

How can I pay off my debt—without sacrificing my social life?

How do you indulge in time out with friends while also paying off debt and saving for emergencies? That's the conundrum this week's guest, a 28-year-old Mississippi native living in New York City, is trying to solve. Host Stefanie O'Connell Rodriguez interviews YouTube star, Aja Dang, about her experience of paying off \$200,000 of debt in just two years--without sacrificing her monthly budget for facials.

Jane: I was very free spending and impulsive—like I got my first job out of college, and I'm like trips, keeping up with my friends, I'm able to afford these clothes that I didn't wear in high school.

Stefanie O'Connell Rodriguez: This is Money Confidential, a podcast from Real Simple about our money stories, struggles and secrets. I'm your host, Stefanie O'Connell Rodriguez. And today our guest is a 28-year-old Mississippi native, now living in Brooklyn, New York, who we're calling Gabrielle—not her real name.

Gabrielle: I moved from Mississippi directly after college, so it was like a big change in the environment. Suddenly I was like, oh, all of my money has gone because I went to brunch or something like that. So it just was like, okay, well, how do I maintain a social life, and like, enjoy the benefits of living in New York without being paycheck to paycheck every time.

Stefanie O'Connell Rodriguez: Whether you're living in a big, expensive city like New York, or a small town across the country, building fun into your budget can be a challenge — especially when so much of your social life feels connected to spending money.

And when you're in your 20s and just starting to build up your lifestyle and social network — especially in a new city, it's easy for that spending to spiral out of control, as it did for Gabrielle.

Gabrielle: When I first moved to New York I got a credit card and racked up a ton of credit card debt because I was using it to pay for things that I didn't have money for.

And then I got in the position where I was getting an apartment and you have to put down like so many deposits, and I didn't have enough. I didn't have a real savings account at the time. And I put my apartment deposit on my credit card, which had a very high APR and that turned into a snowball and I wound up in a lot of credit card debt and I was just like, 'oh my God I have to get this under control.'

And so I feel like for most of my twenties, that was the big struggle for me was just feeling like, how do I take control of this snowball of credit card debt?

Stefanie O'Connell Rodriguez: how long have you been living in New York now?

Gabrielle: For six years.

Stefanie O'Connell Rodriguez: And over the course of that time, have you found any particular strategies or approaches that have been effective in helping you manage that balance?

Gabrielle: One thing I did that really helped was separate my bank accounts. So now I have two bank accounts, one I call my fun money and one is my bill money.

And so I just split my direct deposit that way. So I don't have to touch what I call my bill account and everything's coming out of there on autopay.

And then on my fun money account, it's just like do whatever with, and it's in that one. I'm always still paycheck to paycheck, which I guess is fine.

'Cause it's just fun money, but I don't know. I would like to just feel like freedom, like not to be worried about my finances constantly and know that my money's working for me and that I have it when I need it.

And like, if something comes up that I want, like if I want to go on a trip that I feel like, oh, I can do that. That hasn't always been the case. You know, you see people especially in the city because the salaries can be like anywhere, it's kind of insane. And so you see all these people and you're like, hey, we're like the same age we've been working the same amount. How do you have this apartment? How are you going on these trips all the time? You know? That's always kind of hard to like compare yourself to others around you.

Stefanie O'Connell Rodriguez: The "how are you affording this?" question is like the ultimate one.

Gabrielle: It's insane. Seriously, on my block, the brownstones are going for like 2 million. I'm like, who are these people moving in next to me?

Like, where are these millionaires coming from?

Stefanie O'Connell Rodriguez: You see the vacation picture or the house picture, but you don't see that maybe that vacation is on a credit card with 25% interest and that's actually not a situation you want to be in no matter how pretty the picture is.

Gabrielle: Right. I haven't done a lot of traveling in the past few years that I think because I've been focusing on the debt so much. So I think that's the one thing that gives me the real FOMO. I see all these people going on trips. I'm like, oh, I would love that. You know? I guess, for what I'm trying to prioritize.

It doesn't feel like something that would make sense for me if I'm trying to pay down credit card debt. I probably shouldn't be dropping thousands of dollars to go on a trip somewhere.

