



Rising incomes are no guarantee of financial stability. Discipline, clear priorities and resisting lifestyle inflation may be the difference you need in your life. PHOTO/FILE

Living within your means: Earning more is not enough

INCOME
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On a quiet Sunday evening in Wakiso District, John Mutebi stared at a calculator he no longer trusted. His salary had increased over the past two years, yet the numbers never seemed to match his bank balance.

Across the room, his Sarah, wife, scrolled through her phone, mentally listing school fees, fuel, internet bundles and groceries. They earn more than they did five years ago, yet life feels tighter. "We are not poor," Sarah says quietly, "but we are always catching up."

The Mutebis reflect a growing reality in Uganda: lifestyle inflation. As incomes rise, expectations often rise faster. Bigger houses, costlier schools, constant connectivity and social spending have quietly stretched budgets.

For John and Sarah, the turning point came when they realised that earning more is not the same as living better.

"We had never really asked what we can actually afford," John admits. "We simply adjusted our lifestyle every time our income changed." That question, "what can we truly afford?", lies at the heart of living within one's means.

Understanding money

Daniel Ayebare, chairperson of Ugan-

da Financial Literacy Association, says many households are strained not because they earn little, but because they do not fully understand their finances.

"The first step is knowing your real income and separating needs from wants," he says. "If a household earns Shs1 million, what must that money cover first? That clarity is critical."

He says a budgeting framework would you to use 50 percent on necessities, 20 percent savings and 30 percent for discretionary spending.

The formula may not perfectly fit lower-income households, but awareness matters more than precision.

Substitution, not sacrifice

Ayebare urges households to think in terms of substitution rather than sacrifice. Cutting costs does not have to feel punitive. "There are things you do not have to completely give up," he says. "You can replace them with less expensive alternatives."

Entertainment is one of the biggest silent spenders. Many people equate relaxation with frequent nights out and costly socialising. Yet sports, reading clubs, community activities and structured family time can offer similar satisfaction at a fraction of the cost.

Food is another pressure point. "On average, lunch costs between Shs8,000 and Shs15,000," Ayebare notes. "If you

Count the cost

'If you must borrow, count the cost. Too much unplanned debt can derail a household.'

cook and carry food from home, you can save significantly over time."

Transport choices also matter. Using public transport occasionally, sharing a vehicle or coordinating school and work schedules can reduce fuel and maintenance costs.

The emergency trap

Beyond daily spending, Ayebare warns that health costs are among the greatest financial threats.

"Medical expenses are very high. One emergency can wipe out everything you have saved."

Preventive healthcare, balanced diets and regular exercise are not only wellness decisions, they are financial strategies. Surveys show that most households have faced an unexpected financial shock within the past year.

Ayebare recommends saving at least three to six months' worth of expenses in accessible form. "An emergency fund is as critical as income itself. It keeps you going when income is disrupted."

Debt and discipline

Budgeting, tracking expenses and avoiding impulse purchases are essential skills.

"Treat your household like an organisation," Ayebare says, cautioning against expensive, unplanned debt, particularly digital consumption loans.

The psychology of spending

Financial expert Joseph Areu argues that financial stability depends as much on psychology as on income.

"Even if you save, if you do not rethink your spending priorities, saving alone will not save you," he says, pointing to instincts of upgrading lifestyles as earnings rise. "It is psychology. When we earn more, we think we deserve more." Without self-control, higher income simply translates into higher obligations. Areu is concerned that financial literacy is not keeping pace with rapidly evolving financial products. Technology and fintech innovations are introducing new credit and investment options at speed.

"Many consumers sign up for products they barely understand," he says.

Hard questions, clear priorities

At the household level, Areu advocates simple internal rules, beginning with a clear family budget. "Have a family budget and stick to it, within reason."

Major expenditures should be planned. If an urgent cost arises, adjustments must be made elsewhere.

He urges families to ask difficult questions such as: "Is it education that matters, or a particular school? Is it food, or a certain type of food? Can you afford a certain neighbourhood?"

Education may be non-negotiable, but the specific school may not be.

Structural pressures

Broader economic shifts also shape household finances. Rural-urban migration has introduced new expense lines, from rent and transport to utilities. Data and connectivity, once optional, are now essential, quietly straining budgets. In towns, households must try what was once freely available in rural settings, including food and water while facing higher living costs overall.

Consumer protection remains uneven. While regulatory frameworks exist, enforcement gaps leave many vulnerable to misrepresentation, particularly in insurance and investment products.

A deliberate choice

Living within your means is no longer a sign of limitation. It is a deliberate, intelligent choice that builds resilience in an increasingly expensive world.

Emergencies are not a matter of if, but when. The real task is not avoiding trade-offs, but making deliberate ones while protecting what matters most.

Key takeaways

- As incomes rise, expectations often rise faster. Bigger houses, costlier schools, constant connectivity and social spending have quietly stretched household budgets.
- Many households are strained not because they earn little, but because they do not fully understand their finances.
- Living within your means is no longer a sign of limitation. It is a deliberate, intelligent choice that builds resilience in an increasingly expensive world.