



Getting Off the Paycheck-to-Paycheck Cycle

Do you have serious white-knuckle moments once or twice a month, waiting to see if your money will last until you get paid again? If so, you've probably looked for ways to avoid this stress. You've worn your expense tracking pencil down to a nub and you regularly see spreadsheet columns in your dreams. It just doesn't feel like there's anything left to cut. While you may feel like you've exhausted all options, there are certain steps financial counselors point to time and again as overlooked ways to give yourself some cash flow breathing room.



Check your tax withholdings

Do you get a big refund every year after completing your taxes? If so, you are loaning the government money that could serve as your financial cushion. Talk with your human resources person and/or your tax pro to devise a plan to get more money in each paycheck and less in your return.

The more, the money merrier

You probably have some relatives you just can't see living with. On the other hand, there are likely some who could become pleasant housemates. Splitting rent/mortgage payments with a family member may not have been your original plan, but doing so can really help you get a leg up on your savings.

Sacrifice seasonally

Do you insist on soaking up as much sun as possible in the summer? Or are you a big-time winter sports participant? If you're like most people, there is a time of year when you end up spending more time outside the home engaging in favorite activities. Identify which season you spend the least time on the couch and eliminate your cable package during this time. You may even find that you don't need to go back to it.

Earn seasonally

Having an extra job year-round might not sound appealing, but there are jobs you can pick up for a limited engagement that could help you sock away a little extra cash. Wrapping packages around the holidays or greeting visitors at a tourist attraction could bring a high reward-to-commitment ratio.

Communicate openly and honestly

If you are part of a couple, getting ahead is going to take teamwork. With a tight budget in place, you may find yourself wanting to carve out your own little hidden piece of the pie or keep some spending decisions secret, fearing that you otherwise won't have any of your own fun money. This kind of behavior tends to be counterproductive since the off-the-books spending isn't figured into your plan and can easily snowball. Work together to create a spending plan that allows you to each have your own discretionary treats.

Framework

Setting goals is a must for financial success, but you also need to use those goals regularly to help you frame spending decisions. Get in the habit of asking yourself whether each and every purchase is in line with not only your budget, but your goals too.

Mind the mindless

As the saying goes, you are a creature of habit. You pick up that magazine in the check-out aisle, you grab that coffee on the way to work and you instinctively choose the name brand wheat bread at the grocery store. While they may seem like harmless expenditures, these unexamined spending choices can really cost you over the course of a month.

Save your raises

The warning used to be that you "spend what you see" – meaning that if you have money in your checking account, you're going to spend it. However, these days a more apt phrase would probably be that you "spend what you see and then a little more." Don't use a raise or a bonus at work as a reason to spend more. Instead, think of it as an opportunity to save and get yourself off the hamster wheel of money worries.

Avoid late fees

Don't fall into the trap of sticking your head in the sand to avoid thinking about your dwindling accounts. Most financial institutions now offer free online banking and mobile account alerts. By staying in touch with your accounts, you give yourself a greater chance of avoiding the downward spiral that can begin with insufficient funds fees.

Get cookin'

All across the personal finance blogosphere are stories of regular folks who saved big by cooking more and opting for fewer restaurant or prepared meals. An often ignored tip is that not only do the savings come from the cost of the food, but also in the entertainment category. Turning the process of preparing a meal into a fun activity for family or friends can be just as pleasurable as a night out at the movies or concert. So get your ingredients, put on some fun music, and start saving!

Death to debt

High-interest unsecured debt is one of closest friends of the paycheck-to-paycheck lifestyle. And by friend we mean no-good, jerky enabler. If you're just continuing to make minimum payments on your debt, you're never going to get to strong financial footing. Look for ways to aggressively slash away at your debt and free up money for savings.

Perhaps most important in the process of getting off the "just scraping by" treadmill is to stay positive. There are certain to be methods you try that aren't going to work. However, by continuing to hammer away at improving your situation, eventually you will find techniques that get you to a healthier money lifestyle.

