

Health Promotion Series-Financial Literacy

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4 Money Habits We All Need to Break

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Imagine a world where you can afford to take that perfect vacation, pay for Junior's college, and give outrageously to people in your community. It's a nice daydream, isn't it?

The good news is that it doesn't have to *stay a daydream*. Breaking just a few bad financial habits could put you on the fast track to turning those wandering "what-ifs" into reality. After all, our daily choices add up over time. Making a few good decisions over and over will set you up for long-term success. Here are four common habits you can break to bring those daydreams out of the clouds.

1. Spending without a plan

If you don't have a monthly budget, your money will disappear and you won't know where it went. You'll be like the average U.S. citizen: **broke**. Too many people live on more than they make and use credit cards to cover the difference. But when you have a plan in place to live on **less than you make** and save for a rainy day, you're ahead of the game.

Pro tip: Give every dollar a name at the beginning of the month—and pay yourself first. Without savings to cover an emergency, you put yourself in danger of running up credit card debt when the car breaks down.

2. Paying for convenience

Swinging by Chipotle to pick up a burrito on the way home from work may not seem like a big deal. But when you're paying for convenience *all* the time, you're letting your money slip between your fingers. Using your "Restaurant" envelope to eat out as you run from commitment to commitment is one thing. But dropping \$7 on fast food every night will make your eyes bug out of your head when you start adding up receipts for the month. Next time, consider the opportunity cost of all those burritos.



Pro tip: Plan your meals at the start of each week to avoid paying an arm and a leg for fast food throughout the week. And when you do eat out, think twice before you up-size your order—it's one of the [top things Americans waste money on](#).

With a little sacrifice and a lot of discipline, you can set yourself up to win with money by breaking these four habits. Before you know it, that dream vacation won't seem so unrealistic. College tuition will start to resemble a molehill more than a mountain. And generosity will become second nature—because you have the money to give like never before.

3. Not tracking spending

No, you probably don't need to whip out a pencil and go to town on your checkbook ledger. That is . . . if you even *have* a ledger. But our fast-paced society, matched with the rise of the digital era, makes it easier than ever to spend money—and then forget where it went. So while you may not use a paper checkbook anymore, you should *always* stay on top of your account balance. Losing track of payments you've scheduled can come back to bite you.

TRACK YOUR SPENDING		May 8	10-3-11
books	\$ 2	plumbing supplies	\$ 9
gas	\$ 7	groceries	\$ 30
books	\$ 12	10/10 Sarah copy	\$ 30
books	\$ 8	Jim & Nera's lunch	\$ 17
	\$ 105	10/11 milled books	\$ 9
	\$ 37	Brenda MK debut	\$ 10
	\$ 10	Garb Scapping	\$ 155
	\$ 50	MK order	\$ 81
	\$ 9	York Water Co.	\$ 36
	\$ 10	10/12 mailing envelopes	\$ 10
	\$ 9	printer ink	\$ 50
	\$ 0	McDonald's	
	\$ 0	10/13 mail	

Pro tip: Start using our [EveryDollar budget tool](#) to stay on top of your spending habits and track your expenses.

4. Making impulse purchases



You already know spontaneous purchases are bad news for your bank account. But there's more to it than just the numbers. [A survey by creditcards.com](#) found that 75% of Americans have made an impulse buy—and *almost half* experienced buyer's remorse afterward. Looks like that old adage is true: Money can't buy happiness—at least not on impulse. Stay away from these [spur-of-the-moment purchases](#), for the sake of your bank account *and* your post-shopping guilt.

Pro tip: Consider putting a “Pocket Money” category in your budget. Use this money for whatever you want—impulsive or not. But when the envelope is empty, put the brakes on your spending. [Here's how and why this is the secret to a liveable budget.](#)

