

Wealth



## Recover from Your Financial Hangover

Take two aspirin and read these 25 tips before calling your broker on New Year's Day. You'll feel much better

BY KRIS FRIESWICK • PHOTOGRAPH BY TRAVIS RATHBONE

**YOU ENDED 2012 WITH GREAT INTENTIONS,** hoping to start 2013 a smarter, more financially responsible man. But somewhere between 6 p.m. on December 31 and noon on January 1, things became a little fuzzy. You're not entirely sure, but you think you might have spent your 401(k) on Jägermeister and a 1999 BMW. Don't worry about that for a while—just lean back and take your physical and fiscal recovery one step at a time.

Where to start? How about with a reminder that you're not alone? We're all feeling buoyed by an economy that appears to be on the rebound, so now is the perfect time to use a little groupthink to stay focused on maintaining that successful financial momentum. "With your friends, family, the media, and now social media talking about making changes

Photo styling: Sarah Gindoff/Holly Resources

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and setting goals, it's easier to be part of a group instead of striving alone," says Kathleen Gurney, Ph.D., CEO of Financial Psychology Corporation and the author of *Your Money Personality: What It Is and How You Can Profit from It*. "Take comfort from the fact that resolutions are challenging for everyone, and let yourself be motivated by social pressure. After all, you don't want to fail while watching someone else succeed."

Every journey begins with a few small and possibly hungover steps. Use our 25 expert ideas—helpfully organized by your level of New Year's incapacitation—to hardwire 2013 for financial success.

#### THE JUST-SHOOT-ME HANGOVER

You're still on the couch and can barely function

**1 OPEN YOUR EYES—TO MONEY.** Since you can't sit up, you might as well lie there and think about stuff, such as why you even *care* about money. This is important, because your dominant motivation affects all your decisions, making you potentially overly conservative, too optimistic, or excessively altruistic.

Start by considering the three things that money primarily achieves, says Joe Duran, CEO of United Capital Financial Advisers. It gives you security, makes you feel good, and helps you take care of your loved ones. Now figure out how you respond when your finances fluctuate. "If your money views are influenced by fear, for instance, then when the market dips, you might move everything to cash, which isn't necessarily the right thing to do," says Duran. "If you're optimistic, you might not even want to watch as your 401(k) balance goes down, and that's bad too."

The key is realizing your bias and compensating for it by considering other financial choices you may not ordinarily make. To see which biases could be influencing your financial decisions, visit [honestconversations.com](http://honestconversations.com) and take Duran's Money Mind quiz.

**2 MAKE SOME QUICK CASH THE EASY WAY.**

Grab your laptop and visit [fiverr.com](http://fiverr.com), a global marketplace for buying and selling services. The site lists about a million jobs in 200 countries, and most of them can be completed in a few minutes. These could include writing 30-second pitches or offering craft lessons online. Fifteen percent of users say they've earned over \$1,000 since joining, and 14 percent say it's their primary source of income, according to the site.

**3 SPOT YOUR MONEYMAKERS.** Almost everything you can see from the couch—or the other parts of your house if you ever stand up—can be rented out for extra money.

For example, you can use Airbnb to rent that spare bedroom. With Zilok ([us.zilok.com](http://us.zilok.com)) and NeighborGoods.net, you can rent appliances, lawn equipment, and just about anything else you have lying around the house. RelayRides.com lets you rent your car, and it even pays your renter's insurance. Those bucks add up!

**4 SHOW YOUR KIDS HOW IT'S DONE.** Instill basic finance skills by teaching them to count change, says Craig Everett, Ph.D., an assistant professor of finance at Pepperdine University and the author of *Toby Gold and the Secret Fortune*, a novel that teaches financial literacy to children. His favorite game: toy store. Set up a bank of coins and bills, and line up some of their toys. Buy a toy for \$2.85. Pay for it with a twenty, and show them how to count up from \$2.85 until they give you the right change. Math and financial knowledge imparted! You're an awesome dad.

**5 CHANGE YOUR ATTITUDE.** Many men hold unconscious negative associations about wealth, says Brad Klontz, Psy.D., a financial psychologist and the director of research at H&R Block Dollars & Sense. Instead of clinging to the belief that people get rich by taking advantage of others, he suggests rewriting your internal script. Here's how it should go: "While some rich people are greedy, many gain their wealth by making an honest living and then

give to charity to help make the world a better place." By focusing on positive role models instead of harboring resentments, you come away with a more contented and productive attitude in 2013. Feeling less nauseated now?

