spouse in times of crisis.** If you have a family, everyone will have to participate—no one person can do all the work alone. Make sure your spouse and the kids understand that the family is having financial difficulties and agree together to take the steps that will lead to recovery.
- **Keep a written account of your progress.** Set financial goals. This will help increase your savings and give you peace of mind and less stress over money issues. Progress may seem very slow at first, especially if the debt load is very large. But it's a great feeling to whittle away at that list of creditors!
- **Listen: A person could easily go broke saving money on good buys.** Buying a \$500 item on sale for \$400 isn't a \$100 savings if you didn't need the item to begin with. It's spending \$400 that you didn't need to spend. The only way to conquer impulse buying is through self-discipline. Without discipline, no budget will help. "By what a man is overcome, by this he is enslaved" (II Peter 2:19 NASU).
- **Listen: Impulse buying is another form of the get-rich-quick mentality.** Scripture says, "The plans of the diligent lead surely to advantage, but everyone who is hasty comes surely to poverty" (Proverbs 21:5 NASU).
- **Listen: There are no magic rules** that will solve everyone's financial troubles.
- **Listen: You are never going to win the lottery,** so stop wasting your money.
- **Live within your means.** Just look at all the people who earn less than you. See how financially secure and happy they are? You can do it with just a few new habits plugged into your routine, like a spending plan.
- **Look around for better insurance rates.**
- **Maintain an impulse list.** Write down what you want, then get at least two additional prices. Never have more than one item on your list. Do you know why? Because long before you will have found two prices on the first item, you will probably find two more items that you would rather have.
- **Make a plan to pay off your debts** and write it down. (If it isn't in writing, it doesn't exist.) If you put your plans in writing, you are more likely to follow through on your debt management.
- **Make a resolution that you will NOT overspend ever again.**
- **Make your gifts:** birthday, Christmas, wedding, etc.
- **Make long-distance calls on weekends,** early in the morning and late at night. Or better yet, e-mail or write letters.
- **Make one trip** to the grocery store each week.

- **Make plans for life after debt.** Don't go crazy and run up charge cards as soon as everything is paid off. The last thing you want to do is get yourself into deep debt again. You will probably find that you need to do some things that had to be deferred while you were paying off debts. For our family, it was catching up on dental work and replacing some appliances.
- **Make your own coffee.**
- **Minimize your debt,** because it's so important to your financial health. Be sure to look through it. It can turn your financial life around.
- **Move in with your parents** (but only if you are single).
- **Never buy anything unless you have budgeted for it.**
- **Pare your grocery bill**—eat rice and beans. (You will not starve nor die.)
- **Pay your credit cards off every month with no exception.**
- **Pay with cash,** and save your receipts.
- **Pay off the most expensive loan first.** Make the minimum monthly payments on all your debts except the one with the highest interest rate. Put as much money as you can toward this debt each month, until it is paid off. Then apply the payments you were making on that debt toward the loan with the next highest interest rate and so on. Note: Pay credit card bills promptly to reduce the average daily balance on which you're charged.
- **Pay yourself first**—well, actually second. After giving to the Lord, use 10 percent of your income for investments to build your equity. You can learn to live on less if you take the money out of your paycheck before it even gets into your hand. If cutting your salary creates a problem, make a commitment to invest any pay increases you receive so you don't have to make cuts.
- **Plan for the future.** Set achievable goals such as spending less than you earn each month and making regular deposits into an investment fund.
- **Practice utility control.** Install a water-saving shower head, buy energy-saving light bulbs, turn the temperature dial up on your refrigerator and down on your water heater and turn off the lights and television when you leave the room. Little economies add up to big savings over the course of a year.
- **Know your different monthly expenses:** fixed expenses (mortgage or rent payments, auto and educational loans and insurance) and variable expenses (utility bills, clothing, transportation, entertainment and dining).
- **Retail Stores: Make an offer on floor models.** Floor models may be discontinued or have dings that could easily be hidden with strategic plant or corner placement.

- **Save any extra money** that comes your way from second jobs, rebates, bonuses, medical-insurance reimbursements and tax refunds.
- **Save food costs.** Buy on sale, clip coupons, buy in bulk, purchase generic brands, eat less expensive cuts of meat and don't frequent convenience stores.
- **Save on supplies.** Use sponges rather than paper towels, use a multi-purpose cleaner rather than several specialized ones and recycle newspapers, bottles and cans.
- **Save on vacations.** Explore local recreational sites; ask your travel agent about special deals; visit vacation spas and resorts off season.
- **Seek professional help to work your way out of debt.**
- **Sell the new vehicle** and settle for good used reliable transportation.
- **Shop around for lower auto and home insurance rates.**
- **Shop at thrift clothing stores.**
- **Some debt is bad.** Don't borrow for things that you consume quickly. Instead, put aside some cash each month for these items so you can pay the bill in full.
- **Some debt is good.** Borrowing for a home, college or maybe a car (with zero percent financing) makes good sense. Just don't borrow more than you can afford to pay back.
- **Spend less on gifts.** Be creative rather than extravagant with friends and family.
- **Start and maintain an emergency cash fund.** This is one of those payments from your monthly spending plan that you shouldn't skip. Once you've built it up to about three to six times your monthly income, keep it there and use it when, not if, your car needs repair, a medical emergency arises, or you have to help out a loved one.
- **Stay at home:** you'll save fuel expense.
- **Stay away from the convenience stores.** Buy instead from discount or outlet stores.
- **Stay healthy.** Eat right, exercise more, buy a few pieces of exercise equipment and drop the gym membership.
- **Stay out of the malls.**
- **Stick to your spending plan.** Have a list of needs for everyone and for your house, so that you don't find yourself buying wants and not having money for the things you truly need. Put some of your new-found extra money into savings, college or retirement funds.

- **Stop incurring debt.** Cut out unnecessary spending and avoid impulse buying.
- **Stop spending!**
- **Subtract credit card purchases in your checkbook register**, so you have money for the bill when it arrives.
- **Take advantage of free programs** for kids at local libraries or community centers.
- **Take your lunch instead of eating out.**
- **Track your expenses.** Keep a running balance sheet of every expense and pinpoint areas where you need to cut back. Use a notebook to record the amount and category of each purchase no matter how small. Include check and credit card purchases also. Do this every day for 3 months. Total each category at the end of each month and adjust your spending as needed. This is a great way to develop better spending habits.
- **Transfer your debts** to a low-interest rate credit card. The higher the interest rate, the more money the loan is costing you. Find a card with a low interest rate and then contact that credit card company to arrange transfer of your other debts to this card.
- **Try the Consumer Credit Counseling Service**, which is listed in your local yellow pages. For a small fee, you can negotiate a payment plan that will keep your creditors at bay. Don't let debt break your back. If you have more debt than you can manage, now is the time to get help.
- **Turn down the thermostat in winter** and turn off the air conditioner in summer. Put on a sweater in winter and use a fan in the summer to heat and cool your body inexpensively.
- **Use coupons, rebates, special promotions**, price-matching offers and discount shopper cards.
- **Vacations: Try a home exchange.** If you have friends who live in other cities or parts of the country, exchange homes for a week. It costs nothing to stay there and you get a much needed change of perspective.
- **Visit your local library.** There are many resources available to give you the particulars on frugal and simple living. It's a great place to check out magazines, compact discs, cassettes, etc.
- **Wait at least ten days** to buy non-budgeted items.

“The only problem with borrowing money is that you have to pay it back.”