

New Year, New You

00:05 Megan: Financial wellness is the ability to manage money in a way that gives you peace of mind and empowerment to make your own choices. At Golden 1, we're here to help with unbiased financial guidance. As a not-for-profit, member-owned credit union, our main goal is to help you reach financial wellbeing. Join us as we discuss why financial knowledge matters and how to apply it to your financial journey. Together, we can be Golden!

00:34 Megan: Hello! Welcome to the Golden 1 Financial Wellness Podcast. I'm Megan.

00:39 Megan: The New Year's finds many of us reflecting on the past year; thinking about both the good and where we'd like to improve. And many of us, when thinking of the New Year, think of establishing resolutions to help spark positive changes in our lives. In fact, this practice dates all the way back to the Babylonians who celebrated a festival called Akitu at the start of their harvest season. The timing of the New Year shifted to January 1st with the Romans adopting the Julian calendar. In fact, the month January was named after a two-faced Roman god Janus who was said to look backward towards reflection and resolution and forward towards new beginnings.

01:20 Megan: Today, New Year's resolutions are usually no longer associated with the harvest or religion, but the concept of declaring or making a statement to improve wellbeing is a tradition that has stuck around. This idea of engaging in an active practice through which we become aware of, and make choices toward, a more successful year or personal best is the root of almost all New Year's resolutions. Year after year, statistics show that New Year's resolutions have a reoccurring theme and the majority fall into two categories, self-improvement, including health related resolutions such as losing weight or eating healthier and learning a new skill or growing professionally. Or, the second category, personal finances, such as saving more, spending less, or getting out of debt. But studies show that roughly 80% of us who make these New Year goal declarations will fall short.

02:23 Megan: Of course, none of us want to fail. So how do we succeed? What separates successful resolutions from unsuccessful ones? Mentally preparing for change and setting a smart, manageable, and motivational goal is the differentiator between a good resolution and a great resolution and is a necessary step in helping us create a path to improvement. Being realistic about our current situation and the work we'll need to do to go from where we are now and where we want to be is key. So, look back at last year's goals and take inventory of the progress you've made. It's easy to be critical of ourselves, but take the time to celebrate the wins- no matter how small they may be. Recognizing even the small wins can help us stay on track. As we formulate our goals, we need to be intentional about how we want to achieve them. And when we actively move towards a goal, we make positive strides towards happiness and fulfillment. This then contributes to our emotional and mental well-health which helps us to push forward that much more towards our goal achievement.

03:37 Megan: You can see how actively working towards our goals has a domino effect. New Year's resolutions help us think positively and can act as a catalyst for positive actions for not only ourselves, but those around us. For example, our resolution to exercise more will help us be healthier so that way we can be around longer for friends and family. Our resolution to pay down or get rid of debt will help us feel less stressed and hopefully help us sleep a little better at night. This

New Year, New You

then affects our mood and emotional health. All these resolutions have rippling effects, so we need to pick goals that are important to us. Goals that motivate us to keep reaching for our dreams and aspirations.

04:24 Megan: At the same time, it's important that we learn to slow down a bit; not on setting New Year's resolutions or goals, but on how big they are or how many we set. One of the many reasons resolutions fail is we're too ambitious on what we want to achieve and the time span we want to achieve it.

04:43 Megan: Yes, 365 days can seem like a lot of time for some goals, but for others, this time frame might not be realistic. The same can be said about having too many resolutions. Each resolution on its own may be achievable, but if you have too many, then we stretch ourselves too thin. Make a list of your goals and then take the time to prioritize them. It's better to create an amazing plan for one resolution than multiple poorly contrived plans.

05:19 Megan: Let's talk about being SMART with our resolutions. And when I say SMART I mean an acronym for specific, measurable, attainable, relevant, and time-bound. When we create a resolution, we need to express it clearly so that it's only interpreted one way. We want the goal to be measurable so that way we can determine and track progress towards the goal. And the goal should be attainable. We don't want to set ourselves up for failure. And we want to make sure that the steps we are taking to reach that goal are small enough that we can actually accomplish them, but not so small that we're not making progress. Of course, it also needs to be relevant and meaningful. If the goal lacks personal importance, then we're more likely to abandon the goal altogether. Finally, the goal needs to have a timeline on it. A deadline will help hold us accountable and provide us a time when we can celebrate.

06:15 Megan: For example, as we head into the new year, roughly a fourth of all resolutions will have something to do with financial well-being. With the holiday shopping season behind us, paying down debt, particularly credit card debt, might be top of mind for a lot of people. In fact, in June of last year, Experian published data that found that 61% of Americans are carrying an average credit card debt of \$6,194. If the goal was to pay off this credit card debt in a year, the payment would be roughly \$517 a month, plus any interest that compounds on the outstanding balance. Would this figure work in your monthly budget? If not, breaking up the goal into smaller, more attainable steps may be necessary. Maybe we should focus on paying an extra \$3,000 this year towards our credit card debt instead of the entire balance. This goal is specific, and it's measurable. If I take \$3,000 and I divide it up by 12 months, that equates to \$250 a month. This amount could be a little more feasible. If not, then go back to the budget and see what is realistic. Finding ways to cut back or increase income to reach this dollar amount each month is another way to find the money. The goal is relevant to our overall desire to pay off our credit card balances and increase financial well-being. The goal is also time-bound. I know exactly what I'm doing with the timeframe I want to achieve it.

07:55 Megan: For every New Year's resolution, create a list of smaller tasks, prioritize and list them in order, decide how long each of them are going to take and try to focus on the next step rather than the big goal. Writing these goals down can help us establish intention. Setting up a visual like a milestone calendar can help us track our progress and complete items on our to-do list. If you're like me and tend to be a little forgetful, then try to automate where possible. Nowadays there are a million different apps to help you. Utilizing financial apps like Golden 1's can help set

New Year, New You

up a recurring transfer from our checking account to a dedicated savings account or to a loan payment. Having part of your paycheck automatically deposited into a savings account can also help us stay on track and resist the temptation to spend. Watching our savings grow, marveling at our shrinking debt, documenting progress can motivate us to keep going.

09:02 Megan: Of course, this will also help to look back at the end of next year and have a reminder of what goals we achieved or just how far we've come. It'll give us a reason to celebrate.

09:15 Megan: Striving to be one of the few individuals who keep their New Year's resolutions sounds like a great resolution in and of itself. But know that even if we don't accomplish each and every one of our goals, the act of setting them and working towards them can still have positive effects on our well-being.

09:35 Megan: Thank you for joining me today to reflect on the year past and make resolutions to help spark positive changes in the future!

09:44 Megan: If you haven't already done so, subscribe to the Golden 1 Financial Wellness Podcast on Apple, Google, and Spotify to get more financial tips and insights. Plus, go to the Financial Wellness tab at goldenone.com to find a ton of other resources like videos, interactive modules, and webcasts. You don't even have to be a member to use them!

10:08 Megan: This has been Megan wishing you financial health and happiness and as always, reminding you to stay golden!

10:17 Megan: Golden 1 Credit Union is insured by NCUA.