Stefanie O'Connell Rodriguez: I wonder if it would make you feel better if you could see yourself making progress toward that day in a tangible way.

You talked about having a separate account for fun money, but what if you had separate accounts for your fun goals?

Is it a vacation fund? Should you name it with your dream destination? Clearly that separation has been useful to you, but then I also think that having that specificity and then also having

this kind of very tangible way to say I am working towards this and I'm seeing momentum every week even if it's \$10 a week that I'm putting toward it.

And then you get to kind of see the progress without it becoming totally overwhelming.

Gabrielle: Yeah. I liked that idea, because other than saying this is the fun money account I haven't been making goals towards that. All the goals come out of the bill money and they feel less fun, you know?

Stefanie O'Connell Rodriguez: After a year and a half of COVID lockdowns and working from home, Gabrielle, like many Americans, is also enjoying the reopening of things like restaurants and travel. This pent-up demand for services and experiences we haven't been able to enjoy since before the pandemic is so widespread, it's even been given its own name: revenge spending.

An analysis of savings trends during the pandemic found that individuals who didn't experience unemployment or a reduction in salary were actually able to save more money than ever — especially with reduced expenses due to cancelled vacations, smaller holiday celebrations and the lack of social spending due to Covid restrictions — so now, to make up for lost time, Americans all over the country are splurging on the things they missed most, including travel, concerts, and big in-store purchases.

And while it's totally OK to spend some money on these things, the key is building this fun, experiential spending into your budget in a way that works with the rest of your financial goals, which is a balance Gabrielle, like so many of us, is still trying to figure out.

Gabrielle: I love going to eat out. Being in New York, you have the world at your fingertips. So I feel like a lot of that goes to going out to dinner, going out to drinks with friends. I feel like I spend way too much money on Ubers and Lyfts when I'm out being social.

I love going to the park having like picnics in the summer, things like that.

It's like when I get my paycheck and then it always feels like the weekends, take it all away. It's like, oh, you get paid on Friday and then you're going to get paid the Friday after the next, but by that middle Friday, it's like, okay, well, the money's gone.

Stefanie O'Connell Rodriguez: And how much of it is connected to socializing?

Gabrielle: I think the majority of it. Me and my best friend we'll joke, we'll be like, oh we're not gonna order.

We're gonna make food at home. And then we're like, oh, well, I don't know. We could just order Seamless, you know? I fall into that trap quite a bit. That's something I need to get better at.

Stefanie O'Connell Rodriguez: For me, the trigger is I'm tired. Can you identify any other like triggers, whether it's feelings or situations in which you feel like you wind up spending more than you wanted to?

Gabrielle: I feel you on the tired thing too, like if you're working late and you're commuting, it's like 10 o'clock when you get home. And so you don't want to make dinner at that time. So that definitely would happen a lot. I feel like every once in a while you get that little retail therapy um, kick or you're like, oh I want to buy that just 'cause it would make me feel better. I

feel like I'm mostly going out to eat is more of a comfort for me, but I definitely have like bought a pair of shoes or something, that I don't know that I necessarily wanted, but I was like, oh, this, this is nice.

Stefanie O'Connell Rodriguez: And how do you feel afterwards? Like you enjoy it or do you feel guilty?

Gabrielle: I guess I don't always feel super guilty about that, but like on a night where I'm like, oh, I'm not going to spend any money at all. I'm going to cook dinner and then that doesn't happen, and I order Seamless. And then I'm like, why did I just spend \$70? Like then I feel guilty. Yeah.

And especially if you're with friends, it's like, oh, well there's a couple of us. Should we just get the bottle and then people are just adding things to it. And then at the end of the night, it's just like, oh, we'll all split it. And that in itself is a bit of a snowball.

And I think I kind of had to learn to reel that in and be like, okay, well, you can't do what everyone else can do. And some of your friends could be making like over six figures and maybe you're not.

So you go to dinner with those friends and they're like, let's get this, let's get that. Or they're picking the place and it's very expensive. And then you're there and you're like, oh God, what do I do? I definitely feel like I've been in those situations. And that did contribute to my credit card debt, especially when I was younger.

