

## **Small Steps to Health and Wealth**

**Barbara O'Neill, Ph.D.**

**CFP**

**CRPC**

**AFC.**

**CHC**

**CFCS**

### **Abstract**

Many Americans today have health and personal finance "issues" such as obesity, diabetes, low savings rates, and high household debt. Yet, health and finances are generally treated as separate topic areas in Cooperative Extension outreach programs and publications. This article describes similarities between these two topic areas and behavior change strategies that can be applied to both. It concludes with a description of a new curriculum, "Small Steps to Health and Wealth," developed to motivate participants to simultaneously improve their health and finances.

**Keywords:** behavior change, health education, financial education

### **Introduction**

Many Americans today have health and personal finance "issues." Major societal problems that have been widely reported include an increasing incidence of diabetes (Healthy People 2010 2000), more overweight and obese adults and children ("Citing Dangerous Increase" 2004), low household savings rates (Kulish 2000), and high household debt (Chatsky 2004). Not surprisingly, two important objectives of Cooperative Extension family and consumer sciences programs are improving the diet/health and financial security of program participants. All too often, however, these two program objectives are addressed separately with different staff, curricula, and outreach methods. This is unfortunate because there are many parallels between factors that affect good health and those that foster financial success (Hollerith 2004).

There is a school of thought that "personal control" is an important factor affecting changed behaviors, such as those associated with improving health and finances (Prochaska, Norcross,

and DiClemente 1994). Another theory is that change occurs when dissatisfaction with current conditions, coupled with clarity about future possibilities and clarity about a plan for changing one's behavior, exceeds the perceived cost of making a change (Prawitz and Garrison 2003). Educational programs that focus on strategies to help participants develop and actualize proactive plans to change should, therefore, be effective regardless of their subject matter context. Participants will be motivated to take action that improves their lives and Extension educators can aggregate individual changes across large groups to demonstrate program impact.

This article describes similarities between health and personal finance "issues" and strategies to motivate Extension clientele to improve their current health and/or financial practices. It concludes with a brief discussion of an educational program that incorporates parallel health and finance challenges and suggests positive actions that participants can take to improve their lives.

### **Similarities Between Health and Finances**

Following is a summary of twelve similarities between the health and personal finance problems experienced by many people:

- 1. Problems generally start small** — An estimated 129.6 million Americans, or 64 percent, are overweight or obese ("Citing Dangerous Increase" 2004), but this didn't happen overnight. Weight problems usually develop gradually, such as gaining 3 to 4 pounds a year due to increasingly sedentary lifestyles, larger food portion sizes, and eating fast foods with added fat, sugar, and calories (Enslie 2004; Nestle 2003). Comparable financial examples are "perma-debt" (i.e., a permanent non-mortgage, non-vehicle debt balance) on credit cards (Feinberg 1993) and increasingly higher interest and/or fees as outstanding balances rise.
- 2. Less stigma than before** — With almost two-thirds of Americans having "weight issues" and well over one million bankruptcies filed annually filed for almost a decade (Dugas 2003), both problems have gone "mainstream" and become more tolerated, if not accepted, by society. When so many people have the same characteristics, it is hard to view them as "abnormal."
- 3. Impacts job productivity and discrimination** — Overweight and unhealthy people often have a difficult time getting hired and some have difficulty performing the duties associated with their position. Personal finance problems also affect job productivity. One widely quoted study (Garman, Leech, and Grable 1996) estimated that 15 percent of workers have financial problems (e.g., high credit card debt, lack of a budget) that negatively impact their job productivity. Another study (Kim and Garman 2003) found

that financial stress, conceptualized as respondents' perception of their personal finances, was positively associated with workplace absenteeism.

