



BLACK WALNUT
WEALTH MANAGEMENT



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Plan Wisely to Avoid Lifestyle Inflation

One of the secrets to building lasting wealth is to consistently spend less than you earn, which can be hard to manage no matter what your income is. As tempting as it may be to spend more as you make more, it's important to stay focused and watch out for the common pitfall known as lifestyle inflation. Here's how to stay on track.

Follow a budget no matter what.

Just because you're earning more doesn't mean you can afford to be careless about your money habits. Losing track of your spending can quickly lead to a paycheck-to-paycheck existence, even if you have a six-figure salary. Stay organized by taking the time to review your expenditures on a regular basis and avoid overextending yourself by sticking to a thoughtful budget.

Manage windfalls wisely.

Income expansions come in many shapes and sizes. Whether you receive yearly raises, regular commissions and bonuses or an inheritance, a good rule of thumb is to take an 80/20 approach. Allocate 80 percent of a large sum to the essentials, like funding your retirement or your kids' education accounts, and reward yourself (within reason) with the remaining 20 percent.

Focus on your future.

Building your dream house, starting your own business and planning for the unexpected all require financial flexibility. Practicing discipline in the present can help you appreciate the abundance you already have while also preparing you for whatever the future may hold.

Need help building a financial plan that makes sense? Reach out today.

Thank you for reading our newsletter!



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