

Thrills, Chills, and Bills: Overcoming Financial Fears

0:05 Daniela

Financial wellness includes 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 well-being. Join us as we discuss why financial knowledge matters and how to apply it to your financial journey. Together, we can be golden!

Hello and welcome to the Golden 1 Financial Wellness Podcast. I'm Daniela and joining me today is Financial Education Manager, Barbara. Thanks for joining me Barbara.

0:40 Barbara

Thank you for having me here. I'm excited to talk about spooky financial topics. And when I say spooky financial topics, I'm usually referring to those scary topics that people fear, things that people may not want to tackle or address because of their prior experience or lack of experience with any area of finances. Some of those may be because we never heard our parents talk about it. It was a taboo subject. Or it might be that we never really had a good handle on certain things. So then we're scary to talk about it, to even address it in our personal finances because of the fear of doing something wrong again, maybe that we already did some mistakes in our lives. Another reason we have some fears and spookiness when it comes to finances a lot of times is because we didn't learn anything in school. When it comes to budgeting, credit, debt, managing our finances. So a lot of times we're just spooked by these areas of our lives.

01:53 Daniela

Absolutely. Nowadays, schools are teaching kids about different financial education topics. They learn how to budget, they learn what credit is. So these kids will actually have a leg up, more so than we did growing up. One of the topics that really scares people is the aspect of budgeting or even maintaining a budget. People have the misconception that budgeting is really complicated, that it's hard, that it's limiting themselves, or that you have to be good with numbers in order to even have a budget. And like you said, it's the fear of even getting started that prevents people from actually having a budget.

02:34 Barbara

And many times any thing we do in life, we just need to start. Right? Just try it.

2:40 Daniela

Absolutely right.

02:42 Barbara

And budgeting is the same way because a lot of times we have the concept of budgeting being restrictive, being controlling. But if we don't take that control ourselves, then this area of our finances will always remain scary to us. So just getting started may mean something as simple as today, I'm going to look for a simple spreadsheet that is not too scary to me that I can manage. And I did that today. I actually open the spreadsheet and input a couple of numbers. Just taking those baby steps to demystify or make it less scary by not thinking I have to complete this all in one sitting and I have to think of all of my numbers just at one time. The other thing is, a lot of times we want to sadly overcomplicate things. It may not even be a spreadsheet. So, I set a spreadsheet, a simple spreadsheet, but maybe we just get started with a piece of paper and a pen and we start writing some things down or we open Excel and we don't have a fancy spreadsheet, but we just start typing our numbers down and capturing them

3:51 Daniela

Yeah, maybe the first step is just gathering your bank statements. It could be something as small as that may be. The first step is logging into your online banking and looking at your transactions. It doesn't have to be something huge or monumental in order to get started. Sometimes all you need is just to dedicate at least 15 minutes a day. Set a timer on your phone and make sure that you have that time set aside to just sit with your finances.

04:16 Barbara

I think for anything that we do, let's say we're running a marathon. We don't just start with running the marathon. We start with I'm going to walk and then I am going to maybe run a few blocks and then I'm going to run a mile and we start building like that. So I think that we need to approach our finances in that same manner so that we're breaking it down into small, attainable goals. And that helps us not be overwhelmed and not be avoidant of these different areas, especially budgeting, because with budgeting we are able to see kind of our big financial picture by seeing where our money's going. And I always talk about budgeting being that foundation to help us get to any other financial goals or any other areas that we want to focus in in our finances. And starting with those baby steps is really a good way to get started with your budget.

05:15 Daniela

Absolutely.

05:17 Barbara

But there's also credit. Credit is another scary topic for people. And yes, it can be scary one, because maybe we've had some not so good experiences when it comes to having bad credit or going into debt and now have to digging to dig ourselves out of debt. But it's also the unknown of how is our information use, how are we really how is our credit card information being used to generate our credit score? What do I do to really improve my credit? Let's say? A lot of times the credit reports are also very overwhelming. A credit report can be anywhere from like a few pages, 3 to 5 pages, to I've seen credit reports as long as 40 pages, depending on the credit history that we have. And what is in those credit reports can be really hard to read because we're not used to it. Right?

