

MAXED Out

BY SEAN JOHNSON

It pays to learn early how to manage money and credit cards wisely. I found that out the hard way.

Maxing out your credit cards will leave you drowning in debt. Start now to keep your head above water.

It was the kind of hot summer Saturday that makes you want to drop everything and head to the beach. My buddies and I, about to begin our last year of high school, decided to do just that. We packed ourselves into an old, blue pickup, cracked the windows and cranked the radio, and began the two-hour drive to the California coast.

As we neared our destination, I asked my friend to pull over at a sporting goods shop so I could buy a swimsuit. The woman at the register scanned the price tag of the suit I had picked out as I reached for my credit card. I didn't even have to look at my wallet to find it; my fingers, from habit, knew exactly where to go. I handed it over and the woman swiped it.

"It says, 'Insufficient funds,'" she told me, tapping a finger on the countertop. "Got any cash?"

Surprised and embarrassed, I mumbled a "hold on a minute" and went back out to the car. "Hey, something's wrong with my card. Can someone spot me twenty?" One of my friends did, I went inside and paid, and we

continued on our way.

Everyone else had a good time at the beach that afternoon, but for me the trip was spoiled. How had I maxed out a couple-thousand-dollar line of credit? I had a part-time job, but I didn't make nearly enough to be racking up that kind of a bill. I couldn't think of any major purchases I had made recently. How had this happened?

Spendthrift Drift

Like a lot of teens, I got my first job when I was 16. The paycheck I earned from cleaning tennis courts was nothing to brag about, but I was excited to have some personal income. Because my parents covered a lot of my expenses (they bought a used car for me and my brother to share, and even paid for gas and insurance), the money from my job left over after tithing became spending money. I would spend hours after school at music stores, picking out albums by my favorite bands. An avid reader, I loved going to bookstores and would rarely leave one without a stack of novels tucked under my

ILLUSTRATIONS BY STEVE KROPP





Stay afloat by controlling your credit cards instead of the other way around. *Know how much money comes in and goes out.*

arm. I bought clothes and DVDs, concert tickets and guitar accessories. I loved to eat out with friends, sometimes almost every day of the week. Having money to do these things made me feel more mature and independent.

When I first started my job, my parents helped me open checking and savings accounts. I signed up for a credit card also. Though I didn't plan to use it regularly, my parents and I thought it would be helpful to have in case of an emergency. It was more convenient to carry around a couple of cards in my wallet instead of cash and cumbersome spare change, so I switched to plastic. No more counting out bills and coins at check stands; all I had to do was key in a PIN number or show my ID and *presto*. I hardly had to think at all.

But not having to think much turned out not to be such a good thing. It was so easy

to spend money that I began to spend more and more. Online shopping was getting popular at the time, and with a few clicks of the mouse on our home computer, I could have almost anything arrive at my door in two days. With digital music stores beginning to spring up on the Internet, buying music no longer required driving to the store or waiting for a package to arrive in the mail. All I had to do was click the "Purchase Now" button and I could be listening to a new album instantly.

Of course, there was nothing wrong with spending *some* of the money I earned on music or dinner with friends. But as my spending habits got worse, I began to spend money that I didn't really even have. Several times I overdrew my checking account and had to pay a fine. My parents encouraged me to slow down my spending and work out a

budget, but I didn't take their advice seriously. Instead, if I didn't have enough money in the bank, I began to charge purchases to my credit card and say to myself, "I'll pay it off in a few days when my paycheck arrives. No big deal."

It was a bigger deal than I thought. A few days turned into a few weeks, then a few weeks into months. It wasn't long before I had empty checking and savings accounts, mounting debt, and a credit card bill that I couldn't handle. I was stuck.

A Price to Pay

I wish I could say that was when I learned my lesson and turned things around—that I stopped overspending, paid my debts, and became wiser about handling finances. In fact, I was able to pay off my credit card debt, with plenty of help from my parents. For a while I was more responsible with my spending. But only for a while.

Having my parents bail me out, I later realized, gave me an unhealthy sense of security. Though I told myself that I needed to change my spending habits, I also felt that if I did mess up again, there would be a safety net to rescue me, just as there had been the first time. And so I soon fell back into my old habits. I wasn't making large purchases, but I never hesitated to shell out a few dollars here, a little more there—either with my checking card or with my credit card. It depressed me to know how much I spent, so I stopped checking my balances altogether. I got a raise and more hours at work and convinced myself that I was probably doing OK. After all, I wasn't going out and spending hundreds of dollars at a time.

My experience that summer day at the

sporting goods store was an unpleasant awakening. Those smaller purchases had added up, and I found myself in an even bigger mess than before.

A few years later, as I'm about to graduate from college, I think of Alma's admonition to "learn wisdom in thy youth" (see Alma 37:35). Even though I'm on a better track now, I still wonder how much money I could have saved for a mission, college, or marriage had I learned financial wisdom when I was younger—and how many headaches I could have saved myself.

I finally figured out that buying lots of things and being overindulgent won't make you happy, and that learning to live within your means makes all the difference. It has for me. I just wish I had figured that out sooner. **NE**

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BUCKING BAD HABITS

Don't always bank on your parents. Relying too much on your parents to pay your way today can create habits that are hard to break tomorrow.

Check your checkbook. If you use a bank account, keep track of what's in there. Learn to balance your checkbook and view spending reports on your bank's Web site if they're available.

Slow down. Guard against impulse buys. When you see something you want to purchase, try waiting a while first to make sure it's worth the money. Think about your potential purchases for a day or two, and you might decide on a better way to use your resources.

Set a budget, and don't budge it. After paying tithing and fast offerings and putting some of your earnings into savings, figure out how much money you have left over, and plan accordingly.

Avoid debt. It's better to save up for what you want and use cash or a debit card so that you spend only what you know you have on hand. Don't use a credit card unnecessarily.