

7 Ways to Break the Bad Habit of Overspending

Most people – especially those who have made a budget – know what they can and can't afford. However, spending beyond our means is a bad habit that can be extremely difficult to break.

Things were so different in our grandparents' day! They paid cash for what they wanted ... or they didn't get it. However, the easy availability of credit has changed everything. Today nearly 200 million Americans have one or more credit cards, and most of those cards have a \$3,000 limit or more. This puts an enormous amount of spending power at our fingertips ... and this can easily turn into a temptation that's too difficult to resist. As a result, average per-household consumer debt exceeds \$8,000, and some families are staring at debt in excess of \$100,000!

So what can you do to break the bad habit of overspending? Some people recommend "plastic surgery" – cutting your credit cards into little pieces. While that may make sense for some, here are eight other ways to break the bad habit:

1. First of all, remind yourself that living in debt is not worth the momentary enjoyment of spending money on things you can't afford. How many times have you bought something, only to look back and wonder: "Why did I buy this?" The item you just couldn't live without ends up collecting dust on a shelf. What you need to do is to think about this *before* making a purchase.
2. Commit yourself to the goal of reducing or eliminating your debt. Remind yourself that debt is NOT inevitable. It's a red flag that you are living beyond your means.
3. Think of yourself not as a "consumer" but as a "saver." And make sure that every member of your family adopts the same point of view.
4. Enjoy what you have, and stop obsessing about what you don't have. This means you need to stop trying to keep up with your neighbors. They may not be able to afford the things they own either!
5. Though you can't avoid TV commercials and advertising, you can mentally "tune out" the commercials with their persuasive messages to BUY NOW! Life *can* be worth living without a spiffy new car or a dream vacation that are clearly beyond your means. Instead, use these commercials to set goals for the future ... and start saving for them.
6. Don't pay attention to the economists and politicians who want you to believe that you need to spend, spend, spend for the sake of the economy. Your family's future is your responsibility – *not* the economy.
7. Use your credit card or take out a loan *only* when you are sure you can pay off the entire balance when the bill comes due for payment. And if you get into a bind and can't pay your bills, don't go to one of the Payday loan services that are now found in most

cities. You'll just end up deeper in debt, paying enormous interest rates. Instead, get real help from a group like Debtstoppers that will work with you to develop a budget and learn other practices to reduce or eliminate your debt.