

Breaking The Paycheck-to-Paycheck Struggle



If you are living paycheck to paycheck, you're in good company. Some studies report that 75 percent of people in the USA do this. In fact, most people cannot deal with a \$500 unexpected expense without borrowing the money or dipping into savings. What's worse is that according to CNBC.com, only about 29 percent of the population in the USA has at least six months' living expenses saved. All these facts are simply to let you know that you're not alone.

Most people live paycheck to paycheck. However, it doesn't have to be that way. You can break the paycheck to paycheck struggle once you identify the problem, set a budget, and learn how to spend less on what you need and what you want. It's all about living within your means, while also identifying the things that will make your life a little bit easier and happier without breaking the bank.

Identifying the Scope of the Problem

The very first thing to do if you want to fix your struggle is to identify the scope of the problem. There could be one or more major reasons that you're struggling to live paycheck to paycheck. Not everyone is struggling due to lack of funds. Some people struggle due to lack of planning and simply overspending. When you figure out your issue, you can correct it. Here are some common reasons for struggling.

- **Lack of Income** – In many cases, money problems do not come from overspending but instead from lack of income. If you're underemployed, or you simply are not making enough money to live the way you need or want to live, you'll need to figure out a plan to remedy that situation. You can get a part-time job, freelance part time, or sell off some assets to pay down bills to fix this problem.
- **Overspending** – Some people have enough money on paper, but due to not paying attention to a budget at all they overspend. If you have credit card debt, you may belong to this category. Credit cards are great tools but not if you keep any balance on them long term.
- **Credit Card Debt** – Most credit cards now have standard double-digit interest rates, which makes them horrible deals. What's

worse is that some cards have fees too. A family with an income of just \$40K a year can often end up with thousands of dollars in credit card debt over the years, with no way to ever pay them off. \$30K's worth of credit debt on various cards can easily add up to over \$1K a month in minimum payments if you're not careful. Add it all up so you know where you stand. Check your interest rates too.

- Too Much House – Did you buy more house than you can afford? This is not unusual in the USA where it's simple to buy a house without a down payment, and the interest rates are still reasonable. However, banks often approve you for far more than you can really pay. They're so focused on the mortgage that they forget the other expenses such as insurance, taxes, and upkeep.
- Lack of Savings – Not having savings is expensive. It can cause one to borrow money even from payday lenders, which is a trap better avoided. Lack of savings can cost you so much money. You won't be able to take advantage of deals that come along if you have no savings, nor deal with a minor unexpected expense such as a vehicle breakdown.
- Illness – If you have a lot of medical expenses and this is the reason you are living paycheck to paycheck, that is hard. You cannot just magically make yourself better or skip the doctor. It is one reason people are in debt to start with. In fact, most US bankruptcies are due to medical bills among people with insurance. (Source: AARP)
- Poor Credit – You can have poor credit even if you did nothing wrong. Having a low income, no credit cards, or low income and high credit cards even if you pay them religiously each month, can still result in low credit numbers. When you have poor credit, everything costs more - from rental deposits to interest on other loans.
- No Plan – Many people who struggle to make it between paychecks often have no plan at all. The main reason for this is simply overwhelm. It's just emotional and difficult to put into words how emotionally damaging money issues can be. For this reason, you need a plan.

Once you realize what your issues are, you can set up a plan to combat those problems. Until you know, you can't do anything. It will take complete and utter honesty from you to yourself and anyone you are relying on to help you to overcome the situation. But you can overcome it if you plan to.

Setting a Budget

Once you have checked where you are and noted where you want to go, it's time to set a budget. When you set your budget, it's important to think about your needs, your wants, and the future, which involves savings according to your goals and plans. This can be overwhelming depending on your issues but keep reading because there is an idea for everyone so that you can not just make ends meet but also thrive.

- **Determine Your Income** – That's the first thing you must figure out. Your income is not what your boss pays you or what you earn if you work for yourself; it's what you have left over after all mandatory paycheck deductions like taxes and insurance. After all, you cannot budget what you do not have. Getting this figure right will really help.
- **Add Up Your Expenses** – This may take longer if you're in debt or you have a lot of expenses you didn't realize you had. The best way to do this is to open your bank account ledgers and write down your expenses for an average month. Be sure to note which ones are fixed or flexible, plus which ones are essentials, and which are non-essentials. For this exercise, you can consider any contracts to pay something to be essential, since you cannot just stop paying even if it was frivolous at the time.
- **Add Up Your Debt and Create a Payoff Plan** – For your credit card debt and other revolving credit like store cards, add them up, note the interest you pay, and note the minimum payment due. Set up a payment plan to pay off the high-interest cards first while you pay minimum payments on the others. Then add that money into the payoff for the next card on the list.

