

# Money Management Tips In A Nutshell



## A list of some very practical money management tips

Here are some practical, time-proven, money-management tips to consider if you find yourself acquiring more and more debt as time goes on:

**1. Avoid credit cards.** Credit cards are only a good idea for people who know they can pay off the balance each month. If you do have a credit card, you will most likely get a much better (lower) interest rate from a **credit union** than from a commercial bank.

**2. Buy only what you can afford.** Things like gifts for kids who are too young to even appreciate them are really just gifts to make the parents feel good, while depleting their finances. If you can't afford to go on vacation then don't go on vacation. Maybe visit a local park or other local attraction. If you can't afford a car without getting a car loan, then either get your current car fixed or *buy a car you can afford **debt-free***, one that has a reliability record that you can verify on the Internet. If you feel you need to buy a house as a long term investment for your retirement or to get your family into a better environment, consider a place that is for rent with the option to buy so you can get your foot in the door before taking on mortgage payments that would be higher than your rent - which they most likely would be - when factoring in home insurance, utilities and maintenance.

**3. Don't eat out** - unless you are able to pay all your bills on time. It's very unlikely that eating out is cheaper than staying home and eating a home-cooked meal... and a home-cooked meal **CAN** be a lot healthier than fast-foods and other restaurant foods. Also the diet you choose will have an impact on your health and future health care expenses.

**4. Don't buy a car on a loan** just because you "want that particular vehicle". Buy something with a reputation for reliability even if its not the car that you feel you need to make you happy. I know, it's more important to be happy than to be financially stable.

**5. Avoid college loans.** Find an affordable on-line degree program. Nowadays there are LOTS of such on-line programs. And not everyone needs a college degree to have a successful career. There are trade schools and apprenticeship programs that can lead to very rewarding careers. And many ambitious people have started their own businesses and done quite well, just by being self-taught. With the availability of the Internet, anyone can learn to be an expert in many fields and business areas today simply by doing personal research and taking on-line courses, courses that do not have to be part of a “degree program”.

**6. Be VERY careful about house buying.** If you are looking to buy a house, look for a reasonable mortgage from a Credit Union AND look for a house that is well within your mortgage-payment budget. That may mean that you simply cannot afford to live in a particular neighborhood and may have to settle for living in a cheaper out-of-town area or may have to settle for a smaller house than you might really want or one without features you would like (such as a garage or porch or basement, etc) or a house that may need work. Home improvements can be added on, when you can afford them. Whereas, taking on a large monthly mortgage payment, can lead to foreclosure on a home with loss of any down payment and any equity in the home.

**7. Avoid expensive things when cheaper things will suffice.** That means, stick with your smaller TV that works, rather than going out to buy a bigger set, to “keep up with the Joneses”. And did you know that large screen TVs are so fragile, you can crack the screen just by trying to reposition the set. Also, it is a good idea to stick with an affordable cell phone and an affordable cell-phone plan, rather than buying the latest and greatest phone that will be worth absolutely nothing the first time you drop it.

**8. Don't go insurance crazy.** You won't necessarily save money by purchasing extra insurance for cars and houses or by purchasing “extended service warranties”. Same goes for life insurance.

**9. Shop at thrift stores and garage/yard sales.** Sometimes used items are more durable than new items. That certainly is true of many American made items.

**10. Shop at on-line auctions.** Ebay, Craigslist and Facebook Marketplace, are just a few of the on-line shopping services that allow you to save a TON of money, by purchasing used, slightly-used, or “open-box” new items. And by shopping online you save on gas and wear and tear on your vehicles.

**11. Do some research before you spend money.** Read reviews of products, ask friends and relatives for advice on certain purchases. There are many helpful reviews at amazon.com for thousands of products. Even if you do not intend to buy directly from Amazon, the reviews can be very beneficial, to help you figure out what products to avoid so you don't end up buying the same product twice. Its a good idea to always check out the reviews with the lowest ratings first. On-line stores can help you locate the best product for the

best price also.