Just wanting to say yes to things, having the FOMO, going to the fancy restaurant, that your friend that makes a lot more money than you picked. I've even had talks with certain friends like if it's like a close, close friend, you know, 'cause you're going to be hanging out with them a lot being like, okay, like we got to kind of start picking some, you know, maybe two dollar signs versus the three dollar signs on we're looking at the Google review. Luckily my friends, they're all pretty receptive and understanding, so that's good.

The pandemic has actually helped with the saving up, cause I'm obviously not doing the things I would be doing regularly. So that's been helpful for my emergency fund.

Stefanie O'Connell Rodriguez: Now, when you have that number in place, and then when you have the credit card debt paid off, do you think that will facilitate some of those feelings you were talking about wanting in terms of freedom?

Gabrielle: Oh, yeah. Even though now the credit card debt is so much smaller than it was, it still feels like a chain around my ankle and so I dream about the day when I get my paycheck and just so much more of it can just come to the fun money side instead of paying for past things.

Stefanie O'Connell Rodriguez: How do you imagine you'll feel on that day?

Gabrielle: Oh, my gosh. I can't even imagine. Just more free. I think there's also a little bit of shame there too, or like guilt where I'm like, oh, I did this, you know, and you feel like you're kind of paying for it.

So I feel like having that done with, and out of my hair will be amazing.

Stefanie O'Connell Rodriguez: And maybe now it's about thinking about, okay, well, what do I want my money to actually afford me? And how do I incorporate those goals into this savings plan with these accounts and with this strategy.

Gabrielle: I definitely have been coming at it from just the utilitarian mode and not as much like thinking of money as something that affords me fun things and can be a positive thing and not just a stressful thing.

Stefanie O'Connell Rodriguez: Yes. We want money to be a positive thing, right? the goal of the money is the lifestyle that it allows us to live, not the numbers themselves.

Instead of feeling ashamed or stressed about our fun and social spending, my challenge to Gabrielle and anyone feeling similarly, is to embrace that spending as a natural part of your monthly budget — setting up a dedicated checking account for fun money spending and a dedicated savings account for fun money goals is a great place to start.

After the break, we'll talk to Aja Dang about the strategies she used to keep joyful spending in her budget while still staying on track toward her goal of paying off over \$200,000 of debt in just two years.

Aja Dang: I've always felt financially unstable. I always thought, you know, I had \$150,000 of debt for just grad school that didn't include undergrad or my credit cards or my car loan. And I just always thought that I would struggle financially and always feel frustrated and scared and never like I'm getting ahead of any sort.

Stefanie O'Connell Rodriguez: That's Aja Dang. You might know her from her Instagram or YouTube channel where she shared her monthly budget and chronicled her journey of paying off over \$200,000 of debt in just two years.

Aja Dang: My youngest adopted dog got really sick and I had to take him to the emergency room. And I was sitting in the emergency room at the vet for hours, just watching people have to take out credit card debt at the vet office to be able to afford the care that their pet needed or put them down. And that was my aha moment. I was like, oh my God, I'm like in a really bad place right now. Like I can't take care of my family. And that was the moment where I decided to kind of get my life together. So I wouldn't have to put myself and my family in that situation ever again.

I cannot tell you how many times I've cried. And people were just like, listen, lady, you're going too hard. You know, the whole idea of rice and beans, beans and rice is cool in theory, but it's just not realistic.

So I paid off my credit card, my car loan, and my undergraduate loan. And that's when I burnt out. 'Cause I didn't feel excited about everything that I had accomplished. So what I ended up starting to do was financially putting aside money to treat myself. So it could have been anything from like a really nice dinner, or honestly, it was like, my very first goal was like laser waxing or laser hair removal.

That's what I wanted to save up for myself. So they were like money goals that I put aside while still paying off my debt, but it allowed me to like, feel excited about accomplishing something financially, even if it was as small as a hundred dollars here and there. That helped me kind of stay focused.