Again, just like the budget, if we have not started with baby steps of even just getting that credit report, then reading a 40 page document can be absolutely intimidating. And if we've had bad history, maybe we don't even want to look at that credit report because we're afraid of what we're going to see there. And is that even something that I can fix?

06:43 Daniela

Like you said, credit is its own scary beast. The first step to really confronting that beast, are really defeating it, is going to be to confront your credit report. It may seem scary to actually come into terms with maybe your level of debt, but you can't beat it if you don't confront it. You can get your free credit reports at least once a year by visiting annualcreditreport.com.

It's a great centralized service where you're able to access all three credit reports for free. You can also go to each individual credit bureau and ask for your credit report that way. But there might be some fees involved. But it is very important to access your credit report. And then once you've done that, stop getting someone to read it with you. Right? Because if you've never been exposed to it before, if you've never been exposed to a credit report before, then it's important to have someone who's knowledgeable in that field to really break it down for you in a way that you'll understand.

07:44 Barbara

And I mentioned earlier that a lot of times maybe this topic of finances wasn't really something we grew up with. Maybe it was a taboo. And showing your credit report to someone to help you read it might be very scary, very intimidating, but especially if it's a professional or if it's someone that's had exposure or is just reviewing their own credit report. Many times they've seen plenty of negative things on credit that....

08:13 Daniela

Yeah.

08:14 Barbara

I always like to say. It's like going to the doctor. You know, if we have some ailment, we may be embarrassed to share it with the doctor, but they probably heard it a thousand times before. You're not that one unique person to have this one disease or, you know, rash, maybe. But that's the same thing when it comes to maybe a financial coach, maybe someone that you trust as a family member that, you know, they can really give you honest feedback and they've had good management of their finances where you feel like they'll be sympathetic even if they see something on your credit that isn't, you know, perfect.

But having someone to really help demystify the long credit reports is helpful rather than trying to tackle it on your own. So I completely agree. That is really the first step. The other thing is that we want to learn to use credit report to our advantage rather than having credit use you in a way. And what I mean by that is when we have credit cards, for example, that have rewards, we want to use that to take advantage of those rewards and not let them use us by us having to pay high interest rates. Right?

09:36 Daniela:

Right.

09:38 Barbara

Having to pay sometimes double or triple whatever we bought, maybe on sale on our credit card because we didn't pay it off because we were afraid to open those statements and we're just paying the minimum. The goal is really to get to a point where we can pay off our debt or our credit cards in full every single month when we get to that point and again, it might take a while when we get to that point that shed some of that fear, that shed some of the spookiness of really utilizing credit, because now we feel confident that I'm not going into debt, I'm using it for my benefit, which is maybe some rewards, but maybe it's also to be able to attain bigger goals like buying a house or a car that with a better interest rate that we ever could if we were carrying a lot of debt.

10:32 Daniela

Absolutely. You're removing the power that credit holds over you. A way to avoid a debt. Right. Let's talk about having your credits benefit you. The way to stay out of debt is to stay in your budget. Right? Going back to our first little topic of budgeting, when you only use your income or you're living a cash only lifestyle, right? You're not relying on debt or your credit cards as a second form of income. You're also avoiding debt that way. You're avoiding charging up your credit cards to more than what you can pay off.

Speaking of debts, let's talk about what debt is and why that's so scary for people. I know growing up, my mom always told me to avoid debt, right? Because she had a very bad habit of maybe using high interest or credit cards. So, she was paying credit cards off for the longest time because all she could afford to do was pay off those minimum payments. And as a result of

that, she was getting charged more in interest in what she was making in payments. So it really felt like she was treading water, like she could never really see the finish line. Because of her experience. For the longest time, I was terrified of opening up a credit card because I didn't want to be in the same situation. Eventually, I kind of learned, though, that some debt is necessary, especially in this day and age. When you want to be independent, you want to rent your first apartment or buy your first car. You need that history.

