

THAN S3 E39 – Changing Our Money Mindsets

00:06.380 *Heather* Welcome to That's a Hard No, the podcast about learning to say no and set boundaries to live our best lives. I'm your host, Heather Drago. You may think because of this podcast that I'm a boundary setting expert, but I'm not. I'm an expert at struggling to set boundaries, but you know what? I'm working on it and it is getting easier. Follow along with me as I learn from fellow strugglers and experts so that you too can start saying no without feeling fear, guilt, or FOMO.

00:45.410 **song** Unfriendly applications got you feeling low You're not sure what to do Weight of expectations is coming down on you

01:30.215 *Heather* My guest today is Rachel Dursey, a financial wellness coach who supports clients by building financial confidence and taking the stress out of money conversations. She specializes in couples, wedding budgeting, and providing companies with financial wellness support for their team. Yeah. Rachel, thank you so much for coming on. We've been talking about this forever. I have so many thoughts swirling in my head that I've been like banking to talk to you about. But I think I'd love to start with kind of your origin story of how you got into this and a little bit more about what you do.

02:05.972 *Rachel* Yeah, sure. So my origin story started, as all of ours does, as a child. And so I grew up in a home that I didn't have a lot of money. I was a single mom. And I remember being very young, like five or something, and not really knowing what money was even used for. But understanding that money meant stress and anxiety. I felt a lot of that whenever those conversations came up in my family. And I grew up with that my whole entire life. And when I got into more like high school, I just started thinking, I don't want to live like this when I get older. I need to find a better way to make sure that I don't feel that constant stress and anxiety over money. So I started teaching myself stuff because I figured, you know, education is great. That's amazing.

02:50.450 *Heather* And as a teenager. Yeah. Oh, yeah. Wow.

02:53.152 *Rachel* Very. I almost want to say I was obsessed. And you'll hear a little bit more as I continue on.

02:57.597 *Heather* So it's definitely a pain point you were trying to address.

02:59.939 *Rachel* Yes. Yes. Wow. OK. Unfortunately, I don't know about you, but I didn't learn financial wellness in high school or college.

03:06.145 *Heather* No. No, and I feel like that should be like a how to balance your checkbook or your checking account.

03:10.808 *Rachel* Yeah. And how to budget and all that stuff. So I started learning about credit scores and reports and how to budget and like what a credit card really means and should I use it? Should I not? You know, so I started really just learning some other stuff and I became very interested in it because it was, it was impacting my daily life and I wanted to make sure it impacted my life in a more healthier way. So I learned all those things. Um, I taught myself and of course there's still learning, right? I mean it's constant learning. Um, But then when I got almost to be done with college, I started panicking about my school loans because my family, again, is you don't owe anybody anything ever. If you borrow 10 cents, you better give them that 10 cents back the second you have it, and better yet, just don't even borrow it to begin with. So obviously I had to pay, or I had to take some loans out for college, but I was feeling a ton of stress and anxiety around how am I gonna pay back these loans? I'm not supposed to have debt, that's what I was taught, like that's really bad. And so, when I got out of college, I created

my first budget, you know, I put all this stuff together, and for three years, really, I didn't enjoy my life. I panicked and stressed constantly about putting every single penny I had onto my loans, so I didn't do anything, I didn't go out, I didn't spend money on literally anything but my bills and my loans. So then I get to a point where my loans are paid off. Great, I'm debt free. So I have the education, I have the interest in learning more, and I have no debt. I should be great, right? I was not. Because I didn't learn the mindset around money.

04:40.672 Heather You were still uncomfortable with money.

04:42.333 Rachel I was still very uncomfortable, very stressed. I had a job. Of course, I went to nonprofits, so I never made tons of money. But I had a job, I had no debt, I lived very minimally, and I had plenty of money in a bank account, but I still felt a lot of stress and anxiety around money. Up until, truly, in my early to mid-30s, before my friends started actually asking me, like, why are you always so stressed about money? You have money, right? And I'm like, well, yeah, but that's not to spend. They're like, well, what's it for? And I'm like, I don't know, emergencies. Someday. What are you going to have that's a \$30,000 emergency in reality? So I really started really digging in and trying to understand why am I still so panicky about money? And of course, I went back to recognize that my whole entire life I grew up, and everybody around me, mostly my mom, and my grandparents just constantly stressed about money, and it didn't matter. There was never enough. It was always, no matter what you have, it's not enough. You need to constantly save more, and you need to constantly panic, because you never know. It could just go away one day. And so then I had to do a lot of introspection, and I had to do just a lot of my own sort of therapy work, and trying to understand how to move past a lot of those thoughts. And it took me a while. I was doing it on my own. I was able to get past that, and I still have moments, not perfect at all, there's still moments when I'm like, oh my gosh, like, I can't, you know, we had to get a new roof on our house a few years ago, and that was, you know, that's a lot.

06:10.578 Heather I call that the fun money, sarcastically.

