

Making your financial resolutions stick

By [Heather Larson](#) • Bankrate.com

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At the end of 2007, Jan Johnson and her husband, Kirk, had just paid for their November wedding and then were hit with holiday expenses in December. The Houston couple vowed to save \$50 a month toward Christmas gifts the following year.

To further their goal, the Johnsons made a New Year's resolution to get ahead on holiday expenses, opening a bank account online and calling it Christmas 2008. Such acts are repeated countless times each January as people try to improve their lives by promising to accomplish something they couldn't do in the past.

It isn't easy.

In the Johnsons' case, they took a finance course at church and religiously wrote a check each month for their Christmas account. As a result, this year's holiday shopping was a breeze.

Jan Johnson credits the couple's success in keeping this resolution with almost-weekly family meetings to review their progress. She says she also was motivated to save even more as she watched the dollars mount in the account.

Achieve resolutions with resolve

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"It was like a scoreboard for me," Johnson says. "I've already made one payment into our Christmas 2009 account."

While many resolutions fall by the wayside, the Johnsons were able to keep theirs all year. Marcia Brixey, a personal finance expert from Silverdale, Wash., and author of "The Money Therapist: A

Woman's Guide to Creating a Healthy Financial Life," said the couple set a strategy and stuck by it.

"They took a course together, decided to make and keep their resolution together and held regular family meetings to see how they were doing," she says. "The Christmas fund is a good idea for anyone. That way, you can buy gifts throughout the year when the items are on sale."

Because the Johnsons successfully made regular payments into the account in 2008, they are likely to keep that resolution again this year as they gain momentum from their previous accomplishment, Brixey says.

An even better savings strategy might have been to create a monthly payroll deduction to automate payments to the Christmas account. Then the payments would be regular and not require as much effort on the Johnsons' part.

1. Why New Year's resolutions fail

People typically make numerous, broad and sometimes oversized resolutions. They want to eliminate credit card debt, increase savings, accumulate enough money for a vacation or to remodel the bathroom. Some want to achieve all of the above.

By pledging to make grandiose, sweeping changes in the new year, you are almost certain to fail, says Simon Rego, associate director of psychology training at the Montefiore Medical Center in the Bronx, N.Y.

"In 2009, we'll have multiple demands put on us, probably more so than ever," Rego says. "If we set small, simple goals, we have a much better shot at success."

SMART, an acronym goal-setting experts like Brixey and Rego recommend, is an easy way to remember how to make a New Year's resolution doable. It encourages you to set goals that are *specific, measurable, attainable, realistic* and *timely* and helps block the tendency to set the bar too high.

"If you have a fairly uncomplicated life, keeping two resolutions would be quite a year," says Ken Clark, a Certified Financial Planner in Little Rock, Ark.

Once you decide on one or two personal financial resolutions, you'll need to avoid what Clark calls "hidden avoidance behavior," or not moving forward to accomplish your goal. For example, if you've decided to cut back on expenses, spending three hours a week clipping and organizing coupons will not move you toward that goal unless you use them regularly.

"You'd be much better off looking at how and where you've been spending instead," says Clark, who wrote "The Complete Idiot's Guide to Getting Out of Debt," which will be released in February 2009. And then you can devise and execute a plan that trims the fat from your budget.

The same applies to those who read all the popular finance books before committing to their first move to reduce their debt. Becoming an expert on cost cutting but not doing it is a formula for failure, Clark says.

[Next: "Believe the change is important."](#)

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2. Sealing the deal

For lasting change to occur, Brad Klontz, a clinical psychologist and co-author of "Wired for Wealth," says you must believe the change is important, feel confident you can do it and be mentally ready to make the change.

Here are three ways to approach a New Year's resolution successfully:

- Believe the change is important.
- Feel confident you have the ability to make the change happen.
- Be mentally, physically and emotionally ready to make the change.

But how will you know when you're completely ready for change?

"When it has become a top priority for you to do so and you recognize the benefits of change outweigh the costs of doing business as usual. And (when you) are motivated to take immediate action," says Klontz, who practices in Kapaa, Hawaii.

"Change can be uncomfortable and take a lot of energy. So for many, the financial stress may need to increase before (they) are properly motivated to take action," he says.

3. Seeing resolutions to completion

To make your resolutions stick, you should write them down, says Brixey, the financial expert.

"Storing them in your head doesn't work. When you write resolutions down, state them positively and you're more apt to do them," Brixey says.

Don't write, "I won't spend any money in 2009." Instead say: "I will create a spending plan and stick to it." Or make your resolution even more specific by saying, "I will shave \$50 off my expenses each month."

Post your resolutions on the bathroom mirror, the top of your computer monitor or some other place where you'll see them often. When you're reminded daily of your promise, accomplishing the task will become second nature.

Every year in January, Brixey creates a "dream board" for that year's resolutions, and she suggests you try it as incentive to stay on task.

If you want to reduce debt so you can pay cash for a vacation, then you might want to put pictures of your dream vacation spot on the board. If remodeling your kitchen without going into debt is a top priority, place a picture of your ideal kitchen on your dream board. And remember to put the board someplace where you'll see it.

Clark says resolutions are often set whimsically. So revisiting what you've resolved to do after 30 to 45 days can help you determine if it's necessary to reset your goals to ones you actually can accomplish.

Obstacles also may come up along the way. You may encounter unexpected vacation costs or high summer camp expenses, making it difficult to add \$100 to your savings during those months.

"The path to success is never smooth," Rego says.

It's OK to ask for help. Connect with people who will support you or have expertise in what you want to do. If you know someone who has achieved a substantial financial goal, tap them for advice. Find out if friends or family members have reduced their credit card debt or paid cash for a kitchen remodel. Ask what steps they took to accomplish their goal and follow their lead. You also could pay for expertise from a financial adviser, coach or other consultant.

Recognize that setbacks are normal

Clark says changing the way you handle your finances or any other part of your life might not be a pleasant process, or you likely would have done it already.

Be patient. People want results immediately, but changes take time. You need to be patient to meet your goal while in the process of change.

One strategy is to review changes you've already made. Think about a time when you made a difficult change. What resources did you use? What personal strengths did you draw on to make change happen? How can you use your strengths and resources to help you achieve your current resolution?

And visualize what the change will mean.

"Sit down and imagine what life would be like if you didn't have \$10,000 in credit card debt. If you had an extra \$1,000 a month, how would you divide it up?" Clark asks. "Keep those goals in front of you and push through the pain. That will help you realize that you're not making your life miserable for no reason."

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