

LIFE

5 Money Myths Keeping Millennials Poor

Only once you have broken out of your current perspective can you break out of self-induced poverty (a.k.a. your bad habits), and into prosperity.

Thanks to the Internet and self-help publishers out to make a quick buck, your head is full of bad ideas about happiness, income, lifestyle, and the relationships between them. What makes these bad ideas truly dangerous is that you don't realize the true extent of their rottenness. It's especially true for millennials, who find themselves locked in dizzying spin cycles of consumerism and victimhood.

Millennials, you need to think outside of the institutional policies that shape your current financial and lifestyle outlook. You must think outside your employer's paid time off plan, their 401(k) plan, or what you think you might get in Social Security when you retire (as *if*).

Get beyond standard savings rate recommendations, credit scores, or what level of income the government defines as poverty. Get beyond the anxiety of your crushing student debt. It's time to can the conventional wisdom and bust the most pernicious of those money myths, because only once you have broken out of your current perspective can you break out of self-induced poverty (a.k.a. your bad habits), and into prosperity.

Myth 1: I'm Living Paycheck to Paycheck!

But it's not your fault, right? Last year, [MarketWatch](#) covered polling by Bankrate.com, which suggested a majority of Americans (62 percent) "live paycheck to paycheck," meaning they don't have enough savings to cover unexpected expenses, such as a \$400 car repair or a medical bill. They found only 33 percent of millennials could cover such an expense without going into further debt or selling something.

But don't buy into the flashy media exaggerating your situation (MarketWatch thought "Most Americans are One Paycheck Away from the Street" was a perfectly reasonable title). Odds are your situation really isn't that dire, and if you set your mind to it, you can safely position yourself to not just weather future financial emergencies, but put yourself

ahead of the game.

My husband created a step-by-step **guide to financial independence** that can make it painfully clear exactly how much income over essential expenses you have, but try this illuminating exercise: Keep all your receipts for a week and gather your bills. Start by highlighting all the items you could have gotten cheaper elsewhere (hint: if you're getting your weekly groceries at Whole Foods, you're doing it wrong), or could have done without.

These are purchases often made with "disposable income." But you may as well just strike "disposable income" from your budget entirely, because it isn't doing anything for you. If you must spend, spend with a purpose, don't throw it in a trash can.

Popular trash cans for your disposable income are fancy coffees, takeout, nifty gadgets from QVC, bar tabs, sports magazine subscriptions, cable sports packages (RedZone or NFL Sunday Ticket, for instance), iPads and data plans, and habitually eating out. If you avoid these trash cans, you'll find your wallet can stay comfortably fat.

Next, turn to your recurring expenses. Do some research and see how much you're spending on the essentials, like Internet and a phone plan. Housing costs and commuting costs are two of the biggest sticking points with people who insist they live paycheck to paycheck. If you've locked yourself into an expensive-enough mortgage or lease agreement and you're unwilling to move, it's that much harder to break out of a paycheck-to-paycheck cycle.

But if you're willing to consider downsizing, moving to a less expensive area (what we did), or moving closer to work (also something we've done), you've put yourself a couple giant leaps ahead in money management. That money being siphoned off into your gas tank or rent payment every month is now freed up to work for you.

Next, take a good look at what you've financed. That brings us to myth No. 2.

Myth 2: Debt Is Like Acne—Just a Fact of Life

Pretty much everyone has it, and it never goes away, at least until you're much, much older. You just have to deal with it. Right?

Wrong. Consumer debt, including student loans, is ingrained in us from the time we are teenagers as a necessity, just like drawers full of zit cream and medicated face washes.

You must take out loans to go to college, you must get a credit card to build your credit, it's okay to finance your car, it's okay to finance a hot tub, etc.

Disturbingly, **Reuters** reports "A survey from Citizens Bank found that fewer than half (47 percent) of millennials, those in the 18-35 age group, who are college graduates, would be willing to limit their online food delivery in return for reducing their student loans." In other words, their current lifestyle of lattes and prepared meals dropped into their laps is more important than paying back money they owe other people (most college-graduated millennials owe more than \$40,000).

Ditch that mindset. It's not healthy, and the bigger the debt burden, the more you are setting yourself up for hardship when life circumstances change (a family member falls ill, you lose your job, etc.) It's not just the little momentary luxuries that get you into trouble. If you've financed a car, a hot tub, or a massage chair and you have credit card debt or student loan debt, *you're doing it wrong*. Really wrong. In fact, financing any consumer purchase at any point is pretty much unjustifiable, but another recurring payment is an even bigger drag if you aren't debt-free.

Smart financial gurus like Dave Ramsey and **Mr. Money Mustache** will tell you to treat debt as an emergency. MMM likens it to a pot of boiling hot lava and poisonous snakes. The first step to independence is to get out of the lenders' chokehold. Pay off your debt as soon as you can, and your newfound financial flexibility will pay huge dividends if you make your dollars work hard for *you*, not for a lender.