4. **Lots of technical jargon** — A recent survey found that nearly half of American adults have higher risks of health problems due to trouble understanding medical terms and directions ("Americans Have" 2004). Likewise, comprehending investing terms and the often-arcane language of personal finance is a challenge for many people. Acronyms like REIT (real estate investment trust) and NAV (net asset value, a term used with mutual funds) can seem like a foreign language. Worse yet, both health and personal finance information often contains contradictory "expert" opinions or research results, making it very difficult for lay audiences to know how to interpret and use it.
5. **Need for programs at schools and work sites** — Much has been written about poor school lunch choices and children's lack of adequate exercise as physical education programs have been cut. Youth financial illiteracy problems are rampant as well. An ongoing biennial survey by the Jump\$tart Coalition For Personal Financial Literacy found that high school students continue to fail a test of basic personal finance knowledge with an average score on the 2004 survey of just 52.3 percent ("Financial Literacy Improves" 2004). Just as children can be reached with school health and personal finance programs, employer-sponsored programs can enhance adults' knowledge and prompt behavioral changes. Examples include a company gym or exercise programs, healthy vending machine or cafeteria options, health screenings, seminars on company benefits, and tax-deferred retirement savings plans with employer matching.
6. **Fear of drastic changes** — Many people believe they must make major lifestyle changes to be healthy and wealthy. So, instead, they "freeze" and do nothing. A March 2004 Department of Health and Human Services press release ("Citing Dangerous Increase" 2004) alluded to this when it stated "Consumers don't need to go to extremes — such as joining a gym or taking part in the latest diet plan — to make improvements in their health. But they do need to get active and eat healthier." Similarly, some people fear never having "enough" money saved for retirement because they've seen gloomy reports about unprepared retirees needing seven-figure sums (Warner 1996). The take-home message for discouraged learners is that small, positive changes make a difference and that any positive change (e.g., saving 50 cents a day or walking for 10 minutes) is better than none.
7. **Need for "point of purchase" information** — Unlabeled food items, like restaurant meals, are a challenge for people watching their weight. There is no nutrition label to look up calories, fat content, etc., making it difficult to tell a 300-calorie sandwich from one with 800 calories (Pierceall 2004). A helpful control strategy is carrying around a

"Calorie Counter" pocket book that lists the calorie content of foods to provide at least a rough estimate of the calories consumed. A financial example of needed "point of purchase" information is a proposed "warning label" for credit cards, akin to cigarette warning labels, that would indicate the time and interest cost of a credit card balance where only minimum monthly payments are made.

8. **Need for realistic advice** — A recent Wall Street Journal article questioned whether government nutrition guidelines are out of touch with the way Americans actually eat (Pierceall 2004). Specifically, it asked whether most American households are able to consume the amount of seafood recommended by nutritional guidelines due to time and money constraints. This same type of "reality test" also needs to be given to "ideal" financial advice (e.g., saving 10 percent of gross income) that is widely ignored because it is unrealistic. It may be far better to recommend a smaller amount of savings (3 percent to 5 percent of gross income with gradual increases in savings as pay rises) than an amount that is intimidating to, or beyond the reach of, so many.
9. **Lack of limits causes problems** — Studies have shown that, when people are served more food, they eat more ("From Wallet to Waistline" 2002; Young & Nestle 2002). Upgrading to larger serving sizes (a.k.a., "super-sizing") often increases food prices modestly but substantially increases calorie and fat content. Nestle (2003, 40) observed a lack of intuitive understanding by consumers that larger portions contribute more calories, writing "Most people seem to view a soft drink as a soft drink, no matter how big it is. When I explain that a 64-ounce soft drink container could provide as much as 800 kcal, audiences gasp." A comparable financial example is consumers who are extended a higher credit line on a credit card. Some charge more than they did before just because they can. Lack of understanding about the long-term cost of credit is also widespread. For years, creditors required credit card users to pay at least 4 percent of their balances each month. Today, many have lowered the minimum monthly payment to just 2 percent. On an \$8,000 credit card balance with an 18 percent interest rate, it will take 647 months (more than 50 years!) to pay off the debt with a total interest cost of \$22,931 (Block 2002).
10. **Restrictions help avoid problems** — Some people find it helpful to lose weight by eating portion-controlled foods (e.g., convenience food entrees and nutritional diet drinks) that contain nutrition labels and calorie counts. A buffet meal, on the other hand, with no portion controls or point-of-use caloric information, can make weight loss very difficult. An example of a financial restriction is a fixed-rate loan with a defined balance and regular monthly payments instead of an open-ended home equity credit line or credit card balances. Two other common financial restriction strategies are having tax-deferred retirement plan savings automatically deducted from pay, before it can be spent, and

