



# THE SPENDING DIET

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If your spending habits are building your debt or are keeping you from reaching other goals, try a Spending Diet to help get things under control.

## MAKE A WANTS & NEEDS LIST

Categorizing spending into “Wants” and “Needs” can help you prioritize your purchases and find places to cut back.

1. Make a list with Wants on one side and Needs on the other. Then list all the things you spend money on.
2. On the Needs side, start with things that you really need to survive, like housing, groceries and utilities.
3. Next list Needs that may not be essential, but that are still important to you. These will vary from person to person. Maybe you don't want to give up your gym membership or eating out on Friday nights. That's okay, but try to limit these items and put the rest in Wants.

Once you've got your list, set a limit on how much you want to spend on Wants each month. It could be \$100 or it could be \$500. But try to be conservative if you are really trying to control spending. Then start keeping a tally of all the money you spend on Wants, and stop spending when you've reached your limit.

## STICK TO IT

The concept of a Spending Diet is simple, but like any diet, sticking to it can be challenging. The “Should I Buy It Checklist” can help. Ask yourself the following questions when you're tempted to make an impulse purchase.

- **Do I need it?** Refer to the Wants and Needs list you created earlier.
- **Do I already have something like it?** If so, you probably don't need another one.
- **Is it well made and will it last a long time?** Opt for fewer very well-made items instead of more so-so ones.
- **Is it expense-worthy?** Do you want to spend an hour or two hours at work (or more) to pay for this item?
- **Is it REALLY worth what they are charging?** Many times we pay for the brand name and for what the item represents rather than what the item itself is.
- **Can I find it somewhere else cheaper?** Finding deals can be as simple as a quick Internet search.

## STICK TO IT (continued)

After you go through this list, go home and sleep on it. The next day, go through it again. If you still feel like buying the item is in your best interest, buy it. If it has lost its allure, put the money toward debt or savings.

## STAY COMMITTED

The Spending Diet can be tough at times, but the important thing is to stay committed to the process. Mistakes will happen. But if you buy something you shouldn't, move past it and keep going. If you stick with it, before you know it, you'll be well on your way to a life with less debt and more dreams.



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