

## Cheat Sheet for Borrowing Less

A lot of us have grown up in a culture based on credit. We are so used to the idea of relying on credit to finance our lives that we may take out loans at the drop of a hat.

If you have struggled with loan repayments however, you know how important it is to take on as little debt as you can.

### When you borrow less, you:

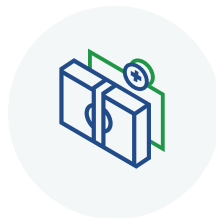
- Lose less money through interest rates, fees, and penalties.
- May have an easier time maintaining a high credit score.
- Take greater responsibility for your financial health.
- Have more incentive to increase your income and decrease your expenses.

If you are used to turning to loans or lines of credit however, you may wonder how it is even possible to borrow less.

### There are three main strategies:



1. Reduce your expenses.



2. Raise your income.



3. Borrow money responsibly.

Let's take a closer look at each.

### 1. Reduce your expenses.

When you spend less money on your regular bills and purchases, you have more to spend on emergencies, business opportunities, and other expenses which you might usually finance through loans.

#### Here are some simple ideas for reducing your expenses now:

- Eliminate unnecessary bills. Consider cutting your cable TV, or reducing your streaming subscriptions, or cancelling your gym membership.
- Look for cheaper internet, phone, and so forth. Maybe a new package is available now that wasn't before, or perhaps you can switch to a less expensive provider.

- Learn to cook for less. Cooking soups and casseroles which go for days can help you spend less money on groceries while still eating healthily.
- Get an insurance agent. Professional agents can often find you deals that you would not be able to get yourself.
- Get a cheaper car. If hefty payments on your automobile are putting a strain on your finances, consider trading it in for one which is more affordable.
- Move to a less expensive place. Are high rents or an unmanageable mortgage the problem? Consider relocating. Even a move to a less expensive part of town might save you hundreds of dollars a month.
- Stop buying items that you do not need. Those who are prone to impulse buying will need to find a way to curb their bad habits. Think long and hard about your purchases, and try to buy only the necessities.

## 2. Raise your income.

Your other option for increasing liquidity in your finances is to boost your income. This may be challenging, but here are some ideas:

- Work overtime if it is permitted.
- Search for ways to supplement your income. Consider freelancing.
- If all else fails, consider switching companies, job positions, or even industries.

## 3. Borrow money responsibly.

Finally, one more strategy for borrowing less is to be mindful of what you do borrow and how you use loans and lines of credit.

- Try to treat your credit like cash. After making a purchase, pay off the balance immediately every time.
- Shop around before you take out a loan. Make sure you are getting the lowest interest rate possible, and that you are avoiding exorbitant fees and predatory lending practices.
- Consolidate your debts when doing so helps you save money.
- Keep your credit score as high as you can so that you qualify for the lowest rates.
- Make loans your last resort. Instead of turning to loans first, turn to them last—even when you are dealing with an emergency expense. Pay out of pocket if you can do so without destabilizing the rest of your life.



**In the end, borrowing less money has as much to do with your mindset as anything else.**

If you simply get used to telling yourself that taking out a loan isn't an option, you will get yourself in the habit of finding other ways to pay for your expenses (or in some cases, avoiding them altogether).

It takes time to build new habits and develop greater financial literacy, but once you do, you will discover that a penny saved truly is a penny earned. Good luck borrowing less!