- Create Financial Goals and Plans – What do you need money for in the future? Would you like to have the ability to retire early or at least at 66? Are you investing anything for those goals? Even if your only goal right now is to pay down consumer debt and eat healthily, that's okay too.
- Use Software to Help – Some banks offer online software to help with budgeting. Check your bank's online area for that software. If you cannot find something like that, ask your bank or credit union if they offer it because you may just not know where to look. Using your bank's software will be beneficial since everything comes from that account.
- Check Up Daily at First – Once you set up your budget, do a daily check to ensure you stuck to it. For example, you may not think it's a big deal that you impulsively bought that coffee today from the expensive coffee shop, but that can add up. Even if it's just 5 bucks five days a week, by the end of a year that's 1300 bucks. You could go on a nice vacation for that or pay off a credit card.
- Be Realistic – When you are creating your budget, be realistic. Just because you want to go on vacation to Europe next year doesn't mean you can. Just because you want to pay off \$30K of debt in a year doesn't mean you can. You can only deal with the reality of the money you have. Living within your means is a lot more satisfying than you think. If you want to be able to live differently, find a way to make more money.
- Find Money-Making Opportunities – If your income is too low to support your goals for the future, then you'll need to find a way to make more money. You can do that in several ways today, from delivering groceries, to driving for a rideshare company, to having a garage sale. It's up to you, but if you need to boost your income to have a good budget, then you are going to have to find a way.

Regardless of your current situation, there is a way to thrive. You may have to get real with yourself. You may have to work extra hard for a while. You may even have to do without right now and for the foreseeable future, but with the right goals and plans to reach your goals, you'll eventually end the paycheck to paycheck struggle.

Spending Less on Essentials

When it comes to buying essentials like food, clothing, and paying the electric bill, it may seem like there is no way to spend less. However, there are many ways you can spend less on essentials if you are creative and determined. Let's look at some different ways to do it.

Food

Believe it or not, food is one of the places you can cut expenses and still eat healthily. Eating with a budget meal plan can also be fun.

There are likely resources in your local area to help. For example, in some areas, some organizations distribute food that would otherwise be thrown away for a very small price. In Tucson AZ, for example, you can get 70 pounds of veggies for only \$12 every single month via Produce on Wheels. There is no income requirement, and anyone can participate.

You can also set up a meal plan based on the [USDA's Thrifty Meal Plan](#) and save money too. You don't need to eat meat at every single meal. You can eat well at a reasonable price without ruining your health, so that's a good thing.

The other thing you can do to save on food is to plan your meals in advance, shop sales, and use coupons. When you serve the meals, focus on ensuring everyone gets the right serving size, calories, and nutrition. One wasteful thing that most people do is making too large of servings - which of course costs more money but doesn't make anyone healthier.

Utilities

It really depends where you live regarding your utilities and what you may or may not be willing to do to cut the bill. One way to deal with utilities if you want to be sure you can run your AC when it's hot and your heater when it's cold, is to ask for "budget billing." If you've lived in a place at least a year so that you have a record, you can easily get that set up. This means your bill will be the same every month, making it a lot easier to budget. It's usually evened out twice a year.

The other things you can do is ensure that your home is insulated well so that the windows don't have gaps letting air out of the house (and air into the house). Plus, if you look at your utility bill, they usually have tips right on it about how to cut costs. For example, the best time to run your dishwasher is to run it right before bed or after 8pm at night, when the power grid is not being overstressed.

Set the temperature a couple degrees off from perfect. Instead of 72 in the summer, set it at 74. Instead of 70 in the winter, set it at 68. This small change will not be that noticeable after you get accustomed to it. Wear more clothing in the winter and wear lighter clothing and turn on fans in the summer.

Clothing

The truth is that outside of growing kids, most people could go at least a year without buying any clothing. Unless you're involved in a sport, you don't need tennis shoes every single year either. Let's look at a few tips to help you save money on clothing.