06:12.899 Rachel Yes, that was lots of fun. So I know, so the reason that I'm doing what I do now is because I know what it feels like to constantly stress about money, and I know what it feels like to feel comfortable with my money. And I want to help people move from the one place of anxiety to the next place of feeling confident. And again, it's it's a lifelong thing. It doesn't just like go and come super fast, but when I can help people just like take a breath and recognize it like wow like I actually feel pretty good about where I am even if you have debt or even if you whatever the situation is it doesn't matter because I You could have tons of money and still be stressed about money. You could have very little and tons of debt and be stressed about money. You could be at any place and be stressed about money. So I just, that's the bulk of what I do with my work really is mindset and it's helping folks get from like this place of sort of the negativity to this place with the positivity.

07:08.403 Heather Well, I can so relate with that. And I think a lot of people can. I think how you grow up impacts so much of your life. Just to share my back story, some people may know this already, but I grew up in a home that was impacted by generations of poverty, which is often the case with those who come from poverty. So, you know, three, four generations back, people were living in poverty. And so I was raised by a single mom who was working three jobs and I knew money was tight. And not only was it a tense subject, I got in trouble if we talked about it. Like I wasn't even allowed to bring up the subject. And so then, you know, fast forward to my early to mid 20s and I'm getting married and I'm going through the pre-Cana thing because my husband is Catholic. And we did the test and they said, you guys are really compatible. Everything's really great, except there's this one area where you're probably going to have some conflicts. And that was about discussions about money. And he, from the beginning, I guess, his mom worked at a bank. So he was taught a lot about money management and budgeting and all that stuff. He paid his own way through school and all that stuff. Then he married me and inherited my student loans, but anyway. And so, I mean, they were right. That was the thing that

was very stressful throughout our life together. And part of it was because I was so uncomfortable around the topic money, I just kept avoiding it. And so because I was avoiding it, you know, I wouldn't pay things on time. So my credit rating tanked and all this stuff. So, you know, fast forward again, 20 plus years later, my God, we've been married 27 years. What? Anyway, so many years later, and it's taken me that long to learn how to and pay bills on time and work at improving your credit score and becoming comfortable with talking about money and looking at how much you have. And then I started a business, right? And so what's so funny is very recently, my business coach and I were talking and she's like, Heather, you're doing great. You're doing all the right things, but we really need to talk about the elephant in the room. You're just not comfortable with money. And I was like, but I'm doing so good. And she's like, you are. But just even how I price my services and invoicing people at certain times and even just getting the money that I've earned. I'm just uncomfortable. I'm sorry it's going to cost this much.

09:44.624 *Rachel* Even though they probably knew ahead of time it was going to cost that.

09:48.148 *Heather* And so now we're like focusing on that. And so I think it's just something like you said, it's a lifelong learning process. It's something that impacts relationships. just generation generation in couples, like so many things. So that's why I was so excited to have you on because I know for sure it's been an issue for me.

10:07.779 *Rachel* Yeah. And I'm, I'm guessing that a lot of folks that are listening can really relate to because money is still an extremely taboo topic, at least in America. Another thing that like is sort of my goal is getting my clients comfortable with talking about money. It's not just comfortable with their own, like looking at their bank accounts and they feel great, but like, How comfortable are you asking your friend, oh, that sweater's great, how much did you pay for it? Or, I just got my kitchen redone and this is how much it cost. Or, you know, I've got some debt and I'm trying to pay it off and this is how much it is. Do you have any suggestions? Like, those are the things we all should be talking about because we can learn from each other. We can support each other. And when we're not talking about it, we feel very alone. And that's a lot of my clients feel like nobody would understand.

10:51.073 *Heather* Do you think a lot of the, I mean, this is a leading question. I think the reason people often don't have those conversations is they feel shame. Yes. So especially if they have debt, they don't want their friends to know they're in debt. And so they don't want to say, you know, I'd love to go out to dinner with you, but I really can't afford it because I'm paying off this debt. Right. Right. And, um, yeah. And that's, that's come up in, in the relation to boundaries. a ton of times because there are so many times people are invited to destination weddings or let's go out to the theater and dinner and all this stuff and like, great, I don't have \$200 extra to spare.

11:32.086 *Rachel* But people don't want to have those conversations. And when folks say that to me, I push back and say, how would you feel if you said that and your friend said, oh my gosh, I'm so glad you said that because I am feeling the same way and I would rather not go. And that happens, it does happen. Or how good would it feel if your friend just said, cool, that's cool, we can do something else. As an example, I have some girlfriends we get together every month and things got a little tight for me at some point when I decided to start a business and quit a full-time job. And I said, can we do something other than going out to eat every month? And we went for hikes every single month. And we still do, actually.

12:13.184 **song** That's great.

12:13.444 *Rachel* There's one coming up tomorrow. And that's free. It doesn't cost any of us anything other than a little bit of gas, maybe, to get where we're going. And they were all like, cool.

12:22.307 *Heather* Who cares? It's not about the thing we're spending money on. It's about being together. Exactly. Exactly. Yes. I don't even know where to start. There's so many, so touching back, so thinking about like my early married life, right? And those conflicts and me

being avoiding the topic and my husband kind of just taking the lead on that. Now we're much more of a partnership in that realm. Like what are some common early coupledness type issues you see come up or how do you help young couples? Or is it more the middle-aged couple that comes to you and go, okay, well we went bankrupt and now what do we do? Like, tell me about that. And just like households and coupledness and all that stuff.

