

Avoiding Lifestyle Creep

JEN: So, I got a big raise at work and I thought I'd have all this money left over each paycheck, but all the extra just... disappears.

CLYDE: I can relate.

JEN: Huh?

CLYDE: It's tough when you use up your extra wiggle room. Sounds like you're experiencing lifestyle creep.

JEN: Lifestyle creep? Is that like some sort of social media influencer?

CLYDE: Haha, no. Lifestyle creep is a gradual increase in your spending as your wage increases. It happens when things you once considered luxuries start getting treated as needs.

JEN: Yeah, I'm probably guilty of that. But isn't it good to spend some of your money to live better?

CLYDE: Sure, but only if you live within your means, and leave some room for savings. Sigh.

JEN: Aww, poor little guy. Yowch!

CLYDE: Oh, sorry about that.

JEN: Uhm, so how do I stop lifestyle creep from creeping?

CLYDE: With three simple rules, you can stop lifestyle creep, or even reverse it! Rule one! Raise your savings! If your income increases, fund your savings goals before considering lifestyle improvements. Then you can use any remaining money for extra spending, without falling into the trap of lifestyle creep.

JEN: Cool! I can use my spiffy budgeting app to do that.

CLYDE: Absolutely. If you still aren't meeting your savings goals, move on to rule two! Choose value over luxury. When you get a raise, the temptation to spend the extra money usually wins out. You end up buying luxury products when cheaper items will do, or upgrading your home or car when what you have already works fine. Keep in mind that someday, when your wages decrease, due to unemployment or retirement, you can't go back and save once it's too late.

JEN: I get that, but sometimes I feel like I just need to... keep up.

CLYDE: Ah yes, peer pressure is a heck of a thing. That brings me to rule three. Resist the pressure. Pressure to spend can come from family, friends, neighbors or media. Stay true to your own priorities and don't let pressure from others make your decisions for you. After all, a small amount of overspending now can lead to big financial challenges later in life.

JEN: Hmm, yeah, you raise some good points. Hehe.
So... Raise your savings, choose value over luxury, and resist the pressure. Sounds good!

CLYDE: Right on! If you follow these rules, you'll be able to stop lifestyle creep in its tracks and leave room for your savings to grow! Wooooooaaaaaaaaa!!!

JEN: Wow, awesome! Gah! I really should invest in some gloves. So... talking cactus... What exactly do they use to fertilize you?

CLYDE: Oh, just energy drinks, molasses, espresso, ginseng, old fireworks, chocolate chips, jet fuel, high-fructose corn syrup.

JEN: Hoo boy.