

Millennial Money: More money can lead to more problems

By Kelsey Sheehy
NerdWallet

A few years ago, my best friend said something that really stuck with me. The gist was this: It doesn't matter whether you make \$25,000 or \$100,000 a year — you'll still feel like you don't have enough money.

That's easy for someone making \$100,000 to say, I thought at the time.

But here's the thing — she was right. In the span of a few years, I went from being an intern to a legit professional. My salary doubled, but I was still living paycheck to paycheck.

The reason? Lifestyle creep.

"People who see their income increase, a lot of times they're just not that much better off," said Brian Madgett, head of consumer education at New York Life. "Because as your income changes, you give yourself permission to spend more money."

You buy nicer clothes. You upgrade your living arrangements.

You go on vacations. You pay for conveniences.

That permission slip can quickly lead to debt, especially if you give yourself the green light to spend beyond your means.

"You often see an increase in consumer debt when that salary increases (because) that increased salary gives someone the confidence to say, 'Hey, we can buy this. We don't have the money in the bank right now, but we're confident that over time, we can pay that off,'" Madgett said.

Jumping off that roller coaster of large spending, new debt, large spending, new debt can be difficult. But curbing lifestyle creep in your 20s and 30s, when you'll likely see your biggest wage increases, can give you more financial freedom down the road.

Don't worry. No one expects you to have three roommates and live off ramen noodles for the rest of your life. Some lifestyle upgrades are OK. These tips will help you keep it from going too far.

COUNT YOUR MONEY

When you're broke, you keep a close eye on every dollar. But that vigilance can fade when you have some cash to spare. Suddenly, your checking account is tapped and you have no idea where the money went.

Tracking your spending, via an app or an old-fashioned spreadsheet, will keep you tuned in to where your money is going. Then you can make informed decisions around your spending, like whether you really want to shell out that much money on takeout.

PLAN FOR INDULGENCES

Tom and Donna (RIP "Parks and Recreation") know not to "Treat Yo Self" every day. Instead, make it special. And make it part of your plan. Carve out room in your budget for fun and set aside funds for things like vacations, concerts or big purchases.

You'll enjoy indulging more when you know you have the money set aside, Madgett said. "Some of the most successful

people, lifestylewise — the ones who don't have any stressors around money — bucket out money for all the things they want to spend on," he said.

KEEP PACE WITH SAVINGS

If your income (and spending) increases, your savings should, too. This applies regardless of lifestyle creep, because living generally gets more expensive as you get older — you might buy a house, you might have babies, you might run into medical issues or have to care for an aging parent.

So get in the habit of bumping up your savings as you go.

"Set up regularly occurring automatic transfers to your retirement account, emergency fund and any other savings accounts," said Logan Allec, a certified public accountant and owner of personal finance site Money Done Right.

And increase those contributions every time you get a raise. Otherwise, your savings might

not keep up with your lifestyle, Madgett said.

"If you're not taking a close look at your savings, you could wake up in 20 years with savings based on the income you had 20 years ago," he said.

You don't need to bank the full amount, he says. If you get a 10% raise, for example, bump up your savings by 5% and give yourself permission to spend the rest.

IGNORE THE JONESES

Don't get lured into someone else's lifestyle, whether it's a colleague, a close friend or an Instagram influencer. Instead, keep your eyes on your prize — the financial goals you've set for yourself.

"It's way too easy to fall into the trap of keeping up with those around us because we want to look as successful as they do," said Steve Adcock, founder of Think-SaveRetire.com. "The Joneses are probably broke because they are trying to keep up with their neighbors."

Why networking with other business professionals matters

By Greg Smith

I've counseled many business clients who face the same dilemma: not enough business. They tell me about how much money they've spent on marketing, their detailed business plan, the quality



Smith

product or service they offer and their excellent customer service. They have attractive signage and storefronts and easy-to-find locations. Yet, they do not have enough customers walking through the door.

My first question is to ask about how they network with other business profes-

sionals. Often, I hear the same thing, "I don't have time for that."

Really? They've made a hefty financial investment, spend 60+ hours per week running their business, lose sleep (and often money), and yet can't (or won't) carve out two to four hours per month to meet other business professionals?

Let's rethink this.

Apparently, they don't realize that by establishing mutually beneficial relationships they stand to receive valuable business referrals that could dramatically improve their bottom line.

Business networking is an integral part of running a profitable business. The ad-

age "It's not what you know, but who you know that counts" is very true. Even in this modern-day era where social media platforms, websites and the internet in general provide seemingly limitless ways to reach people, nothing replaces interacting with fellow business owners, professionals and related business organizations on a face-to-face level.

Here are three types of business networking opportunities among a plethora to consider:

- Casual contact networking: The best example of this type of group is the local Chamber of Commerce. Meetings often provide opportunities for

people to mingle informally or listen to guest speakers who present information on a variety of pertinent business topics, legislative issues, community affairs or applicable business programs. In addition to paying membership fees, consider volunteering, perhaps as a chamber ambassador. The positive business exposure received will likely be worth the effort and time spent. For this type of networking to be most beneficial, business owners need to attend meetings and events regularly to strengthen the relationships.

- Community service clubs: While not focused on business but rather on serv-

ing the community, regular participation and volunteering helps strengthen personal and business relationships. Going into this with the mindset of contributing rather than benefitting may very well ultimately help grow the business in ways perhaps not considered.

- Professional associations: These types of associations generally are from a specific type of industry and their primary purpose is to exchange information and ideas.

Like any other positive relationship, there is give and take involved. Helping others succeed — by making appropriate business referrals or assisting others

with experience and knowledge the entrepreneur has gleaned — is a vital part of successful networking.

Many valuable networking opportunities are low or no-cost with the only contribution being that of time. Of course, time is one of the most important assets we possess, but the investment of time can reap many benefits toward the success and longevity of your business.

Greg Smith is the Director of the Eastern Oregon Small Business Development Center, offering free and confidential business advising. To schedule an appointment, call 541-962-1532 or email eousbdc@gmail.com.

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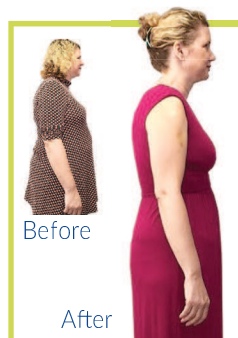
We also lost weight on 



Before

After

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Before

After

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Before

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