13:09.876 Rachel So if there are any young couples out there, I would love to work with you. Um, because my average client really is in their forties. Um, and so they've been married for 10, 15 plus years. Um, and you know, and, and they're deep into it. And, um, and I would say, Similar to what you just said, the most common thing is that they just don't talk about it. I don't really even maybe know what your debt looks like and you don't really know what mine looks like and what our bills are. We just know we pay our mortgage and we're okay. We don't feel great, but we're okay. There's a lack of communication and we all know that statistic that says like money is the number one reason for like breakups and arguments. And my sort of pushback to that is it's not the money, it's the lack of communication around money. And I see that time and time again. And so that's, I actually specialize in working with couples and I help folks feel more comfortable having those money conversations with each other. So I'll give them homework where they, They do it on their own and then they come together to talk about it. So it gives them like a jumping off place. It's not just like you're not just opening up all of your wounds, you know, for money. But yeah, so it's the lack of communication.

14:22.940 Heather So what are some things Like just to start getting people comfortable thinking about talking about money, what are some first steps someone can do?

14:31.359 Rachel So even though I know this sounds silly, but it really is kind of going back to what I said with your friends or your partner. I mean, going back to your partner, you have decided to spend your life with this person. You need to be comfortable talking about everything with them because you decided to share your life. So that could be a place to start. But if you're not feeling comfortable, go to your friends. And start just saying things like, hey, I just went to TJ Maxx and this sweater was on sale and only cost \$20. Can you believe it? Something as simple as that, just speaking language where money is involved. Saying \$20. Asking your friends how much they paid for something. especially if you are like, and I do this all the time, and it's amazing how many, even I get some anxiety sometimes still saying it, but it's amazing how often people just respond without being like, ew, how dare you ask that? But if you're getting something, if you have a mechanic, and you just felt like you were way overcharged for something, ask your friend, how much did you pay for your last oil change?

15:32.654 Heather What's a good price for X? Right, exactly.

15:35.395 Rachel What do you think? They should be charging me. Because we can learn from each other, and you're not divulging any personal information by asking how much you spent on that sweater or telling them how much you spent. I mean, that's not really that serious. So start small if you're really that uncomfortable, and see how people respond. And there's a good chance people will respond in a very positive, non-judgmental way, and then that can just help you open up a little bit more. And it takes time. I don't recommend going to your friends and printing out your bank account and your debt.

16:08.161 Heather Take a look at this budget I came up with.

16:10.043 Rachel Right, right. But you also can You can either work with a professional or you can find that one, whether it be your partner, your parent, your best friend, a co-worker that maybe you don't even feel that close to but you feel like you can have those conversations and they won't judge you. Find that person who's not going to judge you and start talking about it with that person. Because it will just get you more comfortable talking about it in general. Because you have to be. It's not about the other people feeling comfortable. It's about you feeling comfortable. So don't worry about what other people are thinking about. How are you feeling about it? And if you're feeling uncomfortable, you need to start small. And maybe you need to kind of get that partner that's sort of like the accountability partner, whether, again,

that's a family member or a friend or whatever, and find that person that you can connect with and start talking about it. And you can be very open and just say, listen, I've noticed that I'm super uncomfortable talking about money, and I'm going to start. And do you mind if you're the person that I sort of start with?

17:11.792 Heather Be just open about it. I just feel like I need to start talking about it. Someone you trust. Someone you can beat yourself with. Exactly. So I heard you talking about when you left college and you set this very strict budget, but you were miserable, right? Correct. And so on a podcast about boundaries, I would think when someone sees, you know, financial wellness coach on the description, they're going to think that's what we're going to talk about. How to get, you know, impose and stick to boundaries around money and stuff. So I wanted to share some of my stupid boundaries and then and then let's talk about just like what's realistic and you know, okay so I have all these dumb self-imposed rules like I cannot walk into a big box store alone. I have to have a person and a list. And if I don't, I can only buy what I can carry out under my own power. No cart, no basket. Have I gotten really good at carrying things with my pinkies? Yes. Do the workers come up to me and say, ma'am, would you like a basket or a cart? And I say, no, thanks. This is a money-saving strategy. And so that's my way of jokingly preventing myself from going in for shampoo and spending \$200, which is so easy to do. Everybody's into the thing. The other thing is, if I don't absolutely love it and I won't use it within a week, I don't buy it. Just like, do I really love this? Am I sure I'm gonna wear it? And then the other thing is just like, and this is sort of influenced by a client we have, which is in the thrift industry, is like, I try not to buy anything from fast fashion or fast anything, fast furniture or stuff like that because of how it impacts the environment. Right. And so, you know, just having those values and then, you know, there's a certain money threshold. My husband and I, we don't spend over a certain amount without talking to each other. Right. Right. So those are my kind of silly rules. Um, some are silly, some are not, maybe, I don't know. And I'm wondering if there are other, um, boundaries you can talk about that people set for themselves that are maybe good, maybe bad, maybe self-destructive, not necessarily helpful.

