

HOW ARE YOUR SPENDING HABITS?

The following information is taken from a tape by Ron Ball called "The Money Merry-Go-Round" and Copyright and distributed September 2002 by InterNet Services Corporation, USA

Mr. Ball says this information is particularly for anyone:

- with any debt that creates insecurity or threatens their peace of mind
- experiences financial instability of any kind
- works hard and still doesn't have the financial resources to do what they want

He goes on to further say that this information is important because:

- too many people all over the US (and Canada) are in financial bondage
- people who are 20-30 years old have more credit debt than ever
- bankruptcy is at an all time high and increases each year
- it is one thing to have income, but another to have real financial wealth and security
- to have balance in life you have to have financial peace of mind
- when you have wealth you can do the things you want to do when you want to do them

And I will add that too many people seem unaware of the signs in our society that things are not all rosy. For example, have you noticed the number of cheque cashing businesses opening up around town in the last few years? Have you noticed how common it is to hear of people refinancing their homes to consolidate outstanding credit? They seem to be using their homes as a sort of virtual bank machine – as the value of the real estate increases, they add more debt at low rates. And one of my favourites – in the 1950's statistics pointed out that only 1 in 20 people were financially independent by the time they reached at 65. Now, 50 years later, the statistics are exactly the same, so what have we done? Extend the age for mandatory retirement into the 70's!! Hmmmm. More on retirement further in this publication.

What will it take to make you give up your attitude that everything is okay? What is your real attitude towards money? The number one question people ask about money is about cash flow. Is this enough? Will it continue to be enough? And, how much is enough? (These last few questions were originally used by Ron Blue in several of his financial books). The following is Ron Ball's blueprint to see through the financial difficulties which he calls being on the Money Merry-go-round.

If you have enough cash flow you can accumulate credit, but how you live financially is a vision of how you live your life. If you live on credit, then pay it down, then rack it up again, then pay it down or get more, you never get off the merry-go-round and if you stay on too long, you get sick and it can become terminal.

It is easy to deceive yourself into thinking you are doing okay financially if you still have access to credit and cash to carry on life, but there are signs to knowing if you are on the merry-go-round:

- **You live life in a financial fog.** You don't know where you are and don't know how to get anywhere. You drift through the fog because you don't have crystal clear financial focus. For example, your records are unclear, or you don't track your assets.

- **You approach money the same way sharks do at a feeding frenzy.** For example, you get a small windfall and spend it – maybe even slightly cocky with the spending. You gobble it up whenever you have a little extra.
- **You live in a continual fear of the unexpected.** For example, you are nervous about emergencies you can't handle. You work out exactly how much you need to get out of a situation with certain commission, etc., but an emergency comes up if something goes wrong.
- **Fringe living.** Most of your dreams are behind the glass. You wish you could get in a sink your teeth into your dream. All you do is get a little taste of something then it slips away again but you never get ahead because you are on the merry-go-round.
- **Inability to respond to people's needs.**
- **Live life under the continual threat of exposure or embarrassment financially.** You live in a fog because you prefer this to reality. It is easier to hide the real situation than it is to face it. You have fear when you give your credit or debit card that it might not go through.
- **Monthly tension.** You get through the first week then forget temporarily for a week or so until the end of the month when you get reminded again.
- **You have more credit card debt than can be paid off completely in 60 days.**
- **Retirement panic.** Four out of five adults have no significant savings. You wonder what the quality of life in retirement will be. The average retirement account has less than \$37,000 in the US. You need to have one year's flexible cash to be financially stable.
- **Shrinking goals instead of expanding horizons,** because of money, because your income isn't sufficient to support your dreams.

How do you get off the merry-go-round? There are certain kinds of spenders and money managers. If you can identify with the type you are then there are options open to you as you become aware. You have an opportunity to change when you know your behaviour and spending habits.

YOUR SPENDING HABITS

What kind of spender you are reveals your attitude towards money. Which description(s) below best describes your primary attitude towards spending? This is where awareness of yourself can become problematic if you have any judgments about what should or should not be appropriate. The key to this exercise is to become aware of your attitudes towards spending then to watch them as you learn to implement new ideas, concepts, and strategies into your daily financial activities.

1. **Addictive spending.** It is habitual. When there is extra money it always gets spent.

2. **Spend money to beat the boredom.** They buy stuff when they can't think of something else to do.
3. **Blind spending.** They don't even know and don't care what they buy. They pick up something and don't even look at it. They get no satisfaction out of the purchase.
4. **Copycat spending.** They try to match someone else's level. It doesn't matter if they need or want the item. This is typically caused by ego inferiority or low self-esteem.
5. **I'll show you spending.** They lost track of spending.
6. **Impulsive spending.** There is no reflection. No planning. Usually this type is for something big because in their right mind they wouldn't buy it.
7. **Leap frog spending.** They spend to get ahead of everyone else. This is different than the copycat spender who wants to be like everyone else.
8. **Mad at life.** They had a bad day at work, with spouse, or other situation so they spend money. They create the financial pressure to wake up and change.
9. **Pay back spending.** Often done in divorce. They spend out of hurt, frustration, revenge.
10. **Party time spending.** Spend recreationally for everyone else.
11. **Quick fix spending.** Wants a rush or surge of emotion.
12. **Recovery spending.** Trying to get balance. It calms them. They are trying to blanket their emotions.
13. **Rehab spending.** Trying to build back self esteem and self image.
14. **Fearful spending.** They are afraid to spend or give money for anything, afraid they will run out or there won't be enough for later.
15. **Big picture spending.** This is the one that will help get off the merry-go-round. This person meets their financial responsibilities, gives, saves and has learned to get rid of the impulsiveness, emotions, etc., behind spending and money.

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