

This topic is one of several in Access Group's WiseBorrower® Education Series.

# The Big Chill

## Sticking to Your Budget

To be successful in sticking to your budget plan, it is essential that you manage your credit cards to minimize your debt. How do you use your credit cards? Do you use them only for real emergencies, or do you sometimes use them impulsively to buy things you may not need? Credit cards can make life easier, but you should know your **Credit Card ABC's**.

**A** credit card is helpful for emergencies, but emergencies rarely happen at the mall!

**B**uying something on **SALE** is still **SPENDING** — not **SAVING!**

**C**redit card debt is *not* an investment, but it does reduce your ability to invest.

**D**on't use credit cards for cash advances.

How well are you doing with your budget? Test yourself with the following experiment.

### The Big Chill: Put Your Plastic on Ice

On Thursday night:

- Calculate what you can afford to spend during the weekend.
- Withdraw the amount you've budgeted for the weekend.
- Put all your "plastic" (credit and debit cards) in a metal bowl.
- Fill the bowl with water, FREEZE it, and keep it frozen until Monday.
- Then, enjoy the weekend, but spend your money wisely.

By putting all of your plastic on ice, you'll have to defrost the cards before you can use them. The metal bowl prevents you from being able to thaw the frozen cards in a microwave. The time it will take to go home to defrost the bowl will give you a chance to reconsider whether to make that "must have" purchase with your plastic after all.

On Monday, ask yourself the following questions:

- Did I want and/or need more money over the weekend? Why?
- Did I want and/or need to use my credit cards over the weekend? Why?
- Was I tempted to thaw out the cards over the weekend? Would it have been worth it?

If you have to thaw out your cards and use your plastic during the weekend, you'll be exceeding the budget you set for yourself on Thursday night. In other words, you'll be spending more than you could afford for the weekend. That will require you to do with less later in the month, or to increase your debt, or both. And that means you are not sticking to your budget. Is it worth it? If not, consider using cash, not your credit cards, whenever you shop.

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