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The Money Diet: How to Achieve Financial Fitness This Year

What could be harder than losing weight? Perhaps saving money. Learn what these two popular resolutions have in common and how to boost your chances of earning financial success.

By Esther Chapman



Start with a plan.

In both dieting and saving, a plan of attack helps focus your efforts. “That means the B-word: budget. And just like with eating plans, different budgeting systems work well for different people,” says Ellie Kay, a family finance expert and author of *The 60-Minute Money Workout*.

Some people need to budget every penny, says Kay, while others remain more faithful to budgets with general categories. Find the one that works best for your family. But no matter which plan you choose, review your budget at least monthly to evaluate spending, and annually to re-adjust categories, as savings goals are met.

“For example, when you finish paying off your student debt, you’ll have money freed up that you can allocate to credit card debt or even mortgage debt. Your budget needs to be organic and ever-changing for your plan to continue to be successful.”

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Set small, manageable goals.

Yes, you may need to lose 20 pounds but starting with a more manageable goal of losing, say, two pounds will get you off to a great start and motivate you to work toward the next objective. Similarly, biting off smaller goals can help develop the self-discipline while moving step-by-step toward financial freedom.

“Especially with paying debt and saving money, there’s a certain, commonly recognized order to do things,” says Meg Favreau, senior editor of the financial site [Wise Bread](#). “For example, before you do anything else, you need to have an emergency fund—even just \$1,000 to start. If you start paying debt before you have an emergency fund and something terrible happens, you’ll end up even more in debt handling that emergency.”

You may have the mindset that you are simply not good with money, but that will change dramatically with each small success, says Favreau. “As you see little goals realized, you’ll be propelled forward to reach the next one, and the next one.”

Need help determining the order of your savings goals? Check out the free “Money Map” and other goal-setting tools provided by Crown Financial Ministries at crownmoneymap.org.

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Anticipate slip-ups.

Let's face it: You're going to make mistakes. Just as it's tough to say "no" to every cookie popping up in the office, you will have days when you say "Heck, why not?" to financial decisions that you will later regret. Instead of beating yourself up, adjust your budget to compensate. Those had-to-have-'em suede boots may mean no meals out for the next few weeks until you make up the expense. (Or, better yet, return the shoes!)

"You might even create in your budget a place for occasional splurges, because most people cannot just deny themselves a lot of things and keep going on a budget," says Favreau. "People do best at things like diet and budgets when they still have room for fun."

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Free tools can help.

A well-designed tool or piece of equipment can get you started on both dietary and financial success. But take a lesson from the treadmill and ab-shaper machines that have seen more dust than action recently: Expensive equipment does not automatically lead to success. Sometimes, the best tools are free.

Favreau swears by [Mint.com](https://www.mint.com) as a free, online budgeting tool. It lets you pull information from all your accounts into one location, where you can set goals and track spending. "I'm a more visual person, and Mint.com has graphs for every area that show how much of what you allocated for the month you spent. And it's easy to move things around, so if I did go buy a dress, I can bump up my clothing budget a bit and move down my eating-out budget."

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Find the right buddy who keeps you accountable.

"It helps having a buddy saving money with you," says Favreau. "Somebody you can go to when you're thinking about spending money, and who is also trying to live frugally so you can do frugal things together."

The right buddy holds the same values, understands your goals, and gives you either tough love or encouragement, depending on what you need at the moment. In many cases, that buddy may be your spouse, especially if you are trying to reach common goals and stay transparent with one another about spending. Get rid of any secret credit cards, develop a budget that works for both of you, and make a promise to touch base before you spend anything over a certain amount. Bringing finances from an "I versus you" stance to an "I-help-you-help-me" one can avoid marital stress and even bring you closer as you work toward, and accomplish, mutual goals.

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Take drastic measures to resist temptation.

You cannot eat as many sweets if you keep them out of the house. Similarly, you won't spend as much money if you limit your trips to the mall. Sometimes, it takes hardline tactics to reset unhealthy patterns, so get as aggressive as necessary to tackle your goals.

"Part of planning to succeed is limiting your access to credit cards if you get tempted to spend," says Kay. "You can give your credit card to a money buddy, so you have to get it back from that person in order to use it." For an extreme approach, she even suggests putting your cards in a bowl of water and stashing them in the freezer. Then you have to ask yourself, "Is that purchase worth thawing my credit cards?"

Other options: Unsubscribe to email offers and catalogues whose deals make you credit-crazy. Calculate how much your lattes cost each year and vow to avoid the route to work that passes Starbucks. Or, if buying lunch is your Kryptonite, bring a salad or leftovers to work twice a week and even look for a pleasant, sunny spot to picnic. Avoid the situations that trigger temptation.

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Step on the scale (and face the music).

Sometimes we all need a dose of reality, like when your doctor requires you to step on the scale and see how much you've gained since your last appointment.

"The financial equivalent to this is ordering your credit report," says Kay. "It shows all your debt, all your financial history. It also reveals potential problems, like identity theft."

The Fair Credit Reporting Act requires each of the nationwide consumer reporting firms—**Equifax**, **Experian** and **TransUnion**—to provide you with a free copy of your credit report, at your request, once a year. (This report does not include your credit score, which may require an additional fee.) Kay suggests spacing out these requests so you can evaluate your credit three times during the year.

Just like an annual physical, these credit checks will give you an overall picture of your fiscal health. Then, if you find out you're financially "50 pounds overweight," you can start making changes to get back in shape.

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Focus on the long-term.

Losing weight means you look and feel better (and your clothes fit more nicely). But long-term, the reason to lose weight comes down to even bigger lifestyle benefits. Ditto for saving money. Fixing your eyes on larger financial goals—like giving your children a secure future, having flexibility to travel, and enjoying retirement—can keep you going through the months and years of steady plodding.

“Write down your goals. Put up pictures of your family or your vacation destination. It’s really important to remember the real reasons why you’re saving,” says Favreau.

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Consider calling on a professional.

If you've established a plan and exhausted your free resources (websites, financially savvy friends, and library books) but still feel overwhelmed, don't fret. A professional adviser may be required to get you over the hump. (Don't be embarrassed: Every day, personal trainers and registered dieticians help people lose weight who could not do it alone.)

The [National Federation of Credit Counselors](#) offers financial counseling and education in person, online, or over the phone—at no cost. It's one of the few free, non-profit credit counselors. "In some cases you even turn over your debt to them and they manage it. They can renegotiate with lenders, get interest rates reduced, and even have debts forgiven," says Kay.

If you've moved into the investment stage of saving, a personal financial planner can provide guidance. Remember to research thoroughly and stay mindful of fees or expenses before you agree to any services. The Certified Financial Planner Board of Standards offers useful information, including "10 Questions to Ask When Choosing a Financial Planner" at its website, [cfp.net](#).

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Remember that success brings unmatched freedom.

Just as reaching your healthy weight makes you giddy with delight, achieving financial health offers peace and satisfaction that make the struggle more than worthwhile. Building a nest egg and retiring your debts give you a wealth of options: to keep a job or switch jobs, move or stay put, donate to causes close to your heart, and provide for yourself and your family. Yet, the long road for many may seem unbearable unless you keep your eye on the euphoric payoff. "It's a mountaintop experience," says Kay, who herself paid off \$40,000 in consumer debt in less than three years.

As you take the steps toward financial freedom, stop regularly to picture yourself in that ultimate place of success. Surround yourself with positive stories of those who have reached financial milestones. Check out the "We Did It!" section of financial guru [Dave Ramsey's website](#) for inspiring examples. And celebrate each small milestone in a tangible way to recognize that you are closer than ever to financial fitness.

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