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'The most powerful move isn't deprivation, it's curiosity' – how to reframe and reclaim the broke January feeling, according to money experts

The financial hangover of January can be a catalyst for a money makeover



The weeks before payday provide an opportunity to review your finances. Photo: Getty

Niamh Hennessy

It's the dreaded time of year when Christmas drinks hangovers are taken over by money hangovers. Bills flying in, January sales overspending hitting hard and all the while waiting for what seems like an eternity for payday to arrive.

January is the month money nightmares are made of, but there are ways we can work around it, according to our seven money experts.

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'Give the luxuries a skip for a few weeks'

Frank Conway, founder of Moneywhizz.ie

The month of January can be a month that seems endless financially, says Frank Conway.

"Really do set some spending limits. Perhaps use the month to get back to basics and budget for the essentials and give the luxuries a skip for a few weeks."

Mr Conway says to also use the month of spending lockdown to search for value.

"Just this week, I spent a few hours on my car and home renewal quotes and by the end of the process, for both policies, they had reduced the combined cost by 15pc. It was time well spent, and money well saved. The same should apply to basics like utilities where it is easier than ever to use some of the many comparison services to seek out better value."

Mr Conway adds that January is a great time to get any valid tax refund claims into Revenue for medical costs.

'Review your bank statements for easy wins'

Eoin Clarke of Switcher.ie

The first thing Eoin Clarke says you should do in January is take stock.

"It sounds straightforward but even writing down what's coming in and what's going out can instantly give you clarity and a sense of control."

Mr Clarke says January is also the perfect time to review bank statements and identify easy wins.

"Cancel subscriptions you no longer use, check for auto-renewed services and make sure you're not paying twice for things like insurance, streaming or mobile plans that may already be bundled elsewhere."

He adds that with many everyday bills remaining high, particularly energy, broadband, mobile and insurance, it's important to stay alert to renewal dates.

"Checking contracts and switching to a better-value plan once they've ended remains one of the most effective ways for households to keep costs under control. For example, switching both gas and electricity to the cheapest discounted plans currently on the market could save around €817 a year compared with sticking with a standard deal.

"Small actions taken now, like tracking spending, cancelling one subscription or claiming a tax credit, can quickly shake off that broke January feeling and set you up better for the year ahead."

'Cancel everything and then re-subscribe only to what you genuinely use or find yourself craving'

Shane Tobin, CEO of True Wealth and LowQuotes

One thing to really look at in January is passive spending, according to Shane Tobin. He says this is money leaving someone's account without them actively choosing it.

"These are payments that made sense at the time but quietly continue in the background. Auto-renewing subscriptions, including gym memberships are a classic example. The broader issue, however, goes well beyond gym memberships.

"Streaming services, apps, cloud storage, music platforms and add-on subscriptions can easily accumulate, particularly in households where different family members sign up to different services or share them.

January is an ideal time to take a clean slate approach. Cancel everything and then re-subscribe only to what you genuinely use or find yourself craving. Most services can be restarted immediately, so there's no real downside."

He says equally important is reviewing payments that are automatically labelled as "essential".

"Mortgage repayments, life insurance and protection policies are often left untouched for years because people assume they are fixed and easily overlooked because they are the most important payments. In reality, protection insurance can be reviewed and switched at any time, often for a lower monthly premium, while maintaining the same level of cover."

He adds that January is an ideal time to review household utilities, broadband and mobile plans.

"Contracts often roll over quietly at the end of the year and loyalty rarely ever pays. Even a short comparison or renegotiation can lead to immediate savings or free credit offers, particularly for households that haven't switched providers in years.

"The goal isn't to cut out everything that's enjoyable. It's to ensure that money is working intentionally and supporting the life you're living now, rather than decisions made months or years ago that no longer fit."

'Try and cut back on extras'

Teresa Bruen, spokesperson for financial services with Gallagher

A few small changes implemented in January can make a big difference to your financial affairs, says Teresa Bruen.

"Start by figuring out a simple budget, cover the essentials like rent, bills, and food and try to cut back on extras. Planning your meals, cooking at home rather than eating out and takeaways can save you money and help you use up leftovers instead of wasting food."

Ms Bruen also says that if you've got things lying around that you don't use anymore, why not sell them online for a bit of extra cash.

"Look out for free or cheap activities too, things like local walks or community events are great for keeping busy without spending."

She adds that if you're tempted to buy something, try the 30-day rule which is wait a month and if you still want it, go for it.

"Little steps like these can help you feel more in control and shake off that broke January vibe."

'Tracking your expenses is the best way to become financially confident'

Helen Carbery, CEO of the Credit Union Development Association (CUDA)

The January financial reset, according to Helen Carbery, should start with jotting down all your expenses for a month and then setting aside some time to go through what you have spent.

She says you should highlight items of expenditure that you could cut down on or avoid entirely.

"Separate the expenses on your list into compulsory versus discretionary spending. Tracking your expenses is the best way to become financially confident. Over time, you will see where improvements can be made such as taking the bus to work rather than driving, or batch-cooking meals instead of takeaway."

Ms Carbery says that once you are aware of where cutbacks can be made, some money can be put into savings for unforeseen expenses that may arise.

'It's not a discipline problem, it's a systems problem'

Kel Galavan, money coach

The broke January feeling isn't really about December spending, says Kel Galavan.

"It's about the fact that most people are running their money in manual mode. Income comes in, bills go out, whatever's left gets spent and then January arrives and reality hits. That's not a discipline problem, it's a systems problem."

Ms Galavan says that people should not be looking at how they can spend less this month but more look at setting up systems that work.

"That might be a small, automatic transfer into savings the day after payday, even €50 changes behaviour or a fixed 'fun money' amount that removes guilt and overspending or a clear separation between money for living, money for enjoying and money for future-you."

She said that usually January is the month when people quietly decide they're just not good with money and she adds that that belief is far more expensive than any Christmas bill.

"Once someone labels themselves that way, they stop engaging altogether, which guarantees the cycle repeats next year. The most powerful January move isn't deprivation, it's curiosity, looking at your numbers without judgment. Not fixing everything. Just noticing."

'Address issues as soon as they arise as early action makes a real difference'

Avril McGarry, private client consultant with NFP Ireland

Those who built up a credit card bill over Christmas should start by establishing exactly how much they owe and then review their statement and make a plan to clear the balance as soon as possible, says Avril McGarry.

"Avoid making just the minimum payment off your credit card each month, as this will prolong the debt and increase the interest you pay. If you do need to use a credit card, try to stick to one card and keep track of your spending to prevent debt from building up.

"The best advice is to avoid using credit cards if you can. If you must have a credit card, use only one. It's easy to lose track of credit card debt and for it to get out of control if you have multiple cards."

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Ms McGarry says anyone with debt problems should not bury their head in the sand and address issues as soon as they arise as early action makes a real difference.

"There are practical options available for anyone struggling with debt, and lenders are often willing to work with you if you've run into difficulties, especially with your mortgage."

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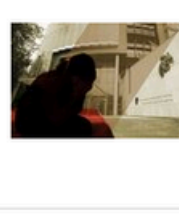
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