Myth 3: My Income Level Determines My Success

We live in a culture of conflicting narratives about success, but the idea that your salary is basically the sole factor that determines success, wealth, and happiness is dominant. For most Americans, though, day-to-day contentment with your material situation isn't about how high your salary or hourly rate is, so much as how you steward your income.

Success is much more than the figure on your paycheck. For instance, **did you know you can still set yourself up to retire early working full-time on a minimum wage?** No mainstream media pundit will tell you that. That's how far removed from reality our dialogue on personal finance is. In fact, a better metric for success is determining how much buying power you get from an hour of work. Not your hourly *rate*, mind you, but your *buying power*.

Your buying power will vary depending on the region you live in and where and how you shop. If you make \$15 an hour in Seattle and buy your groceries from Whole Foods, your dollar has less buying power than the guy earning \$11.50 in a small town and shopping at Walmart.

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Daily, you're tempted with countless ways to weaken your buying power. Some examples include: Not buying in bulk, buying name brand (even when the difference between store brand and name brand is marginal: paper plates, napkins, certain brands of cereal, hand soap, for example), and shopping without a membership card (Safeway often has great deals on meat, for instance, if you have a club card).

Another success metric is how many hours you work to sustain your lifestyle. That's closely related to how high your income is, but it's not the same. According to the Bureau of Labor Statistics, the median number of hours Americans work per week is only **34.6**. In 2014, the average American between the ages of 25-54 spent **8.9 hours per day working**—but this number *includes* travel time. That's not a bad deal.

A lot of high earners also spend a lot of time at the office. For executives, it could be more than 60 hours a week, which means less time with their family or pursuing other worthwhile activities. That's a tradeoff they may not be as happy with as they think.

The bottom line on success: How successful are you really if you're making six figures, but have little time left over to spend with the people and things you love? Or how unsuccessful can you really count yourself if you have an abundance of free time you could use to be even more productive, to do things that fulfill you instead of just occupy your time?

Myth 4: I Either Work this Crappy Job, or Get a B.A.

It's a false dichotomy of two complaints. Even though we've just discussed that income is only a factor in success, there are **plenty of well-paying jobs** (not even just blue-collar jobs, if you're smart and driven; and many of those pay extremely well nowadays) that don't require more than a high school diploma. What's more, according to a **Bureau of Labor Studies report**, total non-farm job openings were at their second-highest point in April 2016 after peaking in July 2015. Not all of those jobs are flipping burgers or

shampooing dogs.

College is really expensive, and really not the guarantee of a good job you were promised back in high school unless you've got your heart set on entering a STEM field, but you've got less expensive and more flexible options for expanding your qualifications. Skilled labor is in high demand, so consider training for a vocation, which is virtually always cheaper and faster than four years of college. Your local community college (consider this random sampling from Mesa [Community College](#)) has a plethora of certifications, including radiology, skilled nursing, computer programming, graphic design, real estate appraisal, and IT.

You've also got more job opportunities than you think without a bachelor's degree. There are a lot of reasons why so many job openings aren't being filled, but a big reason is a lack of motivation to move to where the jobs are. So relocating to where job requirements are more lenient, or where more demand exists, will expand your career opportunities.

Myth 5: I Shouldn't Have to Work More than One Job

I hear this complaint all the time, "I work TWO JOBS, and I do odd jobs on the side!" (Implying: Pity me because the struggle is, like, real.)

There is nothing wrong with working multiple jobs. Nothing. Who's to say the 9-5er with the 45-minute commute and the overbearing manager who always makes him stay late has it any better? Since the rollout of Obamacare mandates that define full-time work as 30 hours a week, part-time jobs are more common.

The bottom line is, always look for opportunities and make the best of your current situation.

Keep broadening your definition of success. No, you don't have to have one high-income, full-time job to be considered successful. If you juggle three or four different gigs and you're pulling in enough money to take care of your family, spend some time with them and your friends, and invest in your future, you're ahead of the game.

Your problem isn't that it's hard to find a bearable full-time job that pays what you like. Your problem is that you're thinking about work all wrong. Your *one job* doesn't define who you are; your multiple efforts at pulling in money to survive, then thrive, demonstrate your tenacity and resourcefulness.

There are also benefits to working multiple jobs, particularly if they are in differing fields. This way, you can prop open two career doors and can go through either one when the opportunity arises. It means you have two recent employer recommendations when another job comes along that you want, and you're expanding your professional network beyond one place of employment.

You might do even better if your second or third job is an entrepreneurial endeavor. My older sister began doing photo shoots for free, then for peanuts (while she was attending school and working other jobs), and now less than a decade later she and her husband run a thriving world-class photography business—and neither of them went to school for it. On the other hand, my mother sold handcrafted towel dispensers online for a short while to make extra money, but it didn't go any farther than that. Maybe your own side business just continues to make peanuts, but if it serves a purpose in its current form, there is dignity and life lessons in that work.

The bottom line is, always look for opportunities and make the best of your current situation. The creative and the resourceful will inherit the earth, whether they're working 9-5 or not. If what you really want is one full-time job, that's great. Pursue it, but don't turn a blind eye to closer opportunities or the benefits you can reap in the present.

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