12:02 Barbara

To get started getting over that fear of debt or to avoid getting into debt again. I think that one of the first steps is to sit down, just like we do with a budget, just like we did when we were talking about credit, is to sit down and look at your credit card statements and see what is it that I'm owing, that I'm paying, how much is going to interest rates, how much interest I'm paying at these credit cards? What is my limit? So, you're really breaking it down into small chunks of information so that you can make sense of it, so that then you can start making a plan to get out of debt.

If you have multiple credit cards, one of the best ways that I've found that clients can really feel like they're accomplishing the goal of getting out of debt is by paying off one credit card at a time. And that can mean in different ways. Some people like to focus on the lowest balance credit card first and pay that off because you know you'll pay it off quicker and then you can check that off, scratch it off your list and move on to the next one. So it really gives that

13:11 Daniela

motivation

13:13 Barbara

Momentum- Yes- and motivation to get going. Other people like to tackle the highest interest rate first. No matter what the balance is on that one, because they feel like, yes, I'm paying a lot more towards interest in this credit card than the others. So I want to tackle that one first. Either way you decide to go, you're going to get to the same end result, which is paying everything off. It might take a little bit longer in one area or another. Typically, it might take a little bit longer on the highest interest rate if that balance is bigger because it will just take a little bit longer to pay. But difference is minute. The main thing to get over this struggle of the debt is for us to just get started with one process, no matter which way you take it and set a timeline. Do some math, maybe some simple math to see, okay, I can pay off this credit card in so many months, and if I keep it going at this rate and I roll over payment that I was making to the one credit card to the next credit card, I'll be paid off on the second credit card by this other date. And you want to do that so that you know, you're staying on track. And if you fall off the wagon, which we all do, then we just get back on the saddle and we start the timeline again.

14:30 Daniela

That's actually something that I recently sat down to do. I really wanted to get in control of my finances, so I found a spreadsheet that does all of that math for me. So really all I had to do was just plug in my balances on my credit cards, the interest rates, what my minimum payments are. And then I did all of the calculation by itself. I'm someone who's motivated by seeing those \$0 balances. So I went with the method of paying off the smallest credit card first because I knew that the feeling that came with paying off that credit card would motivate me and keep me motivated to paying off the other credit cards or the other types of debt that I have.

Something that I also had to really coming to terms with was that I will never get out of debt if I keep on charging to my credit cards. That was something that I struggled with for a really long time. You know, during the pandemic, I spent more than I should have, so I accumulated debt on my credit cards. I had to get out of the habit of using my credit cards as an extra source of income. Since then, I've actually been able to see that my payment and the extra payments I'm taking are making a big difference. On paying down that balance. Now, if I were to have kept on charging or kept on using those credit cards as a second source of income, I would still feel like I was treading water.

15:50 Barbara

Where did you find your spreadsheet? What are some resources we can give everyone to talk about? It's for them to search, whether it's a budget worksheet, a simple and easy to use, or something that we could use for our debt.

16:07 Daniela

So I found that personally I use a mix of resources. So, I started by just using a pen and paper, right? I wanted to go through the actual emotions and the understanding of what a budget is and you know what my debt looks like. So, I found out putting my debt to pen and paper was what really helped it stick in my mind. After doing that, I looked online for different resources. We just so happened to have a budgeting worksheet on our learning lab. I utilized the web version to really see where my balances were going, where my income was, what my income was. Using that information. It was actually able to do a lot of the calculations for me, and I saw that in some areas I was spending more than I should have been- so that was the learning lab. And then I also found a separate worksheet through Etsy, which is just like a small community for, well, not even small anymore. It's a pretty large community of small businesses. There's online worksheets on there as well that do all of that math for you. So, I use three different resources; pen and paper, our learning lab, and then my Etsy spreadsheet.