automated deposits for investments such as stock and mutual funds. Researchers who study the process of behavior change refer to the restructuring of one's environment to enhance a new, healthy behavior as "stimulus control" (Prochaska, DiClemente, and Norcross 1992). Linking theory with practice, this health and financial behavior change strategy is based upon that concept.

**11. Drastic solutions have major drawbacks** — There is no easy way to lose weight, accumulate wealth, or dig yourself out of debt. Rather, it generally takes discipline, perseverance, and time. Liposuction and gastric bypass surgery can reduce weight quickly, and several high profile cases have made those options seem easy, but anyone pursuing those options incurs all the risks associated with any major surgical procedure, including death. Bankruptcy calls off a person's creditors through a protection known as the "automatic stay" that immediately stops lawsuits or collection action (Leonard 1993). The downside, however, is that a bankruptcy filing will also stay in a person's credit file for up to 10 years and debtors will either have to stay on a stringent budget for up to five years (Chapter 13) or liquidate some of their assets (Chapter 7).

**12. Health and wealth are strongly related** — People "invest" in their health (e.g., a good diet and exercise) through healthy lifestyle choices, just like they invest in wealth-building assets such as stocks or a college education. Good health is a form of human capital and has been identified as a major factor in the accumulation of household wealth (Lee & McKenzie 1999). Healthy people are often more productive at work and more likely to get promoted and earn larger salaries than others. They also have fewer work absences and medical expenses that erode their wealth. In addition, the longer one lives, the longer the power of compound interest increases the value of their savings. Eliminating unhealthy behaviors can also result in huge financial windfalls (e.g., saving the money not spent on junk food or cigarettes).

### **Parallel Strategies for Success**

It is clear that there are many similarities between health and personal finance "issues." There are also many parallel factors related to successful behavior change in both areas of life (Hollerith 2004) and motivational "action steps" that Extension educators can illustrate with personal finance or nutrition and health examples, or both. Below is a description of ten such strategies:

**1. Meet yourself halfway** — People can lose weight and still eat favorite foods by decreasing their portion sizes by half. A comparable financial example is reduced spending on "discretionary" expenses such as meals eaten away from home and lottery tickets. In other words, not cutting out these items completely but spending less than before. This strategy of "finding" money to save by reducing small expenses has been

referred to as "The Latté Factor™" (Bach 2004) and Extension educators can help learners identify their individual "lattes."

2. **Downsize and economize** — Strategies for eating less include ordering lunch portions and appetizers at restaurants, instead of entrees, or taking food home for another meal, which also saves money. Household spending can also be reduced. Educators can help learners analyze spending habits and find ways to purchase items for less or simply buy fewer of them.
3. **Say "no" to super-sizing** - This strategy applies to all types of purchases. No matter how much of a "better deal" upgrading a food's size appears, encourage learners to steer clear of "meal deals" and order smaller portions. Ditto for non-food spending such as "buy three and save," when you only need one item. Offers that require people to spend more to save more should be scrutinized carefully.
4. **Convert consumption into labor** — A recommended health education strategy is to "convert calories into labor" by teaching how much exercise is needed to burn off a certain number of calories. A comparable financial example is "converting spending into labor" by helping people identify how many hours of work are needed to earn the income required to buy something.
5. **Track current habits** — Most people don't know how many calories they consume daily or how many dollars they spend monthly on "incidentals." One of the best ways to increase awareness of current practices is to provide learners with tools to record foods eaten and/or dollars spent for a typical month or two. With this data collected, they can then look for evidence of habits that need changing and relationships between eating, spending, and emotions.
6. **Apply recommended benchmarks** — Formulas and guidelines can help learners compare themselves with expert recommendations. A nutrition example is body mass index (BMI), which is a person's weight in pounds divided by their height in inches (squared) multiplied by 703. A BMI of 18.5 to 24.9 is considered healthy, 25 to 29.9 overweight, 30 to 39.9 obese, and 40+ morbidly obese. A comparable financial example is a person's consumer debt-to-income ratio, which is calculated by dividing monthly consumer debt payments by monthly take-home (net) pay. The recommended debt-to-income ratio is 15 percent or less. A ratio of 20 percent or higher is considered an indicator of financial difficulty (Detweiler, Eisenson, and Castleman 1999).
7. **Use concrete examples** — People often understand portion sizes better when they are compared to objects. Three ounces of meat is the size of a deck of cards and one cup of

