

## **Budgeting 101: Spend Less Than You Make - Transcript**

**Tom Mullooly:** In episode 128, we have some interesting survey numbers that we want to share with you. Stick around.

Welcome to the Mullooly Asset Show. I'm your host, Tom Mullooly, and this is episode number 128. Thanks for tuning in.

I have some survey results that we'd like to share with you. I think they're pretty eye-opening. 2018 US Financial Health Pulse is the title of this survey that we were handed yesterday. It's compiled by CFSI. That's the Center For Financial Services Innovation. Now, that name should get your ears pointy like it did mine.

Financial Services Innovation. In the words of my old friend Fred, never heard of 'em. I've never heard of them either, but it was funded by MetLife and AARP. Understand these are two organizations who sell products to folks and you ought to know that. That there may be some skewing of the numbers when it comes to some of these surveys. I'm just ... I'm skeptical. That's something that I've learned to say over the years.

So, couple of points I wanted to share with you though that I think are worth talking about. The first one is 47% of the responders said that they're spending equals or exceeds their income in the past 12 months. How do you get out of a hole? First stop, stop digging. A lot of people are just spending without tracking how much they're spending or even aware of what the spending is doing to their budget. They're blowing a hole in their budget they don't even know it.

43% of again responders say they use credit cards to make ends meet every month. What the hell? Are you kidding? That's really scary. You need to take a step back and look at where your money's being spent each month. Something that we talk about all the time in our financial planning meetings with clients is the power of the word no or learning to say, I can't afford that right now. It's okay.

Second point I wanted to share with you, 36% of Americans more than one third of Americans are unable to pay all of their bills on time. Wow. Now, look, I know people are struggling out there, but this includes people who make six-figure incomes. In fact, 87% of folks who received and spent their last year's tax refunds used that money just to pay bills, just to kind of catch up. There's something wrong in the budgeting of Americans. You need to be speaking to a financial planner or someone who can help point you in the right direction.

Third thing I want to share with you. 45% of Americans, that's nearly half of the folks that responded to this survey, say they don't have enough savings to cover at least three months of living expenses. That's very scary because you could be out of work, you could get sick at a moment's notice, and not know where your next paychecks going to come from. We had a lot of people we read in the media that a lot of folks who were affected by this government shut down were in serious trouble. That's got to be a wakeup call for people.

Another point, 37% of Americans are not confident that they're on track to meet their long-term financial goals. Well, like I say all the time, it's good to have goals, but you need to have a plan to be working towards that goal. Last thing I want to share with you in episode 128 is 42% of all respondents to the survey say they have zip, zero saved for retirement.

Look. When Social Security was created in the 1930's, the average life expectancy in the United States was somewhere between 66 and 67-years-old. You didn't start collecting Social Security until you were 65. And so, a lot of people collected Social Security for a few months or maybe a year or two or three. People are living into their 80's and 90's now. You have the possibility of being retired for a very, very, very long time. Something you got to think about. You could be without a paycheck for a very, very, very long time.

If you need help or you feel like you're on unstable ground, get in touch with a financial planner. You can reach us as well, but thanks for watching episode 128. We'll talk to you soon.