

Just Do It

Save more. Get rid of debt. Cut taxes. To make good on your best intentions this year, you've got to conquer the urge to put things off.

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PHOTOGRAPHS BY ERIC TUCKER ILLUSTRATIONS BY GREG MABLY

The turning of a new year, for most of us, means turning over a new leaf—or at least trying to. In January health clubs across the land will be crammed full of former couch potatoes suddenly hitting the StairMaster. Brokerages, fund companies and financial planners will be bombarded with inquiries from people who are newly eager to open a Roth IRA, save more in a 401(k) or set money aside for a rainy day. And then, a few weeks from now, the gyms will empty out as the couch potatoes, one by one, retreat to their living rooms. Most of the prospectuses will go unread, contribution forms will never get filled out, financial planning questionnaires will end up gathering dust. There will be millions of excuses, but one universal refrain: “I’ll do it later.”

Sound familiar?

Procrastination, in its stealthy way, is a silent wealth killer, doing more financial damage, day in and day out, than skyrocketing interest rates or the cruelest stock market crash. For when you postpone a decision to act on a financial goal, you’ve actually made a decision—to save less or stay in debt—even though none of us thinks about it quite that way. Then inertia takes over, making it harder and harder to change course as time passes.

No one knows the exact cost of all this foot dragging, but it surely runs into tens of billions of dollars a year. Consider Exhibit A: In 2005, 32 million individual tax returns were filed at the last minute (or just beyond), with 27% of the 120 million returns filed rushing in between April 9 and April 22. What’s more, reports the IRS, 12.5 million of those returns had refunds due. Apparently, not even the thrill of getting money back from Uncle Sam can keep people from procrastinating.

Then there’s Exhibit B: A survey in 2001 found that 68 out of every 100 employees felt that their 401(k) savings rate was “too low,” and 24 of those 68 workers planned to raise their 401(k) contributions in the next few months. But only three out of those 24 workers followed through on their good intentions.

Why do we procrastinate so much on the very things that are best for us? Harvard economics professor David Laibson explains that “there’s a perceived gap between immediate costs and delayed benefits.” Our brains come with a built-in quirk that makes us believe rewards are worth more now than in the future. (Ask yourself whether you’d prefer \$100 today or \$105 a month from now. Most people prefer the hundred clams up front.) Meanwhile, something that feels like work or is unpleasant



seems more “expensive” today than tomorrow—even when the actual costs aren’t financial. (No matter how good your dentist is, you’d probably rather have root canal tomorrow than today.)

The rewards you reap from many decisions come mainly in the future, whether you make your choice today or tomorrow. But when you choose to act today, the costs are immediate.

Exercising, for example, means you work hard right now and turn yourself into a sweaty mess. Sure, you'll feel good after a hot shower, and down the road you'll likely reap the rewards of a longer, healthier life. But the downside is now; the upside comes later. Likewise, if you put more money into your 401(k) today, you'll live better a few decades from now—but first you have to go through the hassle of filling out a bunch of forms, then live with a slightly smaller paycheck.

By putting off until tomorrow what we should do today, we push the costs into the future, delaying both the benefits and the costs. Instead of doing it now, when the costs loom large, doing it tomorrow sounds like a much better idea. Of course, we end up saying the same thing tomorrow and the day after that.

But berating yourself about wasting time is a waste of time. You can't will yourself to have more willpower. As Joseph Ferrari of DePaul University says, "Merely telling a procrastinator to 'just do it' is like telling a clinically depressed person to cheer up. It won't work." Instead, you need to commit yourself to doing the right thing in advance and make it as easy as possible to follow through on your intentions. Start by reframing your goals:

Get to yes Form a question that you can answer with a rousing "Yes!" Rather than ponder how to get the best deal on a new car, ask, "Do I want to save money on this purchase?" The first question makes you feel you're stepping into a research quagmire; the answer to the second is a simple yes. It's easier to motivate yourself if you focus on a goal that is obviously positive.

Break it up By doing one thing at a time rather than trying to do everything at once, you can make commitment seem less painful. Say you've been meaning forever to simplify your financial life by

paying your bills online but can never bring yourself to input all the necessary account information. Well, forget about paying all your bills online. Instead, pick one—long-distance phone service, for instance—and register to pay that online. You'll be amazed how easy it is to sign up. Then you'll see how good it feels not to have to write that check and stuff, stamp, lick and mail that envelope. By getting your feet wet instead of plunging in, you'll

find that the costs are dwarfed by the benefits. Before long, you'll be paying all your bills online.

Bond with a buddy If someone you know is struggling to live up to the same resolution, work together. Agree on the date by which you both will achieve the goal, and the reward you will give each other if you both hit the target. (It could be a meal at a favorite restaurant, a night at the movies, whatever floats your boat.) But if only one of you succeeds, neither of you gets the prize.

Get a tech check If the goal is especially important or tough—like saving more money or getting out of debt—then you may have to

put a little extra work into making it happen. Laibson of Harvard suggests that you tell a friend, "If I haven't done this by 5 p.m. next Friday, I owe you a case of Scotch" (or a gift of your friend's choice). Shake hands on it. Then you can't weasel out later. Use your e-mail or a shared online calendar to create a reminder that will go out to your friend automatically on Friday morning.

Then, suggests Laibson, write an advance reminder to yourself for Friday morning saying "He's gonna talk to me at five!" If all this doesn't get you moving well before Friday, you're sure to kick into high gear around 4:45 that day. Better late than never. \$

MONEY Poll: The Top 10 Resolutions

Traditional goals for health and money are taking a back seat this year to the desire to spend more time with the people we love. Maybe if we had a few extra minutes we'd also tackle our top financial resolutions: saving more and getting out of debt.

TOP OVERALL GOAL

30% Spend more time with family and friends

19% Get healthier

18% Manage money better

17% Pursue enjoyable activities

12% Improve career

TOP FINANCIAL GOAL

33% Save more money

23% Get out of debt

16% Get a raise or a better job

10% Cut taxes

9% Cut health-care costs

NOTES: The MONEY/ICR poll was conducted by telephone with a nationally representative sample of 1,033 Americans from Oct. 14-18, 2005.

Turn the Page to Get Started on Getting It Done

If you're among the many who rarely tackle a financial task today that can be put off until tomorrow, you know that the hardest part is getting started. The key: Stop focusing on everything you need to do to—for example, save more money or get out of debt—and instead concentrate

on just one thing, the most important thing, you can do to achieve that goal.

Beginning on page 82, you'll find simple action plans to help you do the one or two things that can really move you closer to each of the 10 most desired financial goals. Is there more you could

do toward the goal than the strategies outlined? Sure. But would you? Know this: If you take no other action than the simple steps in each plan, you will have moved yourself a long way toward the goal with relatively little effort. You will be glad you did.