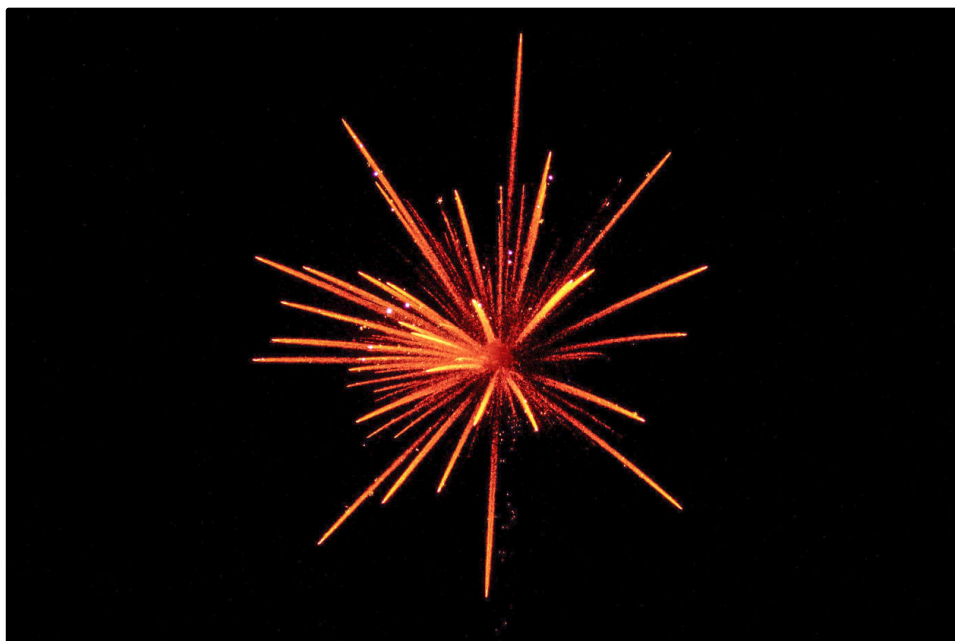


3 Ways to Make Your Financial New Year's Resolutions Stick

By Sarah Max Updated Dec. 31, 2018 3:13 p.m. ET



Neenu Vimalkuma

New Year's resolutions, like promises, seem made to be broken. Yet, there is no harm in vowing to do better in the year ahead—and, as it turns out, financial resolutions may in fact be easier to keep.

In [Fidelity's annual New Year Financial Resolutions Study](#), 74% of respondents said that they were able to stick with their resolutions from the previous year. It's impressive considering that the success rate for New Year's resolutions in general typically doesn't crack the double digits.

It stands to reason that people who set out to take control of their finances might have a better shot at success than people who resolve to eat healthier, exercise more or practice mindfulness. Those improvements require ongoing feats of willpower to form and maintain new habits.

Although financial resolutions tend to require a little more work upfront—such as taking stock of your spending or creating a detailed financial plan—automatic savings and payments make it possible to reprogram your behavior without a lot of effort. "It's a lot harder to automate how you eat or

whether you exercise," says Bradley Klontz, a professor of financial psychology at Creighton University.

Here's how to turn over a new financial leaf while your resolve is high and the year is young.

Think goals, not resolutions

Details make all the difference, so don't just say you're going to pay off debt or save more for retirement. Instead, set specific, measurable and achievable goals. If you want to fatten up your retirement account, for example, your goal might be to max out on your 401(k) by the end of this year by increasing your contributions, say, a percentage point each quarter. If you want to pay down debt, give yourself a deadline and set up automatic payments that will ensure that you make it.

Get a little sentimental

Emotions are often at the root of bad financial decisions, but it's possible to turn them in your favor by linking positive feelings to financial goals. "It helps a lot if you can first get excited about your financial goals," Klontz says.

In a double-blind, randomized [study by Klontz](#) in 2017, subjects who were taken through exercises that evoked emotional attachments to their savings goals increased their savings by 67% versus 22% for a control group that received a standard financial education presentation.

In addition to asking experimental subjects to create poster boards that visually depicted their goals, "I had them talk about their values and why they wanted to achieve these goals. Is it freedom? Is it security? Is it closeness with family? Why do these things matter?"

To recreate this at home, Klontz recommends framing financial goals in terms of positive emotions, including nostalgia. To keep the underlying emotions front of mind, he recommends bucketing savings for very specific goals and nicknaming each account accordingly. "It's easy to cheat on the amorphous savings account, but if it's your 2019 European Family Vacation you might think twice about having that latte," he says.

Automate the daily decisions

Setting goals is the easy part. The real change comes in trying to turn good intentions into new habits. Fortunately, making better financial decisions doesn't require constant vigilance. On the contrary, the best way to get

ahead is to bucket your savings and debt payments, and set up automatic payments.

Doing so is not only an effective way to adjust your spending without having to count every penny, it requires making a conscious decision not to put money toward the goals you identified. "Imagine the amount of emotional effort it takes to say, 'Okay, so I am no longer going to fund my child's college savings account because I want to buy a more expensive car,'" says Klontz. "You're just not going to do that."

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