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The Trouble with Convenience
Kurt Wunderlich, Associate Wealth Advisor

Young professionals beginning to accumulate wealth have grown up alongside some stunning advances in personal technology. Many such emerging investors were among the first generation for which computers in the classroom became a fixture, and they remember dialup internet. They came of age as cellphones evolved to boast more computing power than the equipment on the spaceship that allowed humans to land on the moon.

Clearly, younger investors are well-acclimated to using technology as a convenience. You can have dinner dropped off in 30 minutes or less, all without talking to another person. With the click of a button or a few words spoken into your smart speaker, you can order almost anything and have it at your door within two days. Technological innovations have made consumers' buying experience ever easier and, on the surface, painless.

Frankly, I love this. If my wife and I are working late, I can go online before leaving the office and set up food delivery to our house. This can save the entire night, as our hungry, impatient children don't have to wait while watching me riffle through the refrigerator in search of something to spend 30 agonizingly long minutes cooking for dinner. We live in a world of now.

Modern conveniences like online ordering and automatic subscription deliveries for household goods can make life more manageable. But while these advances certainly are great time-savers, they can also lead to inadvertent and unnoticed spending creep. You don't actually see the money leaving your wallet if your credit card information is saved online at checkout or you're just tapping your phone on the terminal at your favorite restaurant. The transaction is simply a click or swipe, and you're on your way.

When you do not feel the pain of spending without intentionality and purposefulness, you are not forced to consider whether the benefit you get from the item or experience outweighs its cost. Disney World offers a great example of how mindfulness can become separated from spending at the point of a transaction. Guests have a magic band that acts as an all-in-one way to get into your room, enter the park, or buy food and other things. This obvious convenience can make purchases effortless and feel nearly painless in the moment, but it may also create quite a surprise later when you see the bill at checkout.

The buying experience and environment is often designed to encourage spending without a second thought. The consumer saving side has yet to find behavioral guardrails to offset the ways spending money is made so easy. So, how can you protect yourself against poor financial decisions and better align your spending with your larger financial goals?

Build a budget. By understanding your after-tax income, you can create a plan around your saving and spending. Instead of wondering at the end of each month where your hard-earned money went, you can track each dollar. A budget also gives you a second chance to review your spending habits and priorities to determine if your purchases align with your values and goals. When they do not, creating a plan and writing down why a given purchase does not fit into it will help you improve.

Save your shopping cart before check out. If you still really want an item a few hours or days after putting it into your electronic shopping cart, then it may be worth purchasing. Taking a few days before buying something gives you time to discern its value to you. Impulse buys add up over time and may result in not having money to spend on experiences you actually prioritize, which can lead to serious regret. Reviewing your purchases and thinking through the value proposition helps align your spending with your goals.

Change up your morning or weekend routine. Is there a spending opportunity in your daily routine you wish you could avoid? On my way to work, I drive by three coffee shops. The drive-through line at one of them often spills into the street as busy people look to score their morning caffeine. Taking a different route to the office or adjusting your routine to ensure your coffee is ready to brew at home can help you avoid the daily $5 coffee and breakfast sandwich (because if you're already there why not, right?).

Create buckets. Have your paycheck split into virtual buckets. Align each bucket you create with a goal. Creating a bucket for each goal allows you to track your progress toward success. If an unbudgeted event arises, you will have to pull money from one bucket or another to meet it, and you will see your goal getting farther away. Is the opportunity now worth delaying your goal? It may well be, or it may not.

To help illustrate this last point, my wife and I have four buckets: an emergency fund, a trip/home improvement fund, retirement, and spending. We use them as follows.

- Emergency fund: We save for emergencies in a high-yield savings account. These accounts often allow multiple transactions a month without a fee and should provide an interest rate close to inflation. If an emergency arises, it provides quick access to the funds inside. Unlike an investment account, the value of the account only changes due to interest payments or because you move money in or out.

- Financial independence/retirement: After necessities and some basic emergency savings, this is generally our most important bucket to fill. This bucket reflects funds earmarked for debt reduction (student loans, credit card, mortgage) and savings (401(k), IRA, taxable investment accounts). Consider building your strategy by comparing the expected return of your investments versus the interest rate on your debt. If your loans have higher rates than your investment portfolio's expected return, pay down your debt. One important exception to this rule of thumb is if your employer will match your paycheck deferrals into the company retirement plan. In that case, put away at least the amount of the match (it's free money). Once your strategy for financial independence is in place you can focus on shorter-term goals.

- Trip/home improvement fund: We use this bucket to save for items on our wish list. For us, these goals include a five-year anniversary trip and building out an entertainment space in the basement. We put money into a high-yield savings account each month and track our progress. To calculate the amount you need to save each month, take the estimated cost of your goal and divide it by the number of months until you wish to accomplish it. When you are able to begin saving the money, start an automatic monthly transfer to a different account associated with the bucket. Our goal with this money is to not have it change value drastically. We want to watch it grow slowly and avoid having to delay our goal because of a drop in the stock market.

- Spending: This is our checking account. It receives the money we give ourselves to spend as we see fit, and expenses here include groceries, dining out, clothes, etc. Having our spending account on its own allows us to spend money on things we see as important but still keeps us within a budget.

To be clear, convenience is not bad or something to avoid; we just need to use it correctly to improve our lives. Setting up automatic withdrawals from your paycheck into your retirement savings account or automating payments to reduce debt allows you to set up a plan and then focus on the important things and people in your life. Budgeting tools with convenient features allow us to easily monitor our spending, check progress toward our goals, and determine if our spending aligns with those goals. So embrace intentionality in your spending and leverage today's technological conveniences in a way that improves your life.