

Financial and gut busters could be avoided altogether

by Scott Lebin

If only we had “Financial Busters” like “Ghost Busters” that could quickly explode and correct some of the dangerous financial habits that cause us harm. A method like that could be useful after periods of either excess spending or the lack of regular personal savings. This problem is similar to the physical situation that occurs in men who discover that they aren’t as svelte as they used to be. With the slow accumulation of physical weight over time we eventually get to a decisive point that requires taking some painful measures to reduce waist size. It requires developing a healthy lifestyle.

You might have discovered that the results of eating to excess or eating the wrong types of food don’t show negative results overnight. Little by little over a period of time our clothes begin to feel tight. No, our slacks or jeans neither shrunk in the wash nor were they switched at the dry cleaner for a smaller pair. Our shirt collars begin to get tighter, and we begin to realize that a change already occurred so that we are now beyond the stage of easily changing habits that caused our problem.

This is the same phenomenon that occurs when we start spending more money than we make. For instance, we might leave some extra expenses on credit cards that we can always pay off next month. Next month arrives, and we have added a little more debt to our cards but the charge can still be paid off next month so we just pay the interest and wait until next month. At some point with



the little additional expenses and the exorbitant interest rates added to our credit cards each month, we eventually realize our debt has grown so much that we can only make minimal payments and thus the bill will keep growing and we might not be able to pay the total bill in even one year.

Having debt accumulate isn’t the only financial situation that can make us financially sick. If we pay all our bills each month but don’t save any money, except what we put into a 401K plan or IRA, and live from check to check, we create a different financial problem. We decide that next month we will save a little extra, but next month arrives and we don’t save anything. Because we don’t pay ourselves first, we keep on spending all we make. If an emergency suddenly occurs, we then discover that we are faced with a dilemma. How do we pay for the emergency while not being able to pay all of our monthly lifestyle needs?

In another scenario we might

not have the money we need to retire when we get to retirement because we never identified how much savings would be needed and how much we needed to save on a monthly basis to provide for our own retirement. Good intentions of planning to save for retirement never really happened.

Similar to overeating, we had an easy chance to start on a healthy path to controlling spending, saving for emergencies, or planning for retirement, but we just didn’t act. How did time slip by so quickly? ●

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