19:38.720 Rachel I don't think any of your strategies, which we'll call them strategies, are bad or silly at all. Because first of all, what works for you? If it's not working for you, you need to stop it and find something else. So if those things are working for you, keep at it.

19:51.091 Heather Who cares? Usually.

19:52.332 Rachel Great. And well, nothing ever works 100% of the time. So I think one of the boundaries is giving yourself some grace. You're doing really, really well, and then you mess up and you spend \$300 at Amazon. Well, you did, but now it's time to get back on. I use the analogy of finances and dieting, I guess, or health a lot. You're great. You just lost 10 pounds and you just ate three cupcakes. Should you just continue to eat cupcakes all the time? Or should you say, you know what? Probably shouldn't have done that, but I did. Too late. Now tomorrow I'm going to have a better day. So you need to do the same thing with finances. You can't just be so upset with yourself if you do sort of overspend at a time or you buy something you shouldn't have bought. But I think one thing I see people do that is unhelpful is actually try to set goals too early. So when I'm working with folks, we don't goal set on session one, two, three, and we might start with four. Because you need to have a realistic understanding of where your money is going and where you really want your money to go. Because it's very easy just to say, oh, well, my goal is to pay off this debt in the next year. Do you even know if that's realistic?

21:05.130 song Yeah.

21:05.330 Rachel Is that realistic? Do you know what that's going to mean? Do you know how much you're going to have to put on that? And do you know what you're going to have to give up for that? And do you even know what you're spending your money on? Because most people don't. I send out sort of a pre-survey when folks first start working with me and ask them questions like, within like \$100 or \$200, do you know how much you spend on groceries? Or do

you know how much you spend on fun and entertainment? And most people say, no, I have no idea. Um, so give yourself, like when you're, if you're just really starting this journey and you're really like, okay, I want to like pay off my dad and I want to get better and all that stuff. Don't put too many goals or pressure on yourself right now. Start really taking a step back, creating a budget, uh, tracking your spending. And then once you track your spending, then you can be realistic about what your goal is. So as an example, I just talked with a client yesterday and they spent \$1,100 on like going out to eat. in the month of September. So they still had a little bit of time left. And I think their initial budget was \$600, because they were just like, that's probably what we spend. Well, they were way over. And then the husband of the couple was like, I want to spend no more than \$250. And the wife is like, it's not going to happen. And even I was like, that's very significant to go from \$1,100 to \$250. That may not be super realistic. let's start a little smaller than that and allow ourselves to see how we're feeling. We don't want to be so strict like I was and not enjoy our lives and be miserable for years. But we don't want to constantly be overspending and then also still be miserable because we're still stressed and anxious. So we need to just be able to set very realistic goals. And in order to do that, you can't really do that right away. You've got to see what your budget is. You've got to see what you're spending your money on, tracking your spending, and then also getting a little bit of a handle on your mindset and making sure that's in the right place so that you're feeling the motivation to return.

22:58.682 *Heather* That's great advice. We'll be right back with Rachel. And we're back. So Rachel, let's talk about budgets. Yeah. Okay, so You sort of touched on why we want to set them, and I think we all kind of know why, but you can elaborate on that. But then, like, how do you go about it?

23:26.090 *Rachel* Yeah. I think, yeah, let's talk about the why a little bit, because a lot of people think, like, setting a budget means, oh, well, it means I never can spend any money again. I have to restrict what I'm spending, and that's not what a budget is. A budget is a piece of paper with numbers on it, so it can't tell you what to do or what not to do. It doesn't judge you. It does not judge you at all. It's literally an inanimate object. So if it's telling you something, then there's other people you should talk to. But so it's giving you information and it is now putting you in charge of your spending. So what happens when I first meet with people or just when I'm even just chatting with people in general, they often say, I don't really know where my money's going. I don't honestly really know how much I spent. Like I mentioned, my client didn't know how much they were spending on going out to eat. So if you don't know, how can you make decisions that are really great and realistic and positive for your life? So you want to create a budget because it is literally doing the opposite of what a lot of people think, is it's putting you in control of that money. So now you know where everything's going and you can make some good informed decisions. The how is truly different, right? What works for you may not work for me and vice versa. But my recommendation is if you're just getting started, that you use a very simple spreadsheet. With my clients, I use Google Sheets and I share with them and it's very simple. But you want to make sure you include a few things on there. So a lot of people are just like, oh, my mortgage and my utility bills and my income. So you need to have a tab that, of course, is your expenses and your income. That's sort of the crux of the budget. But just make sure you're including everything. I sometimes meet with somebody and on our fourth or fifth session, they mentioned Disney Plus and I was like, that's not in your budget, how much is that? And they're like, oh, I didn't think that was that much, I thought it was only \$10.

25:14.499 *Heather* And there's cell phone and car and clothes and yeah.

