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Congrats on the Raise.

Your Lifestyle Just Ate It.

There is a strange thing about getting a raise. For a few weeks, you feel richer.

Weekend dinners become more frequent. Subscriptions multiply. A few upgrades that once seemed unnecessary suddenly feel reasonable.

Nothing dramatic happened. No reckless purchase. No financial disaster. And yet, six months later, the raise seems to have disappeared.

It hasn't.

Your lifestyle absorbed it.

That is how lifestyle inflation works. It rarely arrives as one large decision. It arrives quietly, through a collection of small decisions that slowly become permanent.

A salary increase is supposed to increase your financial capacity. But if every increase in income immediately becomes an increase in your cost of living, your income has grown without your financial position improving by the same amount.



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The Raise That Becomes a Bill



Imagine your monthly income rises from ₹60,000 to ₹75,000. That extra ₹15,000 feels like spare capacity.

Maybe you move into a better apartment. Upgrade your phone. Order food a little more often. Take cabs instead of public transport.

Individually, none of these decisions seems unreasonable. But there is an important difference between spending a raise once and committing it every month.

A new phone consumes part of the raise once.

Higher rent, a larger EMI, extra subscriptions or permanently higher discretionary spending can consume it every single month. And once these costs become part of your lifestyle, they stop feeling like upgrades. They start feeling normal.

That is where the trap begins.

A raise can either increase what you own or increase what it costs you to maintain your lifestyle.

The first can build financial capacity. The second quietly creates a new baseline that your next raise will have to fund.

When More Income Doesn't Feel Like More. The pattern repeats.

Someone earning ₹50,000 may once have thought, “If I earned ₹75,000, I'd have plenty of breathing room.” Then ₹75,000 becomes normal.

At ₹1 lakh, the same thing happens again.

This is the paradox of lifestyle inflation: your standard of living can rise faster than your sense of financial comfort. And because income is rising too, saving is always easy to postpone.

“I'll increase my investments after the next promotion.”

“I'll start saving seriously once the loan is paid.”

“I can afford this now.”



But the next raise often arrives to find the previous raise already occupied.

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Give Your Raise a Job

The simplest way to avoid this is to decide what happens to a raise before your lifestyle decides for you.

Suppose your salary increases by ₹15,000 a month. It doesn't have to become ₹15,000 of additional savings. Financial planning shouldn't feel like punishment.

Instead, give the raise different jobs.

Perhaps ₹7,500 improves your present lifestyle, ₹4,500 goes towards long-term investing and ₹3,000 strengthens another financial priority.

The proportions will differ depending on your income, obligations and goals.



The principle is what matters: Let your lifestyle improve, but let your financial position improve faster.

The Real Cost of "Just This Once"

Lifestyle inflation is powerful because most upgrades don't feel like financial decisions.

The premium apartment doesn't feel dangerous. Neither does another streaming subscription, a better phone plan or one extra restaurant visit each week.



But recurring expenses are different.

Once a monthly cost becomes part of your lifestyle, cutting it later can feel like a loss, even if you lived perfectly well without it before.

So after a raise, don't ask only: "What can I afford now?"

Ask: "Which part of this raise should improve my life today, and which part should improve my financial future?"

That one question can prevent a raise from becoming another set of financial obligations.

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Don't Let Your Lifestyle Get Promoted Before You Do

There is nothing wrong with enjoying a higher income. A raise should make some things better… better experiences, greater comfort, occasional rewards.

The mistake is allowing every increase to become a permanent commitment. Think of every raise as creating two opportunities.

One is to live better today.

The other is to become harder to financially disrupt tomorrow.

The second is easy to miss because it is invisible. Nobody notices when your investment contribution quietly increases. Nobody congratulates you for keeping your lifestyle manageable after a promotion. But those invisible decisions compound.

A person who earns more and spends more may look successful.

A person who earns more, lives somewhat better and steadily increases the gap between income and commitments is building something more powerful: financial freedom.

So, congratulations on the raise.



Spend some. Save some. Invest some.



A higher income should make life better. Just don't let your entire raise become the price of maintaining a lifestyle that will eventually require another raise to afford.

Your income should rise. Your lifestyle can rise with it.

But your financial capacity should rise faster.

EMI - Equated Monthly Instalment

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