What Would You Do With a $5,000 Bonus? - Transcript

Tim Mullooly: In Episode 136, we're going to talk about what would you do with a $5,000 bonus. Stick around.

Welcome to the Mullooly Asset Show. I'm your host for today, Tim Mullooly. This is episode number 136 of the Mullooly Asset Show. Thanks for tuning in.

Today I wanted to talk to you about an article that I saw in CNBC. It talked about a study that CNBC did with Acorns. They did a survey. They asked people, "How would you spend an unexpected bonus of $5,000? So this is $5,000 that you weren't expecting to have. It just kind of falls into your lap. What would you do with it?"

So, only 2% of people said that they'd buy something that they can't afford, and 37% of the people that they surveyed said they'd either save for short-term expenses or invest that money for the long-term goals. And I applaud those people for saying that. However, I don't believe them, and neither did the people in the article. The truth is the article went on to say that the average American saves or holds onto only 7 1/2% of their entire disposable income, and 40% of people in the U.S. don't have $400 put aside for an emergency. Think about that. I mean, something comes up. $400 isn't that much money. 40% of people out there wouldn't know what to do if something happened to them and they had to come up with $400 on the spot. That's not a great place to be in.

So, the article went to ask why do people not save this money and why do they constantly spend these bonuses that come in? They said it's partially because we're bombarded constantly on the internet, on TV, on billboards as we're driving by, stuff on our phones by ads that are targeted at us obviously to get us to spend more money, sometimes more than we can afford. The article suggested that there should be more blame on lenders and banks and auto dealers, and not necessarily the consumers for giving us more money than we can afford, obviously causing us and causing Americans to go into more debt than they should have.

I don't think the consumers there are blameless. Obviously we have some responsibility as people to prudently spend our money, but maybe the lenders there should do a little more due diligence on how much a consumer can actually afford to have before they give them money to spend.

So I wanted to bring this article up because yesterday was April 15th, it was tax day. If you haven't gotten your tax refund, it should be coming in the mail unless you owed money to the IRS. But if you're expecting a tax refund, not necessarily a bonus that they were talking about in the article, but you know, think about a way that you can prudently use that tax refund and not just go out and spend it on a new fur coat or something. While it's not exactly the fun sexy way to use it, it could really help you out along the road.

When it comes down to it, actions speak louder than words. So, like the people in the article, if you say that you're going to save this money or you're going to invest it for the long-term, actually do it, you know? It's kind of empty words there if you don't actually take action on what you say you're going to do. So, actions speak louder than words. Follow through on that promise if you actually say you're going to do it. A good reminder around tax time and people getting their tax refunds.

That is all we had for episode 136 of the Mullooly Asset Show. Thanks for tuning in, and we'll see you next time.