

BUSINESS

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Serious Spending Sprees - Buying Between Generations Shows Bit of a Gap

By John K. Ryan, The Star

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The allure of the conspicuous consumer culture seems to be winning. Not everybody is living in subdivisions of \$400,000-and-up homes or buying every new, trendy gadget on the market. But the idea from past generations of living as simply as their paychecks allow is threatening to expire.

Today's generation — raised in the era of credit cards, a rising Dow Jones and a perpetually booming housing market — eschews the thought of waiting until something is affordable. Just ask Cindy Menker, a financial planner at Contour Financial in Orland Park, who sees clients who sometimes get into trouble because of such a spending philosophy. "The spending culture can be a negative," she said. "I have customers with \$60,000 credit card balances. They spend money they don't have and just live it up for today." Menker said some just spend this way and eventually file for bankruptcy, a system that should be slowed down by a bankruptcy law that took effect Oct. 17.

The law states that people with above-average incomes, as determined by a standard "means test," will be barred from filing for Chapter 7 protection, where debts may be wiped out entirely. Instead, they will have to file more restrictive Chapter 13 bankruptcies, which require a five-year repayment plan. Filers also will be required to get professional credit counseling within 180 days of filing.

Things to fill up the home

A penchant for buying big does not seem to end with the expensive houses being scooped up by Generation Xers (those born from the mid-1960s to the 1970s). Studies show this mind-set is mirrored when it comes to buying all the big-ticket items for the home. According to HousingZone.com, this generation has been participating in discretionary spending since they were teenagers. And now they want to maintain a similar level of affluence. Time magazine's publication of the "New American Dream" study revealed that the majority of Gen Xers say material things, such as their homes and cars, are important.

According to the Consumer Expenditure Survey — consisting of two surveys put together by the Census Bureau for the U.S. Department of Labor's Bureau of Labor Statistics — Gen X outspends the average consumer in several categories. These include going out to eat, clothing, transportation, entertainment, audio/visual equipment and housing. The American Express Platinum Luxury Survey released this year indicated the outspending especially applies to those of higher incomes within Gen X and baby boomers (born between 1946 and 1964). Gen Xers' spending far exceeds the baby boomers in a number of luxury goods categories.

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