

## Five Bad Money Habits to Kick for 40 Days



Article Written By: *Kim Fulscher*  
Published: *January 14, 2013*  
*Copyright 2013, Bankrate Inc.*

The new year has begun, and as we all start our resolutions of ridding one bad habit, try to stick with it for 40 days to see a real change.

This year, consider putting a financial spin on your resolution to kick a bad money habit while you have the support of everyone around you.

Vowing to stop ignoring your 401(k), giving up your monthly budget for wine or staunchly refusing to put unnecessary items on your credit card could all be worthy money goals during this time.

But before you pick your poison, consider turning your short-term goal into a long-term, healthy habit.

"If you can do something for 40 days, you can most likely keep it ongoing," says Lora Sasiela, financial therapist and owner of the Financially Smitten blog.

### **Items That can Damage Your Wallet and Waist**

The booze, cigarettes and fast food aren't doing you any favors. Giving up these bad habits for 40 days could save you money and preserve your health.

If you're a pack-a-day smoker, you'll save almost \$240 over 40 days, as the average price of a pack of cigarettes reached \$5.98 in 2012, not including local and sales taxes, according to the Campaign for Tobacco-Free Kids. If you live in an area with high taxes on cigarettes, such as New York City, expect to save closer to \$500 over 40 days.

Giving up restaurants and fast food could save an extra car payment. The average consumer spends about \$272 over 40 days on eating out, according to the U.S. Department of Labor's 2010 Consumer Expenditures survey.

Beer and wine are an extra \$40, according to estimates from the Beer Institute, Wine Institute and the U.S. Bureau of Labor Statistics.

These vices may be difficult to give up, but remember, it's not forever, Sasiela says. It's important to stay realistic on what you can and want to give up.

"I think it's really important for people to really get clear on what their 'why' is," she says. "I think so often there are 'I should do this' goals, and they may not be aligned with what the person really wants."

### **Bad Credit Card and Credit Report Behavior**

People use credit cards to create an astonishing amount of debt each year. For households that use cards, the average was \$4,996, according to a report by TransUnion released in November 2012.

"People will spend this month's lifestyle on next month's 'if-come,'" says Chad Carden, co-author of "Winning the Money Game: A Rulebook to Achieving Financial Success for Young People." "I will buy stuff this month, and I'm banking on that I'm still going to have my job (next month)."

It would take a cardholder more than 11 years to pay off \$4,996 by making the minimum payments at an 18.9% interest rate -- and would ultimately cost about \$3,000 in interest.

Pay down those cards with balances to get rid of that looming interest. Start training yourself to skip using a credit card for unnecessary purchases -- any items you haven't budgeted for. When you do use your card, make sure to pay off the balance each month.

And while you're using your credit card responsibly, start building good credit report habits.

Take it one step at a time, Sasiela says. As the year begins, pull your credit report from just one of the three main credit reporting agencies: TransUnion, Experian or Equifax. You can request a report for free once a year from each agency.

### **Ignoring Your Savings**

Around 28% of Americans don't have any money tucked away for emergencies, according to Bankrate's June 2012 Financial Security Index -- and it can seem like an intimidating goal to get started on.

But to start saving, Fisher suggests going on a "financial Paleo diet," which puts a money spin on the popular diet that encourages people to "cut out all the garbage."

"Here's my budget, and I'm going to cut out all the fat," Fisher says. "You're not coming up with this goal of 'I want to spend no money.' You're basically saying, 'I just want to quit throwing money away.'"

Sasiela says one way she plans to cut expenses is by giving herself manicures and pedicures instead of going to a salon for the service. It'll save her about \$100 over 40 days, and more over the long term.

Trimming these extra expenses from your budget -- whether they're mani/pedis or fast food -- could accrue a nice chunk of savings that could be put to work as the start of your savings account, Fisher says.

But emergencies aside, you'll also need to stop ignoring your other savings needs. Your 401(k) won't contribute to itself, but your employer might.

Check out whether your company matches a percentage of your salary toward a retirement vehicle, open one and start contributing every month.

"Habit-wise, it should just be automatic," Carden says. "It's almost as if I make \$100, I know that I really make \$90" and put the other \$10 in retirement savings.

## **Bad Bank Behavior**

Banks may have backed away from charging customers the notorious \$5 debit card fee, but they're still going full-steam ahead in charging customers for other services.

These include fees such as using ATMs and overdrawing from a checking account. But most of these costs can be avoided.

"We could argue all day long and say 'It's a bank ploy,' and 'They shouldn't let us do that,'" Carden says. "But at the end of the day, we need to sit down and take personal responsibility and say 'Do I have this money or do I not?'"

Pay attention to your banking habits over the next 40 days, and it could save you money over the long haul.

Making the unfortunate choice to overdraft every day for 40 days would cost you \$1,233.20. Dodging just one of these account overdrafts could save you an average of \$31.26, according to Bankrate's 2012 Checking Survey.

Same with ATM fees, which reached an average of \$2.50 in the checking survey. Sidestepping this fee just once in 40 days could save you a few bucks; but bucking it once a day for 40 days will save you almost \$100. ATM fees are easily avoidable by visiting an ATM in your bank's network or withdrawing money with your debit card at a grocery store or drugstore as a cash-back option.

Whether you're cutting back spending or trying to avoid pesky bank fees, keep your goal in mind while understanding you might make a mistake in those 40 days.

"We have to go into change knowing there are going to be falls off the wagon," Sasiela says. "Maybe it was too ambitious; maybe it wasn't ambitious enough. There's a lot of Goldilocks stuff to this, where everything has to be just right."