



HIGHTOWER



Plugging Money Leaks and Other Financial Anxieties

By Myrna Lainé-Hyppolite

The concept of financial wellness has risen in importance over the last few years as we gain an understanding of how taking care of finances is important to enhancing one's overall sense of well-being. When your finances are not in order, it affects multiple areas of your life, from job performance to health to family relationships. If you have anxiety around managing money, it has both mental and physical ramifications. We should all strive to increase our financial wellness, but this is easier said than done.

Financial stress crosses all gender, race, age and ethnicity lines and affects a large percentage of the U.S. population. In a survey conducted by the American Psychology Association in February 2022, money was the major source of stress for 65% of participants. This percentage was the highest recorded since 2015.

Money stress is at work when you feel the following:

Frustration and a lack of control over where your money is going

Overwhelmed due to the inability to put any money aside for an emergency or for life goals

Anxiety over the money just not being "enough"

At times, you may find yourself earning good money, yet it feels like the money leaves you as quickly as it comes in. This is what we call the "vacuum effect," where money is sucked out to pay bills and you just don't seem to have a handle on where it's going.

There are some simple ways to regain control and reduce stress by identifying your money leaks.

Money Leaks

Money leaks are the unconscious, impulsive and sometimes recurring habits that affect our ability to retain money. They take away the focus from growing your money and cause you stress.



ASK YOURSELF THESE QUESTIONS

?

Do you tend to do a lot of impulsive shopping (e.g., Amazon)?

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Are you the one who feels the need to always treat your friends when you go out?

?

Are you using that credit card like it's going out of style?

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Are you incurring bank overdraft fees or late fees for credit cards?

?

Are you grocery shopping without a list?

?

Are you easily influenced to shop based on TV/social media ads?

?

Are you spending all the money you have coming in?

Don't just rely on your memory to answer these questions, pull out the bank and credit card statements, go through a month or two of activity to help you identify where your money is going. There could be other leaks that you will find based on this review, but the questions here will help give you a good starting point.

Ways to Plug your “Money Leaks”

Now that you have found your leaks, you must work on plugging them. This will help you retain money and reduce your overall money stress. Here are some ways to get started.

01

Before you spend money, ask yourself this simple question: Is this a need or a want? If it's a want and you need to beef up your savings, you may need to defer this spend.

02

Use cash only. With the spread of Covid-19, some may feel apprehensive about exchanging paper monies. You don't need to do this for more than 30 days, but it will help make you more conscious of your spending. It makes a difference if you are handing over \$100 as opposed to swiping a card.

03

Minimize your credit card usage. If you aren't using your credit cards as much, you will be spending less.

04

Shop with a grocery list. This helps focus spending when you go grocery shopping, you're not just putting items you don't need in your shopping cart. This leads to additional savings.

05

Plan for online shopping. Amazon is everyone's best friend, particularly during the pandemic. It is a beautiful business model, but if you have a Prime Membership, I am sure you know how easy it is to just “click, click” and find something at your doorstep! Make sure the online shopping is built into your budget.

06

Cut down on fast food consumption/dining out. You would be surprised to see how much dining out adds up, especially when it is unplanned. According to the U.S. Bureau of Labor Statistics, the average American spent \$3,459 on dining out in 2018. Reduce impulsive, last-minute dining out decisions.

07

Pack a lunch for work. If you work outside the home, buying lunch every day can add up quickly. Try to pack your lunch for three to four days a week and redeploy these funds to your savings.

08

Pare down on multiple media subscriptions. A number of us have Netflix, Hulu, Apple TV, Disney Plus, premium cable, and the works. Do we really need all of these subscriptions?

09

Cancel unused memberships. Are there memberships that you're not using? Do you have a gym membership that is sitting unused? Cancel it. Use the money for something that will bring you joy: retirement!

10

Negotiate, negotiate, negotiate. Call your cable, phone and credit card companies and ask if you can get a new package that allows you to save money. Renegotiating these terms can go a long way.

Plugging your money allows you to “find” more money that you can use to put toward your savings and reaching the goals you want to reach in life. This will help you reduce your money stress and improve your sense of financial well-being.



ABOUT MYRNA LAINÉ-HYPPOLITE

Myrna Lainé-Hyppolite has nearly 30 years of experience in the world of finance ranging from corporate finance and private equity to investment banking. She has BA and MBA degrees from Dartmouth College and is now a financial coach and the CEO of Empower Financial Wellness. Empower is a financial coaching company established with a mission to educate, encourage and empower individuals to reach their financial goals. Lainé-Hyppolite helps individuals grow their net worth, find their money leaks and learn the basics of confident stock investing.

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