**If you don’t have the money...**

**you don’t buy it!**

Written by R. A. Stewart

Borrowing money to buy things is spending money you have not earned yet and there is a price to pay for that and it is called interest.

The worst type of borrowing is consumer debt. This is stuff you have bought with borrowed money. Consumer debt is purchasing things such as household appliances, motor vehicle, and the likes. Going on holiday with borrowed money is consumer debt. It is also irresponsible.

As adults we must discipline ourselves to put off purchasing items which are pleasing to the eye but will leave us in debt if break the budget in order to acquire whatever that may be.

I can say that I have never owned a credit card in my life. Who needs one?

If someone cannot make ends meet on their income without a credit card then they need to take a stocktake because the interest payable on credit will compound over a period of time. All that interest which has to be paid on top of the borrowed money is money which could have been put to better use.

What seems to be at the heart of a lot people’s financial problems is their lifestyle. I mean if you are going to get involved in a relationship then you had better make sure your income level is sufficient enough to pay for it all and the same applies to having kids and it is no good blaming politicians for this child poverty stuff if your own choices got you in a financial mess.

So you are in a spot of bother, now what?

There are three options.

1 Increase your income; easier said than done if you have other commitments but no one knows your personal circumstances better than you so there may be a way to work around this.

2 Decrease your spending; it is time to find ways to cutback by reducing your wants and minimising the amount you spend on your needs.

[3 Sell stuff that you no longer need. There are auction sites where you can sell your stuff. Make use of these.](http://Www.robertastewart.com/)

There are some golden rules to follow when deciding whether to borrow for things like appliances and other items which may be consumer debt but are something which you need or will make your life considerably easier.

Ask yourself these questions:

1 Can you borrow the item?

This all depends on how often you are going to use it. If you need a mountain bike to get to work every day then you need to actually own one rather than borrow it but if it is a concrete mixer to do a one off job then borrowing is the way to go.

2 Can I purchase the item second hand?

You may not have the money to purchase something brand new but still can afford to buy it at a second hand store. This is a good option and you are still covered by the consumers guarantee act (In New Zealand)

3 Can I wait until I have saved the money for the item?

This option will definitely help you become a better money manager and also help develop the skill of prioritizing your spending.

4 Do I really need the item?

This all depends on your personal circumstances, tastes and preferences. It all boils down to whether you are prepared to sacrifice something now in order to save money.

Always keep in mind that saving something from your pay every week and keeping it in a rainy day account is a good habit to get into because it will enable you to pay cash for things which need fixing. It is also a good habit to invest some of your money for the long term such as in mutual funds. This is in addition to your government’s retirement scheme (Kiwisaver in New Zealand).

It is a bad habit to just spend everything in your pay packet every week so that by next week’s pay day you are broke.

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(needs and wants)