A Few “Small Steps” can turn your New Year’s Resolution into a “S.M.A.R.T. Goal” for 2012

It’s December—the time of year to reflect on the past, anticipate the future and formulate the annual commitment to self-improvement (i.e. the New Year’s Resolution)! Making a resolution always sounds like a great idea, but how many of us are successful at this endeavor? Depending on the source, statistics vary, but in general they are pretty dismal. According to Wikipedia, “a . . . study in 2007 by Richard Wisemen from the University of Bristol showed that 78% of those who set New Year resolutions fail.”

Why does this happen? In a Wall Street Journal article entitled Blame It on the Brain: The latest neuroscience research suggests spreading resolutions out over time is the best approach1 author Jonah Lehrer attributes the high failure rate of resolutions to “an extremely limited mental resource”—willpower. According to Lehrer, the brain area largely responsible for willpower is the prefrontal cortex, located just behind the forehead. The prefrontal cortex “is also in charge of keeping us focused, handling short-term memory and solving abstract problems.” Using a willpower—as–muscle metaphor, Lehrer asserts that, if over-used, willpower (like a bicep) will eventually give out. The good news is this means that we can blame past failed resolutions on the inherent structure of our brains instead of a basic flaw in character! But knowledge is power—we can also use this insight to change how we make resolutions and increase their success rate.

Many of the MoneySmart Impact Team financial programs include basic money management principles that contribute to a strong financial foundation. The MS Team uses research-based information to promote strategies that people can implement to successfully change their behavior and improve their lives. One financial strategy is to turn undefined dreams into “S.M.A.R.T. goals (S=Specific; M=measurable; A=Agreeable; R=Realistic; T=Timebound).” Here’s an example. Dream: Drive a car that is paid for. S.M.A.R.T. Goal: Pack a lunch 3 days a week and use the $50/month saved to pay off a car loan by December, 2012.

Another strategy is to take the “Small Steps” approach to changing behavior (remember: don’t overtax the poor prefrontal cortex!). In the book Small Steps to Health and Wealth2, authors Barbara O’Neill (Financial Resource Mgt. Specialist) and Karen Ensle (Health Science Educator) of Rutgers Cooperative Extension, recognize that health and wealth issues are linked, and that the “underlying messages about changing behavior [are] basically the same.” Explaining that weight and financial problems usually develop gradually, they assert that “small steps are the key” to successfully overcoming them.

The book provides a detailed description of 25 “small steps” designed to increase wealth and health, each with a number of action strategies. Here are some examples of practical financial strategies they suggest for spending less or saving more:

- **Use the 24 Hour Rule:** For any expense over $50, delay spending to give yourself a day to think about it. Ask yourself: “Is this expense a need or a want?” and “How do I plan to pay for it?”
- **Convert Spending into Labor:** To help with decision-making, calculate how many hours of work are needed to earn the net (after-tax) income required to buy something.
- **“Rubber band” receipts to your debit card.** This will give you a good visual of the amount of spending you are doing and make you think twice before using it again!
- **Save the money earned on “extra” pay days.** At the beginning of every year, mark paydays on a calendar and highlight the months with “extra” pay days. Use at least ½ of the “extra” income to
save for your S.M.A.R.T. goal. Tip: 2012 has four “extra” pay day months: March, June, August and November!

So take heart (and action) as you contemplate your 2012 New Year’s Resolution! Here are some first small steps to get you started:

1. Learn how you can help strengthen your willpower “muscle” by reading Lehrer’s article, found at: http://online.wsj.com/article/SB10001424052748703478704574612052322122442.html. It’s insightful, amusing, and fun!
2. Log onto the Small Steps to Health and Wealth website at: http://njaes.rutgers.edu/sshw/ to access the “wealth” of information and encouragement found in the online version of the book.
3. Turn one of your financial dreams into a S.M.A.R.T. goal and make a short list of realistic strategies you can implement to accomplish it.
4. Plan on attending a Personal Finance Seminar for State of Maryland employees in 2012. The day-long event includes the UME workshop Your Financial Checkup, and covers other important topics to help state employees make sound financial decisions. For more information on upcoming dates and locations, contact me or Crystal Terhune, or visit: www.msfp.state.md.us.

Happy New Year from the MoneySmart Impact Team!

--Karen Aspinwall
FCS Educator, Cecil County