- Buy High Quality – Some types of clothing are an investment. For example, a solid suit, nice dress shoes, the little black dress. If you spend more on these items, they'll last forever and always be timeless. Check the seams, the buttons, and the overall make to ensure the quality is good.
- Choose Classic Pieces – Don't go for the fads in the high prices. Buy quality classic pieces on sale that are of high quality and value, then add a few fad items from discount stores to freshen up the wardrobe seasonally.
- Avoid Too Many Colors – When you buy anything, including a t-shirt, you should know what you'll wear it with. If you avoid buying too many colors and stick to a color palette that enables everything to match everything else, you'll save a lot of money, instead of trying to match something with that random sweater you just bought on sale.
- You Only Need One – There was a time that people had that one Sunday dress or that one thing they could wear to a wedding, a

funeral, and a cocktail party with minor changes. When you think of investment pieces like that, you really only need one. You don't need two little black dresses or even two pairs of the same jeans.

- Thrift – This is especially important for growing children. Children grow super-fast during certain ages, so there is no reason to spend a lot of money. This is especially true for baby clothing. Many areas have really great offerings for baby items, for example in Raleigh NC, Once Upon A Child has big sales for used items several times a year.
- Find Sales – There are certain times of the year that you should buy different clothing items, from coats to shoes, and it's always off season. It depends where you live but if you pay attention, you'll start learning when the best deals and sales happen.

The important thing to remember is that you only need the right clothing for the job. You don't need more than one thing for each job. You can add little touches to the items to spruce them up without breaking the bank. Plus, if you've never budgeted before, you may already have more clothing that you'll need for a while.

Medicine

Finding good deals on medicine is a little harder in some cases. It depends on your situation. When a medication is a necessity and has a high cost that you cannot afford, there may be programs that you can get involved in to help.

Contact the manufacturer of the medication to try to get a discount. The other thing you can do is find out if the generic works just as good and buy that. Also, don't assume that your "with insurance" price is the cheapest; always ask how much it is without insurance first. Call around to check prices. You can also use software like [Scripthero](#).

Maintenance

If you own a house, or a car, or anything that can break down, the best way to prevent unexpected costs is to keep the maintenance up according to whatever the manufacturer suggested. When you do that,

you will end up having fewer costly repairs. Getting your oil changed, changing AC filters, and keeping bugs off your car all help maintain the value of your investments.

Anything you want to save money on, including essentials, can be done if you give it some thought. Ask around about what other people do and set up a budget that you will stick to no matter what. When you are forced to stick to your budget, you can become quite creative when you need to. Just don't give yourself permission to go over your budget.

Manage Your Debt

One budget killer is debt. Specifically, credit card debt. If you don't manage your debt, you can end up living paycheck to paycheck even if you have a good income. This can be very difficult for someone to accept, but it's easy to get into debt if you're not tracking and paying attention. Life can get away from us and time passes before we know it. If you have gotten yourself into a lot of financial trouble, you may want to consider some form of debt management or even bankruptcy.

Debt Management

A debt management company will help you renegotiate your debt to a lower interest rate and lower payments so that you can get out of debt faster. This is usually for people who are in at least 10,000 dollars of consumer (credit card) debt and who can only afford to pay the minimum payments or barely over them.

Debt management can be a good option for some people, but keep in mind that it does destroy your credit while you're doing it. It can take a lot of time to dig out of it and some credit card companies will turn down the payment offer, which can further mess up your credit or ruin the entire plan - making it unaffordable for you to accomplish.

Bankruptcy

Bankruptcy has its own problems but can often be the best way to start over for some people. It can help to improve your credit faster than other programs. Bankruptcy wipes out your debt, and you can't file again for at least ten years, so within a couple years creditors

including mortgage companies, credit card companies, and automotive dealers will be happy to give you another loan if you have a job and make enough money. It's not the end like some people think.

The main thing is, if you don't have enough money to get your cards paid off without suffering too much in a reasonable amount of time, and your household income is less than the median income in your state, bankruptcy may be the best way for you to get on your feet and recover.

Earn More

If you can find a way to earn more money and get your debt paid off in a reasonable amount of time, then that is the best option because your credit will be outstanding when you're done, and you won't feel bad about yourself. Of course, if you're doing your best in life, you should not feel bad for having issues occasionally. That's why we have our bankruptcy laws. However, you can consider taking on a part-time job, freelancing, or finding another stream of income to help instead.