17:21 Barbara

And our learning lab, you can find it through our website, golden1.com, through financial wellness, it is free to use for anyone.

So I encourage it, if you're at that next level. Right? We've talked a

17:36 Daniela

Absolutely.

17:38 Barbara

just to get us started. Then to that next level. Another resource of also given a lot of my past clients is dinkytown.net. D-I-N-K-Y- town.net. It's a funny name, but it's just financial calculator. And they're free and have debt management calculators as well. So a lot of resources out there. So like Danielle like you search online. You know, there are so many resources. I think also though, we don't want to waste too much time searching for the perfect worksheet or spreadsheet because then we never get started.

18:17 Daniela

Yeah.

18:17 Barbara

So that's something to keep in mind as well when really trying to get started and getting over these fearful topics and areas of our financial lives. Another thing to think about is also do we need to consolidate our debt? So, we talked a little bit about paying one off at a time. Sometimes consolidating our debt, paying, getting a personal loan to consolidate. It works, but only if, as you said, Danielle let you start charging the credit cards or else you end up with a loan

18:51 Daniela

and credit card debt.

18:53 Barbara

Yep. And so we don't want to do that because then maybe we're getting over some financial fears, but we're starting new ones.

19:02 Daniela

Yes.

19:03 Barbara

And we absolutely want to avoid that.

19:05 Daniela

Only look into debt consolidation if you have gotten into the habits of using your credit cards responsibly, gotten out of the habit of charging your credit cards every month, otherwise it can definitely lead to even more debt in the future.

19:19 Barbara

Another scary topic, spooky topic to talk about, is retirement. And that becomes more scary the older we get. The closer we get to retirement. It's scary to even think about how are we going to survive once we no longer work and have the steady income. But it's also so important to not be scared of even thinking about the as young as we are. If you are in your twenties and you are having your first couple of jobs, start thinking of retirement planning as early as you can so that you won't be scared to even think about retirement when you're in your fifties because you've been prepping all along. So we do want to get started, but it is a topic that sometimes is very confusing for all of us. When we start talking about, well, how do I contribute and what are really investments and mutual funds and stocks to really be thinking about, and how do I know my balances are growing? How do I know that I'm even saving the right amount, right? When we don't know how inflation is going to be 20, 30 years from now? We don't know how the stock market is going to be doing. But these are all scary things to think about. But we go back to the first thing we talked about, right, and budgeting. Where do we start with the baby step? Where do we start with just starting to? I'm going to learn that definition of what a 401(k) is.

20:51 Daniela

Absolutely. The fear lies in the unknown, right? The fear lies in all of this uncertainty that comes with retirement, it comes that comes with all of these big words. Right? A way to overcome that fear is by education. It's by learning things. Now, it doesn't have to be something super complicated by becoming a professional in different retirement terms. Right? It can be just setting a goal to learn one new thing every week, learning, you know, what is a 401(k)? How do I get a 401(k)? What is a traditional IRA? What is a Roth IRA? You know, just by learning these different concepts, we are again removing the power that the fear hold over us.

21:34 Barbara

Sometimes we just need to rip off that Band-Aid of fear because that could be a very heavy, big Band-Aid in our lives. And ripping it off may mean, you know what I don't know all these terms yet, but I am going to make an appointment with a professional. And I go back to my example, just like doctors, right? They've seen it all before. So have money coaches, financial coaches, financial advisors- they've met with people that don't know or understand all the intricacies of financial planning and retirement terms and investment terms.

So making that appointment and just being okay to be scared and to be a little bit maybe embarrassed, like I don't know what I'm talking about or I'm not 100% alert absorbing everything they're saying, but being okay that I grasped a little bit today. But I made that appointment and I talked about it, and now I move on to the next step.

22:34 Daniela

These professionals, they're not there to judge you, right? It is, that's what their job is, is to educate you, to get you comfortable with these different aspects of the financial industry. They're there to help you. So, yes, even like the doctor's office where you're scared that you may be- you are the most unprepared for retirement. I you know, believe me, you're not right. There's someone always either worse off or better off than you. And again, they're not there to judge you.

