

Essentials



WHERE GOOD SENSE MAKES GOOD MONEY.

THIS NEWSLETTER IS PUBLISHED
QUARTERLY FOR MEMBERS OF
SELECT SAVERS CLUB.

Welcome to the Select Savers Club!

The Select Savers Club (SSC) is a not-for-profit club designed to educate and empower its members with financial knowledge. We are committed to helping our members achieve their financial goals with information on spending, saving, borrowing, and managing money and debt wisely. Membership is open to anybody with a desire to learn about financial matters, savings and the wise use of credit.

AT A GLANCE

Meeting of the Membership

April 19, 2023
1:00 - 1:30 p.m. ET
Virtual Board Room
RSVP: info@selectsavers.org

USEFUL WEBSITES

- SelectSavers.org
- PracticalMoneySkills.com
- FTC.gov
- quorumfcu.org

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Five Sneaky Things That Destroy Your Budget

At the end of every month, if you're short on cash to pay your bills, it's time to analyze your spending habits. The same is true if you routinely miss your monthly saving target for retirement or other important financial goals. A new budget can help reverse these monthly shortfalls, especially if you address five particularly sneaky culprits that often chip away at people's cash flow without them even realizing it. Here are five things that destroy your budget:

1. Subscription Services

In 2021, the average American spent \$273 dollars a month on subscription services like TV, music, faming, fitness and other streaming services, compared with \$237 in 2018. What's more, all of the respondents underestimated their actual monthly subscription spend. The average first guess was \$62, a mere 23% of the average actual total.

It's not that you shouldn't subscribe to services that you need or even to ones that make your life easier or more comfortable. However, automatic renewals and digital credit card statements make it incredibly easy to lose track of all of your subscriptions. So, it's worth taking the time to add them up and unsubscribing to those you don't use, no longer want or can't really afford.

2. Credit Card Interest

The Consumer Financial Protection Bureau's (CFPB) report on the Consumer Credit Card Market found that at the end of 2020, Americans had a total of \$825 billion in credit card debt. The average balance for an individual U.S. consumer was approximately \$6,500. The report also found that two-thirds of cardholders don't pay off their balances each month. Given the 2020 average effective interest rate of 15.7% on general-purpose cards per the CFPB, that alone amounts to \$785 in interest on the average \$5,000 balance. If you fall into this category, make a plan for paying down your credit card balances to reduce the amount of your paycheck going to interest.

3. Impulse Purchases

Did you know that the average U.S. consumer made 12 impulse purchases a month in 2021, totaling \$276? Look at your recent shopping habits. If you are frequently tempted by too-good-to-pass-up sales or too-hard-to-resist merchandise when shopping online or in stores, create a strategy for curbing this impulse, such as:

- Making a list before shopping and sticking to it
- Setting and keeping a limit on monthly spending for discretionary items
- Stocking up only on sale items that you know you'll actually use or truly need

4. Daily Coffee Runs and Restaurant Lunches

If you routinely stop at your favorite coffee shop, it's costing \$12 on average. Stopping just once per week amounts to \$624 a year. If your habit consists of two stops per week, you're spending more than \$1,200 a year on coffee. For those with a daily coffee shop habit during the workweek, the cost is well over \$3,000 per year.

Eating lunch out every day of the workweek is another sneaky expense that adds up. Even at the modest meal price of \$10, that's \$2,600 a year. If your tastes run even slightly higher at \$15 per meal, you're annual out-to-lunch spend is \$3,900. And when those lunches are delivered to your office or home, fees and tips add to the impact. Consider making your own lunch more often to ease the stress on your budget or to help you save more.

5. Insurance Renewals

Your insurance policies all help protect your financial security. But if you don't pay attention at renewal time, your premiums may go up more than expected. Most experts advise shopping around for insurance once a year to see whether you can find better rates. At the same time, make sure your insurance coverage matches your current needs because inadequate coverage is one more budget-busting culprit to keep in mind when thinking about your budget.