One of the biggest things that can help you manage your debt is to have a realistic budget set up so that you know where everything is going, always. It's amazing what happens to your mind when you know for a fact that if you buy that coffee every day, you cannot pay your electric bill. Knowing what you have left over after your expenses will inform all your choices moving forward.

Savings Tips and How to Set Up an Emergency Fund

One of the most important ways you can help yourself financially is to pay yourself first. Paying yourself first involves saving for a rainy day, emergency issues, and the future. Most financial advisors state that you should save at least six months of living expenses in your emergency fund. Plus, you should save the maximum contributions in your individual retirement account, either via your employer or via your own investment funds. But, how do you do it all? Let's look at how you can save money and set up an emergency fund in the most painless way.

- **Set a Goal** – How much do you want to save, and which accounts will you do it in? How will you do it? Will you get an automatic payroll withholding so that you never see it, or will you do it manually yourself? Remember to be realistic when you set your savings goals. If all you can save is five dollars a week because that's all you have, that's okay. That's something.
- **Save Your Change** – One way to trick yourself into saving money is not to spend your change. Just spend cash, and when you do, save the change every day in a jar. You will be shocked at how much you have at the end of the year. Some banks also have a "keep the change" savings plan that will automatically divert your change to whole dollars into savings.
- **Cut Expenses** – If you have unneeded expenses, even if they are wanted, get rid of them for now. Once you have your six months of emergency savings, you can re-evaluate whether you need that thing you were spending too much money on or not. For example, cut your cable TV or your cell phone bill, or stop buying coffee or other snacks every day at work.
- **Track Your Bank Account** – It can help to go back and look over your expenditures for the past year. You can go online to your bank account and look at each month's withdraws. Which expenses were frivolous? Which are needed? Was it worth it?
- **Save Your Raises** – If you get a raise, don't spend it. You're used to the current budget. Just save the difference. Adding the raise to your savings is the ultimate way to pay yourself. Maybe it'll go in your emergency fund for now, but once that's built, it can go in another fund like the vacation fund or the boat fund.
- **Get a Side Gig** – If your income is just too low, and if it's that much under the median household income in your area, you may need to earn more money. Thankfully, there are ways to do that without killing yourself. You can freelance, clean houses, pet sit, do childcare, or even become a mystery shopper. It's up to you, but all that money can go right into your savings.
- **Invest in Your Employees Plan** – Don't overlook the plans your employer has. Often, they'll match a portion of your savings.

Some companies will match up to 5 percent of your income in their program. Get the money auto withdrawn and you'll never miss it.

- **Save Windfalls** – Did you win a bingo game? Did someone send you a birthday gift? Get a refund from something you did not expect? Don't spend it. Save it. All windfalls should immediately go right into your savings. If that is too painful, at least put half in and spend the other half.
- **Save Budget Extras** – Once you've set up your budget, stick to it and save anything extra. For example, if you set up your utility budget to be \$100 a month but this month you only spent \$50, put the remaining \$50 in savings. One reason is that one month your bill might be \$150 instead of \$100 and due to saving the budget extras you'll have that money to fall back on.

Saving money and getting an emergency fund set up is the best way that you can avoid the dreaded unexpected expenses that often harm budgets, cause people to borrow money, and put you further behind.

Tips for Staying on Track Financially

Staying on track financially will feel hard to do at first. However, if your goals are strong enough and you really do understand that you are capable of sticking to a budget, saving money, and living the way you want and need to live, you'll be able to do it and it'll feel great. Even fun.

Set Clear Financial Goals

The biggest tip is to set your financial goals realistically. After all, you cannot live on a yacht if you don't make yacht money. Not making that kind of money does not make you a bad person, either. People are not good or bad based on how much money they earn. Therefore, even if your goals are modest due to a modest income, you're still a successful person. Just set realistic goals and be crystal clear about them.

Automate Whatever You Can

One of the worst things that can happen is paying a bill late. When you pay even one bill late, the interest rate on your other debt can magically go up. Therefore, you want to automate bill paying and saving as much as possible. Your employer can do paycheck withholding for savings, insurance, and other withdrawals, and you can use your bank's bill pay system to automate all payments.

