

D E T O X

5 STEPS TO KICKSTART YOUR FINANCIAL DETOX

A financial detox demands you to adjust your lifestyle for a period of time, which may entail doing things you don't typically do but should and refraining from certain financial decisions you make all too frequently.

Even if you normally handle your finances effectively, you should consider a financial detox. It should be done on a regular basis, much like a physical cleanse - it's the same as pushing a reset button or rebooting your computer after months of use.

We are almost at the start of a new year, and this is the time when people's thoughts turn to fresh starts and new resolutions, much like a detox. Here's a step-by-step approach to getting your detox started.

Step 1: Set a period

People usually do this at the start of the year, while their New Year's resolutions are still fresh. However, any time of year is acceptable. It's better not to put it off any longer once you've decided to do it. One detox a year may not be enough for others. Some people like to do it twice a year, once in January (to recuperate from year-end spending) and once in July (a mid-year reboot). Do it for a month, and maybe some of the healthy habits you establish will stick.

Step 2: Set aside your budget

Because you will be handling your money differently throughout your detox month, you must create a new budget. Write down your monthly income and subtract all of your monthly obligations, such as your house payment, vehicle payment, and other expenditures that you must pay. This is crucial since failing to do so may result in increased interest costs, which will contradict the goal of your detox.

Step 3: Plan your expenses

The expenditure of the balance left over after subtracting all of your financial obligations must be meticulously managed. Do not make any rash purchases. Your expenditure should be limited to needs such as food and fuel for your car or bus ticket, and not on a new pair of shoes.

Step 4: Monitor your progress

At the end of each day, write down what you spent and classify it as a "desire" or "need," and establish a running count of how much money you have left. For example, consuming a gourmet sandwich for lunch on a non-detox day should be classified as a 'desire,' as you could have quickly eaten something cheaper.

Step 5: View your results

Assess your spending patterns between 'wants' and 'needs' at the end of your detox phase. Are you pleased with the outcome? If you spend more than 30% of your income on 'desire' products, you should reconsider your purchasing habits. Something has to give. In addition, compare your expenditures to your pre-detox costs. The end effect should speak for itself.

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