

Ask an Expert // 7 Ways to Identify Money Wasters

LIVE WELL UTAH

A woman with long brown hair is sitting at a desk, looking down with a stressed expression. Her right hand is pressed against her forehead. On the desk in front of her are several papers, a calculator, a smartphone, and a laptop. The background shows a kitchen area with a window and some kitchenware.

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Have you ever been caught in the trap of wasting money? Find out how you can escape!

A Penny Saved is a Penny Earned

In a recent article, financial guru Dave Ramsey identified the Top 10 things Americans wasted money on in 2015. His list includes: student loans, Ziosk tablets at restaurants, gym memberships, daily coffee trips, car payments, car leasing, car wash upgrades, name-brand household paper products, timeshares and shipping charges.

While this is his personal perspective, assessing our own personal money wasters over the year is a worthwhile activity. Here's how to do it.

*Get out receipts or go online to your bank account (or bank statements if you have them) and start adding up expenses in specific categories such as clothing, food, entertainment, gas, etc.

*Total each category for the entire year. This will take some time if you have not been tracking through the year, but it is critical if you want to change the way you handle money.

*This last part is the most useful, and that is to ask yourself some key questions to identify money wasters:

1) Did we need to spend this much?

2) What traps did we fall into?

3) Did we get into loans that, with some planning, we could have saved for to avoid the interest costs? Could we have put more money down or found a better interest rate? (Or avoided a loan altogether?)

4) Did we enter into contracts for products or services that we didn't realistically think through? (The long-term implications can get us in trouble.)

5) Do we currently have little habits that add up to a considerable dollar amount when multiplied by the frequency?

6) Are we guilty of the "I earned it, I deserve it" mentality?

7) Is the price of convenience being forgotten in our budget and dollar equations?

It can be helpful to assess where we are financially, based on current habits we may have gotten into, then determine if there are better ways our resources could be spent in the coming year. Ramsey's list provides us some great things to consider for our own budget as well as a path to step down some of our own expenses.

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