Habits That Keep You in Debt

According to data compiled through the U.S Census Bureau and the Federal Reserve, average household credit card debt in 2014 was a whopping $15,191, with Americans owing more than $854 billion to their credit card providers altogether. It’s a set of consistent habits that sets those prone to debt apart from those who stay in the black. By watching out for the following behaviors, you might be able to stop some of those bad habits in their tracks and reassess the way you think about and approach debt.

1. Impulse Buying
Those who are constantly in debt are often the type to snatch up something whether it’s on sale or not – even if the purchase wasn’t exactly planned. While an impulse buy here or there may not leave a lasting impression on your finances, making it a habit can seriously derail your goals. Develop a plan that helps you cope with that irritating itch to spend without thinking.

2. Using Credit Cards for the Points
Not all rewards credit cards are evil. In fact, when used responsibly, some definitely have their place in your wallet. However, there’s a reason credit card companies offer those rewards, and it’s definitely not out of the goodness of their hearts. Rewards encourage you to spend more, plain and simple.
3. Emotional Shopping
Shopping can actually release endorphins in the brain, similar to other activities such as exercise, sex, and even eating chocolate. Unfortunately, like those three things, spending money in order to feel good can actually become addictive. Shopping to boost your mood creates a link between happiness and buying material goods – and it’s a link that can be seriously hard to break.

4. Only Paying the Minimum
Paying the minimum every month doesn’t mean you’re getting out of debt – in fact, minimum payments are often calculated to be about 4% to 6% of your balance, which could mean you’re not only staying in debt, but actually accruing more interest. When you open your credit card statement, remember that you owe the balance – not just the amount listed under “minimum payment.”

5. Paying Down Debt Without a Plan
Paying off debt is great, but trying to do it without a plan in place can leave you throwing your hands in the air and returning to your bad habits. You have to plan ahead and know where every dollar is going if you want to quit your harmful behavior and start fresh.

Source: Money Smart Week article, Federal Reserve Bank of Chicago

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Tips to Lower Your Grocery Bill

You can save a significant amount of money -- even up to $100 a month -- on your food bill, even with today's premium prices.

1. **Make a list.** Shoppers can save money by making a list and sticking to it. Impulse buys add to the grocery bill and can be a large part of the total trip to the grocery store. One other caution—don’t shop hungry.

2. **Shop the perimeter of the store.** That's where you'll usually find the basics like produce, meat, dairy and bread. Step into the interior aisles and you've entered the land of high-cost (and tempting) processed foods. Stay on the outer aisles and you'll eat healthier and save money all at the same time.

3. **Look at the unit prices.** This will help you to determine if buying the large sizes or family packs is really cheaper than two smaller ones, or if an item in sale is really a good deal. Sometimes stores display unit prices right on the price tag on the self. If not, you may want to bring a calculator with you.

4. **Buy generic.** Often, generic products contain the same ingredients as name-brand versions at a fraction of the price. They may even have come from the same factory. All you need to do is compare the nutrition information on packages. If the ingredients are the same, the product probably is as well. Do watch out for extra additives or imitation ingredients.

5. **Be aware of what you pay for convenience.** Veggies and fruits that are cut, washed and ready-to-eat are almost always pricier than whole varieties. Same goes for "grill-ready" and pre-stuffed or marinated meats. You'll usually also pay more for cheese from the deli counter than in the refrigerated section because it has to be sliced.

6. **Plant a garden.** Even a small one can provide enough produce to feed your family. A small patio container garden can save money and provide fresh produce.
Tax Tip: Re-Examine Your Withholding Rates NOW

Tax filing season is all but over. Taxpayers who have already filed likely received refunds. Just as likely, those who have not yet filed do not expect to receive money back and are envious of those who did. Reports are that the average refund this year is around $3,000.

Every year financial experts point out that getting a big refund means the government has enjoyed an interest-free loan of your money. Generally speaking, if you receive a large refund, you may want to consider having less withheld so you have more cash on hand to reduce expenses. If you owe a significant amount, it may be best to have more withheld so you can avoid a crisis next April.

Taxpayers can change the withholding amount on their paychecks by submitting a W-4 Form to their employer. Increasing the number of allowances on the form will decrease the refund, but you’ll have a bigger paycheck each month. Reducing the number of allowances increases the amount withheld, and you’ll owe less at tax time. Form W-4 includes a worksheet that can help pinpoint the appropriate number of allowances to submit.

The Internal Revenue Service, www.irs.gov, also provides a link to a withholding calculator. Using it requires entering information from the most recent paystubs and projections for expected income, credits and adjustments.

Spend a few minutes reviewing your income tax withholding rates. It will be time well spent to help ensure that next tax season won’t bring unwanted financial surprises.

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