

## **Before You Buy: Know What You Can Afford**

Don't buy what you can't afford. Simple, right? Well, sort of. While restricting spending to the finite boundary of a paycheck is the foundation of sound money management, actually doing it can be extremely difficult. The reasons are manifold, but primary among them is the burgeoning belief that living in debt is not only unavoidable, it is acceptable. It is this mindset that is so self-destructive. And though changing an entrenched attitude is hard, it must be done.

The widespread availability of credit has made not having cash to pay for both necessary and discretionary items inconsequential. Currently about 190 million Americans hold at least one credit card, each card equipped with a typical \$3,000 limit. Having immediate access to such a sum inspires many to quickly charge their way into impenetrable arrears. Though the average per-household consumer debt currently exceeds \$8,400, balances in the six-figure range are not unheard of. Credit cards have morphed from their true purpose as a convenient payment tool to instant emergency account, holiday bonus, vacation fund, and salary increase all rolled into one.

It's not just plastic that makes descending into debt so easy. Payday loan institutions have exploded onto our landscape. We can now tap into our future earnings just by writing a check. Many who have "discovered" these businesses become enmeshed in a never-ending balance cycle, complete with interest rates that would make a loan shark gasp.

Having consumer debt is generally not fun. In fact, it may cause you to be stressed out and worried. It may also make it difficult to save for such things as retirement and higher education.

How do we reverse the trend? Here are some ways:

- Refute the idea that maintaining debt is inevitable and just another way of managing money.
- Redefine yourself as a "saver" rather than a "consumer."
- Relish the feeling of living within, rather than beyond, your income parameters.
- Accept that you may not be able to have everything you want (or even need) today, and that a quick cash fix won't really bail you out of a bad situation, it will just make the following month more difficult.
- Borrow only when you are absolutely certain you can repay the entire balance when the bill comes in.
- Reject the idea that it is your responsibility to keep the economy rolling. It is not. It is to save for (rather than borrow from) tomorrow, so you and your family can be financially independent, prepared and secure.

If you are unable to cover your expenses, don't get a loan – get help. We at BALANCE offer free, high quality assistance. If you are contemplating a purchase that is outside of your means (and if you don't know what your "means" is, you are not alone, but once again, contact us. We can work with you to develop a budget.), stop and think hard before you borrow for it.

Don't buy what you can't afford. Sometimes it really is that simple.