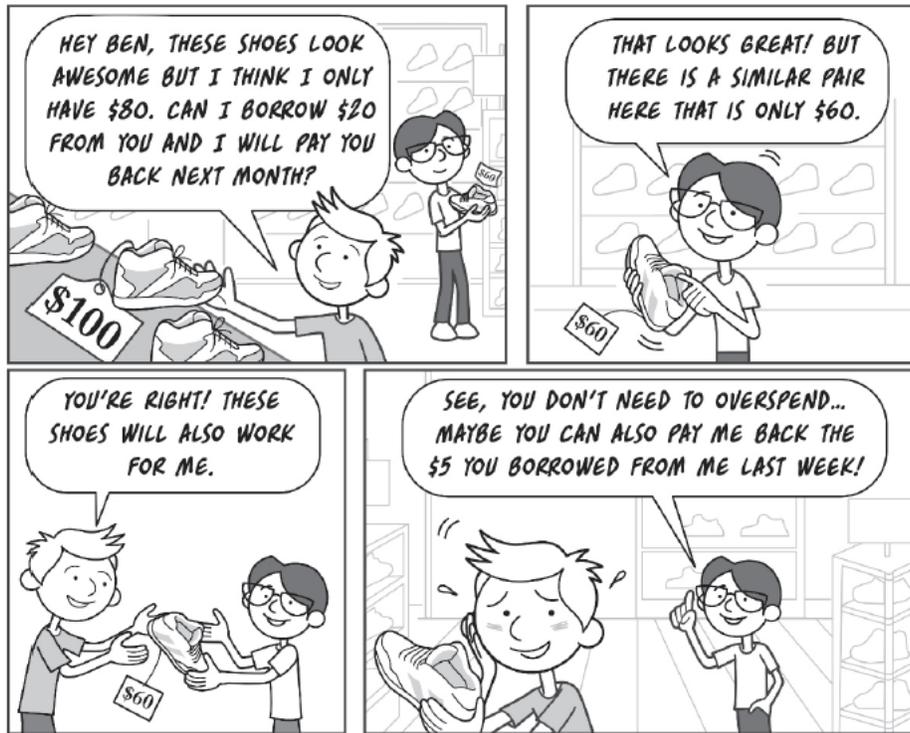


# LESSONS ON SPENDING WISELY

## Lesson #1: Live within Your Means



The idea of “living within your means” is one of the best ways you can manage your money. This concept means spending no more than the money you have. When you choose to live within your means, you are limiting your expenses to less than what you have or what you are going to make. In other words, you are not overspending.

You might be asking, “How can someone spend more than what he or she has?” Remember, in *Finance 101* we learned about the power of credit cards and other modes of borrowing money, such as student loans and car loans. With a credit card, you can buy something immediately even without any money on hand. Credit cards are useful when you have an emergency or when you must buy something you really need. However, the big challenge when people have access to credit cards is that it allows them to buy more than what they can afford. People can easily spend without thinking whether or not they can pay back what they owe. Sometimes, people underestimate the dangers of making many unnecessary purchases with their credit cards until they can no longer afford to pay off and manage their debts.

Living within your means does not mean living cheaply or depriving yourself of good stuff. You have the freedom to choose how to use the money you receive or earn. However, you are responsible to know what you can afford. Any person can still live a good and modest life by making wise choices with their money. You may not be able to get all the things you want now, but you can still make fewer yet smarter purchases while also saving some of your money for future use. Sometimes, it takes planning and some degree of discipline and patience to make things work, so you can enjoy the money you have without putting a burden of debt on yourself.