Retirement planning is something that I didn't take seriously until I would say maybe about three years ago. Right? I've been working since I was six years old, but I didn't start actually actively contributing to my retirement until three years ago. I have found that for me, what works the best to keep myself from feeling any anxiety with retirement is the concept of having something out of sight, right out of sight, out of mind. Because when I first started looking at my retirement account, I saw balances going down because the stock market was performing very badly. So every time I feel like I would log on, I would see that I was losing money. And that made me want to panic and take money out, right? So I actually met with the financial advisors that are provided through Golden One. So he sat down with me and he just told me, Hey, if you need to look at it, maybe look at it quarterly. Right? You there's no need for you to go in there and just actively look at it because seeing those numbers fluctuate will cause panic.

So that's what I did. I have my contribution set up automatically. So automatically I have money coming out of my paycheck and deposited into my retirement account. And I look at it maybe twice a year just because I know now that the stock market will fluctuate, right? It will have its dips and it will have its times where it's earning you a lot of money. But I know that if I see those dips daily, it will cause me to panic.

24:31 Barbara

I think that's a really good idea. And what you're sharing with everyone is because the younger you are, the more time you have for that money to sit there and counteract those dips. When we get to be a little bit older, like me, then we start. But I still don't. I'm like you. I don't look at it, but like twice a year.

24:54 Daniela

Yeah.

24:55 Barbara

because I don't want to panic.

Also, knowing whatever the market is doing, the ups and downs, but the closer we get to retirement, we do want to have a little bit more meetings more often with our advisor just to ensure am I still invested in the right options? Is it because dips in the market will always

happen no matter when, no matter where we are in our retirement path? But it's just a matter of. Am I aggressively invested or more conservatively invested? And the older we get, we need to be a little bit more conservative. And so those dips become a little bit less because we're trying to conserve, right?

That right. So as we go through our journey, we just need to be mindful without that fear, although we all go through that fear, we all feel it. And but knowing, okay, I am invested a little bit more conservatively for me right now because I know I'll be retiring in the next 15, 20 years versus 30 or 40. And I think that also goes with the more we know, as you mentioned, the less anxiety, the less fear, the less avoidance that we have in these areas, the more we can confront them.

26:18 Daniela

Absolutely. I think that overall, as we talk about today, we want to think about everything, all these areas of scary topics that we've talked about as taking tiny steps in each and just think about what area may need a little bit more tender loving care right now. Is it to start with a budget? Is it to start with your debt and a lot of these overlap?

26:48 Daniela

Absolutely yeah.

26:49 Barbara

So we may need to think about, okay, I'm really scared of looking at my debt right now because I know it's a lot. So I'll start by writing down my balances, but then I might need to transfer it to a budget to make sure that I can start addressing it and putting money into it to make a difference.

So the more we just kind of take deep breaths and say, okay, I'm ready right off, that the band aid, the better will be.

27:17 Daniela

You know, every year we enjoy Halloween, right? These spooky topics, spooky times. We love haunted houses, haunted hayrides. But why do we enjoy them? Right? It's not just because we enjoy being scared, but because we can use this time to feel a sense of thrill and excitement and, yes, even relief when it's all over. I think that we should handle our finances in the same way instead of seeing it as something that's scary and anxiety inducing. Let's look at it as something that's thrilling and exciting and so that we can be relieved when we finally conquered our financial fears.

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wellness tab at golden1.com to find a ton of other resources like videos, interactive modules and webcasts.

Explore our learning lab and take advantage of our budgeting tool. Learn about your money, personality and help manage your financial stress with our money meditations. Once again, thank you so much for joining us today.

This has been Daniela

28:30 Barbara

and Barbara. Wishing you financial, health and happiness. And that's always reminding you to

28:37 Barbara and Daniela

stay golden!

28:39 Daniela

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