

Opinion | Betsey Stevenson, Columnist

An Economist's Guide to Making New Year's Resolutions

You'll have a better chance of meeting your goals for 2024 if you honestly analyze their costs and benefits.

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What will be the new year's costs and benefits? *Photographer: Armend Nimani/AFP*

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concrete ones. Instead of resolving to “exercise more,” for example, ask yourself how much you would benefit if you spent another 15 minutes a week exercising.

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The answer will depend on how much time you already spend exercising, what you would do with those 15 minutes if you didn’t use them to exercise, and a host of other benefits and costs that are unique to you.

The trick – again to borrow a term from economics – is to evaluate *marginal benefits and costs* rather than total benefits and costs. Breaking goals into small chunks helps you see the effects of an incremental (or marginal) change. If the benefits are high and the costs are low, then make that resolution! Then consider adding another 15 minutes a week, and so on.

Even if a big, sweeping change is what you think you want, concrete goals are easier to achieve. “Exercise for at least 15 minutes three times a week” may not sound ambitious, but it is a smarter goal than “exercise more.”

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To help measure the costs, consider what you would do with your money, time or energy instead. This is called the opportunity cost, and it is the most important cost of anything we do. Everything has an opportunity cost, and identifying exactly what is the next-best use of your time, energy or money is the key to figuring out whether any decision will make you better off.

So if you are considering exercising 15 minutes more a week, focus on what you will have to cut to fit it in. Sleep? Work? Watching TV? Time with friends or family? Will there be other time costs, like commuting to a gym – turning 15 minutes of exercise into a 30-minute commitment? The less you value the time you are giving up, the lower your costs will be. Opportunity costs are also why economists look for ways to minimize time costs by combining activities – going for a hike with friends, for example, or listening to an audio book while on the treadmill, or having walking meetings. These cost-cutting combinations can make it easier to stick to a goal.

There may also be out-of-pocket financial costs associated with your goal, like a gym membership or new sports equipment. The same idea of considering your next-best use of resources works. What would you be doing with the money instead? Identifying exactly what you need to give up is how you'll pinpoint the costs of any resolution.

It's essential to keep in mind that only you can know how much you value both the goal and the sacrifices necessary to achieve it. The old meme about how your coffee habit explains why you can't afford a house was offensive

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