



5 money mindsets that hold you back

What's holding you back from taking control of your financial future? Discover the five mind tricks that can stop you from achieving financial success and what you can do to avoid them.

Fear of failure

Earning and saving money from your salary is all very well. But setting up an alternative income stream from an investment portfolio can help you make the most of your personal wealth potential. So what is it that holds people back from taking their first steps into investing? According to recent surveys, 70% of millennials would rather keep their savings in cash¹ instead of investing it and getting the benefit of compound interest. And one of the main reasons for their reluctance is their fear of losing what little money they have.

Fear is certainly one of the biggest reasons for avoiding the risks, large or small, that come with investing money. And no-one has a magic wand to eliminate these risks altogether. But with advice from a professional who understands your financial circumstances and goals, you can get off to a successful start in investing that builds your confidence as well as your wealth.

Waiting for wealth

It's all too easy to just wait for someone else to sort out your financial future. You might keep saying that you'll start building your savings and wealth when that golden goose lays its egg for you. And that egg you're counting on – whether it's a higher salary, bonus or redundancy payout for your employer or a gift or inheritance from your family – may never arrive.

If this is the fairy story you've been telling yourself, it's time to rewrite it with yourself as the hero. By sticking to a budget, coming up with your most important goals and creating a financial plan to help you reach them, you'll soon become your very own golden goose.

The high price of inertia

We're all busy people and we all have a comfort zone. And that's why inertia can so often stand in the way of spending less and saving more. In fact, inertia is seen as such a big problem for personal financial security in the UK that a new Institute of Inertia has been established at the University of Sheffield to study behaviour that's estimated to cost the nation £7.6 billion².

Inertia can mean spending more than you need to on your energy or grocery bills. It could also be stopping you from tracking down lost super and/or bringing together all your super savings in a single fund to save on fees. Or it could mean sticking with the same mortgage when you could be saving thousands in interest by switching. Whatever it is that you're not getting around to doing to save money, having a financial coach – personal or professional – can keep you accountable in taking small steps towards big savings.

The lifestyle inflation trap

The “earn more, spend more” phenomenon has been dubbed “lifestyle inflation” and it's something that can really get in the way of preparing for a better financial future. The dangers of behaviour that comes from lifestyle inflation are twofold. The first is what's known as the Diderot effect³. This happens when you buy something new, stylish and beautiful and it makes all your other stuff seem shabby and old. So you start to replace everything else as well.

The second issue is your new level of wealth can't last forever. Even if you keep earning more a time is going to come when you'll stop. We call it retirement and if you're not saving and planning for it, the fall in your spending and standard of living is going to be very steep indeed. So if you're finding it hard to save even when you're earning more, try looking into the future and imagining how much you'll be enjoying life when you have to budget carefully to pay for food and other essentials, let alone buy anything new.

Winging it won't work

Leaving your finances to chance won't bring you the peace of mind that comes with prosperity. Having the money to back future choices – for your career, family and lifestyle – isn't going to happen by accident. People who make it look easy have probably put in quite a lot of time and effort to ensure they're in a good place financially.

If you're naturally a happy go lucky kind of person you're probably well-liked for your carefree generosity. Especially when you're the first among your friends to open your wallet and pay the lion's share of the bar or restaurant bill. Sticking to a budget doesn't have to mean being stingy. It's more a case of picking and choosing your generous moments so you can still cover your day-to-day expenses and put some of your money towards providing for your future.

Whatever obstacle you're trying to overcome on the path to financial success, a financial planning professional can offer valuable advice on making changes to get you in control of your finances.



PO Box 5429
MERMAID WATERS, QLD, 4218
Telephone: 0412 732 761
Email: amanda@agentforlife.com.au

Agent For Life Pty Ltd, Authorised Representative No. 417523
MyPlanner™ Professional Services Pty Ltd | AFSL 425542 | ABN 51 159 696 830
www.myplanner.com.au

The information contained in this newsletter is of a general nature only and does not take into account your particular objectives, financial situation or needs. Accordingly the information should not be used, relied upon or treated as a substitute for specific financial advice. Whilst all care has been taken in the preparation of this material, no warranty is given in respect of the information provided and accordingly neither My Planner nor its employees or agents shall be liable on any ground whatsoever with respect to decisions or actions taken as a result of you acting upon such information. Your privacy is important to us. If you do not wish to receive information of this kind in the future, please contact the office noted above. Source: Financial Planning Association Money & Life

1. Nerdwallet, "Fear keeps millennials on investing sidelines", Brad Sherman, 2 August 2016, https://www.nerdwallet.com/blog/investing/millennials-fear-investing/?trk=nw-wire_305_283020_24452
2. The University of Sheffield, "Britain's psychological inertia contributes to 'financial hardship'", 23 September 2015, <https://www.sheffield.ac.uk/news/nr/psychological-inertia-contributes-to-financial-hardship-1.510235>
3. Lifehacker, "The 'Diderot Effect' Turns You Into A Weak, Mindless Consumer," Kristin Wong, 16 September 2015, <https://www.lifehacker.com.au/2015/09/the-diderot-effect-turns-you-into-a-weak-mindless-consumer/>