



Avoid These 2 Terrible Spending Habits if You Want to Build Wealth

Description

Your wealth is like a bar of soap. The more you handle it, the smaller it gets. Sometimes, though, we commit personal finance blunders that are more akin to leaving that bar of soap under a faucet with running hot water.

If you want to grow your wealth over time, the best thing to do is not invest, work extra hours, or even win the lottery. Rather, it is to minimize the types of big mistakes in spending that could seriously derail your plans for early retirement. Let's identify two of these and how to avoid them.

Buying a used luxury vehicle

Yes, that shiny used **BMW** sitting in the dealership looks like a tempting buy to flex on your friends with. It is also a money sink. The high markup, increased insurance costs, higher interest rates on financing/leasing, need for premium gas, and expensive maintenance and parts also make it an absolutely terrible deal.

Spending large sums of money on depreciating assets is hardly ever a good idea. If you really want the joy of driving a nice car, save up a decent down payment and lease a new model at a low promotional interest rate. Better yet, buy a reliable used make and model with cash in hand. You'll save more and deal with fewer headaches.

Eating out and getting too much takeout

It's Wednesday night and your stomach is making the rumblies that only occur when you're positively famished. Your fridge has nothing in it besides a sprouting potato and empty ketchup bottle. You open the UberEats app on your phone to get takeout again or walk to the local diner for a meal. Sound familiar?

Doing this consistently drains your wallet incredibly fast. With takeout, delivery fees can add up quickly, often amounting to upwards of 20% of the cost of the meal. With eating out, the need for tipping

automatically adds another 15% onto your bill. Over time, this can really add up to ding your savings. A better choice is to grocery shop in bulk and meal prep ahead of time using easy-to-follow recipes.

The Foolish takeaway

Growing your wealth is as much about saving as it is about controlling spending. Sometimes, the best way to keep the savings growing is to curb unnecessary expenses. Keeping your splurging to a reasonable extent will help you prioritize the goals that matter, such as a down payment, tuition, or early retirement.

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