Consumer Beware: 8 Money Moves You’ll Regret

Nonprofit credit counseling agency Take Charge America shares common money habits that can ultimately cause financial ruin

PHOENIX – (June 8, 2016) – If you’re like most Americans, you’ve probably used credit when cash was short, or splurged on a luxury instead of saving for a rainy day. Once in a while, this may not be a big deal. Yet if these bad money moves become habit, you could be in trouble.

“Our grandparents put their gas and grocery money in envelopes and saved up for major purchases,” said Mike Sullivan, spokesperson, Take Charge America, a national nonprofit credit counseling and debt management agency. “Today, easy access to credit has resulted in a culture of instant gratification, and money habits have taken a turn for the worse.”

Could your financial habits use a makeover? Sullivan notes the following eight money moves to avoid:

1. **Not budgeting:** This is an easy one, yet few people actually track their monthly income and expenditures, resulting in overspending or under-saving.
2. **Overusing credit:** It makes sense to borrow money to buy a home – it doesn’t make sense to use credit for new shoes or a lavish vacation. It can take years for people to pay off earlier extravagances. Do not charge luxury items you cannot afford to pay off at month’s end.
3. **Paying the minimum:** The interest and payoff time will rack up quickly if you only make the minimum payment on credit cards or other debt. Whenever possible, adjust your budget to ramp up these payments. You can save hundreds or even thousands of dollars in the long run. It may require some sacrifice, meaning you spend less on entertainment or use public transportation.
4. **Raiding your emergency fund:** This fund is intended for true emergencies – not vacations or home improvements. You’ll regret tapping these funds if your air conditioning goes out or you lose your job unexpectedly.
5. **Putting off retirement planning:** Many people delay saving for retirement until their 40s or 50s. While that’s better than nothing, starting earlier will give you a huge advantage for a comfortable retirement.
6. **Falling for “too good to be true” schemes:** The Federal Trade Commission reports Americans were scammed out of $765 million in 2015. Don’t fall for get-rich-quick schemes or promises of cash prizes – and never wire money or give your Social Security or credit card number to unknown sources.
7. **Buying a timeshare:** Timeshares promise relaxing beach getaways or perfect skiing on powdery slopes, but many consumers buy in without understanding the financial obligation, including a sizeable deposit and annual maintenance fees. The real estate market is now flooded with people trying to unload timeshares.
8. **Borrowing from your 401(k):** It’s tempting to dip into your retirement to pay for your child’s wedding or college, but you’ll be taxed exorbitantly, and it could threaten your financial security later in life.
If you need help developing a budget or managing credit, call (888) 822-9193 to speak with a certified creditor counselor, or schedule a free, confidential session online.

About Take Charge America, Inc.

Founded in 1987, Take Charge America, Inc. is a nonprofit agency offering financial education and counseling services including credit counseling, debt management, student loan counseling, housing counseling and bankruptcy counseling. It has helped more than 1.6 million consumers nationwide manage their personal finances and debts. To learn more, visit www.takechargeamerica.org or call (888) 822-9193.

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