25:18.420 *Rachel* And I put haircuts in there because a lot of people are like, it's just not something that's top of mind. So I encourage you to put everything on your spreadsheet on your budget, even if it's, you have a \$2 subscription to some app or something, put it on your spreadsheet because if you don't have all the information, again, you're not making the best decisions. So put it all on there, everything. And then another tab is for your savings. So it

should be the bank accounts that you have, the interest rate that you're earning and how much is in there. And then that on that tab, you can set some goals. So again, don't set goals immediately, but after you get some organization done, you can put some goals on that spreadsheet and then you can track your progress. Another tab on the budget spreadsheet should be for your debt. And that is again, similar to the savings where you put the name, your interest rate, your total balance, and then your minimum payment. That's what I recommend. Because when you see it all, then you can make the right decision about what you should be doing with some of that. But right now, you might just be throwing a little bit here or there, and you feel like you're not getting anywhere. And it's probably because you don't have a strategic plan for that. So put all that on there. And then I have another tab on mine for variable income in case you are an entrepreneur or you have a side hustle or something and you might make some kind of random money here or there and it's not a regular paycheck. That's a whole separate thing that would take forever to talk about. But if you do have variable income, there is a way to track it. And the only other thing I would include is any overflow income that you have. So that is, I'm getting a tax return, I'm getting a bonus from work, I'm getting some type of inheritance or something like that, that you know is coming your way. Not everybody might have that. But if you do, it's important to put that on there and plan ahead for it. Because this is what I hear regularly is people are like, yeah, I got a thousand dollar bonus. And frankly, I really have no idea what it even bought me. I just know it's not here anymore.

27:09.297 *Heather* Oh, isn't that the truth? Yes. You get the bonus and it goes right into the checking account. And then three months later, you're like, where'd all that money go?

27:17.048 *Rachel* Yep. Yep. Very, very common. So if you're listening out there and this is you, very common. Happens all the time. So I recommend people pre-plan that. So you know that next, I mean, you typically don't just come across a thousand dollars lying on the ground. So you typically know if you're getting some type of, you know, a lump sum of cash, it's extra. So plan it. Decide what you want to do with it. And it can be something as simple as putting it on your debt or putting it in your savings, or it could be buying something. It does not matter. What matters is what you really want to do.

27:45.300 *Heather* Be mindful about it.

27:46.361 *Rachel* Yes, be mindful. Because when you plan to do something, and then you do it, you feel really great about it. That helps build your confidence, and you're not like, I don't know where it went. That doesn't feel good to say, I don't know where my money went. So the budget is a little bit more robust, I think, than maybe what some people think of it as, at least for me. I like to make sure you're just having, this is your full financial picture. This is not just a few things that I spend money on in my income. It's really your financial picture. And again, I just use a simple spreadsheet. So there are apps out there you can use. I think- But some of those cost money. First of all, I've never found one that's free that is worth anything. But it's also, it's not as impactful as when you're first getting started by using just a spreadsheet. So if you've been budgeting for the last 10 years, sure, go get an app. It doesn't matter. I'm sure that'll fit your lifestyle just fine. But if you're getting started, putting more of the work into it is really way more impactful.

28:50.042 *Heather* You're really touching the numbers.

28:51.482 *Rachel* You're really touching it and you're going in there and changing things.

28:54.643 *Heather* And you're seeing it and feeling it. Yeah.

28:57.104 *Rachel* Other than something just kind of doing it for you.

28:59.248 *Heather* So I love that you pointed out the little things, right? So I'm a huge reader. Every night I read at least half an hour. It's kind of what puts me to sleep. And I read for pleasure. So I read for work, and I read for the podcast, and I read for pleasure. So I'm constantly reading. you know, eBooks that I buy cost \$3.99, \$5.99. Sometimes if it really splurges, \$12.99 if it's a new one, you know. And I just never really thought about it. I was just doing it and they were going, the receipts were going to an email I never look at. I call it the

black hole to infinity. And that's my junk mail email, right? And then one day my husband came to me and he was like, can we talk about this for a minute?" And he's like, are you aware how much you've spent on books? I was literally not, and he showed me the total and it just took my breath away. I was like, oh my God. So guess who got all the library apps? And you know, it's fantastic. And sometimes if there's a newer book and I have to wait six weeks or whatever, it's okay. It actually ends up coming through sooner than I think and I read it and I'm fine. And there's a million other books I can read and I love libraries. I'm always pushing libraries. And then when I do spend the 12.99 on the really new book that I really want by an author who isn't maybe in the library, then I treasure it even more and I feel fine about it because I haven't wasted all this other money.

30:28.505 *Rachel* Yeah, so the other thing about tracking your spending, which we haven't really talked too much about, but tracking your spending is so important, is that then you can just make the right decisions. You could have looked at that and said, yeah, I know I spend that much and I don't care because it's important to me and that's what I want to do. Great. Or you could have looked at that and said, oh my gosh. Holy cow. I had no idea. And then you can make decisions from there, which is what you did. Budgeting and getting your sort of financial health together is not about pinching pennies and never spending another dollar. It's about just making sure you're spending their money where you want to spend it and not just sort of mindlessly buying things without recognizing and then saying things like, you know, I really wish that we could go on a nice vacation this year, but we don't have the money. Well, maybe you do have the money, you're just, you know, you haven't put together your sort of their financial picture yet to see where your money's going and where you maybe could cut back to save for that vacation if that's really what you want. And that's a big, big thing that I help my clients with is, what are your values? Like, where do you want to spend your money? Where would make you happiest to be able to spend your money? And then where are you spending your money right now? And are those things aligning? And are they adding up? And are where you're spending your money helping you reach sort of these goals of where you want to? Or are they colliding with each other and your spending is actually not allowing you to sort of reach some of these goals and values and the exciting things that you want to spend money on. And then if they're colliding, then that's when we got a little bit of work to do, just kind of figure out where it's going. And then you can make some of those choices and say, well, if I choose to do the library and I'm only spending \$13 on books every month instead of \$100, well, that's \$90 that I can put towards a vacation. But again, if you're not really sitting down and thinking about it, it's just that sort of autopilot.