I would actually make kind of like flow charts. So let's say I wanted to put aside a hundred dollars for a dinner that I would get to eventually. I would kind of divide that up into maybe \$20, small blocks. And every time I was able to put \$20 aside I would highlight that.

And I actually did that on my debt free journey as well. When I had my huge \$150,000 undergraduate loan, I broke it into very many \$200 boxes. And every time I put aside or paid off \$200 toward that loan, I would highlight it. And then that for me was also a motivator because instead of like, just seeing your debt go down it's like a game I'm very competitive. I need to be able to see like the goal line.

Aja Dang: When I first built my budget, I kept my facials in my budget, even though I was \$200,000 in debt.

And when I showed my first budget, I got comments like you have to take it out. Like this is unacceptable. You have to take it out. And I'm thinking, but why? Because I can afford that and still contribute. You know, at that time I was not contributing that much over my minimum because I wasn't making as much money as I did at the end of my journey, but I can still put money towards my debt.

Me having a facial every month isn't preventing me from doing that. So it's also like, don't listen to other people. It's your money, it's your journey. You can always take advice from people, but at the end of the day, it's your decision, what to include in your budget. And then what you want to save for, you know, separate your fun goals from your actual financial goals.

Stefanie O'Connell Rodriguez: I love your story about the facials.

I love that you built it into your budget, and I want to talk about how we can conceptualize that responsibly. So what is that tipping point between this is a priority and a value for me that I want to keep in my budget, versus I am now just justifying things that I, if I overjustify it, I'm not actually going to make progress on my financial journey.

Aja Dang: So for me, it's kind of like, obviously when you put something aside, that's not a quote unquote necessity, you're sacrificing something else. Right. So my facials, while, you know, facials are expensive, but mine, I would consider affordable at \$85. So that's why I kept it in there. But me contributing that \$85 is taking away from food or it's taking away towards additional payments towards my debt.

And when you think about it, that way you think whether or not it's important enough to replace, you know, that money going to something more as a quote unquote necessity, right? So like, getting my nails done. I don't really care about doing that. So that was something that I could easily throw aside or getting my hair cut.

I can go a year without getting my hair cut. So that was to the side, but for me, a facial was something that was non-negotiable and I was willing to sacrifice other necessities for that.

Stefanie O'Connell Rodriguez: And I also love that you didn't let someone else tell you that that shouldn't be a value for you.

Aja Dang: Yeah. What I learned really quickly sharing my journey is that people have an opinion about what women spend their money on.

So at some point you just have to like close off other people's opinions about what they deem is necessary and just go with what you want. 'Cause ultimately we've been saying, if you cut out everything that you love and enjoy out of your life, then you're for sure going to give up on your debt free journey. That I can guarantee you.

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Aja Dang: I think my close group of friends who I would go out to dinner with, or get drinks with, they understood. And I didn't have to explain myself, like I didn't have to explain, oh no, I can't afford it.

It's just like, no, I can't come this week, but maybe we can do, you know, happy hour in a couple of weeks or something like that. So it's not like you cannot not have fun, but, you do have to kind of like be honest about your situation. So I would never tell anyone to not go out to a dinner or not go on a trip, but again, it's at the sacrifice of something else.

You know, going to the park and like having a picnic is not that expensive. So there's other workarounds that you can do while still enjoying your life and still exploring the city that gets you out and about and social, but not taking a major hit on you financially.

I always tell people to just do what you're comfortable with. I think that's also the major problem that I have with a lot of the financial advice out there. It is very like, you have to do this. This is the right way. Do this, do this, but it's not really taking into account people like their lifestyle, how they feel.

I always say, this is what I did, and this is why, but if that doesn't align with you, then, you know, here are some other options. People just want to be guided and sometimes that's enough you know, and then they also don't want to feel like if they make a mistake and like, maybe go over budget or accidentally like spend some, spend money on something they weren't supposed to do. Like the world's not gonna end.

Stefanie O'Connell Rodriguez: How do you create a positive relationship with money more generally? And if you're in a place of shame, you know, what might be a good place to start to shift that feeling around the money?

