

7 people who are always broke

Written by Brian Penny

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NEW YORK (MainStreet.com) — Despite many efforts to beef up my income and slim down expenses, I'm still somehow broke. I only have three months to make some major changes to earn more money, spend the money I have more efficiently and save up enough to continue my adventure. To do it, I need to identify what it is about me that makes me broke.

I reached out to T.J. Tillman, a founding partner at Empire Wealth Management, and several other financial experts to assess the financial and life issues I'm having. In discussing my options and wealth generation strategies, we came up with several commonalities among broke people. Essentially there are seven types of people who are always broke, and, if you have one of these personality ticks, odds are you're broke too.

Here are the seven people who are always broke, and how you can avoid becoming one of them:

[1 – People Keeping Up with Other People](#)

Early adopters, gamers and other impulse spenders want to keep up with the latest and greatest. They're only a small subsection, however, of the bigger epidemic of people trying to outspend their friends, family and neighbors just to prove they're doing O.K. financially. If you try to go out with everyone else for a steak dinner when you have a hamburger budget, you'll soon find your budget depleted.

"This pattern repeats itself over and over," says John Hargrave, a bankruptcy attorney with over 30 years of experience. "No matter how much a person earns, they spend it all because they want it all."

You don't need a new car when someone else gets one, and just because a phone has new features, doesn't mean they'll benefit you.

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It's all well and good that you can use your phone as a projector, but have you used that function? Stop keeping up with the Jones, and save for your own future.

[2 – People Who Never Pay on Time](#)

Every bill you pay late adds an additional fee; this is pretty much universal anywhere. Your phone, utilities, mortgage, credit card bills – they all charge fees for tardiness. Even stretching out your loan to the maximum term limits in order to pay as little as possible is a terrible idea; a 30-year mortgage, for example, will more than double the ticket price of your house.

"A person with a great credit score may qualify for a mortgage at a 4% rate versus 5% for someone who has not managed their credit as prudently," says Tillman of Empire Wealth Management. "This 1% difference in rate results in an additional \$150 a month payment and an additional \$53,000 in interest over the course of a 30-year loan."

If you're going to procrastinate, bills are not the place to do it. On top of all that, the credit reports will show you're always late, and you'll pay higher interest rates (if you can even secure credit). Punctuality removes many financial obstacles.

"The best way to tackle this problem is to get organized," Tillman said. "Create a systematic way that works for you to stay on top of your payments and when they're due." There are a variety of [free apps](#) that send financial reminders to your phone. You can also manually input the info into a spreadsheet or balance your checkbook with pen and paper. How you do it is up to you, but get punctual, slacker!

[3 – People without a Savings Account](#)

When deciding how to profile people with financial problems, I reached out to Andre Pinantoan from Pocketbook (a personal finance app that not only tracks personal finances but also has enough extra features to work as a great alternative banking option in the very near future). Pocketbook currently has over 40,000 users, and they value user input while also analyzing habits. Here's what Pinantoan had to say:

"What we find is that people who seem to be always out of cash is that they under-budget their emergency fund (like that scene from Pixar's 'Up' of the old man and his wife). They underestimate the probability of bad things happening to them, and overestimate good things. In other words, they're way too optimistic about their future."

How can you ever save money if you don't have a savings account? You have to treat it like a savings account as well; emergencies do come up, but if there's no immediate life-threatening danger, don't dip into your savings. A bit of creativity and resourcefulness will help you maintain the discipline needed to get yourself out of debt.

[4 – People with No Ambition](#)

Saving money involves earning money; if you don't have a destination, you'll never go

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anywhere. People with ambition have drive, motivation, and inspiration; those who lack one, lack all, and people who lack are truly broke. "Unfortunately, you're probably not going to be able to change anyone else's mind about how important having a great work ethic is," says Tillman. "That's something that needs to be learned and developed."

Getting up every day to work toward something you love and are passionate about makes you more productive, which, in turn leads to more money. "Especially in this day and age where a corporate pension is an anomaly and Social Security is questionable at best, it's more important than ever to be financially self-sufficient," says Tillman. "If you have no ambition, you'll always struggle with debt."

[5 – People with No Budget](#)

In the land of the blind, the Cyclops is king. The only way to find your way out of debt is to make a budget. Having one in your head won't work – as San Diego Financial Planner Sean Nisil puts it. "Some people get themselves into financial problems because they're blind optimists," he said. "They spend with the expectation that the money will magically appear in their bank account."

You can't fly on wings of hope and good intentions; you need to see the numbers on paper to make them real. You need something tangible you can focus on when you're surrounded by mass consumerism. Whatever you think of his other accomplishments, what Columbus didn't do was attempt to navigate without a map, so map your budget before you're hit by a tidal wave of bills and drown in debt.

[6 – Whiners and Complainers](#)

It's important to love what you do – money won't automatically change your life, and if that's the mindset you have, you'll never actually have any money.

"I see it with my clients all the time," says life purpose coach Melanie Cobb. "We need to get rid of their broken thinking before we even look at their bank accounts. When their thinking becomes abundant, so does their money."

Finding happiness within yourself is important. It's O.K. to have a bad day here and there, but if every day is a chore, then you need to find a new path. Yes, it'll be uncomfortable, but what movie have you ever seen or book have you ever read where the protagonist sat around until something was handed to him? When you're finally happy and fulfilled, you'll stop impulse spending on things you don't need and instead save for your future.

[7 – Sympathetic Souls](#)

I'm not condemning charity; it's important to be a generous and compassionate person. The problem lies in putting others' needs before your own. Some people are soft – they lack that killer instinct. We'd all love to see those people succeed in life, and the majority of them will -- they'll just do it while in debt. There's a reason non-profits are called that – if you give to others

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in need, you'll never have a surplus saved.

This isn't to say you shouldn't give a dollar to a homeless person (that actually costs less than your coffee or texting habit), but there's a deeper issue with sympathetic souls. "People with low self-esteem will always be at risk for financial struggle, because they will always look for ways to purchase acceptance and love." says Farrah Parker, an Image Consultant for PR and Strategic Marketing firm, FD Parker & Associates. It's necessary to accept and love yourself, because, as the Beatles say, "Can't buy me love."

Speaking with these experts inspired me to keep pushing, despite my current situation of sleeping on a friend's couch, helping to pay bills while keeping up with the trials, tribulations and expenses of everyday life. Saving money isn't difficult, but it takes discipline. With proper planning, a solid budget and the passion to earn an income, we'll have a solid foundation to avoid becoming one of the seven people who are always broke. I don't know about you, but I'm tired of being broke.

—Written for [MainStreet](#) by [Brian Penny](#), a former Business Analyst at Bank of America turned whistleblower, consultant and blogger.