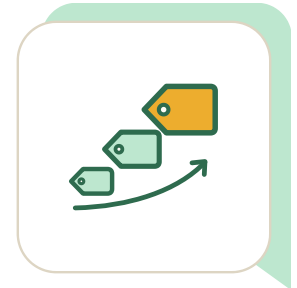


Spending

Lifestyle creep: when more money still feels like not enough

Got a raise but still feel stretched? How to spot lifestyle creep, and decide on purpose where extra money goes before it drifts away.

5-minute read • Updated October 2026 • Checked against its sources



The short version

- ✓ Lifestyle creep is when spending rises along with income, often without you noticing. It's common, and it's human.
- ✓ Decide where a raise goes before the first bigger paycheck lands. Money that moves to savings right away is money you won't miss.
- ✓ Upgrades you choose on purpose are fine. The goal is to choose, not to drift.

From a nonprofit. Every volunteer adviser is a fiduciary, which means they must put your interests first. We never sell your information.

Rather talk it through?

A volunteer financial adviser can help with your situation, one-on-one, for free.



Point your phone's camera at the code, or go to:

go.advisersgiveback.org/start

1

What lifestyle creep looks like

Ever get a raise and feel great about it for a week? Then somehow the money goes just as fast as before. That feeling has a name: lifestyle creep. It happens when your spending rises right along with your income, often without you noticing.

It's not just you. In 2025, 32% of adults said their family's monthly income was higher than a year earlier. A slightly larger share, 35%, said their monthly spending was higher. ¹

35%

of adults said their family's monthly spending was higher than a year earlier, in 2025

A smaller share, 32%, said their monthly income was higher. Rising prices are part of the reason.

Source: Federal Reserve Board, Economic Well-Being of U.S. Households in 2025 (May 2026)

Rising prices are part of the story. Most adults said price increases had made their finances at least somewhat worse.¹ So not every extra dollar you spend is an upgrade. But some of it may be, and that's the part you can steer.

2

Why upgrades stop feeling special

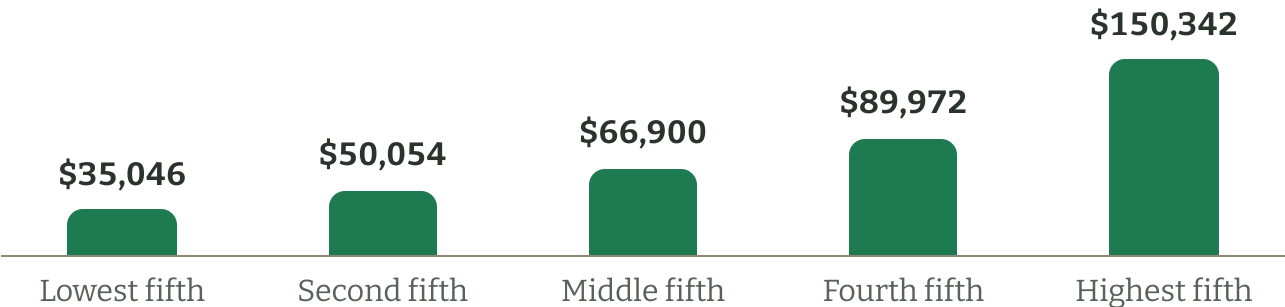
A nicer apartment, better groceries, one more streaming service. Each one feels like a treat at first. A few months later, it just feels normal, and yesterday's upgrade becomes today's baseline.

Psychologists call this hedonic adaptation: good changes give us a lift, and over time we tend to get used to them. It isn't the whole story. Research shows that people differ, and some changes do make a lasting difference.² But it helps explain why earning more doesn't always feel like having more.

You can see the pattern across households, too. On average, households with higher incomes spend more. In 2024, the highest-income fifth of households spent \$150,342, while the lowest-income fifth spent \$35,046.³

Households with higher incomes spend more

Average annual spending by household income group, 2024



Each group is one-fifth of households, ranked by income before taxes. The groups start at \$29,932 (second), \$57,452 (middle), \$94,511 (fourth) and \$155,925 (highest). This compares different households, not one household as its income grows.

Source: U.S. Bureau of Labor Statistics, Consumer Expenditures--2024 (December 19, 2025)

This chart compares different households, not one household over time. And spending more isn't wrong. The real question is whether your extra money is going where you want it to go.