**6 TURN YOUR MATE INTO A FINANCIAL ALLY.** Agree with your partner that you won't spend more than a specific amount of money—\$100, say—without consulting each other first. This isn't about permission, Klontz says, but about slowing down and thinking a purchase through.

#### THE HEAD-POUNDING HANGOVER

You're off the couch but still need to take it slow

**7 DITCH THE BUDGET.** Instead, try a *spending* plan, Klontz suggests. Establish a goal and create a plan that will enable you to afford it. Say you want to buy a motorcycle. Print a picture of the one you want and slap it on the fridge. Then create a graph to track how close you are to your savings goal. Nail down the total cost of the bike and divide that by the number of months until the road trip you want to break it in on—or set your purchase date based on what you can easily save each month. You'll see your progress, which will take your mind off the austerity measures, Klontz says.

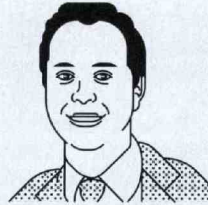
## MONEY TIPS FROM THOSE WHO KNOW

We asked three fiscal wizards to tell us the best financial advice they ever received. Now their mentors are yours too.



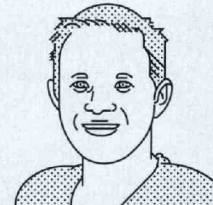
"The best finance advice I ever received came from the cable and telecom executive Bruno Claude, with whom I worked in Europe and the United States. His advice to me, at age 22: Have passion for what you do, save much of your salary, ignore your potential bonus, and diversify your portfolio—except in the areas you know better than most others and which you can directly control."

CHRISTOPHER WINFREY, EVP AND CFO, CHARTER COMMUNICATIONS



"My grandfather always kept a piece of graph paper in his pocket with the daily closing prices of about 50 stocks he owned. He'd pull out that paper, show it to me, and have me choose a company to analyze. We'd then look at the company's numbers. I learned two things from this. First, there is no substitute for rigorous analysis. Second, never invest in a business you don't understand. Good advice from a good man."

SPENCER RASCOFF, CEO, ZILLOW



"When I was 14, I had a friend who lived with his grandfather, a very successful man named Louis Tepfer. He'd started 17 different companies, from chicken farms to software development. I once asked him what his secret was. He said, 'You need a willingness to fail and a willingness to keep trying and keep learning.' Like him, I've had a lot of failures, but if it weren't for them, I would not have achieved the success I have."

CHRIS FRIEDLAND, CEO, BUILD.COM —K.F.

Illustrations by FRANCESCO MUZZI

**8 TEACH KIDS PATIENCE.** Help them learn delayed gratification—which can be a valuable financial skill—with the “cookie game,” says Everett. Give Junior one cookie. Tell him that if he waits 5 minutes to eat it, he will get a second cookie. If he doesn’t wait, he gets only the one. (No, you can’t have the other cookie if he cracks.) In a similar test involving marshmallows decades ago, it was found that children who were able to defer gratification were more competent and scored better on their SATs when they grew older.

**9 TRIM THAT MANE.** Be a haircut model at your local hair academy, salon, or any place where people are learning to cut hair, says Rob Grader, creator of the *Cheap Bastard’s Guide* series, and you’ll never pay for a cut again. Or shave your head. A recent study from the University of Pennsylvania’s Wharton School showed that a close-cropped or shaved head suggests masculinity, dominance, and possible leadership potential.

**10 STAY IN SEASON.** If you buy fruits and vegetables that are out of season—such as tomatoes in January—you’ll pay much more for your produce than if you buy in-season items. If you just can’t live without those tomatoes, do a little planning: Buy extra when they’re cheap and freeze them to use in winter. To find out what’s in season when, check out [sustainabletable.org/shop/seasonal](http://sustainabletable.org/shop/seasonal).

**11 TEMPER FAMILY EXPECTATIONS.** You might as well get this out of the way now while your kids are riding the holiday high. Tell them they’re only going to receive three (or some reasonable number) presents next year. Reset expectations now, says Ellie Kay, the author of *Living Rich for Less*, and you’ll create less greedy kids tomorrow. Not to mention a smaller hit to your credit cards next year.

#### THE GLIMMER-OF-HOPE HANGOVER

You’re kind of woozy but can take a little bit of action

**12 FIND A MONEY MENTOR.** Now that you’re up and about, make a new friend. Find a financial mentor who is operating in the world you want to join, advises Klontz. Ask for some time to pick the brain of your boss, a neighbor, or a successful individual you don’t know personally. You will be surprised at how willing successful people are to share their stories with a motivated protégé. Start off your session with a few smart questions (“What do you most attribute your success to?” “What would you do differently?”). Explore the specifics as they come up. Eventually, shift the conversation toward your specific goals, and see what advice your mentor may have to offer, Klontz says.

