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Improving your Financial Freedom

Improving your financial freedom has more to do with personal habits than it does with income levels. How many times have you heard stories of individuals who have come into a large fortune, then a few years later file for bankruptcy? Making smart financial decisions is not as hard as one might think. Being disciplined and avoiding a couple common mistakes will significantly improve your chances of a bright financial future.

One of the biggest financial blunders that many people make is they don't pay attention to their balances. Many times, individuals will have too many active accounts and will lose track of their balances and other assets. Keeping track is very important in order to properly monitor incoming and outgoing flows along with how much money you're saving. The best way to fix this problem is to consolidate identical type accounts and to continually check balances. Virtually every bank and credit card company has online access. It is very easy to keep track of your spending and how much you are saving each month.

Utilizing debt can be a financially wise decision dependent on your investment. However, I can say with almost certainty that high interest debt is always a bad thing. Cash advances from credit cards or payday loans carry some of the highest interest rates. Some rates can be in the triple digit percentages. Having the need to borrow at these high rates is usually correlated to poor spending decisions. Make a list of all of your past purchases and find areas that you can cut back in order to pay off these loans and increase your savings.

A common habit that will take a toll on your savings over time is high frequency spending on small purchases. Big purchases such as a TV or car are hard to go unseen. You most likely have done your research, spent time debating the purchase, and shopped around for the best price. However, expenses such as restaurant meals, entertainment, or even a cup of coffee may seem harmless to your financial wellbeing. If these relatively inexpensive expenses are done repeatedly each month, they can add up to thousands of dollars over the course of the year. This can be much more expensive than that big screen TV. Keep track of your discretionary spending and set a monthly budget of how much you want to spend on those activities.

Be proactive and take the necessary steps to take charge of your money and increase your odds of financial freedom and the ability to retire happily.