32:21.783 *Heather* Yeah. Yeah. Okay. So let's talk about debt. Okay.

32:26.727 *Rachel* Is debt bad? So how you feel about your debt is what's way more important than actually having debt is the first thing. Okay. I'm all about how you're feeling. You're like, who cares? Don't give a crap. I'm enjoying my life, having fun. And you truly feel that way. Well, that's, you have to live your life. So if you're happy, great. Do I want my clients to have debt? No, of course not. Because when you have debt, you're literally throwing money away by the interest that you have, that you're paying. And unfortunately for most people, they do feel a lot of stress and anxiety over debt. what happens is when you spend money, your dopamine levels rise and you feel really happy. In that moment. Yep. In that moment. Exactly. In that moment. And fortunately, that does not last very long. But then what happens is a week later, you look at your debt again and you're like, oh my gosh, and you feel very stressed out. And you're like, oh, I remember when I bought that thing last week on Amazon and made me feel good. I'm going to do that again. And even if you're not fully recognizing this, that's what's going on in your brain. So And then you just add to your debt. So for most folks, debt is a stressful topic for them, and they would like to get rid of it. And so it's not all bad, though, because for an example, for those folks that got a college degree and now are doing the job that they love and would never have been able to do it without that, would you go back and not get that college degree, even

knowing that you would still be paying off your debt? Probably not. I mean, it probably was worth it to you to do that. Or, you know, for someone who took maybe a gap year at some point and took an amazing trip to Europe for three months, do they regret doing that? There's a chance that they don't. So or like buying your house, like if you live in your dream house or even not your dream house, but just a lovely home that you it's great and you've got a great backyard and you're just really you love being there. Do you regret buying that? Probably not. So no, not all debt is bad, but it's the high interest credit card debt that you're not even really sure how it got there. That's what's not so great. Those are the things we really want to focus on because you are just throwing your money away with all the interest and you're not even sure. It was just a bunch of little things or maybe a couple of big things and then a bunch of little things that all added up to it and you don't really feel like you have anything to show for it. So we do want to get a handle on that and get a plan. So I mentioned earlier like you know some people might just be throwing a little bit here a little bit there and they feel like they're not getting anywhere and it may be because they really don't have a good plan. So do you want to sort of go through my thoughts of like how to pay off debt if you can?

35:08.145 Heather Absolutely, but I also wanted to interject a point in that sometimes, like, I have a business and sometimes there are cash flow issues and so I have, you know, my line of credits and things like that. And also I have been working for over 25 years to improve my credit score. And so I have switched my mindset to look at debt as a tool to help improve my credit score, become more financially responsible, and ensure cash flow so that I can keep my company stable.

35:41.937 song Right. Okay.

35:42.577 Heather And that's only happened a few times here and there, but like, it's nice to have that as a back backup kind of thing. So that's how I've changed my mindset. And I've, and I, and because of that, I think I'm way more responsible about paying things off. So I think it can be used as a tool if you're careful about what kind of debt you have and how you go about it. So yeah, I would love to hear your thoughts.

36:06.110 Rachel Yeah, yeah. So in this whole conversation, we're just going to be talking about high interest credit card debt. We're not going to be talking about a home loan or a loan.

36:15.438 song Student loans.

36:15.938 Rachel Yeah, those things are usually not as much high interest. And a lot of people just have those because they're expensive. And most people can't just go buy a house.

36:23.384 Heather But a lot of people did get into trouble over the pandemic, especially just buying online and putting things on credit cards.

36:28.988 Rachel Yes, correct. So if you have multiple different credit cards, which a lot of folks do, with a balance, you really want to go back to that budget and make sure that's filled out correctly. So you want to have the name of the card or the name of the bank or whatever, your interest rate, your total balance, and then your minimum payments. And not what you're paying, because some people pay a little bit more than the minimum. So literally, when you're putting that spreadsheet together, what is your actual minimum payment? Put all of that together. Then my recommendation, there's a couple of different ways to pay off debt. There's no necessarily like, this is where it's right and this is what's wrong. But for most people, it feels very daunting to look at, you know, let's just say \$50,000 and think, how am I ever going to pay that off? So we're going to break it down, right? So we're going to, we're going to make sure that they're all in different line items and we're going to start small because what most people need is that motivation. So if you start with a credit card, Say you have four credit cards and three are fairly low balances and one is \$25,000. If you start with that \$25,000, it's going to take you a lot longer to pay that off. So you might lose steam at some point. So my recommendation is to do what is called the snowball effect, snowball method, and to start with a smaller balance. Now, if your smallest balance is a 6% interest rate and your next smallest is a 25% interest rate, Don't do the 6%. But go with maybe like look at the two that are the smallest and go with the one of