rice or pasta looks like a tennis ball. A common standard for personal finances is saving three to six months expenses for emergencies (Bach 2004). This translates to an emergency fund of \$6,000 to \$12,000 for a household that spends \$2,000 a month.

- 8. Automate good habits** — Some health examples of automation are routine health screenings, nutritional shakes, and "points" programs for weight loss, and programmed exercise workouts. Personal finance examples include dollar-cost averaging investment deposits and payroll deductions for retirement savings plans. Another is *Save More Tomorrow* (Thaler and Bernartzi 2001), where workers sign up in advance to divert a portion of future salary increases to retirement savings plans whenever they receive a raise.
- 9. Control intake and outgo** — Calorie consumption and the number of calories burned by various types of exercise are the "budgeting" process of weight management. Similarly, a financial budget balances income and expenses. Weight loss and improved health require reducing caloric intake, increasing exercise to burn off more calories, or both. For improved finances and positive cash flow, increased income, reduced expenses, or both, are the keys to success.
- 10. Small steps make a difference** — Some people don't try to improve their health or finances because they feel that their situation is hopeless or that major changes are required. Not so. Simple behavior changes, such as drinking an 8-ounce soda instead of a 20-ounce one, or using less butter or salad dressing, can help people lose weight. The same is true for small financial changes. Two examples are saving a dollar a day, plus pocket change, in a can or jar and adding fifty cents a day (about \$15 monthly) to the minimum monthly payment required on a credit card.

### Health Finance Programming

Health and personal finance parallels and behavior change strategies, including those described above, were combined into a two-hour PowerPoint program, *Small Steps to Health and Wealth*, that was recently pilot tested and will soon be launched statewide in New Jersey. The class begins with a Wellness Wheel (see Figure 1), for participants to assess various aspects of their health (physical, spiritual, financial, etc.). Participants place a mark on the wheel to indicate how "well-rounded" they are in each area. There is also a worksheet (see Figure 2) for participants to describe a personal health and finance goal, attach a picture or drawing of the goals, and list small steps to achieve them and periodic progress check-up dates.

Plans are under way to develop a system to aggregate progress report data, using an accompanying Web site and online database, to track program impact upon participants' health

and finances. Readers interested in obtaining a copy of the *Small Steps to Health and Wealth* curriculum and program evaluation materials can contact the author for information.

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Figure 1 - [Wellness Wheel \[PDF\]](#)

Figure 2 - [Small Steps to Health and Wealth Planning Worksheet \[PDF\]](#)

### Authors

Barbara O'Neill, Ph.D., CFP, CRPC, AFC, CHC, CFCS  
Extension Specialist in Financial Resource Management  
Professor II  
Rutgers Cooperative Extension  
Cook College Office Building Room 107  
55 Dudley Road  
New Brunswick, NJ 08901  
Phone: 732-932-9155 Extension 250  
Fax: 732-932-8887  
[oneill@aesop.rutgers.edu](mailto:oneill@aesop.rutgers.edu)

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