

Stop Re-Living Your Money Mistakes

Donna Skeels Cygan shares five common money mistakes and advice for avoiding your own financial “Groundhog Day” scenario.

Money mistakes, like any bad habits, tend to have a dangerously cyclical nature. Be it overspending, under-saving, or struggling to keep up with a materialistic status quo, when it comes to money, we all have an Achilles’ heel, maybe even a few of them. But there’s hope for us yet. And the first step in breaking bad habits is identifying them.

We spoke with Donna Skeels Cygan, author of new finance book *The Joy of Financial Security*, who shared the five most common money mistakes she sees people making—and ways to avoid falling victim to your own financial “Groundhog Day” scenario.

The Mistake: Continually trying to control the uncontrollables—and getting upset about it.

The Fix: Focus on what you can control.

“I think a lot of people are intimidated by their finances,” says Cygan. “They feel like there’s not much they can do to improve—because of all the things we cannot control. We can’t control what’s happening in Congress. We can’t control whether the stock market plummets tomorrow, or inflation.”

On the flipside, it’s important to focus on controlling the controllables. “What we do control has a much greater impact on our finances. We control how much we save, how much we spend, whether we make a firm commitment not to try to keep up with the Joneses.”

The Mistake: Not creating a net worth statement annually.

The Fix: Know your net worth, so you can track your progress.

“Many people have no idea what their net worth is,” says Cygan. “So I include [in the book] a very simple chart where you list your assets, subtract your debts, and the bottom line is your net worth. Even if it’s not something that people are proud of and know they have a lot of room for improvement, what’s important is that it’s a starting point...it’s important to get to that base line net worth, and put it in writing.”

The Mistake: Keeping your head in the sand about how much you actually spend and save.

The Fix: Focus on saving.

The first step in accounting for your spending is actually to make a commitment to saving, says Cygan. “There’s a quote in my book by Ken Robinson that I love—The key to saving is not to figure out where you can cut back so you can add up your potential savings. Rather, it is to make a decision about how much you are going to save. Then the decision about where to cut back will take care of itself.”

The Mistake: Not “weeding your garden” financially, and ignoring signs that you need to change things up—save more, diversify investments, etc.

The Fix: Know what you own.

“The concept of weeding your garden is getting your arms around your finances so you actually know what you own,” explains Cygan. “Even if you have a financial advisor, you should be asking lots of questions. In most cases, people will find that there’s all kinds of stuff in there that’s not working for them. So that’s where the concept of weeding your garden comes in and the idea of simplifying.”

And don’t be fooled into thinking that the only ones making mistakes with their money are those with less-than-ideal credit or hefty debt.

“I find that people who are really good at saving end up with these investment accounts scattered everywhere, and it’s impossible for them to get their arms around their finances. I encourage people to consolidate those accounts as much as possible and simplify them, so they just have investments left that are really working for them.”

“We shouldn’t be putting our heads in the sand, ignoring and neglecting,” says Cygan. “Neglecting our finances definitely doesn’t work.”

The Mistake: Trying to keep up with the Joneses by getting the latest iPhone upgrade or piece of technology, or a new car when the one you have is perfectly fine.

The Fix: Make the choice.

The good news for all of us? We actually can resist the pressure of the status quo—if we set our minds to it. “The first step would be what has to be a very deliberate decision,” explains Cygan. “I find that this pressure to keep up with the Joneses is so pervasive, and it’s almost under the table... it’s just toxic.”

“Let’s say a person decides they are going to very deliberately stop this and become aware of it—because awareness is a big part of this—there are all these benefits that flow from that,” explains Cygan. “One is certainly that you’re becoming less materialistic, and you’re spending less money. So that money can go towards saving and investments...towards financial security.”

But what about the occasional splurge? “Something like a car should be budgeted. That’s all in the numbers.” says Cygan. “And one thing I feel really strongly about is that we should be spending money on experiences, not things. So experiences could be a splurge...I’m not overly frugal. I think we should splurge. We should treat ourselves. Our money is to enjoy. It’s not that we should be overly frugal, but rather if we can take focus away from materialistic things, we can splurge in

ways that are much stronger and more powerful.”

For more on Donna Skeels Cygan and information on the upcoming launch of her Joy of Financial Security digital book club, visit JoyofFinancialSecurity.com.

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