



## Is it time for a financial detox?

Do you have a fiscal hangover after your Christmas spending? It was a good idea at the time, but in the harsh light of day (and when the credit card bill arrives), you are not so sure. Perhaps it's time for a financial detox.



The post-Christmas period is a perfect time to kick off new health regimes, try new exercises and generally get yourself back on track. Why not do this for your finances. Below we explore some options to help you get your finances back on track and ensure you don't jeopardise your financial future.

Much like a physical cleanse, a detox for your finances is all about ridding yourself of the debts, overspending and bad habits that are keeping you financially unhealthy.

The first step in your financial detox is the weigh-in. This will allow you to see by the end of the month what impact your detox has made, but it's also the moment of truth: how out of financial shape are you?

It's the equivalent to putting on a pair of skinny jeans and staring at your body in a full-length mirror. Uncomfortable but necessary.

Firstly calculate all the bills you pay, both essential items such as rent or mortgage payments, travel and food and optional spending such as entertainment and realise your exact finance situation, this is quite often a much larger amount than you think. Then write down your income, if there is no money left over, you are either earning too little or spending too much!

If you can cut down your non-essential spending by at least half you will see a positive change to your bank balance.

Even better, try a whole month with no non-essential items such as wine, beer, trips to the movies and dinner - a great way to reset that value of money valve in the brain!

You also need to eliminate temptation, much like a sugar detox, if you have trouble in a particular area, you need to get rid of what is tempting you or causing you difficulty. This may be a credit card, or interest-free spending options on store cards.



It's up to you whether you go the full monty and spend only on essentials or go for a budget, but make sure to withdraw a set amount in cash and that's your lot.

Spending with cash always leaves you feeling more accountable; it is far harder, emotionally, to hand over notes compared to tapping a credit card. If you find this strategy works for you, continue the detox.

It's about breaking habits and realising that staying engaged with your finances is crucial.

Now that you've proven you can do it for a month, set your sights higher. Focus on the future and what you want to achieve, take control and don't look back!

Source: Written by YMD for FMS Group.

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