Aja Dang: Yeah. I mean, that's, definitely an issue, right? Because money and, and debt and finances is already an emotional thing.

So if you're kind of surrounded by negativity it makes everything more difficult. So my thing that I always love to recommend that I think is the biggest piece of advice I could give is find your community and surround yourself with people whether they be it like your best friend or

like complete strangers online that will just be there to support you and no judgment whatsoever.

'Cause obviously it's really easy to feel judged when you're talking about money and your financial situation, but you know, places like your podcast or like my YouTube channel where you can like go in the comment section and just say, hey, listen, I had a uh, a really bad month. I went over budget, you know, my AC broke down.

My emergency fund is depleted and I'm feeling really frustrated. People will surround you and will encourage you. And we'll give you advice. Or we'll just say, you know what, me too, I'm right there with you, but we can figure this out together. So it's always like the number one thing you have to do besides building up your emergency fund before paying off debt is finding your community.

Because if you don't have people that can surround you and support you judgment free, then it makes the process significantly more difficult.

Don't listen to anyone that makes you feel bad about yourself and your decisions. I'm so sick of people telling me what I'm doing wrong, or, you know, what I should be doing.

And it's like, well, you know what? This is my journey though. And your advice is, you know, appreciated. But that doesn't mean that what I'm doing is wrong.

So that's kind of my guiding light is like, you take all the advice that you can get and listen to it. But ultimately the decision is yours whether you want to utilize it or not, and go about your own journey.

I was not perfect in my journey and I know you, like you as in like whoever's listening, won't be either. And I mean, I think with life in general, the more you dwell on your mistakes, the harder it is to like move past it.

But once you get into that flow, it's just easier to live life. Like people are always asking me like, how has your financial situation or like your spending habits change.

And it's like, it hasn't. Since I've been doing this for I would say, three years now, I've implemented these things in my lifestyle that prevent me from maybe overspending or for making unsafe financial decisions. So you're going to make those mistakes.

Don't dwell on it. It's okay. Like it's literally not life or death, right?

Stefanie O'Connell Rodriguez: You just mentioned that you have put these systems in place to prevent you from overspending. What does that actually look like in your life?

Aja Dang: Right. So every Sunday, my favorite day is Sunday.

'Cause I can like go to the farmer's market. It's a very calm day, but every Sunday I do my budget. Like period. If I miss it, then I feel very anxious on Monday. And I chose Sunday to do it, not necessarily because it's at the end of the week, but because it's my favorite day. So doing something inherently unfun on a day that I enjoy because it's just like a relaxing day makes it something more of a habit than like an inconvenience to do. So that's something I'm specifically talking about is every Sunday I'll like, go over my budget. If it's the last Sunday of the month, I'll, you know, do my monthly budget overview. I'll do the budget for the next month and all that stuff.

So that is something that I've implemented over the years to help me stay on track financially. I think it's also easy to forget that the majority of people are just so scared of their financial situation, that they're not even looking at their bank accounts on Sundays, you know? So even just like that act is already setting you up for success.

I think financial health is more than just the successes of paying off debt. It's the success of just showing up daily and like just being, you know, conscious of your motivations and your spending and all that stuff.

Stefanie O'Connell Rodriguez: So how can Gabrielle build fun and social spending into her financial plan? To Aja Dang's point, a lot of it starts with setting aside the time to sit down, open up the bank statements, look through the credit card bills and take stock of where her money is already going. Once she's done that, she can make more clear and intentional decisions about the tradeoffs she is and isn't willing to make. For Aja Dang, the priority was facials, alongside her bills, debt payments, and emergency fund contributions. For Gabrielle, it might be a weekly spending allowance for dinners and social outings in New York City. Instead of trying to eliminate non-essential expenses altogether, then feeling guilty when we do spend money on a dinner out or a trip to see family or a night out with friends, we can acknowledge the value and importance of these expenses in our lives at the outset, when we sit down to make our financial plans, so that we can then build those fun and social spending priorities into them.

By building fun into our budgets, our financial plans can become less of a source of burnout, and a more of a sustainable roadmap for making progress toward our financial goals while actually enjoying life along the way.

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