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Always in hock

By Karen Goldberg Goff

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When the packages from expensive stores arrived next door, New York writer Shira Boss was mildly jealous. When it was rumored that the young couple who lived there had paid cash for their New York apartment, Ms. Boss' envy snowballed, and she wondered why she and her husband could not afford to live that lifestyle.

The neighborhood chatter was that the couple had loads of family money. Ms. Boss wondered why everyone else seemed to be enjoying life.

Then Ms. Boss talked to her neighbor, Tina, who confided in her. She worried about money, too. She hated her high-paying job. A mortgage and home-equity

line of credit meant she had some big bills to pay. Tina even had a credit-card balance of \$21,000 -- most of it spent on clothes -- that she kept secret from her husband.

In other words, the glamorous people next door were a lot like Ms. Boss and her husband. They also were just like the majority of Americans.

Ms. Boss, author of the book "Green With Envy: Why Keeping Up With the Joneses Is Keeping Us in Debt," says that never before have so many Americans coveted so much, charged so much, compared so much and save so little.

It isn't daily living that has Americans shouldering a record \$857 billion -- and growing -- credit-card debt, Ms. Boss and many financial planners say. What has people spending is the thought that the neighbors just bought the big Pottery Barn sectional and therefore they can afford it, too.

"We're dealing with human nature and the American culture," Ms. Boss says. "Access to credit has gone up exponentially, and attitudes toward having debt have changed over the last generation. So you get this cocktail of envy and credit. You have people who go out and buy things because they can."

Adding to the cycle of envy-and-spend is the secretive nature of money. People say, "Look what I bought," not "Look what I charged." One might brag about a new BMW, but chances are there won't be much trumpeting of the \$600 monthly payment. Most people don't talk of what they have in the bank or how much they owe MasterCard.

"There is this expectation that everyone is doing it -- spending -- so it is what you do," Ms. Boss says. "You lose touch with reality."

So here's a little reality check in case cutting spending is one of your New Year's resolutions: The American Psychological Association says money is the No. 1 stressor in our lives.



Meanwhile, Bankrate.com, a financial Web site, says 47 percent of Americans would refuse to divulge their credit-card balance to a friend. Eighty-five percent of the 1,000 persons surveyed said they are concerned about always being able to pay their credit-card bills each month.

"Revolving debt continues to move up, year in and year out," says Greg McBride, senior financial analyst for Bankrate.com. "It is pretty clear that keeping up with the Joneses comes at a pretty high price for the typical household. A lot of us are sustaining a lifestyle on borrowed funds."

Ms. Boss offers the cautionary tale of Dan and Tammy in her book. Dan and Tammy came from working-class backgrounds. They worked hard and earned raises and promotions. Along the way, they had a family, and Dan continued to advance in his career. They bought a bigger house and needed more stuff to fill it. They joined a country club. Their new friends took expensive trips and drove fancy cars, so Dan and Tammy did, too. Their credit-card bills began to creep up. No worries; they would just transfer money from their home-equity line to cover it.

"My husband has a good job," Tammy thought to herself. "We can afford it."

Eventually, Dan and Tammy owed \$100,000 on credit cards alone. There was no more home equity left. The couple declared bankruptcy. That put them among 1.6 million American families who do so each year, Ms. Boss says.

Washington psychotherapist Olivia Mellan, author of the book "The Secret Language of Money," says it is easy to see how families get themselves in situations like Dan and Tammy's.

"Money many times equals love, power, security and control," she says. "As long as it represents those things and not just money, it is going to be difficult to talk about."

South Dakota financial planner Rick Kahler, author of the book "The Financial Wisdom of Ebenezer Scrooge," says overspending has little to do with how much money one makes.

"I can think of one couple who makes \$350,000 but spends \$400,000 and one who makes \$700,000 but spends \$1.2 million," he says. "It is totally relative. One can make \$30,000 a year and overspend as easily as someone who makes a million."

Money Magazine in 2005 surveyed 1,001 families making more than \$50,000 a year. Three in 10 respondents said they have misrepresented their financial status or success to others. More than a third said they go to great lengths to avoid facing up to financial reality, and 13 percent said they put off paying bills as a way to avoid unpleasant realities. Half said they have lied to their spouse about spending.

Mary Hunt, author of the book "Debt-Proof Living," has been on both sides of the spending aisle. She and her husband once owed more than \$100,000, which they repaid over a period of 13 years. Now Mrs. Hunt offers financial advice through books, seminars and her Web site (www.Debtproofliving.com).

"I got caught up," she says of the lifestyle of leasing new cars and charging everything from gas to clothes to restaurant dinners. "We were in horrible debt when I finally came to my senses."

Mrs. Hunt says the game of keeping up with the Joneses is part human nature, part consumer manipulation.

"There is an ugly attitude of entitlement out there, and we give money more power than we should," she says. "Money is an extremely emotional issue. It says where we live, what we drive and where we send our kids to school."

Mrs. Hunt and Ms. Boss both say being aware of financial realities can help change one's perspective. Breaking the taboo and actually talking about what you spend and what you owe is a good start, Mrs. Hunt says.

Says Ms. Boss: "There needs to be more people stepping up and saying, 'We can't afford this craziness. We don't need more money to improve our financial well-being.' We can do

that in our head by thinking of things differently -- by facing up to the Joneses and realizing they are not even real. I saw that our new neighbor was dressing a lot better than I was, but I couldn't see she was putting her new clothes on a credit card.

"Even when people do, in fact, have more money, that doesn't mean they are any happier. And we are all someone else's Joneses. We all have the lifestyle someone else would love to have. So we can concentrate on appreciating that and feeling good about it."

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