**13 SNAG A MASSAGE.** You’ve earned it, sort of. If you volunteer at a professional massage school, you can expect a ridiculously cheap or free rubdown, says Grader. Upside: Free massage! Downside: Your masseuse might be a masseur, and a sweaty one at that. But hey—free massage! To find a school, go to [massageschoolsguide.com](http://massageschoolsguide.com).

**14 SPREAD SOME KNOWLEDGE.** You know stuff. Lots of stuff. You may as well start sharing it with the world. You can earn as much as \$20 an hour in your spare time imparting your vast knowledge to people who are studying for the SATs and other exams. Start by contacting a test-prep school, such as Kaplan, to receive some sanctioned experience before heading out on your own.

**15 BOOST YOUR NUMBER.** FICO scores aren’t just about qualifying for credit anymore. They are used to set auto and homeowners insurance rates and even determine if you need to pay a deposit when you sign up for utility services. If you can’t pay your cards off each month, pay at least \$5 or \$10 more than the minimum, Kay says. “Even these small overpayments show up on your credit report as a sign that you’re paying off your principal,” says Kay. This directly improves your score.

**16 FILL THOSE COFFERS.** If you don’t have an emergency fund with a minimum of 3 months’ worth of living expenses, stop contributions to your IRAs and 401(k)s until you have that buffer fully stocked, says Curtis Chambers of the Chambers Financial Group. This is the most important step in escaping a paycheck-to-paycheck mentality, he says.

**17 SHOW YOUR KIDS HOW TO SAVE.** Give your kids a food allowance the next time you take your family out to eat, says Kay. Tell them they can spend it on whatever they want and that they’re allowed to keep whatever they don’t spend. “Some kids are natural spenders; some are natural savers,” Kay says. “When the spenders see that the savers walked out of that restaurant with dollars in their hands, they will become savers very quickly.”

**18 HIT THE BOOKS.** Stop off at the library on your way home. It probably has lots of free classes, lectures, movies, and museum passes, says Grader. And most libraries have embraced the electronic age and now offer downloadable e-books free of charge. Don’t forget: Women dig well-read guys.

#### THE “WHAT HANGOVER?” HANGOVER

You’re feeling fit, rested, and ready for more!

**19 EARN YOUR TICKET.** Dying to see a show but gagging at the ticket cost and broker fees? Volunteer. If the theater needs people to hand out fliers or do other jobs, you could snag free admission, Grader says.

**20 HIT THE ROAD.** If you’re hankering for a road trip but don’t have a car, consider Auto Driveaway ([autodriveaway.com](http://autodriveaway.com)). It’ll hook you up with a vehicle that needs to be relocated. You’ll receive a tank of gas and a certain number of days to complete the trip.

**21 TRIM THE FAT.** Study your monthly bills—cable, phone, credit card. You’ll be horrified by the amount you’re spending on features you don’t use. Do you really need 2,400 minutes of talk time when you average 800? Are you still being billed for a website you stopped updating years ago? Save hundreds of dollars by cutting out all the stuff you’re not using, says Leah Ingram, founder of the *Suddenly Frugal* blog ([suddenlyfrugal.com](http://suddenlyfrugal.com)).

**22 SCORE RESTAURANT DISCOUNTS.** Buy some gift certificates to local eating spots at [restaurant.com](http://restaurant.com), suggests Kay. You’ll grab \$25 gift certificates for only \$10.

**23 PRESS “PAUSE.”** Institute a mandatory 24-hour waiting period before pulling the trigger on any big-ticket purchase—that 90-inch television, the stainless steel gas grill, the new car. A “gotta have” item can turn into a “glad I didn’t” near miss while you’re sound asleep, Klontz notes.

**24 PICK THE RIGHT DAY TO BUY.** Research by Extrabux, a cash-back shopping site, shows that online retailers vary their prices throughout the week. The variations aren’t big, but the savings can add up. Buy computers on Monday (you could save up to \$46), TVs on Wednesday (about \$20 in savings), and books on Saturday (about \$2 less per book).

**25 GRAB SOME BITES.** Crash happy hour for some free snacks, but go with the right mindset, says Grader. Do it only if you’re intent on meeting people and expanding your social circle. Otherwise, you just look like you’re there for the food, you hungry drunk. ■

If you can’t pay your cards off each month, at least pay more than the minimum. This directly improves your credit score.