

The New BMW

"The paid off mortgage is replacing the new BMW as the status symbol in America" - Dave Ramsey.

When I look around at the spending habits of most Americans, I am some times tempted to just scream "Stop this insanity!"

I had some renters this past year in one of my houses that were really good people. They both had jobs that probably paid \$35K to \$40K a year, and they kept the house I rented to them close to spotless. However, they had car payments on two late model cars, and as in most families today, he was paying child support for a son he had in his first marriage.

Their rent check was late almost every month, and then the company she worked for closed due to the economy, their finances went down hill from there. I worked with them on reducing the rent to help get them by, but then his company shut down and they

were forced to move in with relatives in another state. They both had cell phones, 2 flat screen LCD TV's, 2 late model cars, and they dressed nicely. The only thing wrong is they were

income neighborhoods, a lot are in middle and upper middle income areas, but then quite a few are in what are considered to be in upper income areas. A lot of times we would not think

cial house you have built on straw will at some point fall away.

If you are in a financial mess, it is easy to get in, but tough to get out. To even possibly get out, you need to sit down with your family and be honest about your situation. Burying your head in the sand and pretending nothing is wrong will not help. You then need to make a strict budget, and stick to it. It will be really painful at first, but as you begin to see results, it will become fun having a challenge to save even more.

Most families of four can save \$400 a month by eating cheap meals at home instead of eating out. Leave off the expensive steaks and use turkey and various Hamburger Helper type mixes to help stretch your budget. You can further lower your grocery bill by learning how to use coupons effectively. Two local women teach "couponing classes" at local churches.

Also, their website, funandfrugal.com, offers a lot of great money saving information, as well as local coupons. Sell or let one of the cars go back, and you just saved another \$400 - \$500 a month.

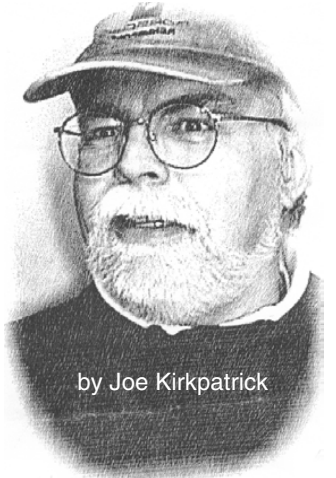
Buy a \$1000 clunker with cheap liability insurance, and after the first month, with no car payment and eating cheap, you now have \$900 more take home income than you did before.

Do not blow it - use that extra \$900 to pay on your bills. The next step is a big one: Cut up all of your credit cards.

If you are not behind on your bills but are just barely making it, use that extra money to pay down the credit card you owe the least amount on. Make minimum payments on the others until it is paid off. Then, attack the one with the next highest balance in the same manner.

Warning: If you are already in a bad situation and are using your credit cards to "help," you are only making the inevitable that much worse.

Even if you are not in a



by Joe Kirkpatrick

need to start cutting back - in our present economy, nobody's job is 100 percent safe.

You can probably name dozens of people who drive a BMW, Cadillac, Lexus, or other luxury cars. You can probably name dozens of people who live in a big



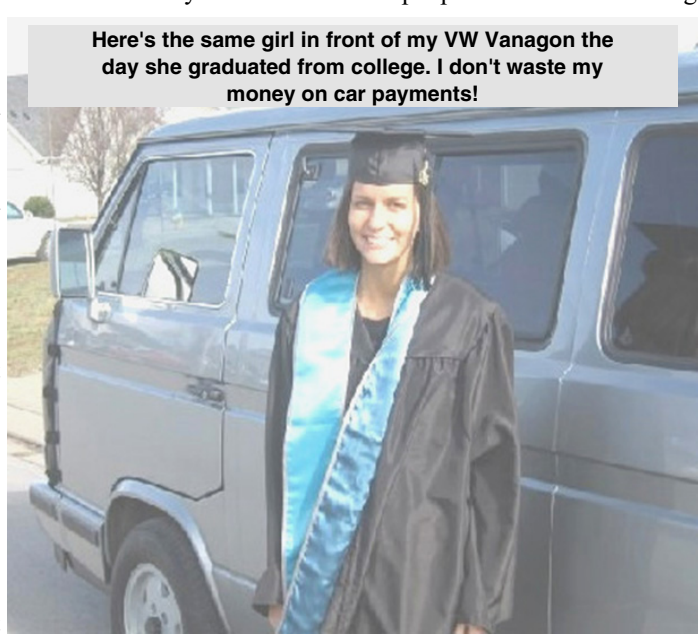
See the one year old girl in front of my VW Vanagon?

living with no savings, which essentially left them two or three paydays away from being destitute.

This is not just a low or middle class problem. Pick up your local paper on any given day and look at the foreclosure notices. Very few are for houses in lower

people from these different groups would have anything in common, yet they do share one glaring trait: They spent more money than they make.

It doesn't matter if you are rich or poor, if you spend more out than you have coming in, your finan-



Here's the same girl in front of my VW Vanagon the day she graduated from college. I don't waste my money on car payments!

financial mess and are still living the lifestyle of the "rich and famous," I ask you this: If you were to lose your job today, how long could you keep up your present lifestyle?

If the answer is not six months or more, you too

fancy house. But I leave you with the following question: How many people can you name who own their house debt free?

- Any comments? Contact Joe Kirkpatrick at: tristateim@aol.com

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