



October 13, 2021

How to Cut Spending and Break Bad Financial Habits

Whether it is waiting last minute to pay bills, routinely over-withdrawing your checking account, or spending more than you earn, your bad financial habits are likely to cause you stress.

While unhealthy habits are hard to kick, it is certainly not an impossible feat. It is crucial to form healthy money habits now to set yourself up for a year of financial success.

Take Stock of Your Spending

To recognize the financial habits that are holding you back, start with a mental snapshot of your last month from a financial perspective. Look for areas where your money management felt uneasy and pay attention to moments of stress. These could include overdue payments, juggling money between paychecks, and making financial decisions. Now, try to find the patterns. Being realistic about [what type of spender](#) you are will help you recognize and head off negative spending before you do it.

How to Cut Back on Spending

Now that you have identified your spending habits, you are ready to work on changing patterns that are unhealthy, cut back where you can, and refresh your spending boundaries. To get started, create a spending plan, and set limits. First, include your regular bills. Planning around those amounts and due dates will help ensure you cover them and let you know how much you have left for needs, like food, and discretionary spending, like dinners out. Make sure to account for subscriptions and memberships that are debited and bills that might not be due monthly, like car insurance or garbage fees.

Once you have your plan in place, make sure you regularly monitor spending so that you can [spend within your means](#). Your financial situation may change, and it is essential to know how your plan should change with it. Checking in and being honest about what you want to buy is often enough to say no to spending.

Set a Limit

Once you understand your current spending habits, you can set daily, weekly, or monthly limits on how much you will spend on any one thing. You can do this by either allocating a certain amount in that category or [setting alerts](#) on your credit or debit card.

Find Cheaper Alternatives

Another way to stay under your newly established limit is trying the "swap it, don't stop it" approach. To reduce the price tag of a costly habit, opt for less expensive options. Try using the coffee maker that is collecting dust in your cabinet and save visiting coffee shops for when you need a special pick-me-up.

Information provided by [Key Bank](#)