



**HEALTH.  
WEALTH.  
WISDOM.**

A RetireReady Publication

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Courtesy of your 401k advisor, **John J. Higgins, CFP®, AIF®, CFS®**

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## Begin Your Journey to Financial Freedom by Adopting Five Healthy Fiscal Habits

News flash: saving money isn't always easy. If it were, then [6 in 10 Americans](#) wouldn't admit to being ill-prepared to handle an emergency expense of \$500 or \$1,000. But positive financial habits—applied faithfully and diligently—can make the savings process more successful and less stressful. Try incorporating these tips in your journey toward financial freedom.

### 1) Budget, budget, budget!

Your first order of business in improving your financial health is to give yourself an honest check-up. Determine how much money you have to work with each month and what you spend it on; then, devise a budget based on those factors.

Writing down your monthly expenses—or entering them into a spreadsheet or budgeting app—will paint a clear picture of the expenses your monthly income pays for. First, account for essential expenses such as housing, groceries, or childcare. Next, determine which nonessential expenses you've been spending your money on. You may be surprised at how quickly the cost of that daily sandwich and chips at the local deli adds up! And seeing those expenses on paper could be all the motivation you need to commit to getting in fiscal shape by creating and sticking to a monthly budget.

### 2) Align your savings goals with what's important to you

Go beyond just saving toward a static dollar figure. What are you really saving for? The lake house of your dreams? The Bluetooth speaker you've had your eye on? A college education for a child or grandchild? Or maybe you're saving to finally capture that sense of financial security for you and your family. No matter what your goals are, attaching your savings aspirations to something that evokes emotion and passion will keep you focused on the savings process. It will also serve as a good reminder when you're tempted to spend on unnecessary items.

### 3) Know the difference between *needs* and *wants*

Let's face it: buying the "stuff" we *want* will usually make us feel better than paying for the essential things we *need*. But being able to delay the immediate gratification that an impulse buy brings can help you become a financial savings champion.

Needs, such as housing, food, utilities, and transportation, are essential. If you couldn't pay for them, you would be in a serious bind. Wants are gourmet lattes, frequent app purchases, or vacations at luxury resorts that you can surely live without. Being able to determine what you really need versus what you merely want takes discipline, but it is a key attribute of effective savers.

#### 4) Take your first step toward tackling debt

It's no secret: most Americans struggle with debt. And when you struggle just to make the minimum payments on your monthly credit card, mortgage, or student loans, finding extra dollars to save for retirement can be stressful. In fact, [research has shown](#) that 72 percent of adults report feeling stressed about money at least sometimes.

How you accumulated your debt doesn't really matter; instead, focus on how you will relieve yourself of it. Resolve today to take the first step toward controlling your debt. There are several tried-and-true methods for managing debt, and a financial advisor can help you determine the best path to follow.

#### 5) Make saving automatic

When faced with difficult decisions, human nature often dictates that we make no decisions at all. If that sounds like you, try this: make your savings process automatic.

For example, when you enroll in your company's 401(k) plan, participate in the automatic-increase program—that's where the amount you contribute to your retirement account automatically increases incrementally each year. Or you can have your paycheck direct-deposited and set up multiple subaccounts, or buckets, for various expenses or savings goals. Not having those dollars burning a hole in your pocket will make it much easier to save and accumulate money.

## Take the No-Spend Challenge

Have you ever tried a no-spend day? One when you lived off of what you already had for one full day? The No-Spend Challenge could help you prove to yourself that you are thrifter than you think! Here are some ideas to help you succeed at such a challenge:

1

Bring your lunch from home using food already in your refrigerator or cupboards.



2

Make your coffee at home and bring it to work in travel mug.



3

Ride a bike or walk to close-by destinations. You'll save on gas and reduce wear-and-tear on your vehicle.



4

Fill up on filtered water instead of bottled water or other costlier drinks.



5

"Match" the amount you save in your one day of not spending and deposit the amount in your savings account.



It may take a few tries, but once you've mastered the No-Spend Challenge, up your game and try to go without spending for two consecutive days! Or circle one day each month on your calendar and make that your designated no-spend day. Get your family or friends in on the act too and challenge each other to see who can be the most effective no-spend champ!

## Go Shopping on a Full Stomach

The next time you go to your local supermarket, be sure you've eaten beforehand. Data published in the [Proceedings of the National Academy of Sciences](#) indicates that we are more likely to make additional purchases when we shop on an empty stomach. And, as indicated by the study, unnecessary purchases could be food or non-food-related items. So, in the spirit of making every penny count toward your retirement or vacation nest egg, eat a banana or some carrot sticks before shopping. You'll likely save at the register!



*Commonwealth Financial Network® does not provide legal or tax advice. Please contact your legal or tax advisor for advice on your specific situation.*

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