those two that has the higher interest rate. and make sure you're making the minimum payments on every single thing that you have except for that one. You're going to focus on one at a time. You're not going to put \$5 extra on every single one of your cards. You're going to put everything you can on that one card. So if your minimum payment's \$100 and you know that you've got an extra \$100, then you're going to put \$200 on that card every single month until it gets paid off. Or here or there, if you get a bonus or you have something else that comes and you have a little bit of extra money, great, put it on there. But we're not putting a little bit here and a little bit there. It takes way longer to make a difference. So we're going to work on that one. We're going to pick the one that is the lowest and also has a decently high interest rate. Once that's paid off, then we go to the next lowest one, and we're going to take that minimum payment, and we're going to add the \$200 that you were putting on that other one. We're going to make that as your payment. So now your payment might be \$300 for that card. And you're going to keep doing that until it's all paid off.

38:59.838 *Heather* paying the same amount but you're just gonna be applying it to different.

39:03.760 *Rachel* That's cool. So some people like in fact I was just meeting with a client last week and they were like well we don't really pay the minimum payments like we put a little bit extra on every single one of our cards and I said well the first thing I want you to do is go back and change your auto payments to what the minimum payment is. Don't pay anything over except for on that one. So they figured out they were spending I forget it was like \$60 or something over the minimum payments well then take that \$60 and add it to that minimum payment of that one that we're really gonna be focusing Because you're going to focus on the one, that way it gets paid off and that way you feel good and you're like, yes, I got this. I completed something. I've accomplished something. Then you can start working on the next one. And it just continues to build that motivation. And then once you get to sort of the highest one, you've already have so much of it paid off that you're feeling pretty good about it.

39:44.347 *Heather* Yeah. Yeah. And in the meantime, try not to rack up more.

39:47.872 *Rachel* And in the meantime. Yes, that is extremely important because there's honestly like there's really no point in paying off your debt if you're just continuing to accrue it. So you mentioned like when you go to the big box stores and you make sure you don't get a card.

40:02.595 *Heather* I hold things with every finger.

40:04.157 *Rachel* Yeah. I think it's important for folks to recognize what their pain points are as far as credit cards. And if it is in-store shopping, if it's Amazon, it's a little more challenging. But if it's in-store shopping, Take cash with you. Don't take your credit cards with you. Leave them at home. Say, I am allowing myself to spend \$75 at the store. I'm cool with that. No problem. Because when that cash is in your hand, and you fork over \$5 and then you set aside the \$10 for this thing, you're like, whoa, maybe I don't need this thing.

40:34.703 *Heather* Because it's, ugh. You see how much faster it adds up than you think.

40:39.865 *Rachel* And it's amazing that people forget that cash spends just as much as credit cards do. But people just forget. Like, oh, you can still use cash these days.

40:46.869 *Heather* It reminds me of when I was in college. And it would be like, put everything on the conveyor belt. And I was like, OK, I don't really need this box of mac and cheese. Don't really need that.

40:56.614 *Rachel* Sorry, can you put that back please? But cash spends just as well these days. And then there's no interest. And there's no interest. And it just makes you think differently about money because it's so, so easy to just swipe that card because you don't see it. It's not there in front of you as it immediately came out until the bill comes, which could be literally 30 days from that time. So you've forgotten all about it by then. So yeah, cash is, again, it's not for everybody, but just for those folks that are really challenged by going to some stores and they recognize they buy things that they do not at all need, and they want to start cutting back on that, my recommendation is to start using cash in those places. I like that.

41:39.579 *Heather* How about, how do we set boundaries around the online spending?

41:43.613 *Rachel* Yeah, that is challenging, but I will say there's a couple things. One is you can actually save money by online shopping if you're doing it the right way, because there's less window shopping. Do you go on Amazon and just like search and search for stuff? No. If you want to buy a book or whatever, then you go on and you get that.

42:01.559 *Heather* Or like, I want a new e-light bulb. I don't know. Right. You look for that specific thing. Exactly. Yeah, yeah, yeah. That's true.

42:09.421 *Rachel* So actually, during 2020, we actually saved money because I wasn't going to a big box store to buy toilet paper. I was going on Amazon and so I was just typing in toilet paper and it's not as fun to window shop online. Um, so you have to almost make like a list. Like these are the things I need and these are the things I want. And can I like, and you need to go back and look at your budget and say, well, can I do that? And the other thing to think about, and, um, I think this is really impactful is that every single time you spend money on something, you're not spending money on something else. Every single time you spend money on something, you're not spending it on something else. It's just like your time. Every time you decide to do something with your time, you're not spending your time doing something else. Right.

42:55.945 *Heather* We talk about that with boundaries all the time. If you say yes to this, then you're not leaving an opportunity for this other thing. Exactly.

