

MONEYWISE

VALUING PEOPLE. VALUING MONEY.

VOLUME 12 • ISSUE 1

THIS MONTH'S TOPIC:

NEW YEAR, NEW MONEY: BREAKING HABITS THAT BREAK THE BANK

Each new year, many people develop resolutions to change habits to help them feel healthier, learn a new skill, or save money. The new year can also be a good time to establish better financial habits such as plugging spending leaks. **Spending leaks** are small, seemingly innocent purchases that add up over time. These spending habits have the potential to drain our budgets if gone unchecked. Often we spend money without realizing how quickly “a little bit here” and “a little bit there” adds up. When we begin to identify our spending leaks, we can work to break habits that can break the bank.

SPOTTING SPENDING LEAKS

Spending leaks can be parts of our normal routines. That makes them difficult to spot. Often we don't realize how much money we spend on things like specialty coffees, takeout food, impulse buys, vending machine purchases, digital downloads, streaming services, or even hobbies. Other common spending leaks include cigarettes, alcohol, and junk food. When we add up these costs, it can be surprising to see how much money we could save by making different choices.

One example of spending leaks common to many families is unused streaming or cable services. When a family has more than one subscription, often one service goes largely unused. The cost per year can add up.



Subscription	Avg. monthly cost	Total annual cost
Streaming Service #1	\$8.99	\$107.88
Streaming Service #2	\$5.99	\$71.88
Streaming Service #3	\$6.99	\$83.88
Cable Service	\$65.00	\$780
Total Cost	\$86.97	\$1,043.64

As you can see, a family could save anywhere from \$70 to \$700 a year by cutting one rarely used subscription service. Make a financial resolution to identify and cancel any unused auto-draft service, subscription, or membership that might be draining your budget.



CONSIDER A FEW OTHER COMMON SPENDING LEAKS.

Potential spending leak	# of weekly purchases	Avg. price per purchase	Potential annual cost
Friday pizza delivery	1x per week	\$35 per week	\$1,820 per year
Fast food lunch	3x per week	\$8.59 per meal	\$1,349.04 per year
Specialty coffee	3x per week	\$4.55 per cup	\$709.80 per year
Pack of cigarettes	2x per week	\$6.28 per pack	\$653.12 per year
Bottle of wine	1x per week	\$9.99 per bottle	\$519.48 per year

Impulse shopping is another common spending leak. This is especially true in the digital age. Smartphones have made it easy to impulsively buy unneeded items while scrolling online. With one-click purchase options and easy-pay apps, clicking “add to cart” allows you to shop without ever getting up from the couch. Quick online purchases may seem harmless in the moment; however, over time these spending habits can affect your budget. For example, one unplanned purchase of \$40 a month adds up to \$480 a year.

ESTABLISHING NEW HABITS

To begin plugging spending leaks, first track your purchases over time. Keep a spending diary to become more mindful of your spending habits. This can be as simple as writing all purchases in a notebook for a month. Be sure to track every purchase regardless of size, including recurring bills.

Once you identify spending leaks that are draining your budget, you can then develop ways to reduce them. To break the habit of spending too much on specialty coffees, for example, get creative by



brewing new recipes at home. Drive-thru meals adding up? Commit to packing lunches from home. Make eating out an occasional treat rather than a regular behavior. Online shopping breaking the bank? Disable one-click purchase options and auto-pay apps that save your financial information. The less convenient it is for you to make an online purchase, the less likely you are to make impulse buys.

Whatever your financial resolutions this new year, incorporate mindfulness into your spending routines. Plan out purchases in advance and consider ways you can keep your money from going down the drain!

Written by: Morgann Kidwell and Nichole Huff | Edited by: Alyssa Simms | Designed by: Kelli Thompson | Images by: 123RF.com

Nichole Huff, Ph.D., CFLE | Assistant Extension Professor Family Finance and Resource Management | nichole.huff@uky.edu



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