Avoiding lifestyle inflation

LIFESTYLE INFLATION HAPPENS WHEN A PERSON'S SPENDING GOES UP EVERY TIME THEIR INCOME INCREASES. BUT, IF EXPENSES CONTINUALLY INCREASE, YOUR ABILITY TO SAVE MONEY & MEET FINANCIAL GOALS MAY BE COMPROMISED.

PREVENT LIFESTYLE INFLATION

- Follow a budget and review it each month to make sure you're not spending more than planned.
- Budget money for savings and retirement and set it up to automatically deposit into a savings or retirement account.
- Know your long-term financial goals and map a plan to get there.
- When you get a raise or a new job, update your budget and increase how much you save.
- Budget carefully for lifestyle upgrades such as a new home, new car, or luxury items.
- Keep your monthly fixed expenses as low as you can.
- Set aside money to treat yourself, within reason.