

Tips to Make the Most of Your Money

Managing money is seldom easy. We often develop spending habits and don't deliberately plan to make the most of our money. With rapidly rising medical and energy costs, it's more important than ever to prioritize our spending. A few simple steps can make a huge difference.

Know what is most important

Know what is most important to you and plan to spend your money on those items. Knowing your values helps you re-gain control over spending and set priorities.

Develop the habit of thinking before buying

To make the most of our money, we want to develop the habit of really thinking before we buy. We want to find or develop that inner voice that asks questions like these:

Is this a need or a want?

1. Do I really need this?
2. What would happen if I did not get it?
3. What else could this money buy?
4. How many hours am I working to buy this?
5. Do I still want it and why?
6. Do I already own something similar that would work? For example, rather than buying a special tool or appliance for a one-time job, do you have something else that would work?
7. Have I shopped around and gotten the best price?

Carrying a card with these questions in your purse or wallet in front of your debit card or credit card can help you think twice before buying.

Know how you make your best spending choices

For your day-to-day spending, how do you make your best choices? Should you use a credit card, debit card, cash or check book to buy those items?

- How disciplined are you?
- Do you pay off your credit card bill each month?
- If you participate in a credit card rewards program do you buy more things to get more rewards, or are you still buying the same items you would anyway?
- If you use a debit card, are you having difficulty keeping track of your balance and incurring extra fees?
- Do you spend more money when you use debit or credit cards than when you use cash?

What FISC recommends for most people

Studies about consumer spending behavior have shown that many people spend 20 to 25% more money when they are using credit cards than when they use cash. FISC recommends that most people do the following:

- Carry cash for face-to-face transactions

- Put enough money into checking every pay period to pay the bills, then leave the check book at home.
- Anticipate future bills and put money into savings for those bills
- Have a plan to pay off credit card balances in full each month
- Only have one credit card
- Have a spending plan or budget where you have prioritized your spending and developed spending guidelines that work for you.
- Have a plan to "pay yourself first" and regularly save money for future expenses

Making progress starts with simple steps

Don't worry about changing everything you're doing overnight. Commit to making some simple changes. Develop that inner voice that helps you make less impulsive, more deliberate choices. Examine how you make your best daily buying decisions. Assistance getting your finances in order is available from members of the National Foundation for Credit Counseling. To find the agency nearest you, call 800-388-2227 or go online to www.nfcc.org.

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