



# How to Stop Lifestyle Creep in its Tracks

Have you ever caught yourself daydreaming about all of the amazing lifestyle changes that await you just beyond your next pay raise? Have you ever fantasized about how to spend a work bonus, only to have the money instantly disappear into your monthly spending? If this sounds familiar, you might be prone to lifestyle creep.

Lifestyle creep—also known as lifestyle inflation—is the tendency to increase your spending as your income increases. Lifestyle creep is a common phenomenon for young adults in their 20s and 30s. On the surface, it might not seem like a big deal. After all, when you earn more money, you have more money to spend. However, lifestyle creep can be financially dangerous when it happens so gradually that you don't even notice where your extra funds are going. Goods and services that once were considered luxuries slowly slide into your routine spending. Lifestyle creep can easily sabotage your long-term savings goals and make it harder for you to adjust to any future decreases in your pay.

The good news is that protecting yourself from lifestyle creep is not that hard to do, once you spot it. We've rounded up five different ways you can counter lifestyle creep by using your money and your mind.

## **#1: Write Down Your Goals**

This step is so simple you might be tempted to skip it—but don't. Studies show that describing your goals in written form makes you 1.2 to 1.4 times more likely to successfully accomplish them. The process of making a list improves your encoding process—meaning you're more likely to remember what you've written down. Additionally, the list itself can serve as a visual reminder of what you're working toward.

Get a pencil and paper, and make a list of your biggest financial goals. Are you looking to launch a business? Retire early? Start a family? Build a dream home? The more detail you can provide, the better. Keep the list somewhere you will see it often so that your financial priorities are top of mind. That way, the next time you get an increase in income, you'll know exactly what to fund with it.

## **#2: Pay Yourself First**

Paying yourself first simply means putting a portion of your earnings towards your savings goals before any money hits your regular budget. When part of your paycheck (or raise, or bonus) is safely out of sight in a savings account, you're less tempted to spend it in other areas. Paying yourself first also gets you in the habit of saving regularly.

For added motivation, rename your savings account to match one of the goals on your list (see #1, above). It feels more satisfying to fund a specific goal or vision than it does to sock money away into a generically titled "savings account."

### **#3: Build a Budget**

Creating and maintaining a budget is an essential part of your financial well-being. You can use any budgeting method that works for you (apps, spreadsheets, notebooks or envelopes), as long as you're able to reliably capture and record your monthly spending.

Keeping a budget allows you to track changes in your spending patterns (like lifestyle creep, for example) that you wouldn't notice otherwise. It also gives you the opportunity to create a framework that reflects your goals and priorities. It's easier to stick to a budget when you're truly excited about the milestones you're saving up for.

### **#4: Stop Comparing Yourself to Others**

It's hard not to compare ourselves to our friends and family—especially in the age of social media. We all have access to an endless feed of our friends' vacations, new purchases and lifestyle upgrades. After a while, seeing these images makes us question our own lifestyle. The social media feed can quickly become a form of indirect peer pressure, encouraging us to spend our money in ways that we wouldn't otherwise.

The next time you sense a twinge of envy, remind yourself that everyone's financial situation and goals are completely different. Just because your friends and family can afford to spend money in certain ways doesn't automatically entitle you to spend it the same way—at least not without sacrificing what's actually important to you. Your budget is your road map to fulfilling your financial goals. Don't get let others distract you from your vision or rob you of the contentment of being happy with what you have now.

### **#5: Get Creative with Your Upgrades**

You know your goals, you've got your budget and you've paid yourself first. Now it's OK to treat yourself a little bit! Keep in mind that the most meaningful lifestyle upgrades for you might not be the ones with the highest dollar value. Make a list of "treat yourself" contenders and highlight which ones would increase your happiness every day. Studies show that spending money on things that buy us time (as opposed to material goods) makes us happier, so rather than splurging on name-brand shoes, consider paying for meal delivery, help with errands, or a cleaning service. On the material side of things, rather than upgrading your home, vehicle or clothing, look for small ways to make what you already have more enjoyable. Lifestyle upgrades can come in all shapes and sizes depending on your interests and priorities: a new pillow, a longer charging cable for your phone, supplies for a new hobby... Let yourself enjoy the simpler and less expensive upgrades so that you will become less dependent on the costly ones.

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Self-awareness is the key to countering lifestyle creep. Clear goals, a customized budget and a focus on paying yourself first will allow you to enjoy more of your money in the long term.