

## Debt Consolidation Plans

## Five Tips to Deal with High Inflation

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High inflation over the past year has hit everyone's budget. Even if you've been lucky enough to increase your income, it may not be enough to keep up with rising prices.

While there are a few signs that price increases might be cooling down, it's still smart to look for ways to keep inflation's bite to a nibble.

"The goal is to figure out what you really need versus what you want," said Jackie Boies, senior director of partner relations at Money Management International, a nonprofit credit counseling agency.

Here are five tips to rethink how you're spending—and saving—right now. Taking just one or two actions can help you hold on to more of your hard-earned money and stay on track toward your financial goals—no matter what happens.

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### 1. Get clear on which high prices hit you hardest

The news is packed with stories about prices rising on every front, so it's easy to feel stressed by worries about inflation.

To gain some peace of mind, take a look at how your [budget](#) lines up with actual spending over the past six months. Then you will have a clear sense of which price increases are affecting you most.

For instance, if you own a gas-powered car and drive to work every day, figure out how much more you're spending on gas. If you are feeding a family, you're likely spending more on groceries than you did a year ago. And if you dine out regularly, or count on takeout food, those bills will certainly be higher, too.

Utility bills have also jumped for many households. People dealing with severe winter weather could feel the impact even more. Working from home means 24/7 climate control, which can add another chunk to utility costs.

When you see which cost increases are hitting you hardest, you can set priorities for how to adjust your spending for the most impact.

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## 2. Trim expenses with the help of tech tools

Knowing where to focus your cost-cutting efforts is step one. The next step is to make a plan that is easy to follow.

Gas and groceries can be big items in many [family budgets](#), and there are plenty of tried-and-true tips to help you spend less. Look for tactics that make the most sense for your lifestyle and needs. Then consider using one of the many apps designed to help you save time and money. For example, there are several that can help you plan menus and then generate a shopping list.

Making changes to your driving habits can cut gas consumption. Practice looking at your week in advance to plan as many errands as possible for one trip. You will save gas, time, and wear and tear on your car. Stick to the speed limit and avoid idling to improve fuel efficiency. And make sure your gas cap is on properly to limit vaporizing gas. Making a habit of “driving smart” will pay off with lower gas bills.

Several apps—some of which you might already have—are also available to help you, especially if you are going someplace new. Your maps app will show you the most direct route and how to avoid tolls. And a gas app can point you to the best fuel prices at nearby service stations.

As for the grocery store, it's tough to avoid sticker shock these days. Planning your meals in advance can help limit waste. If it's a stretch to plan for an entire week, try setting up two or three meals around common ingredients to make sure you use up foods that can spoil. *The Spruce Eats* reviews several [different meal-planning sites and apps](#) that cater to a range of lifestyles and dietary needs, and can even create a shopping list for you.

With list in hand, mine the loyalty program at your favorite grocery store. Search for deals on list items in the store's app and keep an eye out for in-store QR codes for further savings.

Beyond store apps, many smart shoppers find additional savings by scanning their grocery receipts into a cash-back app that rewards you for many types of everyday purchases. And for expensive prescriptions, you might find an online pharmacy with lower prices than your insurance co-pay.

## 3. Eliminate energy waste and review recurring bills

A big utility bill could be just the prompt you need to finally tackle small, overdue fixes to boost your home's energy efficiency.

Low-cost fixes include:

- replacing worn weather stripping around doors and windows
- installing screens and ceiling fans to cut back on A/C
- programming your thermostat to lower the HVAC load overnight and when you're away
- replace air filters on HVAC units to improve efficiency
- clean windows to allow in more natural light and reduce both lighting and heating costs

Some families even make a game out of establishing new energy-saving habits. For example, they might set up a system with rewards for turning out lights, hanging laundry to dry rather than using the dryer, and unplugging electronics when not in use.

Most of us have seen other household bills creep up, too. To make it easier to figure out possible savings, take advantage of apps that track recurring subscription charges. They can help you cancel what you're not using, and even negotiate lower-priced plans for cable, internet, and cell phone service.

“Any one of these changes might add up to a small amount of money, but several of them together could lead to significant savings,” said Boies.

You may also be able to cut your insurance costs. Compare car and home insurance quotes using online tools. If your needs have changed, lower-priced coverage could make sense.

## 4. Reduce higher-interest debt

Higher interest rates, which often [increase with inflation](#), can take a big chunk out of your budget—especially if you're carrying variable-rate debt.

“While it might feel impossible, now is a good time to pay off debt and make savings a priority,” said Boies. “Each debt you pay off puts real dollars back in your budget, and having savings for real emergencies during tough times is important. Commit to using every extra dollar you find in your budget to pay off debt and make an emergency fund.”

As one example, the average interest rate on credit card balances recently hit a [record high](#), according to BankRate. Variable rate debt gets more expensive as rates rise. That means people carrying revolving debt need to make larger payments to stay on track, which could be difficult with so many other household costs on the rise.

So, revisit your debt picture, and act now to pay down (or pay off) any higher-interest rate debt.

If you need help to do that, a personal loan can save you money on interest. 91% of surveyed customers told us they saved money by [consolidating debt](#) with a Discover® personal loan. Once you've locked in a fixed rate, it won't increase over the life of your loan—giving you extra peace of mind when inflation is high.

You could:

- ✔ Save hundreds, even thousands on interest
- ✔ Pay off debt sooner

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The best part? A lower interest rate ensures that more of each payment goes to reduce the principal amount, which means you will be able to pay down the balance sooner.

## 5. Embrace the opportunity for growth

There is no question that high inflation will continue to cause hardship for many people. But [small steps](#) can help you weather the storm, and you will be in a better position to ramp up savings goals when prices settle down.

More important, the time and effort you spend adjusting your spending now could also lead to a more thoughtful approach to your finances in the long term.

Simple changes to the way you spend money today can become good habits that serve you well. You might even find that being more deliberate about where you spend your money improves your quality of life. When you have fewer day-to-day money worries and a clear path to your financial goals, you can relax and focus on enjoying your life.

With rising rates, now is the time to consider consolidating variable rate credit card debt into a Discover personal loan. Use our debt consolidation calculator to see how much you could save.

[Estimate Potential Savings](#)

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### \*ABOUT SURVEY

All figures are from an online customer survey conducted August 19 to September 6, 2022. A total of 665 Discover personal loan debt consolidation customers were interviewed about their most recent Discover personal loan. All results @ a 95% confidence level. Respondents opened their personal loan between January and June 2022 for the purpose of consolidating debt. Agree includes respondents who 'Somewhat Agree' and 'Strongly Agree'.

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