

7 Tips for Surviving Under the Shadow of Debt

By Tom Beeson

It's no fun to owe large sums of money to someone. In essence, they own you. Let's just say that they own nearly all aspects of your life. Everything goes well as long as you make your monthly payments on time each month. But then you lose your job, your car breaks down, you have to go to the hospital, or you need to travel for a family emergency. Will your overwhelming debt crush you in your most dire hour of need?

The typical mindset of today tells us to spend beyond our means. It is far too easy to purchase so much stuff that we tie up all our future paychecks for the next 37 years on the things we bought yesterday. 37 years to pay off a couch that only lasts about 5. 37+ years of paying off credit card debt from eating out, worn out clothing, old furniture, broken coffee pots, and all the junk in our closets. The shadow of debt is ominous and intimidating.

Here are 7 wise consumer tips for surviving under the shadow of debt.

1). Stop using debt. The more you use, the bigger the anvil floating over your head just waiting to crush you. Debt is a product of your bank and credit card company that should be used in moderation or not at all. I prefer not to use debt if I can avoid it. Try using what is called a "sinking fund" where you save in advance to pay for purchases. You will be surprised how quickly you can save to buy something with cash if only you put your heart into it.

2). Use delayed gratification. Wait for it. It will still be there tomorrow and you need to ask yourself, "is this a need or a want". Delaying our gratification is a very mature adult thing to do. It means that we are in control of our inner grocery store child who tantrums when going down a store aisle. Bright shiny objects have profound prices and often end up in a junk closet or attic somewhere. Hi, my name is Tom. I am a junk-aholic.

3). Give every dollar you bring home a place to be. Use a zero based cash spending plan to plan where you will spend every dollar on paper before you actually spend them each month. Set aside some dollars for giving, some dollars for emergencies, some dollars for paying the mortgage, some for buying groceries, some for going to the movies, some for child care, and so on. A cash spending plan (formerly known as a budget) should be complete and accurate. Write everything down and spend every dollar on paper first, including the dollars you plan to blow.

4). Plan for emergencies. The typical family will experience a minor emergency (costing less than \$1000) about once every 9-12 months. That same family will also experience a major emergency (costing greater than \$3000) about once every 5-7 years. Are you prepared? Do you have a written emergency plan? If not you should write one, including how much you need to save for emergencies this year alone. Start with saving \$1000 in the back and label it "emergencies only". Decide what is and is not a true emergency. For instance, Christmas is something that you should be saving for in

advance. Shoe sale are not emergencies. However, a pipe breaking in your home is generally something to dip into your emergency savings. Your car breaking down on the freeway is an emergency too. If you have nothing in savings, then you will have both a transportation crisis and a money crisis.

5). Use priority based spending habits. Pay your basic needs first such as housing, food, transportation and clothing. You are wise to pay your mortgage and car loan first before paying your credit card and other unsecured debts. MasterCard and Visa may be very vocal and obnoxious, but they don't the clout your mortgage company has over you. Your mortgage company will seem silent at first but quick to take your home. You don't want your car to end up behind a tow truck leaving you on foot. Keep a roof over your head and make sure you can always get where you need to go. Don't let your unsecured creditors set your priorities creating an even bigger crisis in your life. In fact, don't allow your creditors to set your priorities period. Stay in control.

6). Give first, save second, and spend the rest as you please. Put your giving and saving on top of your monthly cash spending plan. Learn how to pay yourself first and learn the power of giving to others. Start small but make this a daily habit and you will find yourself living in abundance in no time at all. The secret to building wealth is to live on less than you make. If you cover your emergencies, save for future purchases and spend wisely then you will always come out on top of everyone else.

7). Use the power of cash. Our society has been trained to use plastic for so long that many of us can not imagine what using cash feel like. And yet that piece of plastic in your wallet has a much higher price then you understand. Even your ATM and Debit card can cause trouble if not used in moderation. I am talking about how couples use their debit card only to find out they just bounced a check because they forgot to enter the transaction into their checkbook register.

So many people are sick and tired of the negative impact debt has on their lives that they are choosing to live debt free. Myths about debt are being dispelled everyday and people are adopting a new debt free mind set as their primary defense against poverty, bankruptcy, and personal disaster. Our hope has been stolen from us and we want it back! So next time will you pay with cash or with credit? Remember that rich people pay with cash, poor people use credit. Will you choose to live poor or live rich?

About the Author

Tom Beeson is a Consumer Financial Coach, writer, public speaker, and founder of Bright Pathways Coaching Center for Abundant Living helping families to achieve financial stability and wealth. He is well known for free weekly tips on abundant living and the debt free mindset. Readers are invited to signup at

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