



MONEY

Social Security

Add Topic +

You don't need that: Average American spends almost \$18,000 a year on nonessentials

Maurie Backman The Motley Fool

Published 6:00 a.m. ET May 7, 2019 | Updated 12:52 p.m. ET May 7, 2019

It's one thing to spend a bit of money treating ourselves to life's various luxuries, but it's another thing to splurge to the point where it hurts our finances. Many Americans are guilty of the latter.

In fact, the average adult in the USA spends \$1,497 a month on nonessential items, according to research commissioned by Ladder and conducted by OnePoll. All told, that's roughly \$18,000 a year on things we can all do without. And that's a lot of money, considering the extent to which Americans are letting their savings and other crucial goals fall by the wayside.

How Americans spend on luxuries

There's nothing wrong with enjoying a few luxuries here and there to make life enjoyable, but Americans are spending a small fortune on treats that are ultimately stripping them of the opportunity to save and use their money more responsibly. Here's a breakdown of what the typical American spends on nonessentials:

Nonessential Item	Average Cost a Month
Restaurant meals	\$209.38

Drinks	\$188.68
Takeout or delivery	\$177.88
Buying lunch	\$173.62
Impulse purchases	\$108.97
Rideshares	\$96.11
Personal grooming	\$94.25
Subscription boxes	\$93.96
Cable	\$90.57
Online shopping	\$84.11
Gym classes or memberships	\$72.53
Paid apps	\$23.24
TV or movie streaming services	\$23.09
Music streaming services	\$22.41
Coffee	\$20.25
Bottled water	\$17.47

Data source: Ladder

Now you might argue that gym classes are an essential component of staying healthy, and rideshares are a means of traveling safely. But many of these costs can easily be minimized or eliminated without affecting your well-being. Take restaurant meals, for example. If anything, they tend to lead to overeating, and at more than \$200 a month, they're eating up a large chunk of the average American's income.

Americans *aren't* using their money for more important things

The tendency to splurge consistently on nonessentials is causing Americans to skimp on other important items. Case in point: A good 38% of Americans claim they can't afford to fund a retirement plan because they don't have enough money. Meanwhile, 35% say they can't afford a life insurance policy, 28% can't afford to pay off credit card debt, and 26% can't afford car repairs.

Want news from USA TODAY on WhatsApp? Click this link on your mobile device to get started

All of this spending on nonessentials is also causing Americans to neglect their near-term savings. An alarming 60% of adults don't have enough money in savings to cover a \$1,000 expense.

Setting priorities

If you've been in the habit of spending anywhere in the ballpark of \$18,000 a year on nonessentials, then it's time to do better, effective immediately. First, set up a budget, which will show you what your various living costs really entail. Next, assess your savings, and see what it'll take to build a true emergency fund – meaning at least three months' worth of savings in the bank. Next, identify the financial holes in your life (no life insurance, no retirement savings) and figure out how much money you'll need each month to fill them.

Can't save money? 5 mistakes you should stop making right now

Where you stand: How much workers of every generation have saved

Once you have that information, you'll need to play around with different scenarios in which you trim your spending on nonessentials and see where that leaves you. For example, if you're \$1,000 shy of having three months of living costs in the bank, you might cut back on restaurants, drinks, lunches and takeout for a month or two until you've bridged that gap. From there, you might slash two of those expenses to pay for a life insurance plan, and cancel a streaming service or two and your gym membership to eke out money for a retirement account. It doesn't matter

which expenses you cut, as long as you're getting yourself into a better spot financially.

Of course, if your savings are robust, you don't have unhealthy debt and you're able to consistently fund a retirement plan and pay for the right insurance, then by all means, spend \$18,000 a year on nonessentials if you can afford to. But if you can't, you'll need to kick some habits quickly – before they destroy your finances for good.

The Motley Fool has a disclosure policy.

The Motley Fool is a USA TODAY content partner offering financial news, analysis and commentary designed to help people take control of their financial lives. Its content is produced independently of USA TODAY.

Offer from the Motley Fool: The \$16,728 Social Security bonus most retirees completely overlook

If you're like most Americans, you're a few years (or more) behind on your retirement savings. But a handful of little-known "Social Security secrets" could help ensure a boost in your retirement income. For example: one easy trick could pay you as much as \$16,728 more ... each year! Once you learn how to maximize your Social Security benefits, we think you could retire confidently with the peace of mind we're all after. Simply [click here](#) to discover how to learn more about these strategies.