3

Signs it might be happening to you

Lifestyle creep is quiet, so it helps to know the clues:

- Your income went up, but the amount you save each month didn't.
- You often think, "I make more now, so this is fine."
- You feel broke but can't point to anything big you bought.
- Your regular bills keep growing in small ways: a plan upgrade here, a new subscription there.

None of this means you're bad with money. It means you're human. The fix isn't guilt. It's a plan for the next raise.

4

Decide before the raise arrives

The easiest time to save more is before you get used to spending more. In a well-known study, workers at one company agreed ahead of time to save 3 percentage points more of their pay each time they got a raise. ⁴ The workers who signed up went from saving 3.5% of their pay to 13.6% in about three years. Because each increase came with a raise, their take-home pay never had to shrink. ⁵

You can build your own version of that plan:

1

Make a raise rule.

Decide now how you'll split any raise or bonus. Half to savings or debt and half to enjoy is one simple rule. Pick a split that feels fair to you.

2

Move it on day one.

Before the first bigger paycheck arrives, raise your automatic transfer to savings, or your contribution to a retirement plan at work.

3

Enjoy your share on purpose.

Spend the other part on something you'll really notice, not on whatever comes along.

Here's an example. Say a raise adds \$200 a month to your take-home pay. With a half-and-half rule, \$100 goes to savings and \$100 is yours to enjoy. After a year, that's \$1,200 saved, before any interest, and you still feel the raise.



Saving through work can cost you less than you think

In a traditional 401(k), the money you put in generally isn't subject to federal income tax withholding when it leaves your paycheck. Social Security and Medicare taxes still apply. ⁶ So raising your contribution by \$50 a paycheck usually lowers your take-home pay by less than \$50. Roth contributions follow different rules. Our guide to [Roth or traditional](#) explains the choice.

Online: advisersgiveback.org/resources/roth-or-traditional/

The same rule works for one-time money, like a bonus or a tax refund. Our guide to [making your refund work for you](#) shows one way to split it.

Online: advisersgiveback.org/resources/make-your-refund-work-for-you/

Try your own numbers to see what steady saving could grow to over time.



What steady saving can grow to

Worked example

Scan the code to try your own numbers, or go to advisersgiveback.org/resources/lifestyle-creep/



Put in each month **\$50** For **30 years** If it earned, each year **5%**



\$18,000

what you put in

\$23,613

what it earned

\$41,613

at the end



Try this before your next raise

Write down your raise rule today, before you know the amount. Then, on the day your new pay starts, set up the automatic transfer. If you wait until you've gotten used to the bigger paycheck, it gets harder.

5

Keep the upgrades you love

Lifestyle creep isn't about never upgrading. Some upgrades are worth every penny to you. The trick is to choose them, rather than let them pile up.

- **Do a subscription sweep.** Once a quarter, list every recurring charge and cancel what you barely use.
- **Upgrade one thing at a time.** When you add something new, ask what it's replacing, or what it's worth to you each month.
- **Watch the comparison.** Spending to keep up with friends or feeds can push costs up. Our guide to [the comparison trap](#) explains why their numbers tell you little.

Online: advisersgiveback.org/resources/the-comparison-trap/

Not sure where your money goes now? Start with our [10-minute spending audit](#).

Online: advisersgiveback.org/resources/where-did-my-money-go/

Lifestyle creep doesn't announce itself, but once you spot it, you can choose where your extra money actually goes.

6

Check in when your income changes

Every raise, new job or bonus is a chance to decide again. Each time, look at what you save, what you owe and what you'd like to enjoy, and set your split before the new pay arrives.

A drop in income is a decision point too. The list of upgrades you made on the way up can help on the way down. Start with the ones you'd miss least, and give yourself credit for every one you let go.

If you're weighing savings, debt and retirement all at once, it helps to talk it through. A volunteer adviser can help you decide where a raise will do the most for you, one-on-one and for free.

Questions to bring to your adviser

A volunteer adviser is ready when you are.

A volunteer adviser can look at your numbers with you and help you decide what to do first.

go.advisersgiveback.org/start



Sources

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Updated October 2026. This guide is general information, not advice for your situation. We check every number against its source; if something has changed, tell us at advisersgiveback.org/contact. Read it online, with its calculators and videos, at advisersgiveback.org/resources/lifestyle-creep/. Advisers Give Back is a 501(c)(3) nonprofit (EIN 84-4685390), and we never sell your information.