

Don't Get Discouraged by the Headlines - Transcript

Tom Mullooly: In episode 159, we're going to try and help you avoid some tricks about financial literacy. Stick around.

Welcome to the Mullooly Asset Show. I'm your host Tom Mullooly, and this is episode number 159. Thanks for tuning in.

Headline that we saw recently on MarketWatch, the number one thing people with fat savings accounts scrimp on that you probably don't. It's clickbait. Be really wary when you read these stories and I'm going to say right now up front, shame on MarketWatch for posting something like this. It's garbage. They linked to a story about a couple who supposedly cut down debt and saved a lot of money. I'll save you a click. The story, like a lot of these stories that you find online, is unique and it can't be applied universally. The math that they share in the story just doesn't add up.

I'll give you an example. They talked about being \$65,000 in debt at some point about 10 years ago and in two years they eliminated \$65,000 worth of debt, so they started sharing some of the details. They talked about cutting their food bill from 500 to \$300 a month. That's not even \$5,000 over two years. That just doesn't move the needle. They talked about housing, how they were able to cut their expenses on their monthly housing by a certain amount and it saved them about 15 grand over two years. They eliminated 65 grand in two years.

We've accounted for about 20,000 of that. How did they make up the rest? Well, guess what? When you read into the story they inherited, inherited \$40,000. What the hell? That's not savings. These headlines that you see online, like we eliminated \$65,000 of debt in two years and so can you, is click bait and it's written that way to make you feel bad and click on it to learn. This one in particular, it takes you to a sales page for this guy's coaching program. That's terrible.

These stories are all unique. When you hear stories about people getting out of debt in a short period of time, just understand that some people when they come into us, they have years of debt that they've got to unwind. It's okay. It's okay to understand that if it took years to put yourself into this financial situation, it's okay to take years to unwind all of this. So, you know, situations like getting out of debt are a process. It's not a fix. We've mentioned on videos and in podcasts before that people who wind up getting a bailout wind up back in the same hole a few years later. It happens because they're not changing their habits.

And I'm sorry, cutting out, you know, lattes or you know, cutting out going out to dinner once a week is not really going to move the needle for most people. It takes structural changes and that's something that people have to be totally on board with.

It's very hard to do on your own. It takes a lot of discipline. And so that's why we, you know, suggest that folks who are having problems like this, sit down with a financial planner. Sit down with an advisor. Get a plan together on how to work your way out of debt. It's not going to happen overnight. It's not going to be a quick fix. It's a change in habits. It's a change in discipline.

That's going to wrap up episode 159. Thanks for tuning in.