Make It a Game

Occasionally, challenge yourself to up your savings and investing game. For example, a couple of months a year, challenge your family not to spend any money on anything - even food. Most households have enough food to last another month if they get creative. Challenge yourself to split your grocery budget in half, or to celebrate a holiday without spending extra or buying store-bought gifts. Create your Halloween costume out of things you already have instead of buying a new one. Wear your tennis shoes another six months (unless you're a runner).

Remind Yourself of Your Goals

Don't ignore your goals. It helps that everything is automated because you only see the money you have and not the money you're spending and saving. Knowing that your budget for eating out is \$50 a month and only spending that amount or less because you looked up what your budget is before spending, will help too.

Get Help

If you have tried to stick to a budget and seem to have issues with doing it, you may need to get someone to help you. It can be a professional financial planner, but it can also be a life coach that specializes in budgeting and helping people stick to their financial goals. You may need a lawyer if you are having trouble making ends meet due to all your debt. Whatever help you need, be sure to get it so that you can really make a difference in your own life.

Use Only Cash

For some people, using debit cards and credit makes it too hard to remember what was spent and to stick to the budget. For some people, using the envelope method works better. So, if you put your household money into envelopes and spend it, when it's gone, it's gone. For example, if your budget is \$100 for groceries this week, get 100 dollars and put it in an envelope marked groceries. When the money is gone, it's gone. If some are left, put it in savings.

You can stick to your budget if it's realistic, you pay attention, and you make enough income to stick to it. Thankfully, you can always add another income stream if you give it some thought. You may have hobbies or knowledge that you can earn from. For example, if you're a good quilter, you may want to sell your quilts, quilt patterns, or quilting courses to bring in extra income.

Where to Get Help

If you feel as if your financial problems are too big to handle due to not earning enough money, not being able to find another job, or some other issues, you may need to get some professional help to ensure that you can come up for air. Don't keep running on the treadmill your entire life. Get help and improve your life.

- DaveRamsey.com – This man is an expert at helping families pull themselves out of debt and save money and reach their financial goals. Go to the library and check out his books and check out his website, but don't spend a dime unless you are going to stick to the plan 100 percent. It works if you work it, but not if you just buy it.
- Debt Management – Most debt management companies are legitimate enough and will help you get out of debt. However, it will be at the cost of your credit. If you have enough money to enter one of these programs, you probably have enough money to do it yourself. Use a debt pay-off calculator to help you implement the "snowball" method to get your debt paid down.
- Link - <https://undebt.it/debt-snowball-calculator.php?lang=en>
- Bankruptcy Attorney – While bankruptcy also ruins your credit, it does not have as lasting an effect as debt management can have. If you have more than \$10K in debt, you earn less than

the median household income, and cannot come up with extra money to pay them off within a reasonable time frame (say three to five years), you may want to consider a fresh start with bankruptcy.

- Financial Life Coach – If you have enough money to get your finances in order but lack the willpower to do it, you might want to consider hiring a financial life coach. A financial life coach can help motivate you to stick to your goals.
- Your Bank or Credit Union – Many banks and credit unions have financial literacy education programs that you may not know about. Credit unions can often help you set up savings, investment accounts, and more, all for free and included in the services just because you're a member of their institution.
- A Counselor – If your money issues are causing depression, you may also want to seek help with a counselor. A professional counselor can help you work out your emotions surrounding money and help you put things into perspective.
- Help Someone – This may seem strange, but outside of the places you can go for help, you can also help someone else. Go feed the homeless, participate in a food drive, take an angel shopping and put your own problems into perspective.
- Debtors Anonymous – This group can help people who have problems spending impulsively without thinking it through, putting their family and their own financial future at risk. If you're bouncing checks, unable to pay bills on time and it's not due to a lack of income, a group like this may help.
- Link - <https://www.debtorsanonymous.org/>
- Online Support Group – There are Facebook groups, Delphi forums, and websites that have groups to help you online. You simply need to search for them and find them. Be careful though about giving out your private info online.
- Link to support groups - <https://shopping-addiction.supportgroups.com/>

There are numerous groups and support online that can help you set up a budget, challenge you to stick to it and to emotionally support you as you go through this change to break the paycheck to paycheck struggle. You simply need to look for them, find them, and join them. Once you do, don't delay analyzing your situation. The more you know about where you are, and where you want to go, the more successful you're going to be in reaching all your financial goals in life.