

Everything in Moderation: The Money Diet



When it comes to overindulgence, money and food really aren't all that different. Both satisfy basic needs in our lives. Yet without boundaries, they can get us in a lot of trouble. Maybe it's time to take a few tips from diet experts when trying to control money problems.



Health and Wellness

It's all about planning and moderation. Here are some ideas you might consider when starting a money diet:

1. Figure out where you are and where you need to be.

We've all seen those charts that tell us what we should weigh based on our height and age. If only money were that simple! That's why you should get some help if you've never tried to assess your money health before. A financial planning professional can ask the right questions and develop a customized plan to figure out your starting point, your earning potential, new habits you need to develop and where you'll be able to finish.

2. Track your spending in detail. Whether you do it with a pen and a notebook or a computer program, make a concerted effort to track your everyday spending. Physicians say overweight people should track every morsel of food they eat; with money, it's the same thing. Knowing where every dollar goes gives a quick picture where money can be saved or invested.

3. Create a financial calendar. This might be a little easier if you've tracked your spending for a year. But even if you haven't, take a big desk calendar (or an electronic calendar that allows space for lots of notes to yourself) and in each day's square where you know you'll have to make a payment, write down the reason and the expected amount. (Hint: Write very small!) That way, you'll make sure you aren't tempted to overspend around those dates. What expenses are we talking about? Everything you must meet on a regular basis and ones you know are coming up. Here are a few examples that should get you started: Monthly mortgage, auto or rent payments, student loans, monthly utilities, home, auto, life or disability insurance. What will this crowded calendar tell you? By attacking debt, making certain sacrifices on spending and saving smarter, you can eventually un-crowd that calendar and your financial life.

- 4. Write down your long-term goals.** You need to think about the things you really want to do with your life and what those things will cost. Putting goals in writing gives them a formality and a starting point for the planning you must do. If these goals require saving, make sure you put those savings dates on the financial calendar you made in #3.
- 5. Permanently change your spending habits.** People who have lost a significant amount of weight — and kept it off — usually report that they've made slight but permanent lifestyle changes to do so. Money success requires similar dedication. For example, people who have rewarded themselves with unrestricted spending sprees should develop alternate behaviors that bring them as much satisfaction — meals home with friends or setting money aside to afford the occasional high-quality treat. It's all about finding out what they really value and deciding whether saving for retirement or affording their child's college education outranks buying an expensive car or clothing.
- 6. Don't go it alone:** Leading weight-loss programs like Weight Watchers have had long-term success for two reasons: affordability and easy access to information and support. Working with a financial planning professional on an ongoing basis can help you develop the right plan and stick to it.
- 7. Build failure and recovery into the plan:** How many diets have failed with the words, "I can't fail!" The fact is, with food or money, everyone goes off course at times. The important thing is to have a plan for corrective action if it happens or is about to happen. If you can minimize the damage and get back on course, your progress will continue.

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