43:03.890 *Rachel* So you have to make sure that if you're spending your money on this thing, that is what you really want to be spending your money on. So when I'm doing the work with my clients, I'm constantly reminding them of what their why is. Why are you doing this work? Because you have to think of that in that moment. I really want this. I want it. But wait a minute. Why am I even considering not buying it? Oh, right. It's because my partner and I have been dying to go to Ireland, and we've been doing a really great job saving up some money, but we're not quite there yet. That's why I shouldn't buy this." So you have to remind yourself and remember, if I buy this, it means I'm not spending that money on something else. And what am I giving up? Remind yourself, what am I giving up? And maybe it's nothing. Maybe it's totally the thing you want to buy. Great, you should buy it. But maybe you're giving up an extra \$50 in your savings account because you are saving up for that trip to Ireland. You just have to always, and this is why I recommend an accountability partner, whether it's a professional or a friend or your partner or whatever, but somebody to go to and say, I really want this. I don't know what to do. Or someone to just talk about it and say, I was reminded as to what my why was. Because sometimes it's not as helpful just to talk to yourself about it.

44:12.678 *Heather* It's good to talk about it with other people. So one of the other things we talk about with boundaries sometimes is take a pause, right? You don't necessarily have to say yes in the moment. You can say, let me think about it. So spending, one of the habits I started, I don't know why I started, is instead of saying, yeah, I want to buy it, I just like it. Whatever app you're in, you can add it to a wish list or a list of things you like. You can even categorize them or whatever. And then I just put it in there. And you can do that to your heart's content, you don't have to spend any money doing that. And then I go back like a month later and half those things I'm like, nah, I don't really, it's just garbage, I don't need that. And if I still want it, it's something I really, really like, Yeah, okay, then I feel better about getting it.

44:57.976 *Rachel* You can even put things in your cart. Yeah, absolutely.

45:00.598 *Heather* Walk away. On Amazon too, there's the cart and then you can do save for later. I have like 11 billion things in there. And then they email me and they're like, so. There's a price drop, do you want it? And I'm like, nah, I'm still good.

45:15.546 *Rachel* Or did you forget about this item in your cart? Don't forget. So I would at least wait 24 hours, especially with online shopping, because it's so easy to do, you don't have to go anywhere. So yeah, put something in your cart, put something on your wish list or whatever, and then walk away and come back the next day and say, is this something I still really want?

And I just want people to remember, remember what your values are and what you really want to be spending your money on and is your spending helping you to sort of reach that goal of where you want to be spending your money on.

45:47.202 Heather So what I think I'm hearing you say is it's okay to spend money. Correct. You just have to be mindful about where you're spending it and feel good about where you're spending it and make sure you're in alignment with where you want your life to go.

45:59.911 Rachel Yes. And lastly, if this is the last, I could talk forever and ever. Sure. is don't do things or spend money on things because you think that that's what you should be doing or should be spending your money on or what you see your neighbor spending money on or what your friends are spending money on. Or you see it on Instagram. Right, exactly. Do things that you want to do. I don't care if you want to spend your life savings by going to Starbucks for coffee every single day. If that is what makes you happy, who cares that other people might tell you that's a waste of money. It's not a waste of money to you. So like me, my sort of why is vacations. We like to travel. That's what we like to do. I have another friend that just doesn't really care about doing that. And that's fine. Then she shouldn't be spending her money on that. So everybody's different. Be who you are. Just trust yourself and know if this is what you really want to do, then that's what you should do. Don't worry about other people. You have to live your life. I love it. Yeah. Rachel, where can people find you? So my business is Effortless Budgeting, and I am effortlessbudgeting.com is my website. And then from there, you can look at my social media accounts. I've got Instagram, and LinkedIn, and Facebook.

47:07.739 Heather Awesome. Great. Well, thanks so much. I'm sure we'll have you back sometime, because I mean, we could have a million conversations about money, I'm sure. So thanks again for coming on. It's been great. And everybody, make sure you follow Rachel. Yeah. We love it. All right. Thanks, Heather. Got questions or a boundary-setting success story or flop? It's easy to get in touch with us. Send an email through our website, hardnopodcast.com, DM us on social, we're at Hard No Podcast, or leave a message at 216-370-3410. We'll be featuring some of our favorite questions and messages in future Mailbag episodes, so get in touch. You can find show notes and a transcript of today's episode on our website, hardnopodcast.com. Make sure to like and subscribe on your favorite listening platform so you don't miss any new episodes. And if you liked what you heard, please give us a rating and review, especially on Apple so others can find us too. That's a Hard No is a production of Clever Grow Marketing, my strategic marketing agency based here in beautiful Cleveland, Ohio. You can learn all about us at clevergrowmarketing.com. It's written by me, Heather Drago, and our amazing marketing and production coordinator, Mara Del Rosario. Production support, Evergreen Podcast, Noah Fouts, producer and editor extraordinaire. Our awesome new rock anthem was written by Noah and performed by his band, The Big Leagues. I love it so much. Thank you, Noah. Shout out to Jake Donnelly, the videographer and photographer who's the creative force behind our YouTube videos. You demand, Jake. You can find him at rjdonnelly.com. Until next time, thanks for listening. And remember, saying no isn't just okay. Saying no is the key to living an authentic, fulfilling life. So do it. Find your no and say it unapologetically.