**12. Don't base your spending on future expectations.** Don't extend yourself financially expecting more money to come your way by inheriting money, getting a pay raise, winning the lottery or having friends or relatives bail you out of a financial bind. Such a point of view is actually a gambler's mentality. Do your best to live with your **current** income.

## **Additional money management advice - in case of emergencies**

To be prepared for long term illness or accidents, or even to prepare for an economic or environmental disaster, there are several things that can help you be prepared. That would including paying off your car, your home, and any other outstanding loans. Invest in a 2 year supply of non-perishable foods: canned, dried, dehydrated and freeze dried food. You can also invest in fuel (propane never goes bad). A water purification system can be a life-saving device, such as gravity filters made by Berkey and Aquasana. Other important items to stock up on include household goods like soaps, medicines, bandages, paper goods (toilet paper, paper towels), clothing, candles, lighters, lanterns, emergency radio, and a significant amount of extra cash on hand (in a safe place at home). It is better to have it and not need it than need it and not have it. Do not view this as preparation for anything other than personal insurance. If you are involved in an accident or diagnosed with a medical problem or disease that renders you unable to work, it will be nice to know you do not have the added burden of wondering how you will pay your bills, buy groceries and the day-to-day things you need to survive while unemployed. It is far better to put off that new car or kitchen remodel to have the peace of mind in knowing you have prepared yourself by being your own insurance company.

## **A short story about lending and borrowing**

There was this guy we will call "Joe" who helped out many many people during his life. He loaned these people money in various amounts for all sorts of reasons. Joe was able to do this, not that he had some fantastic income, but because - unlike most of the people he helped - Joe worked hard at managing his money that God had entrusted to him. Joe never took out a car loan in his entire 47 years of owning cars. And except for one car in 1980, Joe never bought a new car. Joe made sure that he kept the used cars he bought well maintained, so they wouldn't have a catastrophic breakdown on the highway. Because of that maintenance ethic (and by the grace of God of course), in those 47 years of car ownership, Joe only had to have a vehicle towed only a few times due to breakdowns. After being saved by the Lord, Joe never bought a frivolous car again (like that 1980 car which was kind of a low-end sports car), but always bought something practical that he could pay cash for. In spite of Joe advising his friends on money matters, many of them still went and did things as usual, and continued to have financial problems the rest of

their lives. Some still expected Joe to bail them out, when they continued to have trouble making ends meet, as if Joe was the solution to their money problems and not themselves.

Joe has since learned that some people simply never learn, and perhaps they just want to believe that what matters is what they have now, not what is going to happen in the future if they don't WORK HARD at money management. It seems that some folks just don't understand how many unexpected expenses can come up in life, increasing one's spending more than previously anticipated. Apparently other folks see how debt-oriented everyone else is around them, and they figure that is just the way life works. Still others think they can afford things that their friends have, yet their friends have had a better income than them for years.

Now let me make this clear, Joe was not born knowing how to manage money. He had to learn. His father was a big help in that regard and learning from personal mistakes and the mistakes of others was another helpful part of the process. *Are YOU willing to learn, or do you just want what you want when you want it? I do hope you want to learn - instead of creating a financial mess of your life that affects those near and dear to you... your bad/selfish/hasty decisions DO INDEED affect others, which means YOU are accountable to GOD for the grief you cause others, not just yourself.*

The Bible strongly advises against borrowing money, and there are many good reasons for that. It can turn a friendship into a borrower-lender relationship, which sadly, is never the same as a regular friendship. The best friend is one who teaches you how to fish, not one who gives you a fish every time you get hungry. The same goes for money and money management.

*"The rich ruleth over the poor, and the borrower is servant to the lender."  
Proverbs 22:7*

## **Summary**

Now if only the people who have trouble managing their money would read - and heed - articles like this! — *RM Kane*

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